



This is the 1<sup>st</sup> affidavit  
of Jared Rosenbaum  
in this proceeding and  
was made on  
25/NOV/2021

No. VLC-S-S-1913149  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

Between

KARL HAASE

and

Plaintiff

RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**AFFIDAVIT #1 of JARED ROSENBAUM**

I, Jared Rosenbaum, lawyer, of 302 – 100 Lombard Street, Toronto, Ontario, SWEAR THAT:

1. I am an associate lawyer working at Siskinds LLP (“**Siskinds**”), co-counsel with Mathew P Good Law Corporation (together, “**Class Counsel**”) for the Plaintiff in this action, and as such have personal knowledge of the facts and matters deposed to in this affidavit. Where facts are not within my personal knowledge, I have stated the source of the information, and I believe the information to be true.

2. Unless otherwise stated or the context otherwise indicates, capitalised terms used in this affidavit have the meanings assigned to them in the Plaintiff’s Notice of Civil Claim dated November 20, 2019. Attached to my affidavit as **Exhibit “A”** is a copy of the Notice of Civil Claim.

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## NATURE OF THE APPLICATION

3. A settlement has been reached with Reliq Health Technologies Inc., Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth dated November 24<sup>th</sup>, 2021 (“**Settlement Agreement**”). A copy of the settlement agreement is attached as **Exhibit “B”**.

4. I swear this affidavit in support of the Plaintiff’s application for:

- (a) consent certification for settlement purposes;
- (b) approval of opt-out procedures;
- (c) approval of a claims procedure;
- (d) approval of the proposed short-form and long-form First Notice (as defined in the Settlement Agreement);
- (e) approval of the proposed method for disseminating notice;
- (f) approval of the procedure for Class Members to file objections or comments; and
- (g) the appointment of RicePoint Administration Inc. (“**RicePoint**”) as administrator.

## BACKGROUND

### This Action

5. On November 20, 2019, this action was brought against the Defendants, including Reliq Health Technologies Inc. (“**Reliq**”), which is a publicly traded company listed on the TSX Venture Exchange. The Notice of Civil Claim alleges that the Defendants made misrepresentations pertaining to the number of paying patients using its iUGO Platform and Reliq’s related financial results. It is further alleged that the Plaintiff and Class suffered significant investment losses when

the misrepresentations were publicly corrected. The Defendants denied and continue to deny these allegations.

6. The proceeding is advanced on behalf of investors who acquired Reliq securities on the secondary market during the Secondary Market Class Period (*i.e.* the Secondary Market Class), as well as people who acquired Reliq securities in the Private Placement (*i.e.* the Private Placement Class).

7. On April 24, 2020, the Honourable Mr. Justice Taylor was appointed as case management judge.

8. On July 15, 2020, the Plaintiff delivered his Notice of Application for certification and for leave to assert the cause of action for misrepresentations in secondary market disclosure documents under section 140.3 of the *Securities Act*, RSBC 1996, c 418 ("*Securities Act*"). In support of the application, the Plaintiff delivered an expert accounting report from Cyrus Khory, Managing Director of Froese Forensic Partners Ltd. In addition, the Plaintiff delivered a detailed affidavit from a legal assistant at Siskinds which included hundreds of pages of documents obtained from the Defendants' records and various public sources through Class Counsel's inquiries. The Plaintiff also swore and delivered his own affidavit.

9. The first Judicial Management Conference was held on June 17, 2020. At that time, the schedule for certification was finalized, with a hearing set for April 2021. The Plaintiff also notified the Court of his intention to bring an application to add Canaccord Genuity Corp. and Gravitas Securities Inc. (together, "**Underwriters**") as Defendants.



10. On July 15, 2020, the Plaintiff served his materials for the application to add the Underwriters as Defendants. The Plaintiff subsequently advised the Court, through written correspondence, that the Plaintiff and Defendants were engaged in discussions regarding that application and the conduct of the proceeding more generally, and requested that the application not be determined prior to the conclusion of those discussions.

11. It was around this time the parties started negotiations around a possible settlement of the action. It was subsequently agreed that the parties would hold a mediation after the Defendants had delivered their responding certification and leave materials but prior to the application for certification and leave being heard.

12. The Defendants' responding certification and leave materials were delivered August 20, 2021. The Defendants' responding materials included affidavits from Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth. The Defendants' materials also contained a lengthy responding expert accounting report from Steve Aubin, a Partner of Deloitte LLP. The responding materials set out the contours of the Defendants' argument against certification, leave under *Securities Act* and ultimately on the merits of the Plaintiff's claim.

13. The parties subsequently exchanged lengthy mediation briefs and held a mediation on September 17, 2021. Joel Wiesenfeld was the mediator. Mr. Wiesenfeld practiced as securities regulatory counsel for 31 years, concluding his career as a partner at Torys LLP in 2012. He was repeatedly recognized as one of the top securities litigation practitioners in Canada, including among others as a leading practitioner in securities litigation by Lexpert/American Lawyer's Guide to the Leading 500 Lawyers in Canada 2007, 2009, 2010, 2011 and 2012. Mr. Wiesenfeld was the co-founder and co-chair of The Advocates Society's Securities Litigation Practice Group and is an

editorial board member of The Canadian Securities Law Reporter. Since leaving private practice Mr. Wiesenfeld has successfully provided mediation services on securities related matters, including helping successfully mediate the resolution of securities class actions.

14. At the mediation, the parties engaged in arm's length settlement negotiations. The mediation ended with the Plaintiff making a settlement offer to the Defendants that would expire in two weeks' time. The Defendants ultimately accepted this offer approximately two weeks later. The parties subsequently negotiated and agreed on the Settlement Agreement, which is attached as Exhibit "B" hereto.

#### **Terms of the Settlement**

15. Pursuant to the terms of the Settlement Agreement, the Defendants agree to pay \$2,500,000 to resolve the litigation, without admission of liability. A compensation fund will be established and administered by a professional administrator to pay claims from Class Members pursuant to a formula. The Settlement Amount includes all legal fees, disbursements, taxes and administration expenses. The parties have proposed that any amounts remaining, after compensation payments, deduction for class counsel fees, disbursements (including costs of notice), applicable taxes, and any honorarium to the representative plaintiff, be distributed by way of *cy-près* donation to the Law Foundation of British Columbia as contemplated by the *Class Proceedings Act*, ss. 36 and 36.1.

16. The Settlement Agreement is subject to approval by this Court. If the Settlement Agreement is approved, the claims of all Class Members asserted or that could have been asserted in the action, including against the Underwriters, will be fully and finally released, and the action

will be dismissed. The settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom continue to deny the allegations against them.

17. The Settlement Agreement sets out a comprehensive procedure for implementing the settlement. Under the terms of the Settlement Agreement, the Plaintiff must first seek consent certification, approval of an opt out procedure, claims process and notice. If this Court grants the order sought, then notice will be published. The form of notice is attached to the Settlement Agreement. The Settlement Agreement also establishes a process for Class Members to opt out or to object, and to make claims to participate in settlement benefits.

18. Following the publication of notice and the expiry of the opt-out deadline, a second hearing will be held seeking final approval of the settlement, the proposed Distribution Protocol and Second Notice (as defined in the Settlement Agreement).

19. Class Counsel will also seek approval of Class Counsel fees, disbursements and taxes, and an honorarium to the representative plaintiff, as part of the second hearing. Approval of the Settlement Agreement is not dependent on approval of Class Counsel fees or an honorarium to the representative plaintiff.

#### **CONSENT CERTIFICATION**

20. The Settlement Agreement stipulates that the Plaintiff and Defendants will consent to certification, solely for settlement purposes.

### **Causes of Action**

21. In the Notice of Civil Claim, the Plaintiff pleads several causes of action against the Defendants, including for misrepresentations in secondary market disclosure documents under section 140.3 of the *Securities Act* and for common law misrepresentation.

### **Identifiable Class**

22. The proposed Class is defined as follows:

all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018, other than the Excluded Persons; and

all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018, other than the Excluded Persons.

### **Common Issues**

23. The proposed common issues for consent certification purposes are:

Did one or more of the Impugned Secondary Market Documents, as defined in the Notice of Civil Claim, contain a misrepresentation within the meaning of the *Securities Act*, RSBC 1996, c 418 or at common law?

Did one or more of the Impugned Private Placement Documents, as defined in the Notice of Civil Claim, contain a misrepresentation at common law?

### **Representative Plaintiff**

24. The proposed representative plaintiff is Karl Haase. In a previously sworn affidavit made July 13, 2020, Mr. Haase indicated that he was willing and ready to act in the best interests of the

class, produced a workable plan for advancing the litigation and attested to having no conflict with the interests of any other Class Members on the proposed common issues.


### **FIRST NOTICE**

25. I am not aware of any secondary market securities class action notice plans that have been considered by British Columbia courts. I am further informed by Mat Good, of Mathew P Good Law Corporation co-counsel to the class and an experienced British Columbian class action practitioner, that there have been no previous secondary market securities class action notice plans that have been considered by British Columbia courts. However, the parties have proposed a comprehensive notice plan, substantially similar to those previously employed in Ontario securities cases of a similar magnitude.

26. The Plan of Notice provides for notice to be provided in two-stages. Approval of the first stage of the Plan of Notice ("**First Notice**") is being sought on this application. First Notice provides for the dissemination of short-form and long-form notices. The parties have agreed to the form and content of the short-form and long-form notices. The Plan of Notice, short-form First Notice and long-form First Notice are attached as Schedules "D", "E" and "F", respectively, to the Settlement Agreement.

27. The agreed long-form First Notice is extensive, providing notice of:

- (a) the certification of the action;
- (b) the opt out procedure;
- (c) the settlement, the pendency of the settlement approval hearing and the right to object to the settlement;





- (d) Class Counsel's pending fee request and the right to object to it;
- (e) the appointment of a claims administrator and the treatment of administration expenses; and
- (f) the commencement of the claims process.

28. The short-form First Notice is a summary document that directs readers to the long-form First Notice for more details.

29. First Notice will be disseminated as follows:

- (a) the short-form First Notice will be published in English in the business section of the national weekend edition of *The Globe and Mail* and in French in the business section of *La Presse*;
- (b) English and French versions of the short-form First Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada;
- (c) English and French versions of the short-form First Notice will be sent to Institutional Shareholder Services Inc. (ISS) which, through its proprietary online database, provides institutional shareholders with timely news about developments in securities class actions globally;
- (d) the Administrator will coordinate with the Canadian brokerage firms in the Administrator's proprietary databases to send the short-form First Notice directly to persons identified by the brokerage firms as being Class Members;



- (e) the Administrator will send the short-form First Notice directly to persons on the electronic list of Private Placement purchasers to be provided by the Defendants pursuant to the Settlement Agreement;
- (f) the long-form First Notice will be mailed, electronically or physically, as may be required, to those persons and entities who have previously contacted Class Counsel for purposes of receiving notice of developments in the action; and
- (g) electronic publication of the long-form First Notice will occur in both the English and French languages on Class Counsel's website.

30. It is my view, and I am further advised by my other colleagues at Siskinds prosecuting this action, that the contemplated manner of disseminating the First Notice is consistent with the notice programs approved and implemented in many other similar cases in which Siskinds has been counsel. In our experience, the combination of direct and indirect methods of providing notice should cause the First Notice to come to the attention of a significant portion of the Class.

31. I have reviewed the affidavit of Ivan Bobanovic. We believe those estimates of the costs of carrying out publication and dissemination of the First Notice are proportionate to the Settlement Amount.

32. Approval of the second stage of the Plan of Notice will be sought alongside the application to approve the Settlement Agreement.

### **OPT OUT PROCEDURE**

33. The Plaintiff proposes that Class Members who wish to exclude themselves from the action must do so by submitting a written opt out election ("**Opt Out Election**") to be received by the

administrator on or before 11:59pm Pacific time on the date that is sixty (60) calendar days after First Notice is first published (“**Opt Out Deadline**”). I believe, and I am further advised by my other colleagues at Siskinds prosecuting this action, that this procedure will allow Class Members to exercise their right to exclude themselves from the action and the settlement, should they wish to.

34. An Opt Out Election:

- (a) must contain a statement of intention to opt out of the action by the Class Member or a person authorized to bind the Class Member;
- (b) for Class Members who acquired Private Placement Units, must state the number of Private Placement Units that were acquired, and the number of Private Placement Units held at the close of trading on the TSX Venture Exchange on October 15, 2018;
- (c) for Class Members who acquired Eligible Securities (as defined in the Settlement Agreement) during the period from and including February 13, 2018 to and including October 15, 2018, must provide a listing of all transactions during that period showing, for each transaction, the type of transaction (purchase or sale), the number of securities and the date of the transaction, and state the number of Eligible Securities held at the close of trading on the TSX Venture Exchange on October 15, 2018;
- (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records allowing the Administrator to verify the transactions;

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- (e) must contain the name, address, telephone number and email address of the Class Member; and
- (f) may, at the option of the Class Member, contain a statement of the Class Member's reason for opting out.

35. The Plaintiff also proposes that Class Members be given the ability to revoke an Opt Out Election through a written request to do so, to be received by the administrator not later than 11:59pm Pacific time on the date that is five calendar days after the Opt Out Deadline.

36. If the number of Eligible Securities held by Opt Out Parties exceeds the Opt Out Threshold as set out in the Collateral Agreement, a right to terminate the Settlement Agreement will be triggered in favour of the Defendants, to be exercised within 14 days of being notified by the administrator of the Eligible Securities held by Opt Out Parties (all capitalized terms as defined in the Settlement Agreement).

37. Based on my experience and that of my Siskinds colleagues, a right of termination of this nature is common in securities class action settlements.

#### **PROPOSED ADMINISTRATOR**

38. I am advised by my colleague Garrett Hunter and believe, that after soliciting bids from competing experienced Canadian class action administrators and considering their experience and respective bids, it is in the best interests of the Class to appoint RicePoint as administrator to:

- (a) facilitate dissemination of notice in accordance with the Plan of Notice;
- (b) receive Opt Out Elections and report to the parties on opt outs;



- (c) receive and review claims from Class Members; and
- (d) administer the Settlement Amount in accordance with the Distribution Protocol and Settlement Agreement, subject to the Court's approval of both.

39. I am confident in RicePoint's ability to effectively and efficiently undertake the notice program and claims administration in this matter, having regard to RicePoint's expertise and experience in executing notice programs and undertaking complex claims administrations.

40. I, along with my colleagues at Siskinds prosecuting this action, recommend the appointment of RicePoint as administrator.

## **CLAIMS PROCESS**

### **Commencement of the claims process at the time of publication of First Notice**

41. The parties propose that the claims period (*i.e.* the period within which Class Members can make a claim for a portion of the Net Settlement Amount) should start when First Notice is first published and should run for one hundred and eighty (180) calendar days therefrom.

42. With the objective of finding cost efficiencies to benefit Class Members, in this case I believe that commencing the claims period at the time of publishing First Notice will avoid duplication of potentially significant direct notice and print publication expenses.

43. In my experience, as I am advised by my other colleagues at Siskinds prosecuting this action, and as is contemplated in this case, notice of the certification of a securities class action and the pendency of a settlement approval hearing is often carried out, in part, through print publication and a direct notice broker outreach program undertaken by an administrator.

44. This is justified so that, to the greatest extent possible, Class Members will become aware that their rights may be affected, and how and when they must act if they wish to.

45. However, in my experience, and as I am further advised by my colleagues prosecuting this action, the costs of providing print publication and direct notice via broker outreach can be significant cost components of a securities class action notice program. Despite this, if and when a settlement is later approved and a claims process is then commenced, a further direct notice outreach would need to be undertaken to ensure that class members are aware how and by when they must make claims if they wish to. Thus, the cost of the broker outreach would be incurred twice.

46. I believe the duplication of print publication and broker outreach costs should be avoided, where appropriate and possible.

47. The proposal in this case (simultaneous First Notice and commencement of the claims process) may result in meaningful cost savings through the avoidance of duplicative direct notice expenses when and if the settlement is approved and, in turn, may result in a greater Net Settlement Amount being available for distribution to Class Members.

48. I believe the proposed First Notice addresses all items Class Members need to be aware of to act to protect their rights. The later Second Notice will serve as:

- (a) information that the Settlement has been approved (if it has been); and
- (b) a reminder of the claims process.



49. The Settlement Agreement provides that in the event the Agreement is terminated in accordance with its terms, Administration Expenses (which include costs incurred or payable in relation to the notice, approval, implementation and administration of the Settlement) reasonably incurred and paid out of the escrowed Settlement Amount are non-recoverable by the Defendants from the Plaintiff, Class Members, the Administrator or Class Counsel.

### **Proposed Claims Process and Claim Form**

50. I have reviewed RicePoint's proposal for administration of the claims process.

51. The proposal contemplates and is weighted toward an online filing process for individual investors, although Class Members can still file a paper claim.

52. An electronic filing process will allow claimants to enter trade data online and upload supporting documentation (in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator).

53. We believe the electronic filing process may result in a lower net cost of administration overall, because of the streamlined intake process.

54. A copy of the claim form is attached as Exhibit "A" to the Affidavit of Ivan Bobanovic.

55. The claims process will start from the date First Notice is first published. Class Members will have one hundred and eighty days (180) from First Notice to make a claim. Similar claim processes were approved by Justice Rady in *Rooney v ArcelorMittal SA et al.* and by Justice Leitch in *Metzler Investment GMBH v Gildan Activewear Inc. et al.* Attached as **Exhibit "C"** is the Order of Justice Rady in *Rooney v ArcelorMittal SA et al.* dated June 13, 2019. Attached as **Exhibit "D"**

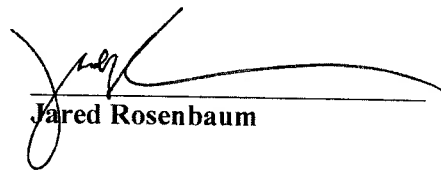
is the Order of Justice Leitch in *Metzler Investment GMBH v Gildan Activewear Inc et al.* dated September 3, 2010.

**OBJECTIONS**

56. It is proposed that the Court order any Class Member who wishes to file an objection or comment on the settlement, Distribution Protocol or Class Counsel’s fee request shall deliver a written statement to us at least 14 days prior to the settlement approval application.

SWORN remotely by the affiant stated  
as being in the City of Toronto in the  
Province of Ontario, before me at  
the City of London, in the  
Province of Ontario this 25<sup>th</sup> day of  
November, 2021

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**Jared Rosenbaum**

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A Commissioner for Taking Affidavits  
in the Province of Ontario and British  
Columbia

**Garett Hunter**  
275 Dundas Street, Unit 1  
London, ON N6B 3L1



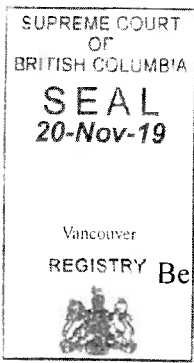


This is Exhibit "A" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter, was located in the City of London, in the Province of Ontario.

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A Commissioner for Taking Affidavits in  
the Province of Ontario

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Court File No. **VLC-S-S-1913149**

No. \_\_\_\_\_  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

KARL HAASE

Plaintiff

and

RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

### NOTICE OF CIVIL CLAIM

**This action has been started by the plaintiff for the relief set out in Part 2 below.**

If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiff and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

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**Time for response to civil claim**

A response to civil claim must be filed and served on the plaintiff,

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or
- (d) if the time for response to civil claim has been set by order of the court, within that time.

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## CLAIM OF THE PLAINTIFF

### PART 1: STATEMENT OF FACTS

#### Nature of the action

1. This proposed securities class action arises out of misrepresentations in Reliq's disclosure documents pertaining to the number of paying patients using its iUGO Platform and its related financial results.
2. The Plaintiff advances claims on behalf of both the Secondary Market Class Members and the Private Placement Class Members, all of whom acquired securities of Reliq following the release of documents by Reliq containing misrepresentations.
3. As a result of the Defendants' conduct, the Plaintiff and the Class Members have suffered loss and damage for which the Defendants are liable.

#### Definitions

4. In this Notice of Civil Claim, in addition to terms defined elsewhere herein, the following definitions apply:
  - (a) "**BCBCA**" means the *Business Corporations Act*, SBC 2002, c 57, as amended;
  - (b) "**BCSA**" means the *Securities Act*, RSBC 1996, c 418, as amended;
  - (c) "**Beukman**" means the Defendant, Eugene Beukman;
  - (d) "**CEO**" means Chief Executive Officer;
  - (e) "**CFO**" means Chief Financial Officer;
  - (f) "**CJPTA**" means the *Court Jurisdiction and Proceedings Transfer Act*, SBC 2003, c 28, as amended;

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- (g) “**Class**” or “**Class Members**” means, collectively, the **Private Placement Class** and the **Secondary Market Class**;
- (h) “**CMS**” has the meaning given to such term in paragraph 8 hereof;
- (i) “**CPA**” means the *Class Proceedings Act*, RSBC 1996, c 50, as amended;
- (j) “**Crossley**” means the Defendant, Lisa Crossley;
- (k) “**CSA**” means the Canadian Securities Administrators;
- (l) “**Defendants**” means, collectively, **Reliq** and the **Individual Defendants**;
- (m) “**De Lio**” means the Defendant, Giancarlo De Lio;
- (n) “**Excluded Persons**” means (i) the **Defendants**; (ii) **Reliq**’s past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the **Individual Defendants**’ families; and (iv) the **Private Placement Agents** and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns;
- (o) “**FY 2018**” means the twelve month period ending June 30, 2018;
- (p) “**IAS 18**” means International Accounting Standard 18 — *Revenue*;
- (q) “**IFRS**” means International Financial Reporting Standards;
- (r) “**Impugned Core Documents**” means:
  - (i) **Reliq**’s **MD&A** for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;

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- (ii) **Reliq's** interim financial statements for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
  - (iii) the **CEO** certification, signed by **Crossley**, for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
  - (iv) the **CFO** certification, signed by **Thindal**, for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
  - (v) **Reliq's** **MD&A** for **Q3 2018** filed on **SEDAR** on May 30, 2018;
  - (vi) **Reliq's** interim financial statements for **Q3 2018** filed on **SEDAR** on May 30, 2018;
  - (vii) the **CEO** certification, signed by **Crossley**, for **Q3 2018** filed on **SEDAR** on May 30, 2018; and
  - (viii) the **CFO** certification, signed by **Thindal**, for **Q3 2018** filed on **SEDAR** on May 30, 2018;
- (s) **"Impugned Non-Core Documents"** means:
- (i) a **Reliq** news release filed on **SEDAR** on February 23, 2018 entitled "Reliq Health Technologies Named #1 2018 TSX Venture 50TM Performer, and Reaches 10,000 Patients Live on Its iUGO Care Platform";
  - (ii) a **Reliq** news release filed on **SEDAR** on March 29, 2018 entitled "Reliq Health Technologies Announces 12,000 Patients Now Enrolled on its iUGO Care Platform, Hiring of New Sales Team and Provides Corporate Update";
- and



- (iii) a **Reliq** news release filed on **SEDAR** on May 30, 2018 entitled “Reliq Health Technologies Announces Agreement with CareOneTeam to Accelerate Onboarding of Patients – Company Maintains Guidance for 2018”;
- (t) “**Impugned Private Placement Documents**” means, collectively:
  - (i) Terms of Offering;
  - (ii) a document containing information under the headings “Company Overview”, “The Opportunity”, “Recent News” and “Investor Highlights”;  
and
  - (iii) an Investor Presentation dated December 2017;
- (u) “**Impugned Secondary Market Documents**” means the **Impugned Core Documents** and the **Impugned Non-Core Documents**;
- (v) “**Individual Defendants**” means, collectively, **Crossley, Thindal, De Lio, Beukman and Storseth**;
- (w) “**iUGO Platform**” means **Reliq**’s proprietary platform for chronic disease management and remote patient monitoring;
- (x) “**MD&A**” means management’s discussion and analysis;
- (y) “**Other Canadian Securities Legislation**” means, collectively, the *Securities Act*, RSA 2000, c S-4, as amended; *The Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as



amended; the *Securities Act*, RSO 1990, c S.5, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, RSQ c V-1.1, as amended; *The Securities Act*, 1988, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;

- (z) “**Plaintiff**” means the Plaintiff, Karl Haase;
- (aa) “**Private Placement**” means **Reliq**’s private placement of 8,928,571 **Private Placement Units** at a price of \$1.12 per **Private Placement Unit** that closed on or around January 9, 2018;
- (bb) “**Private Placement Agents**” means the agents for the **Private Placement**, Canaccord Genuity Corp. and Gravitass Securities Inc.;
- (cc) “**Private Placement Class**” or “**Private Placement Class Members**” means all persons and entities, wherever they may reside or be domiciled, who acquired **Private Placement Units** in the **Private Placement**, other than the **Excluded Persons**;
- (dd) “**Private Placement Unit**” means a unit sold in the **Private Placement** consisting of one common share of **Reliq** and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of **Reliq** at an exercise price of \$1.75 per common share);
- (ee) “**Q2 2018**” means the three month period ending December 31, 2017;
- (ff) “**Q3 2018**” means the three month period ending March 31, 2018;
- (gg) “**Q4 2018**” means the three month period ending June 30, 2018;
- (hh) “**Q1 2019**” means the three month period ending September 30, 2018;





- (ii) “**Q2 2019**” means the three month period ending December 31, 2018;
- (jj) “**Q3 2019**” means the three month period ending March 31, 2019;
- (kk) “**Reliq**” means the Defendant, Reliq Health Technologies Inc.;
- (ll) “**Secondary Market Class**” and “**Secondary Market Class Members**” means all persons and entities, wherever they may reside or be domiciled, who acquired **Reliq** securities during the **Secondary Market Class Period**, other than the **Excluded Persons**;
- (mm) “**Secondary Market Class Period**” means the period from and including February 23, 2018 to and including October 15, 2018;
- (nn) “**SEDAR**” means the system for electronic document analysis and retrieval of the **CSA**;
- (oo) “**Storseth**” means the Defendant, Brian Storseth;
- (pp) “**Thindal**” means the Defendant, Aman Thindal; and
- (qq) “**TSXV**” means the TSX Venture Exchange.

## **Overview**

5. Reliq is a healthcare technology company. Its business and operations are focused on the development and deployment of the iUGO Platform. The iUGO Platform allows health care providers and others to remotely monitor patients to improve care outcomes and reduce healthcare costs.



6. Reliq's customers are healthcare providers, such as health care agencies and accountable care organizations, which deploy the iUGO Platform to their patient networks. During the relevant period, Reliq's main customers were in Texas.
7. The success of Reliq's business is critically dependent on the number of paying patients using the iUGO Platform. Reliq disclosed that it charged \$50 to \$200 per month per patient using the iUGO Platform, resulting in a recurring or ongoing stable stream of revenue to Reliq. As the number of patients using the iUGO Platform increased, the amount of the recurring revenue would correspondingly increase.
8. The monthly fee per patient was to be paid by payors such as the U.S. Centers for Medicaid and Medicare Services ("CMS"), which meant that there was no direct cost to Reliq's customers or their patients.
9. In light of Reliq's business model, the company's disclosures concerning the number of patients using the iUGO Platform were material to the Class Members. During the Secondary Market Class Period, Reliq heavily touted the number of patients that it had "onboarded" on its iUGO Platform (also referred to as patients "enrolled" or "live" on the iUGO Platform, among other descriptors), the rate of onboarding and the recurring monthly revenue generated from the onboarded patients. For instance, at the start of the Secondary Market Class Period, on February 23, 2018, Reliq announced that it had "10,000 patients live" on its iUGO Platform. On March 29, 2018, Reliq announced that it had "onboarded over 12,000 patients" to its iUGO Platform, with 2,000 additional patients being added per month.

10. The terms “onboarded”, “live”, “enrolled” and similar terms meant paying patients using the iUGO Platform. Reliq’s own disclosure documents make that clear:
  - (a) a news release issued by Reliq on October 5, 2017 stated that Reliq “is pleased to announce that it now has 1,000 *paid* subscribers” and also that “we now have 1,000 patients *live* on our platform” (emphasis added);
  - (b) a news release issued by Reliq on November 16, 2017 stated that Reliq “is pleased to announce that it now has over 2,000 *paid* subscribers” and also that “we now have over 2,000 patients *live* on our iUGO Care platform” (emphasis added);
  - (c) a news release issued by Reliq on November 30, 2017 stated that Reliq “now has over 4,000 *paid* subscribers” and also that “we now have over 4,000 patients *live* on our iUGO Care platform” (emphasis added); and
  - (d) a news release issued by Reliq on January 11, 2018 stated that “it closed 2017 with over 6,000 *paid* subscribers using its iUGO Care chronic care management, remote patient monitoring and telemedicine platform, representing recurring monthly revenue of over US\$300,000/month” and also that “we now have over 6,000 patients *live* on our iUGO Care platform” (emphasis added).
11. Reliq recorded substantial quarterly revenues and receivables in its Q2 2018 (quarter ended December 31, 2017) and Q3 2018 (quarter ended March 31, 2018) interim financial statements that purported to reflect these significant onboarded patient figures.
12. The Defendants disseminated this success story to the market and Reliq’s share price rose accordingly. However, the story being conveyed to the market was replete with misrepresentations. The truth was belatedly revealed in a Reliq news release issued on



October 16, 2018, in which Reliq announced that it would be restating financial information for Q3 2018 previously released on May 30, 2018, including Reliq's revenue for that period. Reliq disclosed that a review had been conducted by its auditor and Audit Committee, which led to the conclusion that "the timing and certainty of receiving the revenue invoiced to clients is substantially unclear, due to clients' issues with securing reimbursement from the payor." Because of the recurring nature of Reliq's month-to-month iUGO Platform patient base and the recurring revenues therefrom, the disclosure with respect to Q3 2018 also revealed misrepresentations in Reliq's Q2 2018 revenues.

13. In the October 16, 2018 news release, Reliq also revealed that it would not be reporting any revenue for Q4 2018 due to the revenue collection issues, suggesting that it was not probable that Reliq would collect revenue in respect of any patients that Reliq claimed had been onboarded to the iUGO Platform.
14. Reliq subsequently did not record any revenue for Q1 2019, recorded only a small amount of revenue in Q2 2019 and disclosed that only a fraction of the previously disclosed number of onboarded patients were paying clients. In its Q2 2019 MD&A released on March 1, 2019, Reliq admitted that as of December 31, 2018 there were only 2,713 patients on the iUGO Platform who were eligible for reimbursement for their use of the iUGO Platform.
15. The October 16, 2018 corrective disclosure revealed the truth about the following misrepresentations that were made in the Impugned Private Placement Documents and/or the Impugned Secondary Market Documents as further particularized herein:
  - (a) the material overstatement of the number of patients that had been onboarded to the iUGO Platform and would be onboarded to the iUGO Platform in the future;

- (b) Reliq's statements as to the number of patients using the iUGO Platform, the rate at which new patients were being added to the iUGO Platform and the recurring revenue from such patients were false or misleading as a result of the failure to disclose the following material facts when making those statements:
  - (i) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (ii) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (iii) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (iv) that there were material problems with the claims submission process for reimbursement from CMS or other payors;
- (c) the representation that Reliq's Q2 2018 and Q3 2018 financial statements were prepared in accordance with IFRS was materially false or misleading;
- (d) the material misstatement of financial information in Reliq's Q2 2018 and Q3 2018 financial statements; and

- (e) Reliq's statement that it evaluated the collectability of trade accounts for new and existing customers "in order to mitigate any possible credit losses" was materially false or misleading.
16. As a result of the Defendants' misrepresentations, the Plaintiff and the other Class Members have suffered significant loss and damage. The Plaintiff has brought this action on his own behalf and on behalf of the Class to recover compensation for the loss and damage that they have suffered as a result of the Defendants' misrepresentations.

### **The Parties**

#### *The Plaintiff*

17. The Plaintiff resides in the Province of British Columbia. He acquired 2,780 shares of Reliq during the Secondary Market Class Period. He disposed of those shares after the Secondary Market Class Period at a substantial loss.

#### *The Defendants*

18. Reliq is a company incorporated under the *BCBCA*. Its registered and records office is located in Vancouver, British Columbia. At all material times, Reliq's head office was located in Vancouver, British Columbia.
19. At all material times, Reliq was a reporting issuer in British Columbia.
20. At all material times, Reliq was a responsible issuer within the meaning of the *BCSA*.
21. At all material times, Reliq's common shares were listed for trading on the TSXV under the ticker symbol "RHT".

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22. Reliq's common shares are also listed for trading on alternative trading venues in Canada, the United States of America and the Federal Republic of Germany.
23. At all material times, Crossley was Reliq's CEO, a director of Reliq, a member of Reliq's Audit Committee and the Chair of Reliq's Corporate Governance Committee.
24. At all material times, Thindal was Reliq's CFO and corporate secretary, a director of Reliq, and a member of Reliq's Corporate Governance Committee. He ceased to hold those positions on or around November 30, 2018.
25. At all material times, De Lio was Reliq's Chief Visionary Officer. He ceased to hold that position on or around October 24, 2018.
26. At all material times, Beukman was a director of Reliq, the Chair of Reliq's Audit Committee and a member of Reliq's Corporate Governance Committee.
27. At all material times, Storseth was a director of Reliq and a member of Reliq's Audit Committee.

#### **The Defendants' Secondary Market Disclosure Obligations**

28. At all material times, Reliq was, by its own election, a reporting issuer in British Columbia. It elected to become a reporting issuer in order to render its securities publicly tradable. Doing so made them a more attractive investment and provided Reliq with broader access to capital.
29. Reliq was required to issue and file on SEDAR:
  - (a) within 60 days of the end of each quarter, interim financial statements prepared in accordance with IFRS;

- (b) within 120 days of the end of the fiscal year, annual financial statements prepared in accordance with IFRS; and
  - (c) contemporaneously with each of the above, a MD&A of each of the above financial statements. MD&As are a narrative explanation of how the company performed during the period covered by the financial statements, and of the company's financial condition and future prospects. The MD&A must discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in future.
30. In preparing its financial statements, IAS 18 required Reliq to recognize revenue from contracts with customers only when, among other things, it was probable that the economic benefits associated with the contracts would flow to Reliq and the amount of the revenue could be measured reliably. Reliq represented in its financial statements and MD&As released during the Secondary Market Class Period that it was complying with IFRS, including IAS 18.
31. The Individual Defendants knew, from the time that they accepted their positions with Reliq, that Reliq was a reporting issuer and that they would have direct responsibility for ensuring the accuracy of Reliq's disclosure documents.
32. The *BCSA*, the Other Canadian Securities Legislation and certain instruments and policies promulgated thereunder, and Reliq's own internal policies imposed specific obligations on the Individual Defendants in the preparation of Reliq's continuous disclosure documents.





33. National Instrument 51-102 – *Continuous Disclosure Obligations* required the board of directors of a reporting issuer to approve each set of financial statements and accompanying MD&A released by an issuer prior to the release of those documents.
34. Reliq's Audit Committee charter made members of the committee responsible for: assessing areas of potential financial risk to Reliq and taking appropriate measures; ensuring that Reliq's financial statements present Reliq's financial position and performance in accordance with IFRS; reviewing Reliq's financial statements and MD&A prior to filing; and ensuring that appropriate information concerning the financial position and performance of Reliq was disseminated to the public in a timely manner. The Defendants Beukman, Storseth and Crossley were all members of the Audit Committee during the material time.
35. Reliq also disclosed that its board of directors was responsible for ensuring that Reliq complied with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges.
36. Pursuant to the obligations above, the Defendants undertook to provide the Impugned Secondary Market Documents to the Secondary Market Class Members in a manner that contained all material information and were free of misrepresentations, with the intention, knowledge and understanding that the Secondary Market Class Members would consider and rely upon the Impugned Secondary Market Documents in making a decision to invest in Reliq's shares. By virtue of the existence of the obligations set out above, the Secondary Market Class Members reasonably relied on the Defendants' undertaking of responsibility with respect to the Impugned Secondary Market Documents.



37. The same or similar obligations existed with respect to the Impugned Private Placement Documents provided to the Private Placement Class Members.

**Misrepresentations in the Impugned Secondary Market Documents**

*News Release – February 23, 2018*

38. On February 23, 2018, Reliq issued a news release entitled “Reliq Health Technologies Named #1 2018 TSX Venture 50TM Performer, and Reaches 10,000 Patients Live on Its iUGO Care Platform”.
39. The news release stated that Reliq “now has 10,000 patients live on its iUGO Care chronic care management, remote patient monitoring and telemedicine platform.”
40. That statement was a misrepresentation because “10,000 patients live” was reasonably intended to mean 10,000 paying patients, and Reliq did not have 10,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.

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41. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statement from being false or misleading in the circumstances in which it was made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

***Q2 2018 Interim Financial Statements and MD&A – February 28, 2018***

42. On February 28, 2018 (refiled March 1, 2018), Reliq reported its results for Q2 2018, being the period from October 1, 2017 to December 31, 2017.
43. In its interim financial statements and/or MD&A for Q2 2018, Reliq stated that it had sales revenue of \$878,205 for Q2 2018 and sales revenue of \$1,137,311 for the first six months of FY 2018, and that it had receivables of \$861,129 as of the end of Q2 2018. These statements were misrepresentations because Reliq's revenues and receivables were

materially overstated. It was not probable at the relevant time that Reliq would receive the economic benefits from the customer contracts and it was not probable that Reliq would be able to collect the receivables recorded.

44. Further or in the alternative, in the interim financial statements and/or MD&A for Q2 2018, Reliq represented that the financial statements had been prepared in accordance with IFRS. That statement was a misrepresentation because the financial statements had not been prepared in accordance with IFRS and, in particular, the revenue recognized in the financial statements was not in accordance with IAS 18.
45. Further or in the alternative, the MD&A for Q2 2018 contained a misrepresentation because it failed to disclose that Reliq would not be paid, or that there was a material risk that Reliq would not be paid, in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.
46. Further or in the alternative, in the Q2 2018 interim financial statements, Reliq stated that “[t]he Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers’ financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.” This statement constituted a misrepresentation because Reliq did not review at all, or alternatively did not conduct a reasonable review of, the collectability of its trade accounts receivable in order to mitigate any possible credit losses.
47. Further or in the alternative, the interim financial statements and/or MD&A for Q2 2018 contained a misrepresentation because they failed to disclose the following material facts

that were necessary to prevent the statements pleaded in paragraphs 43 to 46 from being false or misleading in the circumstances in which they were made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

48. Crossley, in her role as CEO, and Thindal in his role as CFO, certified the Q2 2018 interim financial statements and MD&A. They each certified that:

**Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Reliq Health Technologies Inc.** (the “Issuer”) for the **second** interim period ended **December 31, 2017**.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim

filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

49. These statements were misrepresentations because the Q2 2018 interim financial statements and MD&A contained the misrepresentations as pleaded herein, and the documents did not fairly present in all material respects the financial condition, financial performance and cash flows of Reliq.

*News Release – March 29, 2018*

50. On March 29, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces 12,000 Patients Now Enrolled on its iUGO Care Platform, Hiring of New Sales Team and Provides Corporate Update”.
51. The news release stated that Reliq “has now onboarded over 12,000 patients and is continuing to add at least 2,000 new patients per month to the platform.”
52. The statements were misrepresentations because “12,000 Patients Now Enrolled” and “onboarded over 12,000 patients” were reasonably intended to mean 12,000 paying patients and Reliq did not have 12,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.

53. Further or in the alternative, the statements were materially misleading because “2,000 new patients per month” was reasonably intended to mean 2,000 new paying patients per month and Reliq could not reasonably expect to onboard 2,000 new paying patients per month, or alternatively could not reasonably expect to generate revenue associated with 2,000 new patients per month.
54. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statements from being false or misleading in the circumstances in which they were made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.
55. The news release also stated that Reliq had implemented automated claims submission to Medicare, Medicaid and private insurers. That statement was a misrepresentation because

Reliq was using manual claims submission and it was experiencing material problems with that manual claims submission process.

*Q3 2018 Interim Financial Statements and MD&A – May 30, 2018*

56. On May 30, 2018, Reliq reported its results for Q3 2018, being the period from January 1, 2018 to March 31, 2018.
57. In its interim financial statements and/or MD&A for Q3 2018, Reliq stated that it had sales revenue of \$1,132,170 for Q3 2018 and sales revenue of \$2,269,481 for the first nine months of FY 2018, and that it had receivables of \$1,993,299 as of the end of Q3 2018. These statements were misrepresentations because Reliq's revenues and receivables were materially overstated. It was not probable at the relevant time that Reliq would receive the economic benefits from the customer contracts and it was not probable that Reliq would be able to collect the receivables recorded.
58. Further or in the alternative, in the interim financial statements and/or MD&A for Q3 2018, Reliq represented that the financial statements had been prepared in accordance with IFRS. That statement was a misrepresentation because the financial statements had not been prepared in accordance with IFRS and, in particular, the revenue recognized in the financial statements was not in accordance with IAS 18.
59. Further or in the alternative, the MD&A for Q3 2018 stated that:

During the period ended March 31, 2018 the Company re-evaluated its revenue recognition policy with guidance from ASC 606 and IFRS 15: recognizing revenue as each performance obligation is satisfied. In an effort to ensure accurate disclosure regarding the amount of revenue that can be reasonably measured, the Company has taken a conservative approach and determined that monthly revenue will be reported in the month subsequent to which it is earned (May 2018 revenue will be reported in June 2018). Given that some of the Company's services (e.g. telemedicine) may be billed based on usage, 1-2 weeks will be required after a month ends in order to reconcile usage for the month and bill the client accordingly. Revenues from any given month cannot be confirmed and reported until the following month, and as such will be



recognized accordingly going forward. For the period ended March 31, 2018 there will be only two full months of revenue recognized (January and February 2018), but in future all quarters will report revenue for three full months.

60. That statement was a misrepresentation because Reliq was not taking a “conservative approach” to revenue recognition. In fact, Reliq’s approach to revenue recognition was not in accordance with IFRS and, in particular, was not in accordance with IAS 18.
61. Further or in the alternative, the MD&A for Q3 2018 contained a misrepresentation because it failed to disclose that Reliq would not be paid, or that there was a material risk that Reliq would not be paid, in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.
62. Further or in the alternative, in the Q3 2018 interim financial statements, Reliq stated that “[t]he Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers’ financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.” This statement constituted a misrepresentation because Reliq did not review at all, or alternatively did not conduct a reasonable review of, the collectability of its trade accounts receivable in order to mitigate any possible credit losses.
63. Further or in the alternative, the interim financial statements and/or MD&A for Q3 2018 contained a misrepresentation because they failed to disclose the following material facts



that were necessary to prevent the statements pleaded in paragraphs 57 to 62 from being false or misleading in the circumstances in which they were made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.
64. Crossley, in her role as CEO, and Thindal in his role as CFO, certified the Q3 2018 interim financial statements and MD&A. They each certified that:

**Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Reliq Health Technologies Inc.** (the “Issuer”) for the **third** interim period ended **March 31, 2018**.

**2. No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

**3. Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim

filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

65. These statements were misrepresentations because the Q3 2018 interim financial statements and MD&A contained the misrepresentations as pleaded herein, and the documents did not fairly present in all material respects the financial condition, financial performance and cash flows of Reliq.

*News Release – May 30, 2018*

66. On May 30, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces Agreement with CareOneTeam to Accelerate Onboarding of Patients – Company Maintains Guidance for 2018.”
67. The news release confirmed Reliq’s guidance for 2018. The guidance was that Reliq would have 30,000 patients onboarded to the iUGO Platform by the end of 2018.
68. The news release contained a misrepresentation because 30,000 onboarded patients was reasonably intended to mean 30,000 paying patients, and Reliq could not reasonably expect to have, by the end of 2018, 30,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. The Defendants had no reasonable basis for the guidance.

69. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statement from being false or misleading in the circumstances in which it was made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

**Misrepresentations in the Impugned Private Placement Documents**

70. The Private Placement Class Members were provided with a copy of the Impugned Private Placement Documents prior to the closing of the Private Placement on or around January 9, 2018.



71. In the Impugned Private Placement Documents, Reliq directly, or indirectly through the Private Placement Agents, represented that:

- (a) as of November 2017, Reliq had 4,000 paid subscribers using the iUGO Platform, representing recurring monthly revenue of \$200,000;
- (b) Reliq expected to enroll 1,000 new patients per month through 2018, with 40,000 patients under contract in Texas, representing recurring annual revenue of US\$26 million at full deployment;
- (c) as of December 2017, Reliq had revenue of US\$300,000 per month; and
- (d) in 2017, Reliq had 6,000 patients using the iUGO Platform.

72. These statements were materially false or misleading because Reliq did not have 4,000 paid subscribers or US\$200,000 in recurring monthly revenue in November of 2017, Reliq did not have US\$300,000 in recurring monthly revenue as of December 2017, and Reliq did not have 6,000 patients using the iUGO Platform in 2017. The statements were also materially misleading because Reliq could not reasonably expect to onboard 1,000 new patients per month, or alternatively could not reasonably expect to generate revenue associated with 1,000 new patients per month. Any references to patient or subscriber numbers were reasonably intended to mean patients in respect of whom Reliq would be paid.

73. Further or in the alternative, the Impugned Private Placement Documents were materially false or misleading because they failed to disclose the following:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for



using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;

- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

#### **The Truth is Revealed**

74. At approximately 8:00am EST on October 16, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces Quarterly Reporting Call and Plans to Restate Financials due to Revenue Collection Issues”. In that news release, Reliq disclosed that it had decided to restate certain financial information reported for Q3 2018. Reliq stated that the “decision to restate followed a review conducted by the Company’s auditor and Audit Committee, wherein it was determined that the timing and certainty of receiving the revenue invoiced to clients is substantially unclear, due to clients’ issues with securing reimbursement from the payor.” Reliq described the proposed changes to the previously released financial information as “material changes”. Reliq also stated that no revenue would be reported for Q4 2018 until the revenue collection issues were resolved.



75. The decision to restate is an express admission that the previously issued financial statements were materially incorrect at the time they were issued.
76. The news release revealed revenue collection issues in Southern Texas due to the ineligibility for reimbursement of the patients onboarded to the iUGO Platform.
77. The announced decision to restate its Q3 2018 financial statements due to the revenue collection issues revealed that revenues and receivables were overstated for that quarter. Since Reliq's revenue model was based on a recurring client base and corresponding recurring revenue, the news release revealed that Q2 2018 revenues and receivables were also overstated.
78. It further revealed that Reliq did not have appropriate eligibility screening tools to determine that Reliq would be able to collect revenue in respect of patients onboarded to the iUGO Platform. The news release also disclosed that Reliq was having problems with the manual claims process.
79. Lastly, the news release revealed that Reliq would not be recording any revenue for Q4 2018 until the revenue collection issues were resolved.
80. Following these revelations, the price of Reliq's shares declined by approximately 58% on abnormally high trading volume, from \$0.75 at the close of trading on October 15, 2018 to \$0.315 at the close of trading on October 16, 2018.

### **Subsequent Events**

81. On October 29, 2018, Reliq released its Q4 2018 and FY 2018 financial results. Instead of restating previously recorded revenues as announced on October 16, 2018, Reliq recognized a bad debt expense and recorded a full provision on its trade accounts receivable

of \$1,137,170 in Q4 2018. The amount of the bad debt expense and provision on trade accounts receivable recorded in Q4 2018 (\$1,137,170) was almost identical to the amount of revenue recorded in Q3 2018 (\$1,132,170) and the increase in receivables from Q2 2018 to Q3 2018 (\$1,132,170).

82. But for a transaction that was undertaken sometime between March 31, 2018 (the end of Q3 2018) and May 30, 2018 (the date of release of the Q3 2018 financial statements), pursuant to which Reliq purported to collect \$592,263 on its accounts receivable, Reliq would also have recorded a full provision in Q4 2018 on the amount by which its trade accounts receivable increased during Q2 2018. Reliq did not collect \$592,263 in cash between March 31, 2018 and May 30, 2018. Instead, Reliq caused one of its customers to issue an invoice to Reliq for services that were never actually provided by the customer to Reliq, so that Reliq could set-off the payable to that customer under the invoice against the receivable from that customer.
83. Reliq did not record any revenue for Q4 2018.
84. In a conference call held on October 30, 2018 to discuss the Q4 2018 and FY 2018 results, Crossley stated that “we had to build some pre-screening tools that will allow us to really understand eligibility before patients are onboarded and then insured through an electronic claims submission process that when claims go in, we provided all of the necessary information; and so our CIO has been working on actually building some of those tools from the scratch.” Crossley also stated that “any failures here are my responsibility, and I take full responsibility for the company’s struggles over the last two quarters”.





85. On November 29, 2018, Reliq released its Q1 2019 financial results. Reliq recorded no revenue for the quarter “due to the timing and uncertainty of receiving revenue invoiced to clients”.
86. On February 26, 2019, Reliq disclosed that it was a party to litigation in various courts, including in Texas and Ontario, with former employees and related corporate entities pertaining to matters that led to the restatement of previously recorded revenues announced in the October 16, 2018 news release. In a court filing by Reliq in the Texas litigation, Reliq admitted that, in March and April of 2018, it became apparent that there were issues with the claims submission process for many of the patients of one of Reliq’s key customers, Paz Home Health. Crossley also signed a sworn declaration in which she stated that, on or around April 13, 2018, she was told by De Lio (Chief Visionary Officer) that “only a few hundred claims [for iUGO Platform patient reimbursement and thus payment to Reliq] had been successfully processed to date because of various issues around the claims submission process and patient pre-screening for eligibility.”
87. On March 1, 2019, Reliq released its Q2 2019 financial results. Reliq recorded a small amount of revenue (\$20,850) for the quarter. In its Q2 2019 MD&A, Reliq disclosed that in 2019 it had only 2,713 patients on its iUGO Platform that were eligible for reimbursement.
88. On May 1, 2019, Reliq issued a news release by way of “clarification” of the disclosure made on October 16, 2018 “as a result of a review by the TSX Venture Exchange”. In that news release, Reliq purported to explain why the reported number of onboarded patients had decreased so dramatically from the number of 12,000 or more patients reported as of March 31, 2018. Reliq further disclosed several changes to its internal processes and



controls to ensure that problems with eligibility and claims submissions would not impact Reliq's revenue collection in the future.

**PART 2: RELIEF SOUGHT**

89. An order granting leave to proceed pursuant to section 140.8 of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
90. An order certifying this action as a class proceeding and appointing the Plaintiff as the representative plaintiff for the Class.
91. A declaration that the Impugned Secondary Market Documents contained one or more misrepresentations at common law and within the meaning of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
92. A declaration that the Impugned Private Placement Documents contained one or more misrepresentations at common law.
93. A declaration that the Defendants or one of them made the misrepresentations.
94. A declaration that Reliq was unjustly enriched.
95. A declaration that Reliq is vicariously liable for the acts and/or omissions of the Individual Defendants and, as may be applicable, of its other officers, directors, employees or agents.
96. General damages assessed in accordance with section 140.5 of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
97. General and special damages for the tort of negligent misrepresentation.



98. A monetary award, constructive trust, accounting or such other remedy as restitution for the unjust enrichment of Reliq.
99. Interest under the *Court Order Interest Act*, RSBC 1996, c 79.
100. Costs for the administration of any court award or judgment obtained in this action.
101. Such further and other relief as this Honourable Court may deem just.

### **PART 3: LEGAL BASIS**

#### **Statutes Relied Upon**

102. The Plaintiff pleads and relies on:
  - (a) the *CPA*;
  - (b) the *BCSA*;
  - (c) the Other Canadian Securities Legislation; and
  - (d) the *CJPTA*.

#### **Statutory Secondary Market Liability**

103. On behalf of the Secondary Market Class Members, the Plaintiff pleads the right of action found in Part 16.1 of the *BCSA* against the Defendants for the Impugned Secondary Market Documents, subject to leave being granted under section 140.8 of the *BCSA* by way of application under Supreme Court Civil Rule 1-2(4) (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

104. Each of the Impugned Secondary Market Documents is a “document” within the meaning of Part 16.1 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
105. At all material times, Reliq was a “responsible issuer” within the meaning of Part 16.1 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
106. The Impugned Secondary Market Documents contained the misrepresentations particularized herein, which are misrepresentations for the purposes of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
107. The Individual Defendants were officers and/or directors of Reliq at the time that the Impugned Secondary Market Documents were released. As officers and/or directors of Reliq, the Individual Defendants authorized, permitted or acquiesced in the release of the Impugned Secondary Market Documents.
108. The Defendants knew, at the time that the Impugned Non-Core Documents were released, that they contained a misrepresentation; or alternatively, at or before the time that they were released, the Defendants deliberately avoided acquiring knowledge that they contained a misrepresentation; or in the further alternative, the Defendants were, through action or failure to act, guilty of gross misconduct in connection with the misrepresentations in the Impugned Non-Core Documents.
109. The Plaintiff and the other Secondary Market Class Members who purchased securities of Reliq in the secondary market during the Secondary Market Class Period are entitled to



damages assessed in accordance with section 140.5 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

110. The Individual Defendants authorized, permitted or acquiesced in the making of the misrepresentations in the Impugned Secondary Market Documents while knowing they contained misrepresentations, and/or influenced the making of the misrepresentations in the Impugned Secondary Market Documents while knowing they contained misrepresentations. Accordingly, pursuant to sections 140.6(2) and (3) and 140.7(2) of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation), the Individual Defendants are jointly and severally liable for damages and the liability limits of the Individual Defendants do not apply.

#### **Negligent Misrepresentation**

##### *Secondary Market Class Members*

111. On behalf of the Secondary Market Class Members, the Plaintiff pleads negligent misrepresentation against the Defendants for the Impugned Secondary Market Documents.
112. The Impugned Secondary Market Documents were prepared and disseminated for the purpose of providing material information and inducing Secondary Market Class Members to purchase Reliq shares.
113. The Defendants undertook, at all material times, to prepare and disseminate the Impugned Secondary Market Documents with reasonable care for the aforementioned purpose. The Defendants intended and were aware that Class Members would rely reasonably and to their detriment upon the Impugned Secondary Market Documents in making the decision to purchase Reliq shares.



114. The Defendants further knew and intended that the information contained in the Impugned Secondary Market Documents would be incorporated into the price of Reliq's publicly traded shares such that the trading price of those shares would at all times reflect the information contained in the Impugned Secondary Market Documents.
115. The Defendants had responsibility for the preparation of the Impugned Secondary Market Documents and undertook to do so for the benefit of, and to be relied upon by, Secondary Market Class Members.
116. The Defendants, therefore, had a duty of care at common law to exercise due care and diligence to ensure that the Impugned Secondary Market Documents fairly and accurately disclosed all material information about Reliq.
117. The Defendants breached that duty by failing to take reasonable or any steps to ensure that the Impugned Secondary Market Documents did not contain the misrepresentations particularized herein.
118. Throughout the Secondary Market Class Period, the Defendants had exclusive access to information about Reliq's business and operations. As such, they were the primary source of information with respect to Reliq's business and operations.
119. The Secondary Market Class Members directly or indirectly relied upon the misrepresentations in making a decision to purchase Reliq's shares and suffered damage when the misrepresentations were publicly corrected by the October 16, 2018 news release.
120. Alternatively, the Class Members relied upon the misrepresentations by the act of purchasing Reliq's shares in an efficient market that promptly incorporated into the price of those shares all publicly available material information regarding the shares of Reliq.



As a result, the misrepresentations caused the price of Reliq's shares to trade at artificially inflated prices during the Secondary Market Class Period, thus directly resulting in damage to the Plaintiff and the other Secondary Market Class Members when the misrepresentations were publicly corrected by the October 16, 2018 news release.

121. The Defendants are jointly and severally liable for the loss and damage suffered by the Secondary Market Class Members.

***Private Placement Class Members***

122. On behalf of the Private Placement Class Members, the Plaintiff pleads negligent misrepresentation against the Defendants for the Impugned Private Placement Documents.
123. The Impugned Private Placement Documents were prepared and disseminated for the purpose of providing material information and inducing Private Placement Class Members to purchase the Private Placement Units.
124. The Defendants undertook, at all material times, to prepare and disseminate the Impugned Private Placement Documents with reasonable care for the aforementioned purpose. The Defendants intended and were aware that Private Placement Class Members would rely reasonably and to their detriment upon the Impugned Private Placement Documents in making the decision to purchase Private Placement Units.
125. The Defendants had responsibility for the preparation of the Impugned Private Placement Documents and undertook to do so for the benefit of, and to be relied upon by, the Private Placement Class Members.

126. The Defendants, therefore, had a duty of care at common law to exercise due care and diligence to ensure that the Impugned Private Placement Documents fairly and accurately disclosed all material information about Reliq.
127. The Defendants breached that duty by failing to take reasonable or any steps to ensure that the Impugned Private Placement Documents did not contain the misrepresentations particularized herein.
128. The Defendants had exclusive access to information about Reliq's business and operations. As such, they were the primary source of information with respect to Reliq's business and operations.
129. The Private Placement Class Members directly or indirectly relied upon the misrepresentations in making a decision to purchase the Private Placement Units and suffered damage when the misrepresentations were publicly corrected by the October 16, 2018 news release.
130. The Defendants are jointly and severally liable for the loss and damage suffered by the Private Placement Class Members.

**Unjust Enrichment**

131. On behalf of the Private Placement Class Members, the Plaintiff pleads unjust enrichment against Reliq.
132. Reliq was enriched by, and the Private Placement Class Members suffered a corresponding deprivation of:
  - (a) the full proceeds of the Private Placement; or



(b) alternatively, an amount equivalent to the difference between the price at which the Private Placement Units were sold in the Private Placement and the price at which the Private Placement Units would have been sold in the Private Placement had the misrepresentations particularized herein not been made, multiplied by the number of Private Placement Units that were sold in the Private Placement.

133. There is no juristic reason for the enrichment of Reliq. The proceeds of the Private Placement were received by Reliq as a result of its own wrongful and unlawful acts. The Impugned Private Placement Documents contained misrepresentations, as particularized herein, in violation of Reliq's duties, and Reliq breached section 57(a) of the *BCSA* and section 380(2) of the *Criminal Code*, RSC 1985, c C-46. There is no contract, disposition of law, donative intent or other valid legal obligation that justifies the enrichment. Any contracts upon which Reliq purports to rely to justify its enrichment are void and illegal.

**The Relationship Between Reliq's Impugned Documents and the Price of Reliq's Securities on the Secondary Market**

134. The price of Reliq's securities was directly affected during the Secondary Market Class Period by the issuance of the Impugned Secondary Market Documents. The Defendants were aware at all material times of the effect of Reliq's disclosure documents upon the price of its shares.

135. The Impugned Secondary Market Documents were disseminated, among other places, on the TSXV and SEDAR, and thereby became immediately available to, and were reproduced for inspection by, the Secondary Market Class Members, other members of the investing public, financial analysts and the financial press.



136. Reliq routinely transmitted its disclosure documents to the financial press, financial analysts and certain prospective and actual holders of Reliq shares. Reliq posted a copy of the Impugned Secondary Market Documents on its website.
137. Reliq regularly communicated with the public investors and financial analysts via established market communication mechanisms, including through regular disseminations of its disclosure documents, including news releases on newswire services in Canada and elsewhere. Each time Reliq communicated new material information about Reliq to the public, the price of Reliq securities was directly affected.
138. Reliq was the subject of reports by at least one analyst, with the effect that any recommendations to purchase Reliq securities in such reports during the Secondary Market Class Period were based, in whole or in part, upon the information disseminated by Reliq.
139. Reliq's shares were and are traded, among other places, on the TSXV, which is an efficient and automated market. The prices at which Reliq's shares traded promptly incorporated material information from Reliq's disclosure documents about Reliq's business and affairs, including the misrepresentations alleged herein, which was disseminated to the public through the Impugned Secondary Market Documents and distributed by Reliq, as well as by other means.
140. If the Impugned Secondary Market Documents had not contained the misrepresentations particularized herein:
  - (a) the trading price of Reliq's shares would have promptly incorporated that material information and declined;

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- (b) Secondary Market Class Members would have acquired Reliq's shares during the Secondary Market Class Period at a lower price than they did, or would not have acquired Reliq's shares at all; and
  - (c) Secondary Market Class Members would not have sustained the damage they did sustain.
141. If the Impugned Private Placement Documents had not contained the misrepresentations particularized herein:
- (a) the Private Placement Class Members would have acquired the Private Placement Units at a lower price than they did, or would not have acquired Private Placement Units at all; and
  - (b) the Private Placement Class Members would not have sustained the damage they did sustain.

**Vicarious Liability**

142. Reliq is vicariously liable for the acts and omissions of the Individual Defendants particularized herein.
143. The acts or omissions particularized and alleged herein to have been done by Reliq were authorized, ordered and done by the Individual Defendants and other agents, employees and representatives of Reliq, while engaged in the management, direction, control and transaction of the business and affairs of Reliq.
144. By virtue of the relationship between Reliq and Individual Defendants, such acts and omissions are, therefore, not only the acts and omissions of the Individual Defendants, but are also the acts and omissions of Reliq.



145. At all material times, the Individual Defendants were directors and/or officers of Reliq. As their acts and omissions are independently tortious, they are personally liable for same to the Plaintiff and the other Class Members.
146. At all material times, the Private Placement Agents were the agents of Reliq. By virtue of the relationship between Reliq and the Private Placement Agents, such acts and omissions of the Private Placement Agents are, therefore, not only the acts and omissions of the Private Placement Agents, but are also the acts and omissions of Reliq.

**Jurisdiction Simpliciter**

147. There is a real and substantial connection between British Columbia and the facts alleged in this proceeding. The Plaintiff and the other Class Members plead and rely upon the *CJPTA* in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to section 10(f) to (h) of the *CJPTA* because this proceeding concerns:
- (a) restitutionary obligations that, to a substantial extent, arose in British Columbia;
  - (b) a tort committed in British Columbia; and
  - (c) a business carried on in British Columbia.

Plaintiff's address for service:

**Siskinds LLP**  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

**Courier address: Mathew P Good Law Corporation**  
204 - 1650 Duranleau Street  
Vancouver BC V6H 3S4

Place of trial: Vancouver, BC

The address of the registry is:

800 Smithe Street  
Vancouver, BC  
V6Z 2E1

Date: November 20, 2019

**Mathew  
Patrick  
Good**

Digitally signed  
by Mathew  
Patrick Good  
Date: 2019.11.20  
10:03:30 -08'00'

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Signature of lawyer for plaintiff  
**Michael G. Robb**  
**Anthony O'Brien**  
**Garett Hunter**  
**Mathew P. Good**



Rule 7-1 (1) of the Supreme Court Civil Rules states:

(1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,

(a) prepare a list of documents in Form 22 that lists

(i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and

(ii) all other documents to which the party intends to refer at trial, and

(b) serve the list on all parties of record.



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**ENDORSEMENT ON ORIGINATING PLEADING OR PETITION FOR SERVICE  
OUTSIDE BRITISH COLUMBIA**

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The Plaintiff, Karl Haase, claims the right to serve this pleading on the Defendants outside British Columbia on the ground that there is a real and substantial connection between British Columbia and the facts alleged in this proceeding and the Plaintiff and other Class Members plead and rely upon the *CJPTA* in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to section 10(f) to (h) of the *CJPTA* because this proceeding:

- (f) concerns restitutionary obligations that, to a substantial extent, arose in British Columbia;
- (g) concerns a tort committed in British Columbia; and
- (h) concerns a business carried on in British Columbia.

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### Appendix

[The following information is provided for data collection purposes only and is of no legal effect.]

#### Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:

This is a claim for damages at common law and under statute arising out of misrepresentations in disclosure documents released by the corporate defendant.

#### Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:

A personal injury arising out of:

- a motor vehicle accident
- medical malpractice
- another cause

A dispute concerning:

- contaminated sites
- construction defects
- real property (real estate)
- personal property
- the provision of goods or services or other general commercial matters
- investment losses
- the lending of money
- an employment relationship
- a will or other issues concerning the probate of an estate
- a matter not listed here

#### Part 3: THIS CLAIM INVOLVES:

- a class action
- maritime law
- aboriginal law
- constitutional law
- conflict of laws
- none of the above
- do not know

#### Part 4:

*Class Proceedings Act*, RSBC 1996, c 50

*Securities Act*, RSBC 1996, c 418

*Court Jurisdiction and Proceedings Transfer Act*, SBC 2003, c 28



This is Exhibit "B" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter was located in the City of London, in the Province of Ontario.

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A Commissioner for Taking Affidavits in  
the Province of Ontario



**SETTLEMENT AGREEMENT**

Made as of the 24<sup>th</sup> day of November, 2021

Between

**Karl Haase**

Proposed representative plaintiff in Supreme Court of British Columbia Action No. VLC-S-S-1913149

In his personal and proposed representative capacities

(“**Plaintiff**”)

- and –

**Reliq Health Technologies Inc., Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth**

(“**Defendants**”)

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## RECITALS

- A. **WHEREAS** the Plaintiff commenced this Action on behalf of putative class members for, *inter alia*, damages for misrepresentation under Part 16.1 of the *BCSA*;
- B. **AND WHEREAS** the Defendants deny any such misrepresentation and resulting damages;
- C. **AND WHEREAS** the Plaintiff's pending application for leave under Part 16.1 of the *BCSA* and for certification under the *CPA* has not yet been heard;
- D. **AND WHEREAS** the Plaintiff's pending application to add the Underwriters as defendants has not yet been heard;
- E. **AND WHEREAS** counsel for the Parties have engaged in arm's length settlement discussions and a mediation held before Joel Wiesenfeld, resulting in this Settlement Agreement;

**NOW THEREFORE**, in consideration of the covenants, agreements and releases set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that, upon the Effective Date, the Action be settled and dismissed on the merits with prejudice and without costs, subject to the approval of the Court of this Agreement, on the following terms and conditions.

## DEFINITIONS

- 1.1 In this Agreement, including the Recitals and Schedules hereto:
  - (a) **Action** means the action filed in the Supreme Court of British Columbia styled *Haase v Reliq Health Technologies Inc. et al.* (Court File No. VLC-S-S-1913149).
  - (b) **Administration Expenses** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable in relation to the notice, approval,



implementation and administration of the Settlement Agreement, including the costs of publication and delivery of notices, fees, disbursements and taxes paid to the Administrator, which shall be paid from the Escrow Account. For greater certainty, Administration Expenses do not include Class Counsel Fees.

- (c) **Administrator** means the third-party professional firm and any employees of such firm, selected at arm's length by Class Counsel, and appointed by the Court to do any one or more of the following:
  - (i) facilitate dissemination of Notice;
  - (ii) receive and review requests to opt out of the Class;
  - (iii) receive and review claims and administer the Settlement Amount in accordance with the Distribution Protocol; and
  - (iv) report to the Parties and the Court on the administration of the Settlement Agreement.
- (d) **Agreement** or **Settlement Agreement** means this settlement agreement.
- (e) **Approval Application** means an application brought by the Plaintiff in the Court for the Second Order and the Third Order.
- (f) **Authorized Claimant** means any Class Member who has submitted a completed Claim Form which, pursuant to the terms of the Agreement and the Distribution Protocol, has been approved for compensation by the Administrator in accordance with the Distribution Protocol.
- (g) **BCSA** means the *Securities Act*, RSBC 1996, c 418.

- (h) **Claim Form** means the form to be approved by the Court which, when completed and submitted in a timely manner to the Administrator, using the online claim portal established by the Administrator or by submitting a paper form to the Administrator, constitutes a Class Member's claim for compensation pursuant to the Distribution Protocol.
- (i) **Class** or **Class Members** means, except for the **Excluded Persons** or **Opt Out Parties**:
- all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018; and
- all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018.
- (j) **Class Counsel** means Siskinds LLP and Mathew P Good Law Corporation.
- (k) **Class Counsel Fees** means the fees, disbursements, costs, interest thereon in accordance with the *CPA* section 38 plus HST, GST and/or PST and other applicable taxes or charges of Class Counsel as approved by the Court.
- (l) **Collateral Agreement** means the Collateral Agreement entered into by the Parties dated November 24, 2021.
- (m) **Court** means the Supreme Court of British Columbia.
- (n) **CPA** means the *Class Proceedings Act*, RSBC 1996, c 50, as amended;

- (o) **Defendants** means Reliq, Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth.
- (p) **Distribution Protocol** means the distribution plan attached as **Schedule "I"** stipulating the proposed distribution of the Net Settlement Amount in the form approved by the Court.
- (q) **Effective Date** means the first date on which the Second Order has become a final order.
- (r) **Eligible Securities** means Reliq securities, the acquisition of which makes a person a Class Member or, in the case of an Opt Out Party, Reliq securities, the acquisition of which would have made the person a Class Member if he, she or it had not excluded himself, herself or itself from the Class in accordance with the terms of the First Order and the First Notice.
- (s) **Escrow Account** means an interest-bearing trust account at a Canadian Schedule 1 bank in Ontario initially under the control of Siskinds, until such time as it shall be transferred to the Administrator.
- (t) **Escrow Settlement Funds** means the Settlement Amount plus any interest accruing thereon in the Escrow Account.
- (u) **Excluded Persons** (i) the Defendants; (ii) Reliq's past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the families of Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman or Brian Storseth; and (iv) the Underwriters and their past and present subsidiaries, affiliates, officers,



directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns.

- (v) **First Notice** means the short-form and long-form notices substantially in the forms attached as **Schedules “E” and “F”** or as otherwise fixed by the Court.
- (w) **First Order** means the Order substantially in the form attached as **Schedule “A”** hereto:
  - (i) certifying the Action as a class proceeding for settlement purposes only;
  - (ii) appointing the Administrator;
  - (iii) approving the Plan of Notice in respect of the First Notice;
  - (iv) approving the form of First Notice;
  - (v) approving the Claim Form and the procedure for filing claims; and
  - (vi) prescribing the opt out procedures to be administered by the Administrator.
- (x) **Implementation Date** means the first date on which both the Second Order and the Third Order have become final orders.
- (y) **Net Settlement Amount** means the amount available in the Escrow Account for distribution pursuant to the Distribution Protocol after payment of all Class Counsel Fees and Administration Expenses and other amounts contemplated by sections 1.14(a) to 1.14(e).
- (z) **Notice** means the First Notice and the Second Notice.
- (aa) **Opt Out Party** means a person who would otherwise be a Class Member but who opts out of the Action pursuant to the Court approved opt out process.

- (bb) **Opt Out Threshold** means the number of Eligible Securities held by Opt Out Parties confidentially agreed upon by the Parties in the Collateral Agreement as giving rise to the Defendants' right to terminate the Agreement pursuant to section 1.46.
- (cc) **Parties** means the Plaintiff and Defendants.
- (dd) **Plaintiff** means Karl Haase.
- (ee) **Plan of Notice** means the plan for disseminating Notice to the Class substantially in the form attached as **Schedule "D"** hereto or as fixed by the Court.
- (ff) **Private Placement Unit** means a unit consisting of one common share of Reliq and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of Reliq at an exercise price of \$1.75 per common share).
- (gg) **Released Claims** mean any and all manner of claims, demands, actions, suits, causes of action, whether class, individual, representative or otherwise in nature, whether personal or subrogated, damages whenever incurred, damages of any kind including compensatory, statutory, punitive or other damages, liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses, penalties, and lawyers' fees, known or unknown, suspected or unsuspected, foreseen or unforeseen, actual or contingent, and liquidated or unliquidated, in law, under statute or in equity that Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have, relating in any way to any conduct occurring anywhere, from the beginning of time to the date hereof relating to any



conduct alleged (or which could have been alleged) in the Action, including, without limitation, any such claims which have been asserted, would have been asserted, or could have been asserted, directly or indirectly, whether in Canada or elsewhere, as a result of or in connection with any alleged unjust enrichment or misrepresentations in breach of Part 16.1 of the *BCSA* or at common law.

- (hh) **Releasees** mean, jointly and severally, individually and collectively, the Defendants and the Underwriters and all of their respective present and former, direct and indirect, parents, subsidiaries, divisions, affiliates, partners, insurers, and all other persons, partnerships or corporations with whom any of the former have been, or are now, affiliated, and all of their respective past, present and future officers, directors, employees, agents, shareholders, attorneys, trustees, servants and representatives; and the predecessors, successors, purchasers, heirs, executors, administrators, trustees and assigns of each of the foregoing.
- (ii) **Releasors** means, jointly and severally, individually and collectively, the Plaintiff and the Class and Class Members on behalf of themselves and any person claiming by or through them as a parent, subsidiary, affiliate, predecessor, successor, shareholder, partner, director, owner of any kind, agent, employee, contractor, attorney, heir, executor, trustee, administrator, insurer, devisee, assignee or representative of any kind.
- (jj) **Reliq** means Reliq Health Technologies Inc.
- (kk) **Second Notice** means the short-form and long-form notices substantially in the forms attached as **Schedules “G”** and **“H”** or as fixed by the Court.

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- (ll) **Second Order** means the Order substantially in the form attached as **Schedule “B”**:
- (i) approving this Settlement;
  - (ii) ordering the releases and discharges provided for herein; and
  - (iii) dismissing the Action as against the Defendants without costs and with prejudice on the Effective Date.
- (mm) **Settlement** means the settlement of the Action on the terms provided for in this Agreement.
- (nn) **Settlement Amount** means two million five hundred thousand dollars (CAD\$2,500,000.00), inclusive of Administration Expenses, Class Counsel Fees, and any other costs or expenses otherwise related to Action.
- (oo) **Siskinds** means Siskinds LLP.
- (pp) **Third Order** means the Order substantially in the form attached as **Schedule “C”**:
- (i) approving the Plan of Notice in respect of the Second Notice;
  - (ii) approving the form of the Second Notice; and
  - (iii) approving the Distribution Protocol.
- (qq) **Underwriters** means Canaccord Genuity Corp. and Gravitass Securities Inc.

### SETTLEMENT BENEFITS

#### **Payment of Settlement Amount**

- 1.2 Within thirty (30) days of the execution of this Agreement, the Defendants shall pay or cause the Defendants’ insurers to pay to Siskinds, in trust, the Settlement Amount in full



and final settlement of the claims against the Defendants or proposed to be made against the Defendants in the Action.

**Settlement Amount to be Held in Trust**

- 1.3 Prior to the Effective Date, Siskinds shall maintain an Escrow Account to hold the Settlement Amount in trust for the benefit of the Class.
- 1.4 Siskinds may pay Administration Expenses when they are incurred from the Escrow Settlement Funds while in control of the Escrow Amount.
- 1.5 Within ten (10) days of the Effective Date, Siskinds shall transfer control of the Escrow Account to the Administrator, but before doing so Siskinds may deduct and retain from the Escrow Settlement Funds the Class Counsel Fees approved by the Court.
- 1.6 Upon the transfer of the Escrow Account to the Administrator, the Administrator shall maintain the Escrow Settlement Funds in the Escrow Account under the control of the Administrator and hold the Escrow Settlement Funds in trust as provided for in this Agreement.
- 1.7 Siskinds shall account to the Administrator for all payments made from the Escrow Account prior to the transfer described in section 1.5. In the event this Agreement is terminated, Siskinds or the Administrator, whichever then has control of the Escrow Account, shall deliver an accounting to the Parties no later than ten (10) days after the termination.
- 1.8 Neither Siskinds nor the Administrator shall pay out any of the Escrow Settlement Funds except in accordance with this Agreement.



- 1.9 Any dispute concerning the entitlement to or quantum of expenses incurred in the publication and dissemination of the First Notice or Second Notice, or Administration Expenses paid by Siskinds or the Administrator, shall be dealt with by a application to the Court on notice to the Parties.

**Taxes on Interest**

- 1.10 Except as expressly provided herein, all interest earned on the Settlement Amount shall accrue to the benefit of the Class and shall become and remain part of the Settlement Amount in the Escrow Account.
- 1.11 Subject to section 1.12, all taxes payable on any interest which accrues on or otherwise in relation to the Escrow Settlement Funds shall be the responsibility of the Plaintiff and the Class. Class Counsel or Administrator, as may later be appropriate, shall be solely responsible to fulfil all tax reporting and payment requirements arising from the Escrow Settlement Funds, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned by the Settlement Amount shall be paid from the Escrow Account.
- 1.12 The Defendants shall have no responsibility in any way related to the Escrow Account other than as expressly set out herein, including but not limited to, making any filings relating to the Escrow Account, paying tax on any income earned by the Settlement Amount, or paying any taxes on the monies in the Escrow Account, unless this Agreement is terminated, in which case any interest earned on the Settlement Amount shall be paid to the Defendants who, in such case, shall be responsible for the payment of any taxes on such interest not previously paid by Class Counsel or Administrator.

**NO REVERSION**

- 1.13 Unless this Agreement is terminated as provided herein, the Defendants shall not be entitled to the repayment of any portion of the Settlement Amount and then only to the extent of and in accordance with the terms provided herein.

**DISTRIBUTION OF THE SETTLEMENT AMOUNT**

- 1.14 On or after the Implementation Date, the Administrator shall distribute the Settlement Amount in accordance with the following priorities:
- (a) to pay Class Counsel Fees as awarded by the Court (unless the Class Counsel Fees have already been paid to Class Counsel in accordance with section 1.5);
  - (b) to pay any honorarium to the Plaintiff as the Court may decide to award;
  - (c) to pay all of the costs and expenses reasonably and actually incurred in connection with the provision of Notice;
  - (d) to pay all of the Administration Expenses. For greater certainty, the Defendants and Class are excluded from eligibility for any payment of costs and expenses under this subsection;
  - (e) to pay any taxes required by law to be paid to any governmental authority; and
  - (f) to pay a *pro rata* share of the balance of the Settlement Amount to each Authorized Claimant in proportion to the Authorized Claimant's claim as recognized in accordance with the Distribution Protocol; and
  - (g) to the Law Foundation of British Columbia if there shall remain thereafter Escrow Settlement Funds and, in the opinion of the Administrator, it is not feasible to reallocate the remaining Escrow Settlement Funds among the Authorized



Claimants in an equitable and economic fashion in accordance with the Distribution Protocol.

- 1.15 Class Counsel shall propose for approval by the Court a Distribution Protocol in the form attached as **Schedule "I"** or other such form as Class Counsel may advise. The approval of the Distribution Protocol may be considered separately from the approval of the Settlement and is not a condition of the approval of the Settlement itself.

### **RELEASES**

- 1.16 As of the Effective Date, and in consideration of payment of the Settlement Amount, and for other valuable consideration set forth in the Agreement, the Releasers forever and absolutely release the Releasees from the Released Claims.

### **EFFECT OF SETTLEMENT**

#### **No Admissions or Concessions**

- 1.17 This Agreement, whether or not it is terminated, anything contained in it, any and all negotiations, discussions, and communications associated with this Agreement, shall not be deemed, construed or interpreted to be:
- (a) an admission or concession by the Defendants or the Underwriters of any fact, fault, omission, wrongdoing or liability, or of the truth of any of the claims or allegations made against the Defendants in the Action or that could have been made in the Action against the Defendants or the Underwriters; or
  - (b) an admission or concession by the Plaintiff, his counsel or the Class of any weakness in the claims of the Plaintiff and the Class or that the consideration to be



given hereunder represents the amount that could or would have been recovered from the Defendants after trial of the Action.

**Agreement Not Evidence nor Presumption**

- 1.18 This Agreement, whether or not it is terminated, anything contained in it, any and all negotiations, documents, discussions and proceedings associated with this Agreement, and any action taken to implement this Agreement, shall not be offered or received in the Action should this Agreement be terminated and the Action continues, any pending or future civil, criminal, quasi-criminal, administrative action or disciplinary investigation or proceeding:
- (a) of the validity of any of the claims that have been or could have been asserted in the Action by the Plaintiff against the Defendants or the Underwriters, or the deficiency of any defence that has been or could have been or could be asserted in the Action;
  - (b) of wrongdoing, fault, neglect or liability by the Defendants or the Underwriters; or
  - (c) against the Plaintiff, his counsel or the Class, as evidence, or a presumption, of a concession or admission:
    - (i) of any weakness in the claims of the Plaintiff and the Class; or
    - (ii) that the consideration to be given hereunder represents the amount that could or would have been recovered from the Defendants or the Underwriters after trial of the Action.
- 1.19 Notwithstanding section 1.18, this Agreement may be referred to or offered as evidence in order to obtain the orders or directions from the Court contemplated by this Agreement, in

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a proceeding to approve or enforce any term of, or dispute under, this Agreement, to defend against the assertion of released claims, or as otherwise required by law.

### **REQUIRED STEPS**

#### **Reasonable Efforts**

1.20 The Parties shall take all reasonable steps to effectuate the Settlement and to secure the prompt, complete and final dismissal with prejudice of the Action on a without costs basis as against the Defendants, including cooperating in the Plaintiff's efforts to obtain the approval and orders required from the Court regarding the approval or implementation of the Settlement.

#### **Action in Abeyance**

1.21 Until the Effective Date or this Agreement is terminated in accordance with its terms, whichever occurs first, the Plaintiff agrees to hold in abeyance all other steps in the Action as they relate to the Defendants, other than the Approval Application contemplated by this Agreement and such other matters required to implement the terms of this Agreement.

### **APPROVAL, NOTICE AND OPT-OUT PROCESS**

#### **First Order and First Notice**

1.22 As soon as practicable after this Agreement is executed, the Plaintiff shall bring an application for the approval of the First Order. The Defendants will consent to the issuance of the First Order.

1.23 The Parties agree that the certification of the Action as a class proceeding is for the sole purpose of effecting the Settlement. In the event that this Agreement is terminated as provided herein, any certification order binding the Defendants shall be vacated or set aside

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on consent as set out herein, and shall be without prejudice to any position that either of the Parties may later take on any issue in the Action including in a subsequent certification application. In particular, the fact of the Defendants' consent to certification for settlement purposes shall not be deemed to be an admission that the Plaintiff has met any of the requisite criteria for certification of the Action as a class proceeding.

- 1.24 Following entry of the First Order, the Administrator shall cause the First Notice to be published and distributed in accordance with the Plan of Notice and the direction of the Court. The costs of publishing and distributing the First Notice shall be paid from the Escrow Settlement Funds as and when incurred.
- 1.25 The Administrator shall administer the opt out procedures prescribed by the First Order. No later than seven (7) calendar days after any deadline established by the Court for the delivery of opt out requests, the Administrator shall report to Class Counsel and counsel for the Defendants on the requests made to opt out of the Action.
- 1.26 Class Members who wish to file with the Court an objection or comment on the Settlement, the Distribution Protocol or the request for approval of Class Counsel Fees shall deliver to Class Counsel a written statement in accordance with the terms of, and by the deadline set out in, the First Order.
- 1.27 The Plaintiff represents and warrants that he is not aware of any Class Member who has expressed an intention to opt out of the Settlement or of the Class and that he will not encourage any Class Member to do so.



**Approval Application and Second Notice**

- 1.28 The Plaintiff will thereafter bring the Approval Application before the Court in accordance with the Court's directions. The Defendants will consent to the issuance of the Second Order.
- 1.29 At the Approval Application, Class Counsel shall propose for approval by the Court the Distribution Protocol or such other plan for distributing the Net Settlement Amount to the Class as Class Counsel may advise. The Distribution Protocol is the responsibility of Class Counsel and the Defendants have no involvement in its design. Accordingly, the approval of the Distribution Protocol shall be considered separately from the approval of the Settlement Agreement and is not a condition of the approval of the Settlement Agreement itself and the dismissal of the Action as against the Defendants without costs and with prejudice in accordance with the Second Order.
- 1.30 The Defendants will take no position or make any submission to the Court concerning the Distribution Protocol, except as requested or required by the Court.
- 1.31 The Defendants will not oppose the issuance of the Third Order.
- 1.32 The Plaintiff may make any amendments to the Distribution Protocol, the Third Order, the Second Notice or the Plan of Notice as it relates to Second Notice requested or directed by the Court.
- 1.33 Following the Implementation Date, the Administrator shall cause the Second Notice to be published and disseminated in accordance with the Plan of Notice as approved by the Court. The costs of publishing the Second Notice shall be paid from the Escrow Settlement Funds as and when incurred.

**OTHER APPLICATIONS**

**Application for Approval of Class Counsel Fees**

- 1.34 Immediately following or in parallel with the Approval Application, Class Counsel may seek the approval of Class Counsel Fees to be paid as a first charge on the Settlement Amount.
- 1.35 The Defendants acknowledge that they are not parties to the application concerning the approval of Class Counsel Fees, they will have no involvement in the approval process to determine the amount of Class Counsel Fees, and they will not take any position or make any submissions to the Court concerning Class Counsel Fees, except as requested and required by a Court.
- 1.36 The procedure for and the allowance or disallowance by the Court of any requests for Class Counsel Fees to be paid out of the Settlement Amount are not part of the Settlement provided for herein, except as expressly provided in section 1.14, and are to be considered by the Court separately from its consideration of the fairness, reasonableness, and adequacy of the Settlement provided for herein. For clarity, approval of the Settlement is not dependent on approval of any Class Counsel Fees.
- 1.37 Any order or proceeding relating to Class Counsel Fees, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Agreement or affect or delay the finality of the Second Order and the Settlement of this Action provided herein.

**Application for Approval of Honorarium**

- 1.38 Immediately following or in parallel with the Approval Application, Class Counsel may seek orders from the Court relating to the payment of an honorarium to the Plaintiff.



- 1.39 The Defendants acknowledge that they are not parties to any application concerning the payment of an honorarium to the Plaintiff. they will have no involvement in any such application, and they will not take any position or make any submissions to the Court concerning any such application, except as requested and required by a Court.
- 1.40 Any order or proceeding relating to payment of an honorarium to the Plaintiff, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Agreement or affect or delay the finality of the Second Order and the Settlement of this Action provided herein.

### **ADMINISTRATION**

#### **Appointment of the Administrator**

- 1.41 By order of the Court, the Administrator will be appointed to serve until such time as the Escrow Settlement Funds are distributed in accordance with this Agreement and the Distribution Protocol, on the terms and conditions and with the powers, rights, duties and responsibilities set out in this Agreement and in the Distribution Protocol.

#### **Information and Assistance from the Defendants**

- 1.42 The Defendants shall, forthwith upon entry of the First Order, use reasonable efforts to deliver or cause to be delivered to the Administrator an electronic list of all persons who acquired Private Placement Units, along with email addresses or other contact information for those persons as may be available to facilitate the delivery of notice to those persons.
- 1.43 The Administrator may use the information obtained under section 1.42 for the purpose of delivering the First Notice and Second Notice and for the purposes of administering and implementing this Agreement, the Plan of Notice and the Distribution Protocol, but the



Administrator shall otherwise keep confidential the information obtained under section 1.42.

- 1.44 For greater certainty, any information obtained or created in the administration of this Agreement is confidential and, except as required by law, shall be used and disclosed only for the purpose of distributing notices and the administration of this Agreement and the Distribution Protocol.

### **TERMINATION**

#### **Automatic Termination**

- 1.45 This Agreement shall, without notice, be automatically terminated if:
- (a) on the return of the Approval Application, the Court issues an order that is not substantially in the form of the Second Order, and such order becomes a final order;  
or
  - (b) the Second Order is reversed on appeal and the reversal becomes a final order.
- 1.46 The Defendants shall have the right to terminate this Agreement within 14 days, or on a later date on the consent of the Parties, of being notified by the Administrator that the number of Eligible Securities of Opt Out Parties exceeds the Opt Out Threshold. The Administrator shall notify the Defendants of the number of Eligible Securities of Opt Out Parties and such particulars provided by such Opt Out Parties in support of their request to exclude themselves from the Class in accordance with the terms of the First Order and the First Notice.
- 1.47 The right to terminate this Agreement contemplated by section 1.46 may be exercised by any one or more of the Defendants notifying Siskinds in writing of his, her or their intention



to terminate the Agreement, which notification shall have the effect of terminating this Agreement for all Defendants.

- 1.48 The Opt Out Threshold shall be stated in the Collateral Agreement executed contemporaneously with the execution of this Agreement. The Opt Out Threshold shall be redacted in the Collateral Agreement that is filed with the Court or otherwise made available to the public. The Collateral Agreement, without redaction of the Opt Out Threshold, shall not be published and shall be kept confidential by the parties unless the Court orders its publication or disclosure.

**Effect of Termination**

- 1.49 In the event this Agreement is terminated in accordance with its terms:
- (a) the Parties will be restored to their respective positions prior to the execution of this Agreement;
  - (b) the Plaintiff and Defendants will consent to an order vacating or setting aside any order certifying this Action as a class proceeding for the purposes of implementing this Agreement and certification of this Action for settlement purposes shall not be deemed to be an admission by the Defendants that the Action met any of the criteria for certification, and that no party to this Action and no other person may rely upon the fact of the prior consent to the certification order for any purpose whatsoever;
  - (c) the Escrow Settlement Funds will be returned to the Defendants;
  - (d) this Agreement will have no further force or effect and no effect on the rights of the Parties except as specifically provided for herein;





- (e) all statutes of limitation applicable to the claims asserted in the Action shall be deemed to have been tolled during the period beginning with the execution of this Agreement and ending with Order described in section 1.51;
- (f) any costs reasonably incurred by Class Counsel and paid out of the Escrow Account for the publication and dissemination of notices are non-recoverable from the Plaintiff, the Class Members and Class Counsel, except by way of any costs order that may be made in favour of the Defendants in the Action; and
- (g) this Agreement and the First Order will not be introduced into evidence or otherwise referred to in any litigation against the Defendants.

1.50 Notwithstanding the provisions of section 1.49(d), if this Agreement is terminated, the provisions of this section 1.50, and sections 1.1, 1.7, 1.8, 1.9, 1.11, 1.12, 1.13, 1.17, 1.18, 1.19, and 1.51 to 1.71 shall survive termination and shall continue in full force and effect.

#### **Steps Required on Termination**

- 1.51 If this Agreement is terminated, the Defendants shall, within thirty (30) days after termination, apply to the Court, on notice to the Plaintiff, for an order:
- (a) declaring this Agreement null and void and of no force or effect except for the provisions of those sections listed in section 1.50;
  - (b) requesting an order setting aside, *nunc pro tunc*, all prior orders or judgments entered by the Court in accordance with the terms of this Agreement, including any order certifying the Action as a class proceeding for the purposes of implementing this Agreement; and



(c) authorizing the payment of the Escrow Settlement Funds, including accrued interest, to the Defendants.

1.52 Subject to section 1.53, the Plaintiff shall consent to the orders sought in any application made by the Defendants under section 1.51.

#### **Notice of Termination**

1.53 If this Agreement is terminated, a notice of the termination will be given to the Class. Class Counsel will cause the notice of termination, in a form approved by the Court, to be published and disseminated as the Court directs.

#### **Disputes Relating to Termination**

1.54 If there is a dispute about the termination of this Agreement, the Parties agree that the Court shall determine the dispute on an application made by a Party on notice to the other Parties.

### **MISCELLANEOUS**

#### **Applications for Directions**

1.55 The Parties may apply to the Court for directions in respect of any matter in relation to this Agreement.

1.56 All applications contemplated by this Agreement shall be on notice to the Parties.

#### **Headings, etc.**

1.57 In this Agreement:

(a) the division into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation;

- (b) the terms “the Agreement”, “this Agreement”, “herein”, “hereto” and similar expressions refer to this Settlement Agreement and not to any particular section or other portion of the Settlement Agreement; and
- (c) “person” means any legal entity including, but not limited to, individuals, corporations, sole proprietorships, general or limited partnerships, limited liability partnerships or limited liability companies.

### **Computation of Time**

1.58 In the computation of time in this Agreement, except where a contrary intention appears:

- (a) where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
- (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

### **Governing Law**

1.59 The Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia. The language of the Agreement shall be English.

1.60 The Parties agree that the Court shall retain exclusive and continuing jurisdiction to interpret and enforce the terms, conditions and obligations under this Agreement and the First Order, the Second Order and the Third Order.



### **Severability**

1.61 Any provision hereof that is held to be inoperative, unenforceable or invalid in any jurisdiction shall be severable from the remaining provisions which shall continue to be valid and enforceable to the fullest extent permitted by law.

### **Entire Agreement**

1.62 This Agreement and the Collateral Agreement constitute the entire agreement among the Parties and supersede all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. The Parties will not be bound by any prior obligations, conditions or representations with respect to the subject matter of this Agreement and the Collateral Agreement, unless expressly incorporated herein. This Agreement may not be modified or amended except in writing and on consent of both Parties and any such modification or amendment after settlement approval must be approved by the Court.

### **Binding Effect**

1.63 If the Settlement is approved by the Court and becomes final, this Agreement shall be binding upon, and enure to the benefit of, the Plaintiff, the Class Members, the Defendants, the Underwriters, Class Counsel, the Releasees and the Releasors or, any of them, and all of their respective heirs, executors, predecessors, successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiff shall be binding upon all Releasors and each and every covenant and agreement made herein by the Defendants shall be binding upon all of the Releasees.

1.64 For greater certainty, no Opt Out Party shall be bound by this Agreement.



**Survival**

1.65 The representations and warranties contained in this Agreement shall survive its execution and implementation.

**Negotiated Agreement**

1.66 This Agreement and the underlying settlement have been the subject of arm's-length negotiations and discussions among the undersigned and counsel. Each of the Parties has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafters of this Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of the Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Agreement.

**Recitals**

1.67 The recitals to this Agreement are true, constitute material and integral parts hereof and are fully incorporated into, and form part of, this Agreement.

**Acknowledgements**

- 1.68 Each Party hereby affirms and acknowledges that:
- (a) its signatory has the authority to bind the Party for which it is signing with respect to the matters set forth herein and has reviewed this Agreement; and
  - (b) the terms of this Agreement and the effects thereof have been fully explained to him or it by his or its counsel;
  - (c) he or its representative fully understands each term of this Agreement and its effect.



**Counterparts**

1.69 This Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and an emailed pdf. signature shall be deemed an original signature for purposes of executing this Agreement.

**Notice**

1.70 Any notice, instruction, application for Court approval or application for directions or Court orders sought in connection with this Agreement or any other report or document to be given by any party to any other party shall be in writing and delivered by email to:

**For Plaintiff:**

Michael G. Robb  
Siskinds LLP  
275 Dundas Street, Unit 1  
London, ON N6B 3L1  
Email: michael.robb@siskinds.com

**For the Defendants:**

Matthew Fleming  
Dentons Canada LLP  
77 King Street West, Suite 400  
Toronto, ON M5K0A1  
Email: matthew.fleming@dentons.com

**Date of Execution**

1.71 This Agreement is effective as of the date on the cover page.

November 24, 2021

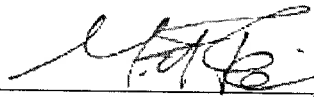
\_\_\_\_\_  
Date



\_\_\_\_\_  
Siskinds LLP for the Plaintiff

November 24, 2021

\_\_\_\_\_  
Date



\_\_\_\_\_  
Dentons Canada LLP for the Defendants



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**SCHEDULE "A"**  
**FIRST ORDER**

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION FOR CERTIFICATION,  
APPOINTMENT OF ADMINISTRATOR, APPROVAL OF NOTICE,  
CLAIMS PROCESS AND OPT OUT PROCEDURE**

) ) )  
 BEFORE THE HONOURABLE MR. JUSTICE TAYLOR ) [Date]  
)

ON THE APPLICATION of the plaintiff coming on for hearing at the Courthouse, [address], on December 7<sup>th</sup> and 8<sup>th</sup>, 2021 and on hearing [counsel appearing]; and on reading the materials filed, including the Settlement Agreement; and on the consent of the Defendants.





THIS COURT ORDERS that

1. Except to the extent that they are modified by this Order, the definitions set out in the settlement agreement reached with the Defendants dated November 24, 2021 (“**Settlement Agreement**”) attached as **Appendix “1”** apply to and are incorporated into this Order.
2. In the event of a conflict between this Order and the Settlement Agreement, this Order shall prevail.
3. This action is certified as a class proceeding as against the Defendants for the purpose of the settlement only, pursuant to the *Class Proceedings Act*, RSBC 1996, c 50, but subject to the terms of the Settlement Agreement.
4. The class certified for the purpose of settlement with the Defendants is defined as:
  - all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq’s private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018, other than the Excluded Persons; and
  - all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities from and including February 23, 2018 to and including October 15, 2018, other than the Excluded Persons.
5. Karl Haase is appointed as the Representative Plaintiff for the Class.
6. Siskinds LLP and Mathew P Good Law Corporation are appointed Class Counsel.
7. The following issues are certified as common issues:
  - Did one or more of the Impugned Secondary Market Documents, as defined in the Notice of Civil Claim, contain a misrepresentation within the meaning of the *Securities Act*, RSBC 1996, c 418 or at common law?
  - Did one or more of the Impugned Private Placement Documents, as defined in the Notice of Civil Claim, contain a misrepresentation at common law?

8. The Plan of Notice, substantially in the form attached as **Appendix “2”**, is approved for the purpose of the publication and dissemination of the First Notice and Claim Form.
9. The form and content of the short-form First Notice, substantially in the form attached as **Appendix “3”**, is approved.
10. The form and content of the long-form First Notice, substantially in the form attached as **Appendix “4”**, is approved.
11. The form and content of the Claim Form, substantially in the form attached as **Appendix “5”**, is approved.
12. RicePoint Administration Inc. is appointed as the Administrator of the Settlement Agreement.
13. In order to be entitled to participate in a distribution from the Net Settlement Amount, a Class Member must:
  - (a) submit a properly completed Claim Form to the Administrator, using the online claim portal established by the Administrator or by submitting a paper Claim Form by mail or courier to the Administrator, postmarked or received by the Administrator on or before 11:59pm Vancouver (Pacific) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published (“**Claims Bar Deadline**”);
  - (b) submit, together with the Claim Form, any supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the

transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator; and

(c) otherwise comply with the instructions set out in the Claim Form.

14. Any Class Member who wishes to validly exclude him, her or itself from the Action must do so by submitting to the Administrator by mail or courier a written opt out election ("**Opt Out Election**") to be postmarked on or before 11:59pm Vancouver (Pacific) time on the date that is 60 calendar days after the date on which the First Notice is first published whether in print or online ("**Opt Out Deadline**").

15. An Opt Out Election:

- (a) must contain a statement of intention to opt out of the Action by the Class Member or a person authorized to bind the Class Member;
- (b) for Class Members who acquired Private Placement Units, must state the number of Private Placement Units that were acquired, and the number of Private Placement Units held at the close of trading on the TSX Venture Exchange on October 15, 2018;
- (c) for Class Members who acquired Eligible Securities during the period from and including February 23, 2018 to and including October 15, 2018, must provide a listing of all transactions during that period showing, for each transaction, the type of transaction (purchase or sale), the number of securities and the date of the transaction, and state the number of Eligible Securities held at the close of trading on the TSX Venture Exchange on October 15, 2018;

- (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records allowing the Administrator to verify the transactions;
- (e) must contain the name, address, telephone number and email address of the Class Member; and
- (f) may, at the option of the Class Member, contain a statement of the Class Member's reason for opting out.

16. Any Class Member who delivers a valid Opt Out Election, in accordance with paragraphs 14 and 15 of this Order, may revoke that Opt Out Election by submitting to the Administrator by mail or courier a written statement that he, she or it wishes to revoke the Opt Out Election, which must be postmarked on or before 11:59pm Vancouver (Pacific) time on the date that is five (5) calendar days after the Opt Out Deadline ("**Opt Out Revocation Deadline**").

17. An Opt Out Election that is revoked in accordance with paragraph 16 of this Order shall be null and void and have no force or effect, and the Class Member who submitted the Opt Out Election shall not be considered an Opt Out Party.

18. The Administrator shall, immediately upon receipt by it, provide to Class Counsel and counsel to the Defendants copies of any Opt Out Elections postmarked on or before the Opt Out Deadline.

19. At any time up to the Opt Out Revocation Deadline, Class Counsel may contact any Class Member who has submitted an Opt Out Election to confirm that they wish to exclude him, her or itself from the Action, and to explain to him, her or it the significance of the Opt Out Election.



20. No later than the date that is seven (7) calendar days after the Opt Out Deadline, the Administrator shall:

- (a) report to the lawyers for the Parties the number of Eligible Securities of each Opt Out Party and the total number of Eligible Securities of all Opt Out Parties; and
- (b) provide to the lawyers for the Parties copies of the Opt Out Elections submitted by Opt Out Parties.

21. Any person who would otherwise be a Class Member who validly excludes him, her or itself from the Action, in accordance with paragraphs 14 and 15 of this Order, and who has not revoked his, her or its Opt Out Election in accordance with paragraph 16 of this Order, is not bound by the Settlement Agreement and shall no longer participate or have the opportunity in the future to participate in the Action and the Settlement.

22. Any person who is a member of the Class and who does not validly exclude him, her or itself from the Action in accordance with paragraphs 14 and 15 of this Order, or who revokes an Opt Out Election in accordance with paragraph 16 of this Order, will be bound by the Settlement Agreement, including the releases contained therein, if and when it becomes effective, and may not exclude him, her or itself from the Action in the future, whether or not a claim to participate in the distribution of the Settlement Amount is submitted by that person.

23. Class Members who wish to file with the Court an objection or comment on the Settlement, the Distribution Protocol or the request for approval of Class Counsel Fees shall deliver to Class Counsel by mail, courier or email a written statement, to be postmarked or received by Class Counsel by no later than 11:59pm Vancouver (Pacific) time on the date that is 14 calendar days



prior to the Approval Application. Class Counsel shall, forthwith upon receipt by them, provide a copy of any such objection or comment to counsel for the Defendants.

24. The Defendants shall use reasonable efforts to forthwith deliver or cause to be delivered to the Administrator the information required under section 1.42 of the Settlement Agreement.



THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of lawyer for the Plaintiff

\_\_\_\_\_  
Signature of lawyer for Defendants

By the Court

\_\_\_\_\_  
Registrar



No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION**

Siskinds LLP  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation  
3615 West 4<sup>th</sup> Avenue  
Vancouver BC V6R 1P2  
Email: [anthony.obrien@siskinds.com](mailto:anthony.obrien@siskinds.com)  
[mat@godbarrister.com](mailto:mat@godbarrister.com)  
Agent: Dye & Durham





**SCHEDULE "B"**  
**SECOND ORDER**

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION FOR SETTLEMENT APPROVAL**

) ) )  
 BEFORE THE HONOURABLE MR. JUSTICE TAYLOR ) [Date]  
) ) )

ON THE APPLICATION of the plaintiff coming on for hearing at the Courthouse, [address], on April 14, 2022 and on hearing [counsel appearing]; and on reading the materials filed, including the Settlement Agreement; and on the consent of the Defendants;



THIS COURT ORDERS that

1. Except to the extent that they are modified by this Order, the definitions set out in the settlement agreement reached with the Defendants dated November 24, 2021 (“**Settlement Agreement**”) attached as **Appendix “1”** apply to and are incorporated into this Order.
2. In the event of a conflict between this Order and the Settlement Agreement, this Order shall prevail.
3. The Settlement Agreement is fair, reasonable and in the best interests of the Class.
4. The Settlement Agreement is approved pursuant to section 35 of the *Class Proceedings Act*, RSBC 1996, c 50 as amended and shall be implemented in accordance with its terms.
5. The Settlement Agreement is incorporated by reference to and forms part of this Order and is binding upon the Plaintiff and Class Members.
6. The Settlement Agreement shall be implemented in accordance with its terms.
7. The Plaintiff and Defendants may, on notice to the Court but without the need for further order of the Court, agree to reasonable extensions of time to carry out any provisions of the Settlement Agreement.
8. Except as expressly provided for in the Settlement Agreement, the Defendants and the other Releasees have no responsibility for and no liability whatsoever with respect to the administration of the Settlement.
9. This Order, including the Settlement Agreement, is binding upon each member of the Class including those Persons who are minors or mentally incapable.



10. Upon the Effective Date, the Releasors shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee, or any other person who may claim contribution or indemnity or other claims over relief from any Releasee, in respect of any Released Claim or any matter related thereto.

11. For the purposes of administration and enforcement of the Settlement Agreement and this Order, this Court will retain an ongoing supervisory role and the Defendants and the other Releasees acknowledge the jurisdiction of this Court solely for the purpose of implementing, administering and enforcing the Settlement Agreement and this Order, and subject to the terms and conditions set out in the Settlement Agreement.

12. Upon the Effective Date, the Action shall be dismissed against all Defendants with prejudice and without costs.

13. This Order shall be declared null and void on a subsequent application made on notice in the event that the Settlement Agreement is terminated in accordance with its terms.



THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of lawyer for the Plaintiff

\_\_\_\_\_  
Signature of lawyer for Defendants

By the Court

\_\_\_\_\_  
Registrar



No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION**

Siskinds LLP  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation  
3615 West 4<sup>th</sup> Avenue  
Vancouver BC V6R 1P2  
Email: [anthony.obrien@siskinds.com](mailto:anthony.obrien@siskinds.com)  
[mat@godbarrister.com](mailto:mat@godbarrister.com)  
Agent: Dye & Durham





THIS COURT ORDERS that

1. Except to the extent that they are modified by this Order, the definitions set out in the settlement agreement reached with the Defendants, dated November 24, 2021 (“**Settlement Agreement**”) attached as **Appendix “1”** apply to and are incorporated into this Order.
2. In the event of a conflict between this Order and the Settlement Agreement, this Order shall prevail.
3. The Distribution Protocol, substantially in the form attached as **Appendix “2”**, is fair and appropriate.
4. The Distribution Protocol is approved and the Settlement Amount shall be distributed in accordance with the terms of the Settlement Agreement, following payment of Class Counsel Fees approved by this Court, the Administration Expenses and any other expenses approved by this Court.
5. The Plan of Notice, substantially in the form attached as **Appendix “3”**, is approved for the purpose of the publication and dissemination of the Second Notice.
6. The form and content of the short-form Second Notice, substantially in the form attached as **Appendix “4”**, is approved.
7. The form and content of the long-form Second Notice, substantially in the form attached as **Appendix “5”**, is approved.



THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of lawyer for the Plaintiff

\_\_\_\_\_  
Signature of lawyer for Defendants

By the Court

\_\_\_\_\_  
Registrar





No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION**

Siskinds LLP  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation  
3615 West 4<sup>th</sup> Avenue  
Vancouver BC V6R 1P2  
Email: [anthony.obrien@siskinds.com](mailto:anthony.obrien@siskinds.com)  
[mat@godbarrister.com](mailto:mat@godbarrister.com)  
Agent: Dye & Durham



**SCHEDULE "D"**  
**PLAN OF NOTICE**

Capitalized terms used in this Plan of Notice have the meanings ascribed to them in the Settlement Agreement dated November 24, 2021.

*Subject to such alternative or additional direction by the Court, notices provided for as contemplated in the Settlement Agreement will be disseminated as follows:*

**PART 1 – FIRST NOTICE**

**A. Short-Form**

As soon as possible following the entry of the First Order, the short-form First Notice will be disseminated as follows:

Newspaper Publication

Print publication of the short-form First Notice will be at least a 1/8 page in size. Print publication will be made in Canada in the English language in the business section of the national weekend edition of *The Globe and Mail* and in the French language in the business section of *La Presse*.

News Release

The English and French language versions of the short-form First Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada.

ISS Publication

The English and French language versions of the short-form First Notice will be sent to Institutional Shareholder Services Inc. (ISS) for publication through their platform.

Individual Notice

The Administrator will send a package to the Canadian brokerage firms in the Administrator's proprietary databases. The package will consist of the short-form First Notice and a cover letter to the brokerage firms in the form customarily used by the Administrator. The Administrator shall request that the brokerage firms either send a copy of the short-form First Notice to all individuals and entities identified by the brokerage firms as being Class Members, or to send the names and contact information of all known Class Members to the Administrator (who shall subsequently send the short-form First Notice to the individuals and entities so identified). The notice shall be distributed by email where Class Member email addresses are available.

The Administrator shall, if requested, reimburse the brokerage firms out of the Settlement Amount solely for their reasonable out-of-pocket expenses incurred in distributing notice to the Class Members. The reimbursement shall be at reasonable and customary rates per unit as determined

*R*

by the Administrator. Each brokerage firm must submit its account by a date to be determined by the Administrator to be entitled to reimbursement.

The Administrator shall send the short-form First Notice to the individuals and entities on the electronic list of persons who acquired Private Placement Units delivered by the Defendants to the Administrator as required by the Settlement Agreement. The notice shall be distributed by email where Class Member email addresses are available.

## **B. Long-Form**

### Publication by Class Counsel

As soon as possible following the entry of the First Order, the long-form First Notice will be disseminated as follows:

1. Electronic publication of the long-form First Notice will occur in both the English and French languages on the Reliq class action website of Class Counsel at <https://www.siskinds.com/class-action/reliq-health-technologies-inc/> (“**Class Counsel Website**”).
2. The long-form First Notice will be mailed, electronically or physically, as may be required, to those persons and entities who have previously contacted Class Counsel for the purposes of receiving notice of developments in the Action.

Class Counsel shall make a toll-free number and email address available to the public that will enable Class Members to contact Class Counsel in order that they may, amongst other things:

1. obtain more information about the Settlement, how to object to the Settlement, the claims process and the opt out process; and/or
2. request that a copy of the Settlement Agreement, the long-form First Notice and the Claim Form be electronically or physically mailed to them.

Class Counsel will post on the Class Counsel Website:

1. the Settlement Agreement;
2. the long-form First Notice;
3. a short summary of the rationale for the Settlement (no less than 30 days prior to the application to approve the Settlement);
4. the affidavit(s) in support of the application for approval of the Settlement (no less than 30 days prior to the application to approve the Settlement); and
5. the affidavit(s) in support of the application for approval of Class Counsel Fees and disbursements (no less than 30 days prior to the application to approve Class Counsel Fees and disbursements).

## **PART 2 – SECOND NOTICE**

### **A. Short-Form**

As soon as possible following the Implementation Date, the short-form Second Notice will be disseminated as follows:

#### News Release

The English and French language versions of the short-form Second Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada.

#### ISS Publication

The English and French language versions of the short-form Second Notice will be sent to Institutional Shareholder Services Inc. (ISS) for publication through their platform.

### **B. Long-Form**

As soon as possible following the Implementation Date, the long-form Second Notice will be disseminated as follows:

1. Electronic publication of the long-form Second Notice will occur in both the English and French languages on the Class Counsel Website; and
2. Class Counsel shall mail or email the long-form Second Notice to those persons that have contacted Class Counsel as of the publication date regarding this litigation and have provided Class Counsel with their contact information.

Class Counsel shall make a toll-free number and email address available to the public that will enable Class Members to obtain more information about the settlement and to request that a copy of the long-form Second Notice be sent electronically or physically to them directly.

**SCHEDULE "E"**  
**FIRST NOTICE – SHORT FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**

**Did you acquire securities of Reliq Health Technologies Inc. between February 23, 2018 and October 15, 2018 (inclusive) or acquire units in the Reliq private placement that closed around January 9, 2018?**

A settlement has been reached in a class action against Reliq Health Technologies Inc. ("Reliq") and certain of its current and former officers and directors. The class action alleges that there were misrepresentations in certain of Reliq's public disclosures and in documents provided to investors to solicit their investment in a private placement that closed on or around January 9, 2018.

The settlement provides for payments by the defendants in the class action and their insurers of the total amount of CAD\$2,500,000 to resolve those claims. The settlement is a compromise of disputed claims and is not an admission of liability or wrongdoing by Reliq or any of the other defendants.

The settlement must be approved by the Supreme Court of British Columbia. A settlement approval hearing has been set for April 14, 2022. At the hearing, the Court will also address an application to approve Class Counsel's fees, which will not exceed [number]% of the recovery plus reimbursement for expenses incurred in the litigation.

The Court has appointed RicePoint Administration Inc. as the Administrator of the settlement. To be eligible for compensation, Class Members must submit a completed Claim Form to the Administrator by no later than 11:59 pm Vancouver (Pacific) time on [date]. If the settlement is approved, and if you do not file a claim by this deadline, you may not be able to claim a portion of the settlement and your claim will be extinguished.

If you do not want to be part of this class action and be bound by the terms of the settlement, you must opt out by 11:59 pm Vancouver (Pacific) time on [date].

Class Members may also express their views about the proposed settlement to the Court. If you wish to express your views, you must do so in writing by [date].

For more information about the certification of the class action, who qualifies as a class member, the settlement, how to make a claim for compensation from the settlement, and your rights to opt out of the class and the settlement or object to the settlement, see the long-form notice available online at <https://www.siskinds.com/class-action/reliq-health-technologies-inc/> or call toll free at [number].



**SCHEDULE "F"**  
**FIRST NOTICE – LONG FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**  
**NOTICES OF CERTIFICATION AND SETTLEMENT APPROVAL HEARING**

**Read this notice carefully. It may affect your legal rights.**

**You may have to take prompt action.**

**This notice is directed to:** All persons, wherever they may reside or be domiciled, other than Excluded Persons (as defined below), who:

(i) acquired securities of Reliq Health Technologies Inc. (“**Reliq**”) from and including February 23, 2018 to and including October 15, 2018; or

(ii) acquired units consisting of one common share of Reliq and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of Reliq at an exercise price of \$1.75 per common share) (“**Private Placement Units**”) in Reliq’s private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018.

(collectively, “**Class**” or “**Class Members**”).

**Important Deadlines**

**Claims Bar Deadline** (to file a claim for compensation): 11:59pm Vancouver (Pacific) time on [date]

**Opt Out Deadline** (to exclude yourself from the class action and the settlement): 11:59pm Vancouver (Pacific) time on [date]

**Objection Deadline** (to object to or comment on the settlement or Class Counsel fees): 11:59pm Vancouver (Pacific) time on [date]

***Claim Forms may not be accepted after the Claims Bar Deadline. As a result, it is necessary that you act without delay.***

**Purpose of this Notice**

The class action brought on behalf of Class Members has been settled, subject to court approval. It has also been certified for settlement purposes. This notice provides Class Members with information about certification, who qualifies as a Class Member, the right to opt out of the class action, the settlement and their rights to participate in the court proceedings considering whether to approve the settlement.

The notice also provides Class Members with information about how to apply for compensation from the settlement. **Class Members who wish to do so must do so by 11:59pm Vancouver (Pacific) time on [date].**



### **The Action and Class Certification**

In 2019, a class proceeding (“**Action**”) was commenced in the Supreme Court of British Columbia (“**Court**”) against Reliq, Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman, and Brian Storseth (collectively, “**Individual Defendants**”). An application was subsequently filed to add Canaccord Genuity Corp. and Gravitass Securities Inc. (“**Underwriters**”) as defendants, but that application had not been heard prior to the settlement being reached.

The action alleges that the Defendants misrepresented the number of paying patients using Reliq’s iUGO Platform and its related financial results. The Action alleges that the misrepresentations were corrected by a news release issued by Reliq on October 16, 2018. In that news release, Reliq disclosed, among other things, that it had decided to restate certain financial information reported for Q3 2018. It is further alleged that following that disclosure Reliq’s share price declined significantly, causing damage to the Class Members.

On [date], the Court certified the Action as a class action for settlement purposes on behalf of the Class defined above. Excluded Persons means (i) the Defendants; (ii) Reliq’s past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the Individual Defendants’ families; and (iv) the Underwriters and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns.

### **The Settlement**

On November 24, 2021, the Plaintiff and Defendants executed a Settlement Agreement providing for the settlement of the Action (“**Settlement**”), which is subject to approval by the Court. The Settlement Agreement provides for the payment of CAD\$2,500,000 (“**Settlement Amount**”) in consideration of the full and final settlement of the claims of Class Members. The Settlement Amount includes all legal fees, disbursements, taxes and administration expenses.

The Settlement provides that if it is approved by the Court, the claims of all Class Members asserted or which could have been asserted in the Action will be fully and finally released, and the Action will be dismissed. The Settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

### **Participating in the Settlement or Excluding Yourself (“Opting Out”) from the Class Action and the Settlement**

If you are a Class Member, you will be bound by the outcome of the Action, including the terms of the Settlement if approved, unless you opt out of the Action. Class Members who do not opt out will (i) be entitled to participate in the Settlement; (ii) be bound by the terms of the Settlement; and (iii) not be permitted to bring other legal proceedings in relation to the matters alleged in the Action against the Defendants, or any person released by the approved Settlement. Conversely, if you are a Class Member who opts out of the Action (an “**Opt Out Party**”), you will not be able to make a claim to receive compensation from the Settlement Amount but will maintain the right to pursue your own claim against the Defendants relating to the matters alleged in the Action.

If you are a Class Member and wish to opt out, you must submit a written election to do so, together with required supporting documentation (“**Opt Out Election**”), to RicePoint Administration Inc. (“**Administrator**”).

To be a valid, the Opt Out Election: (a) must contain a statement of intention to opt out of the Action by you or a person authorized to bind you; (b) for Class Members who acquired Private Placement Units, must state the number of Private Placement Units that were acquired and the number of Private Placement Units held at the close of trading on the TSX Venture Exchange on October 15, 2018; (c) for Class Members who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018, must provide a listing of all transactions during that period showing, for each transaction, the type of transaction (purchase or sale), the number of securities and the date of the transaction, and state the number of Reliq securities held at the close of trading on the TSX Venture Exchange on October 15, 2018; (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records acceptable to the Administrator to verify the transactions; (e) must contain your name, address, telephone number and email address; and (f) may, at your option, contain a statement of your reason for opting out.

Your Opt Out Election must be postmarked no later than **11:59pm Vancouver (Pacific) time on [date]** (“**Opt Out Deadline**”).

Opt Out Elections may be sent by mail or courier to:

RicePoint Administration Inc.  
[contact details]

An Opt Out Election that does not contain all of the required information or is postmarked after the Opt Out Deadline will not be valid, which means that you will be bound by the outcome of the Action, including the Settlement, if it is approved.

You may revoke an Opt Out Election by delivering to the Administrator by mail or courier a written statement that you wish to revoke the Opt Out Election, which must be postmarked on or before 11:59pm Vancouver (Pacific) time on [date].

### **Settlement Approval Hearing**

The Settlement is conditional on approval by the Court. The Settlement will be approved if the Court determines that it is fair and reasonable and in the best interests of Class Members to approve it.

The Court will hear an application for approval of the Settlement on April 14, 2022 at [address] before the Honourable Mr Justice Taylor.

### **Release of Claims and Effect on Other Proceedings**

If the Settlement Agreement is approved by the Court, the claims and allegations of Class Members which were asserted or which could have been asserted in the Action will be released (“**Released Claims**”), and the Action will be dismissed. The Released Claims include claims against the Underwriters. Class Members will not be able to pursue any action in relation to the Released



Claims regardless of whether or not they file a claim for compensation from the Settlement. **If approved, the Settlement will therefore represent the only means of compensation available to Class Members in respect of the Released Claims.**

### **Approval of Class Counsel Fees and Other Expenses**

In addition to seeking the Court's approval of the Settlement Agreement, Class Counsel will seek the Court's approval of legal fees not to exceed [number]% of the Settlement Amount, plus disbursements not exceeding CAD\$[number] and applicable taxes ("**Class Counsel Fees**"). This fee request is consistent with the retainer agreement entered into between Class Counsel and the Plaintiff at the beginning of the litigation. As is customary in such cases, Class Counsel conducted the class action on a contingent fee basis. Class Counsel was not paid as the matter proceeded and funded the expenses of conducting the litigation.

Class Counsel will also seek the Court's approval for the payment of an honorarium to the Plaintiff not exceeding CAD\$[number]. Class Counsel will be requesting that the honorarium be deducted directly from the Settlement Amount.

The approval of the Settlement is not contingent on the approval of the Class Counsel Fees requested or an honorarium to the Plaintiff. The Settlement may still be approved even if the requested Class Counsel Fees or the Plaintiff's honorarium are not approved.

The fees of the Administrator, together with any other costs relating to approval, notification, implementation and administration of the settlement ("**Administration Expenses**"), will also be paid from the Settlement Amount.

### **Class Members' Entitlement to Compensation**

Class Members will be eligible for compensation pursuant to the Settlement if they submit a completed Claim Form, including any supporting documentation, with the Administrator, and their claim satisfies the criteria set out in the Distribution Protocol.

To be eligible for compensation under the Settlement, your Claim Form must be postmarked or received by the Administrator by **no later than 11:59pm Vancouver (Pacific) time on [date]** ("**Claims Bar Deadline**"). Only Class Members who have not opted out of the Action are permitted to recover from the Settlement.

If the Settlement Agreement is approved by the Court, the Settlement Amount, after deduction of Class Counsel Fees, Administration Expenses and any approved honorarium ("**Net Settlement Amount**") will be distributed to Class Members in accordance with the Distribution Protocol, subject to the Court's approval.

The proposed Distribution Protocol provides that in order to determine the individual entitlements of Class Members who make claims, the losses of each claimant will be calculated in accordance with a formula based on the statutory damages provisions contained in the securities legislation of British Columbia. Once the notional losses of all Class Members who have filed valid claims have been calculated, the Net Settlement Amount will be allocated to those Class Members in proportion to their percentage of the total notional losses calculated for all valid claims filed. Because the Net

Settlement Amount will be distributed *pro rata*, it is not possible to estimate the individual recovery of any individual Class Member until all the claims have been received and reviewed.

The approval of the Settlement is not contingent on the approval of the Distribution Protocol. The Court may still approve the Settlement even if it does not approve the Distribution Protocol or approves amendments to the Distribution Protocol.

In the event any amounts remain undistributed 180 days after the distribution of the Net Settlement Amount (because of uncashed cheques or for other administrative reasons), those amounts will be distributed to eligible Class Members (if sufficient to warrant a further distribution) or distributed to the Law Foundation of British Columbia.

### **Administrator**

The Court has appointed RicePoint Administration Inc. as the Administrator of the Settlement. The Administrator will, among other things: (i) receive and process the Claim Forms; (ii) determine Class Members' eligibility for and entitlement to compensation pursuant to the Distribution Protocol; (iii) communicate with Class Members regarding claims for compensation; and (iv) manage and distribute the Settlement Amount in accordance with the Settlement Agreement and the orders of the Court. The Administrator can be contacted at:

Telephone:	[number]
Mailing Address:	[address]
Website:	[website]

### **Filing a Claim**

All claims for compensation from the Settlement must be postmarked or received by no later than 11:59pm Vancouver (Pacific) time on [date].

The most efficient way to file a claim is to visit the Administrator's website at [website address]. **You are strongly encouraged to file your claim online through the website.** The website provides step by step instructions on how to file a claim. In order to verify claims, the Administrator will require supporting documentation, including brokerage statements or confirmations evidencing the claimed transactions. Accordingly, Class Members should visit the Administrator's site as soon as possible so that they have time to obtain the required documentation prior to the Claims Bar Deadline.

The Administrator will also accept Claim Forms filed by mail or courier. To obtain a paper copy of the Claim Form, Class Members must telephone the Administrator to have one sent by email or regular mail. Claim Forms sent by mail or courier should be sent to:

RicePoint Administration Inc.  
[address]

Class Members with questions about how to complete or file a Claim Form, or the documentation required to support a claim, should contact the Administrator at the above contact details.

**Class Members' Right to Participate in the Application for Approval**

Class Counsel has posted or will post the following material on its website (<https://www.siskinds.com/class-action/reliq-health-technologies-inc/>) on or before the dates set out below:

1. The Settlement Agreement, including the proposed Distribution Protocol (posted prior to or at the time of publication of this notice);
2. A summary of the basis upon which Class Counsel recommends the Settlement and Distribution Protocol (by [date]);
3. The Plaintiff's evidence in support of the approval of the Settlement and Distribution Protocol (by [date]); and
4. Class Counsel's evidence in support of the request for approval of Class Counsel's fees and disbursements (by [date]).

Class Members who wish to comment on, or make an objection to, the approval of the Settlement Agreement, the Distribution Protocol or the Class Counsel Fees requested shall deliver a written statement to Class Counsel by mail, courier or email, using the contact details listed under "Class Counsel" below, to be postmarked or received by Class Counsel no later than 11:59pm Vancouver (Pacific) time on [date]. Any objections postmarked or received by that date will be filed with the Court.

Class Members may attend at the hearing whether or not they deliver an objection. Class Members who wish a lawyer to speak on their behalf at the hearing may retain one to do so at their own expense.

**Copies of the Settlement Documents**

Copies of the Settlement Agreement, the Distribution Protocol and other documents relating to the Settlement may be found on the Administrator's website, Class Counsel's website or by contacting the Administrator or Class Counsel using the contact information provided in this notice.

**Class Counsel**

Siskinds LLP and Mathew P Good Law Corporation are Class Counsel. Inquiries can be directed to:

Garett Hunter  
Siskinds LLP  
275 Dundas Street, Unit 1  
London, ON N6B 3L1  
Tel: 519 660 7802

Email: [garett.hunter@siskinds.com](mailto:garett.hunter@siskinds.com)

Website: <https://www.siskinds.com/class-action/reliq-health-technologies-inc/>

### **Reimbursement of Brokerage Firms**

The Administrator shall, if requested, reimburse the brokerage firms out of the Settlement Amount solely for their reasonable out-of-pocket expenses incurred in distributing notice to the Class Members. The reimbursement shall be at reasonable and customary rates per unit as determined by the Administrator. Each brokerage firm must submit its account by a date to be determined by the Administrator to be entitled to reimbursement.

### **Interpretation**

If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

All inquiries should be directed to the Administrator or Class Counsel.

PUBLICATION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE SUPREME COURT  
OF BRITISH COLUMBIA

**SCHEDULE "G"**  
**SECOND NOTICE – SHORT FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**

**Did you acquire securities of Reliq Health Technologies Inc. between February 23, 2018 and October 15, 2018 (inclusive) or acquire units in the Reliq private placement that closed around January 9, 2018?**

A settlement has been reached in a class action against Reliq Health Technologies Inc. ("Reliq") and certain of its current and former officers and directors. The class action alleges that there were misrepresentations in certain of Reliq's public disclosures and in documents provided to investors to solicit their investment in a private placement that closed on or around January 9, 2018.

The settlement provides for payments by the defendants in the class action and their insurers of the total amount of CAD\$2,500,000 to resolve those claims. The settlement is a compromise of disputed claims and is not an admission of liability or wrongdoing by Reliq or any of the other defendants.

The settlement has been approved by the Supreme Court of British Columbia.

For more information about your rights and how to exercise them, see the long-form notice and other information available online at [webpage created by the Administrator] or contact the Administrator at:

[administrator email and phone number]



**SCHEDULE "H"**  
**SECOND NOTICE – LONG FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**

**NOTICE OF SETTLEMENT APPROVAL**

**Read this notice carefully. It may affect your legal rights.**

**You may have to take prompt action.**

**This notice is directed to:** All persons, wherever they may reside or be domiciled, other than Excluded Persons (as defined below), who:

(i) acquired securities of Reliq Health Technologies Inc. ("**Reliq**") from and including February 23, 2018 to and including October 15, 2018; or

(ii) acquired units consisting of one common share of Reliq and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of Reliq at an exercise price of \$1.75 per common share) ("**Private Placement Units**") in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018.

(collectively, "**Class**" or "**Class Members**").

**Important Deadline to File a Claim for Compensation:**

**Claims Bar Deadline** (to file a claim for compensation): 11:59pm Vancouver (Pacific) time on [date]

**Purpose of this Notice:**

The purpose of this notice is to advise Class Members of the approval of the settlement of the class proceeding brought on behalf of Class Members.

**The Action and Class Certification**

In 2019, a class proceeding ("**Action**") was commenced in the Supreme Court of British Columbia ("**Court**") against Reliq, Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman, and Brian Storseth (collectively, "**Individual Defendants**"). An application was subsequently filed to add Canaccord Genuity Corp. and Gravitas Securities Inc. ("**Underwriters**") as defendants, but that application had not been heard prior to the settlement being reached.

The action alleges that the Defendants misrepresented the number of paying patients using Reliq's iUGO Platform and its related financial results. The Action alleges that the misrepresentations were corrected by a news release issued by Reliq on October 16, 2018. In that news release, Reliq disclosed, among other things, that it had decided to restate certain financial information reported



for Q3 2018. It is further alleged that following that disclosure Reliq's share price declined significantly, causing damage to the Class Members.

On [date], the Court certified the Action as a class action for settlement purposes on behalf of the Class defined above. Excluded Persons means (i) the Defendants; (ii) Reliq's past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the Individual Defendants' families; and (iv) the Underwriters and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns.

### **Settlement Approval**

On November 24, 2021, the Plaintiff and Defendants executed a Settlement Agreement providing for the settlement of the Action ("**Settlement**"), which is subject to approval by the Court. The Settlement Agreement provides for the payment of CAD\$2,500,000 ("**Settlement Amount**") in consideration of the full and final settlement of the claims of Class Members. The Settlement Amount includes all legal fees, disbursements, taxes and administration expenses.

The Settlement provides that the claims of all Class Members asserted or which could have been asserted in the Action will be fully and finally released, and the Action will be dismissed. The Settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

On [date], the Supreme Court of British Columbia approved the Settlement and ordered that it be implemented in accordance with its terms.

The Court also awarded Siskinds LLP and Mathew P Good Law Corporation ("**Class Counsel**") total legal fees, expenses and applicable taxes in the amount of CAD\$[amount] inclusive of disbursements of CAD\$[amount], plus HST, GST and/or PST ("**Class Counsel Fees**"). As is customary in such cases, Class Counsel conducted the class action on a contingent fee basis. Class Counsel was not paid as the matter proceeded and funded the expenses of conducting the litigation. Class Counsel Fees will be deducted from the Settlement Amount before it is distributed to Class Members.

Expenses incurred or payable relating to approval, notification, implementation and administration of the Settlement ("**Administration Expenses**") will also be paid from the Settlement Amount before it is distributed to Class Members.

The Court also approved the payment of an honorarium to the Plaintiff in the amount of CAD\$[amount]. The honorarium will be deducted from the Settlement Amount before it is distributed to Class Members.

### **Class Members' Entitlement to Compensation**

Pursuant to the Court order approving the Settlement, claims of Class Members which were or could have been asserted in the Action are now released and the Action has been dismissed. Class Members may not pursue individual or class actions for those claims, regardless of whether or not they submit a claim for compensation from the Settlement. **The Settlement therefore represents**

**the only means of compensation available to Class Members in respect of the claims raised in the Action.**

For instructions on how to submit a claim for compensation from the Settlement, refer to the previously-issued notice of certification and settlement approval hearing, which is available at [website to be created by administrator]. To be eligible for compensation under the Settlement, your Claim Form must be postmarked or received by the Administrator by **no later than 11:59pm Vancouver (Pacific) time on [date]**.

After deduction of Class Counsel Fees, Administration Expenses and the approved honorarium, the balance of the Settlement Amount ("**Net Settlement Amount**") will be distributed to Class Members in accordance with the Distribution Protocol approved by the Court.

The proposed Distribution Protocol provides that in order to determine the individual entitlements of Class Members who make claims, the losses of each claimant will be calculated in accordance with a formula based on the statutory damages provisions contained in the securities legislation of British Columbia. Once the notional losses of all Class Members who have filed valid claims have been calculated, the Net Settlement Amount will be allocated to those Class Members in proportion to their percentage of the total notional losses calculated for all valid claims filed. Because the Net Settlement Amount will be distributed *pro rata*, it is not possible to estimate the individual recovery of any individual Class Member until all the claims have been received and reviewed.

In the event any amounts remain undistributed 180 days after the distribution of the Net Settlement Amount (because of uncashed cheques or for other administrative reasons), those amounts will be distributed to eligible Class Members (if sufficient to warrant a further distribution) or distributed to the Law Foundation of British Columbia.

### **Copies of the Settlement Documents**

Copies of the Settlement Agreement, the Distribution Protocol and other documents relating to the Settlement may be found on the Administrator's website, Class Counsel's website or by contacting the Administrator or Class Counsel using the contact information provided in this notice.

### **Administrator**

The Administrator can be contacted at:

RicePoint Administration Inc.  
[Contact details]

### **Class Counsel**

Inquires to Class Counsel can be directed to:

Garett Hunter  
Siskinds LLP  
275 Dundas Street, Unit 1  
London, ON N6B 3L1  
Tel: 519 660 7802

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Email: [garett.hunter@siskinds.com](mailto:garett.hunter@siskinds.com)

Website: <https://www.siskinds.com/class-action/reliq-health-technologies-inc/>

**Interpretation**

If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

All inquiries should be directed to the Administrator or Class Counsel.

PUBLICATION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE SUPREME COURT  
OF BRITISH COLUMBIA



**SCHEDULE "I"**  
**DISTRIBUTION PROTOCOL**

This Distribution Protocol should be read in conjunction with the Settlement Agreement dated November 24, 2021 ("Settlement Agreement").

**DEFINED TERMS**

1. Unless otherwise defined herein, capitalized terms used are as defined in the Settlement Agreement. In addition, the following definitions apply to this Distribution Protocol:
  - (a) **Acquisition Expense** means the price per security paid by a Claimant (including brokerage commissions) to acquire an Eligible Security;
  - (b) **Claimant** means a Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator on or before the Claims Bar Deadline;
  - (c) **Claims Bar Deadline** means 11:59pm Vancouver (Pacific) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published or such other date as may be fixed by the Court;
  - (d) **Disposition Proceeds** means the price per security actually received by a Claimant on the disposition of an Eligible Security, without deducting any commissions paid in respect of the disposition;
  - (e) **FIFO** means "first in, first out", whereby for the purpose of determining Claimants' Notional Entitlement, securities are deemed to be sold in the same order that they were purchased (e.g. the first Eligible Securities purchased by a Claimant are deemed to be the first Eligible Securities sold); and



- (f) **Notional Entitlement** means an Authorized Claimant's notional damages as calculated pursuant to the formulae set forth in this Distribution Protocol, which forms the basis upon which each Authorized Claimant's *pro rata* share of the Net Settlement Amount is determined.

## **OBJECTIVE**

2. The objective of this Distribution Protocol is to equitably distribute the Net Settlement Amount among Authorized Claimants.

## **CALCULATION OF NOTIONAL ENTITLEMENT**

3. The Net Settlement Amount will be distributed in accordance with this Distribution Protocol.
4. The Administrator shall apply FIFO to determine the purchase transactions that correspond to the sale of Eligible Securities, including in the calculation of an Authorized Claimant's Notional Entitlement.
5. The Administrator shall first determine a Claimant's Notional Entitlement. If the Claimant has a Notional Entitlement greater than zero, they become an Authorized Claimant, and the Administrator will go on to calculate the Authorized Claimant's monetary compensation. A Claimant must have a Notional Entitlement greater than zero in order to be eligible to receive a payment from the Net Settlement Amount.
6. Transfers of Reliq securities between accounts belonging to the same Claimant will not be taken into account in determining a Claimant's Notional Entitlement.
7. The date of a purchase or sale shall be the trade date of the transaction, as opposed to the settlement date of the transaction or the payment date.

8. An Authorized Claimant's Notional Entitlement will be calculated as follows:
- (a) No Notional Entitlement shall be recognized for any Eligible Securities disposed of before the close of trading on the TSX Venture Exchange on October 15, 2018.

**Reliq Common Shares**

- (b) For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between the Acquisition Expense and the Disposition Proceeds.
- (c) For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):
- A. the difference between the Acquisition Expense and the Disposition Proceeds; and
- B. the difference between the Acquisition Expense and CAD\$0.49.
- (d) For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and not yet disposed of, the Notional Entitlement shall be the difference between the Acquisition Expense and CAD\$0.49.

**Private Placement Units**

- (e) There shall be no Notional Entitlement for a Private Placement Unit where the Reliq common share acquired as part of the Private Placement Unit was



disposed of before the close of trading on the TSX Venture Exchange on October 15, 2018.

- (f) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit was disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between CAD\$1.12 and the Disposition Proceeds for the common share, multiplied by 0.80.
- (g) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit was disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):
- A. the difference between CAD\$1.12 and the Disposition Proceeds for the common share, multiplied by 0.80; and
- B. CAD\$0.50 (calculated as the difference between CAD\$1.12 and CAD\$0.49, being CAD\$0.63, multiplied by 0.80).
- (h) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit has not yet been disposed of, the Notional Entitlement shall be CAD\$0.50 (calculated as the difference between CAD\$1.12 and CAD\$0.49, being CAD\$0.63, multiplied by 0.80).
9. Reliq common shares acquired through the exercise of a Reliq common share purchase warrant that was acquired as part of the Private Placement Units in the private placement that closed on or around January 9, 2018 shall be deemed not to be Eligible Securities.
10. Where a Claimant acquired Eligible Securities through the exercise of a Reliq common share purchase warrant that was not acquired as part of the Private Placement Units in the

private placement that closed on or around January 9, 2018, the Acquisition Expense for those Eligible Securities so acquired shall be equivalent to the total monies paid to exercise or convert the common share purchase warrants per Eligible Security. For greater certainty, where Eligible Securities were issued to a Claimant without any further monies having been paid for the exercise or conversion of the share purchase warrants, the Administrator shall treat any such Eligible Securities as having an Acquisition Expense of zero.

#### **CALCULATION OF MONETARY COMPENSATION AND DISTRIBUTION**

11. Each Authorized Claimant's actual compensation shall be the portion of the Net Settlement Amount equivalent to the ratio of his, her or its Notional Entitlement to the total Notional Entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, as calculated by the Administrator.
12. Compensation shall be paid to Authorized Claimants in Canadian currency.
13. If, one hundred eighty (180) days from the date on which the Administrator distributes the Net Settlement Amount to Authorized Claimants, the Escrow Account remains in a positive balance (whether due to tax refunds, uncashed cheques, or otherwise), the Administrator shall, if feasible, reallocate such balance among the Authorized Claimants in an equitable and economic fashion. If, in the opinion of the Administrator, it is not feasible to reallocate any remaining balance among the Authorized Claimants in an equitable and economic fashion, such balance shall be distributed to the Law Foundation of British Columbia.
14. By agreement between the Administrator and Class Counsel, any deadline contained in this Distribution Protocol may be extended. Class Counsel and the Administrator shall agree to extend a deadline(s) if, in their opinions, doing so will not adversely affect the efficient administration of the Settlement and it is in the best interests of the Class to do so.



**CLAIMS PROCESS**

15. In order to seek payment from the Settlement Amount, a Class Member shall submit a completed Claim Form to the Administrator on or before the Claims Bar Deadline.
16. The Administrator shall review each Claim Form and verify that the Claimant is eligible for compensation from the Net Settlement Amount, as follows:
  - (a) for a Claimant claiming as a Class Member, the Administrator shall be satisfied that the Claimant is a Class Member;
  - (b) for a Claimant claiming on behalf of a Class Member or a Class Member's estate, the Administrator shall be satisfied that:
    - A. the Claimant has authority to act on behalf of the Class Member or the Class Member's estate in respect of financial affairs;
    - B. the person or estate on whose behalf the claim was submitted was a Class Member; and
    - C. the Claimant has provided all supporting documentation required by the Claim Form or alternative documentation acceptable to the Administrator.
17. The Administrator shall ensure that only claims for compensation in respect of Eligible Securities in the Claim Form are approved.
18. If, for any reason, a Claimant is unable to complete the Claim Form then it may be completed by the Claimant's personal representative or a member of the Claimant's family duly authorized by the Claimant to the satisfaction of the Administrator.



**IRREGULAR CLAIMS**

19. The claims process is intended to be expeditious, cost effective and “user friendly” to minimize the burden on Claimants. The Administrator shall, in the absence of reasonable grounds to the contrary, assume Claimants to be acting honestly and in good faith. The Administrator shall use email for correspondence with Claimants to the maximum extent possible.
20. Where a Claim Form contains minor omissions or errors, the Administrator shall correct such omissions or errors if the information necessary to correct the error or omission is readily available to the Administrator.
21. In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by a Class Member who submits a Claim Form. Such Class Members shall have until the later of sixty (60) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information within this period shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Court to the contrary, but will in all other respects be subject to and bound by the provisions of the Settlement Agreement and the releases contained therein.
22. The claims process is also intended to prevent fraud and abuse. If, after reviewing any Claim Form, the Administrator believes that the claim contains unintentional errors which would materially exaggerate the Notional Entitlement of the Claimant, then the Administrator may disallow the claim in its entirety or make such adjustments so that an appropriate Notional Entitlement is allocated to the Claimant. If the Administrator believes



that the claim is fraudulent or contains intentional errors which would materially exaggerate the Notional Entitlement of the Claimant, then the Administrator shall disallow the claim in its entirety.

23. Where the Administrator disallows a claim in its entirety, the Administrator shall send to the Claimant, at the email or postal address provided by the Claimant or the Claimant's last known email or postal address, a notice advising that the claim has been disallowed and that the Claimant may request the Administrator to reconsider its decision. For greater certainty, a Claimant is not entitled to a notice or a review where a claim is allowed but the Claimant disputes the amount of his, her or its Notional Entitlement or his, her or its individual compensation.
24. Any request for reconsideration must be received by the Administrator within 45 days of the date of the notice advising of the disallowance. If no request is received within this time period, the Claimant shall be deemed to have accepted the Administrator's determination and the determination shall be final and not subject to further review by any court or other tribunal.
25. Where a Claimant files a request for reconsideration with the Administrator, the Administrator shall advise Class Counsel of the request and conduct an administrative review of the Claimant's complaint.
26. Following its determination in an administrative review, the Administrator shall advise the Claimant of its determination. In the event the Administrator reverses a disallowance, the Administrator shall send the Claimant, at the email or postal address provided by the Claimant or the Claimant's last known email or postal address, a notice specifying the revision to the Administrator's disallowance.

27. The determination of the Administrator in an administrative review is final and is not subject to further review by any court or other tribunal.
28. Any matter not referred to above shall be determined by analogy by the Administrator in consultation with Class Counsel.
29. No action shall lie against Class Counsel or the Administrator for any decision made in the administration of the Settlement Agreement and the Distribution Protocol without an order from a Court authorizing such an action.

This is Exhibit "C" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter was located in the City of London, in the Province of Ontario.

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A Commissioner for Taking Affidavits in  
the Province of British Columbia





Court File No. 3957-11CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE  
JUSTICE H. A. RADY

) Thursday THE 13<sup>th</sup>  
)  
) DAY OF June, 2019

BETWEEN:

PETER ROONEY and ARCHIE LEACH

Plaintiffs

- and -

ARCELORMITTAL S.A., LAKSHMI N. MITTAL, ADITYA MITTAL,  
1843208 ONTARIO INC., PHILIPPUS F. DU TOIT,  
NUNAVUT IRON ORE ACQUISITION INC., IRON ORE HOLDINGS, LP,  
NGP MIDSTREAM & RESOURCES, L.P., NGP M&R OFFSHORE HOLDINGS, L.P.,  
JOWDAT WAHEED, BRUCE WALTER, JOHN T. RAYMOND, JOHN CALVERT,  
BAFFINLAND IRON MINES CORPORATION, RICHARD D. MCCLOSKEY, JOHN  
LYDALL and DANIELLA DIMITROV

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**ORDER**

**THIS MOTION**, made by the Plaintiffs for, *inter alia*, an Order fixing the date of a settlement approval motion, appointing an administrator, approving the form, content and method of dissemination of a notice of certification and settlement approval hearing, approving the claim form, and prescribing opt out procedures, was heard this day at 80 Dundas Street, London, Ontario.

**ON READING** the materials filed, including the Settlement Agreement dated June 7, 2019 attached hereto as **Schedule "1"** ("**Settlement Agreement**"), and on hearing the submissions of Counsel for the Plaintiffs and Counsel for the Defendants.

*R*

**ON BEING ADVISED** that the Defendants consent to this Order.

1. **THIS COURT DECLARES** that, except as otherwise stated, this Order incorporates and adopts the definitions set out in the Settlement Agreement.
2. **THIS COURT ORDERS** that the hearing of the Plaintiffs' motion to approve the Settlement and the hearing of the Plaintiffs' motion for approval of Class Counsel Fees shall take place on September 6, 2019.
3. **THIS COURT ORDERS** that the form and content of the short-form First Notice, substantially in the form attached hereto as **Schedule "2"**, is hereby approved.
4. **THIS COURT ORDERS** that the form and content of the long-form First Notice, substantially in the form attached hereto as **Schedule "3"**, is hereby approved.
5. **THIS COURT ORDERS** that the Plan of Notice, substantially in the form attached hereto as **Schedule "4"**, is hereby approved for the purpose of the publication and dissemination of the First Notice and the Claim Form.
6. **THIS COURT ORDERS** that the form and content of the Claim Form, substantially in the form attached hereto as **Schedule "5"**, is hereby approved.
7. **THIS COURT ORDERS** that Epiq Class Action Services Canada Inc. is hereby appointed as the Administrator pursuant to the Settlement Agreement.
8. **THIS COURT ORDERS** that in order to be entitled to participate in a distribution from the Net Settlement Amount, a Class Member must:
  - (a) submit a properly completed Claim Form to the Administrator, using the online claim portal established by the Administrator or by submitting a paper Claim Form by mail or courier to the Administrator, received by the Administrator on or



before 11:59pm Toronto (Eastern) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published (“**Claims Bar Deadline**”);

- (b) submit, together with the Claim Form, any supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator; and
  - (c) otherwise comply with the instructions set out in the Claim Form.
9. **THIS COURT ORDERS** that any Class Member who wishes to validly exclude him, her or itself from the Action must do so by submitting to the Administrator by mail, courier or email a written opt out election (“**Opt Out Election**”) to be received by the Administrator on or before 5:00pm Toronto (Eastern) time on the date that is 45 calendar days after the date on which the First Notice is first published (“**Opt Out Deadline**”).
10. **THIS COURT ORDERS** that an Opt Out Election:
- (a) must contain a statement of intention to opt out of the Action by the Class Member or a person authorized to bind the Class Member;
  - (b) must state the number of Common Shares and the number of 2007 Warrants held by the Class Member at the close of trading on the Toronto Stock Exchange on September 21, 2010;
  - (c) must contain a listing of all transactions on and after September 22, 2010 by which the Class Member purchased, acquired, sold or tendered BIM Securities.

which must show, for each transaction, the type of BIM Security (Common Shares or 2007 Warrants), the number of BIM Securities and the date of the transaction;

- (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records allowing the Administrator to verify the transactions;
- (e) must contain the name, address, telephone number and email address of the Class Member; and
- (f) may, at the option of the Class Member, contain a statement of the Class Member's reason for opting out.

11. **THIS COURT ORDERS** that any Class Member who delivers a valid Opt Out Election, in accordance with paragraphs 9 and 10 of this Order, may revoke that Opt Out Election by submitting to the Administrator by mail, courier or email a written statement that he, she or it wishes to revoke the Opt Out Election, which must be received by the Administrator on or before 5:00pm Toronto (Eastern) time on the date that is five (5) calendar days after the Opt Out Deadline ("**Opt Out Revocation Deadline**").

12. **THIS COURT ORDERS** that an Opt Out Election that is revoked in accordance with paragraph 11 of this Order shall be null and void and have no force or effect, and the Class Member who submitted the Opt Out Election shall not be considered an Opt Out Party.

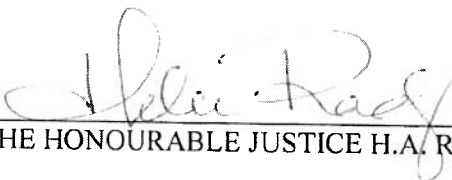
13. **THIS COURT ORDERS** that the Administrator shall, immediately upon receipt by it, provide to Class Counsel copies of any Opt Out Elections received on or before the Opt Out Deadline.
14. **THIS COURT ORDERS** that, at any time up to the Opt Out Revocation Deadline, Class Counsel may contact any Class Member who has submitted an Opt Out Election to confirm that they wish to exclude him, her or itself from the Action, and to explain to him, her or it the significance of the Opt Out Election.
15. **THIS COURT ORDERS** that, by no later than the date that is seven (7) calendar days after the Opt Out Deadline, the Administrator shall:
  - (a) report to the lawyers for the Parties the number of Eligible Securities of each Opt Out Party and the total number of Eligible Securities of all Opt Out Parties; and
  - (b) provide to the lawyers for the Parties copies of the Opt Out Elections submitted by Opt Out Parties.
16. **THIS COURT ORDERS** that any person who would otherwise be a Class Member who validly excludes him, her or itself from the Action, in accordance with paragraphs 9 and 10 of this Order, and who has not revoked his, her or its Opt Out Election in accordance with paragraph 11 of this Order, is not bound by the Settlement Agreement and shall no longer participate or have the opportunity in the future to participate in the Action and the Settlement.
17. **THIS COURT ORDERS** that any person who is a member of the Class and who does not validly exclude him, her or itself from the Action in accordance with paragraphs 9 and 10 of this Order, or who revokes an Opt Out Election in accordance with

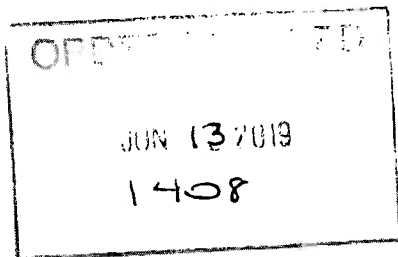




paragraph 11 of this Order, will be bound by the Settlement Agreement, including the releases contained therein, if and when it becomes effective, and may not exclude him, her or itself from the Action in the future, whether or not a claim to participate in the distribution of the Settlement Amount is submitted by that person.

18. **THIS COURT ORDERS** that Class Members who wish to file with the Court an objection or comment on the Settlement, the Distribution Protocol or the request for approval of Class Counsel Fees shall deliver to Class Counsel by mail, courier or email a written statement by no later than 14 days prior to the Approval Motion.
19. **THIS COURT ORDERS** that Baffinland shall forthwith deliver or cause to be delivered to the Administrator the information required under section 11.2(1) of the Settlement Agreement.
20. **THIS COURT ORDERS** that the time for the service and filing of the Plaintiffs' materials for the motion is hereby abridged.

  
\_\_\_\_\_  
THE HONOURABLE JUSTICE H.A. RADY



*Handwritten mark*

This is Exhibit "D" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter was located in the City of London, in the Province of Ontario.

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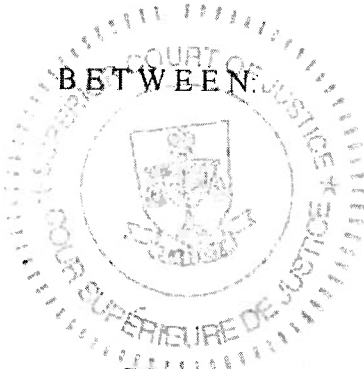
A Commissioner for Taking Affidavits in  
the Province of British Columbia



ONTARIO  
SUPERIOR COURT OF JUSTICE

THE HONOURABLE  
JUSTICE LYNNE LEITCH

) FRIDAY, THE 3<sup>RD</sup> DAY  
)  
) OF SEPTEMBER, 2010



BETWEEN

METZLER INVESTMENT GMBH

Plaintiff

and

GILDAN ACTIVEWEAR INC., GLENN J. CHAMANDY, GLENN J. CHAMANDY  
HOLDINGS CORPORATION, and LAURENCE G. SELLYN

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**ORDER**

**(Certification & Notice Approval)**

**THIS MOTION**, made by the Plaintiff for, *inter alia*, an Order certifying this action as a class proceeding for the purpose only of settlement and approving the form and method of dissemination of notice to class members was heard in London, Ontario on August 6, 2010.

**ON READING** the materials filed, including the settlement agreement dated August 2, 2010 between the parties (the "Settlement Agreement"), and on hearing the submissions of counsel for the Plaintiff and counsel for the Defendants:

1. **THIS COURT DECLARES** that except as otherwise stated, this Order incorporates and adopts the definitions set forth in the Settlement Agreement, which is attached hereto as **Schedule "A"**.
2. **THIS COURT ORDERS** that, subject to paragraph 18 herein, the within proceeding is certified as a class proceeding, for purposes of settlement only, pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c.6, sections 2 and 5.
3. **THIS COURT ORDERS** that the "Ontario Class" is defined and certified as:

All persons who purchased or otherwise acquired common shares of Gildan during the period from and including August 2, 2007 to and including April 29, 2008 and either: (i) are now or were at the time of such purchase or acquisition Canadian residents or (ii) purchased or otherwise acquired such shares on the Toronto Stock Exchange; but does not include persons who are either: (i) Excluded Persons or (ii) members of the Québec Class.

4. **THIS COURT DECLARES** that the causes of action asserted in this Action on behalf of the Ontario Class are negligence, negligent and reckless misrepresentation and unjust enrichment.
5. **THIS COURT ORDERS** that Metzler Investment GmbH is appointed as the Representative Plaintiff for the Ontario Class within this proceeding.
6. **THIS COURT ORDERS** that the within proceeding is certified for settlement purposes only on the basis of the following common issues:

Were Gildan's pleaded public statements during the Class Period materially false and/or misleading regarding: (i) the comparable scale of production of its Dominican Republic manufacturing facility to that of its more mature Honduras manufacturing facility; and (ii) Gildan's earnings per share for Fiscal 2008 guidance?

7. **THIS COURT ORDERS** that Siskinds <sup>L.L.P.</sup> is hereby appointed and approved as the Escrow Agent and that NPT RicePoint Class Action Services is hereby appointed and

approved as the Administrator for purposes of the proposed settlement and carrying out the duties respectively assigned to the Escrow Agent and the Administrator under the Settlement Agreement, and shall be subject to the jurisdiction of this Court for all matters relating to the Ontario Action, including the administration, interpretation, effectuation or enforcement of the Settlement Agreement and this Order.

8. **THIS COURT ORDERS** that the form and content of the Long-Form Notice, substantially in the form attached hereto as **Schedule "B"**, is hereby approved.
9. **THIS COURT ORDERS** that the form and content of the Short-Form Notice, substantially in the form attached hereto as **Schedule "C"** is hereby approved.
10. **THIS COURT ORDERS** that the Administrator shall cause the Short-Form Notice and the Long-Form Notice to be published and/or disseminated in accordance with the Plan of Notice attached as Schedule "B" to the Settlement Agreement. In addition, the Short-Form Notice shall be published in the international edition of the Wall Street Journal contemporaneously with the publications in the Newspapers.
11. **THIS COURT ORDERS** that individuals or entities who would otherwise be members of the Ontario Class but who elect to opt out of the Ontario Class must do so by preparing and signing an Opt-Out Request which clearly states that the Ontario Class Member requests exclusion from the Class, and includes the Ontario Class Member's name, address, telephone number and email address (if available) all of the date(s), price(s), and the number(s) of all of the Gildan common shares they purchased, acquired or sold during the Class Period and on which exchange, and by sending his, her or its Opt-Out Request to the Administrator, at the address indicated in the Pre-Approval Notices,



postmarked no later than the Opt-Out & Objection Deadline, namely, sixty (60) calendar days after the date the Short-Form Notice is first published pursuant to paragraph 10 above. Subject to further order of the Court, no person or entity may opt out of the Ontario Class after the expiry of the Opt-Out & Objection Deadline.

12. **THIS COURT ORDERS** that any potential member of the Ontario Class who elects to opt out of the Ontario Class in accordance with paragraph 11 of this Order may not participate in the settlement, if approved.
13. **THIS COURT ORDERS** that any Ontario Class Member who does not validly opt out in the manner and time prescribed above shall be deemed to have elected to participate in the settlement and be bound by the terms of the Settlement Agreement if approved and all related Court Orders, regardless of whether the Ontario Class Member has timely filed a Claim Form.
14. **THIS COURT ORDERS** that the form and content of the Claim Form, substantially in the form attached hereto as **Schedule "D"**, is hereby approved.
15. **THIS COURT ORDERS** that in order to be entitled to participate in a distribution from the Net Settlement Amount, each member of the Ontario Class shall take the following actions and be subject to the following conditions:
  - (a) submit a properly executed Claim Form to the Administrator, at the address indicated in the Pre-Approval Notices, postmarked no later than the Claims Deadline, namely, one hundred twenty (120) calendar days after the date set herein for the publication of the Short-Form Notice;
  - (b) submit, together with the Claim Form, any supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker



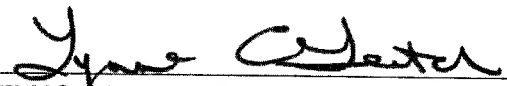
account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator;

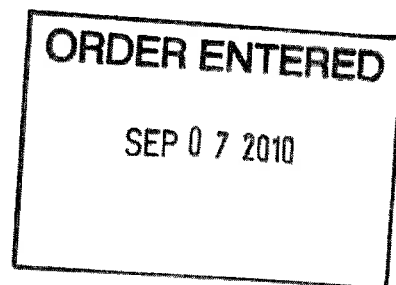
- (c) the Claim Form must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury;
  - (d) if the person executing the Claim Form is acting in a representative capacity, a certification of his, her or its current authority to act on behalf of the Ontario Class Member must be included in the Claim Form;
  - (e) each Claim Form shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first class mail, postage prepaid) provided that such Claim Form is actually received prior to the distribution of the Net Settlement Amount; and
  - (f) any Claim Form submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Pre-Approval Notices, provided that such Claim Form is actually received prior to the distribution of the Net Settlement Amount.
16. **THIS COURT ORDERS** that, as part of the Claim Form, each Ontario Class Member shall submit to the jurisdiction of this Court with respect to the claim submitted, and shall (subject to the approval of the Settlement Agreement by the Courts) release all Settled Claims against the Released Parties.
17. **THIS COURT ORDERS** that Ontario Class Members who wish to file with the Court an objection or comment to the Settlement Agreement or to the approval of the fees of counsel for the Plaintiff shall deliver a written statement to counsel for the Plaintiff, at the address indicated in the Pre-Approval Notices, no later than sixty (60) calendar days after the date the Short-Form Notice is first published pursuant to paragraph 10 above, and



counsel for the Plaintiff shall file all such submissions with the Court prior to the hearing of the Approval Motion.

18. **THIS COURT ORDERS** that if the Settlement Agreement is terminated pursuant to any rights of termination therein, then:
- (a) this Order (except for paragraphs 1 and 18 herein) shall be set aside, be of no further force or effect, and be without prejudice as to any party;
  - (b) the Ontario Action shall be immediately decertified as a class proceeding pursuant to Section 10 of the *Class Proceedings Act, 1992*, without prejudice to the Plaintiff's ability to reapply for certification and the Defendants' ability to oppose certification on any and all grounds; and
  - (c) each party to the Ontario Action shall be restored to their respective position in the Ontario Action as it existed immediately prior to the execution of the Settlement Agreement.
19. **THIS COURT ORDERS** that the time for service and filing of this motion is hereby abridged.

  
\_\_\_\_\_  
THE HONOURABLE  
JUSTICE LYNNE LEITCH







This is the 1<sup>st</sup> affidavit  
of Jared Rosenbaum  
in this proceeding and  
was made on  
25/NOV/2021

No. VLC-S-S-1913149  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

Between

KARL HAASE

and

Plaintiff

RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**AFFIDAVIT #1 of JARED ROSENBAUM**

I, Jared Rosenbaum, lawyer, of 302 – 100 Lombard Street, Toronto, Ontario, SWEAR THAT:

1. I am an associate lawyer working at Siskinds LLP (“**Siskinds**”), co-counsel with Mathew P Good Law Corporation (together, “**Class Counsel**”) for the Plaintiff in this action, and as such have personal knowledge of the facts and matters deposed to in this affidavit. Where facts are not within my personal knowledge, I have stated the source of the information, and I believe the information to be true.

2. Unless otherwise stated or the context otherwise indicates, capitalised terms used in this affidavit have the meanings assigned to them in the Plaintiff’s Notice of Civil Claim dated November 20, 2019. Attached to my affidavit as **Exhibit “A”** is a copy of the Notice of Civil Claim.

## NATURE OF THE APPLICATION

3. A settlement has been reached with Reliq Health Technologies Inc., Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth dated November 24<sup>th</sup>, 2021 (“**Settlement Agreement**”). A copy of the settlement agreement is attached as **Exhibit “B”**.

4. I swear this affidavit in support of the Plaintiff’s application for:

- (a) consent certification for settlement purposes;
- (b) approval of opt-out procedures;
- (c) approval of a claims procedure;
- (d) approval of the proposed short-form and long-form First Notice (as defined in the Settlement Agreement);
- (e) approval of the proposed method for disseminating notice;
- (f) approval of the procedure for Class Members to file objections or comments; and
- (g) the appointment of RicePoint Administration Inc. (“**RicePoint**”) as administrator.

## BACKGROUND

### This Action

5. On November 20, 2019, this action was brought against the Defendants, including Reliq Health Technologies Inc. (“**Reliq**”), which is a publicly traded company listed on the TSX Venture Exchange. The Notice of Civil Claim alleges that the Defendants made misrepresentations pertaining to the number of paying patients using its iUGO Platform and Reliq’s related financial results. It is further alleged that the Plaintiff and Class suffered significant investment losses when

G.H.

the misrepresentations were publicly corrected. The Defendants denied and continue to deny these allegations.

6. The proceeding is advanced on behalf of investors who acquired Reliq securities on the secondary market during the Secondary Market Class Period (*i.e.* the Secondary Market Class), as well as people who acquired Reliq securities in the Private Placement (*i.e.* the Private Placement Class).

7. On April 24, 2020, the Honourable Mr. Justice Taylor was appointed as case management judge.

8. On July 15, 2020, the Plaintiff delivered his Notice of Application for certification and for leave to assert the cause of action for misrepresentations in secondary market disclosure documents under section 140.3 of the *Securities Act*, RSBC 1996, c 418 ("*Securities Act*"). In support of the application, the Plaintiff delivered an expert accounting report from Cyrus Khory, Managing Director of Froese Forensic Partners Ltd. In addition, the Plaintiff delivered a detailed affidavit from a legal assistant at Siskinds which included hundreds of pages of documents obtained from the Defendants' records and various public sources through Class Counsel's inquiries. The Plaintiff also swore and delivered his own affidavit.

9. The first Judicial Management Conference was held on June 17, 2020. At that time, the schedule for certification was finalized, with a hearing set for April 2021. The Plaintiff also notified the Court of his intention to bring an application to add Canaccord Genuity Corp. and Gravitas Securities Inc. (together, "**Underwriters**") as Defendants.

10. On July 15, 2020, the Plaintiff served his materials for the application to add the Underwriters as Defendants. The Plaintiff subsequently advised the Court, through written correspondence, that the Plaintiff and Defendants were engaged in discussions regarding that application and the conduct of the proceeding more generally, and requested that the application not be determined prior to the conclusion of those discussions.

11. It was around this time the parties started negotiations around a possible settlement of the action. It was subsequently agreed that the parties would hold a mediation after the Defendants had delivered their responding certification and leave materials but prior to the application for certification and leave being heard.

12. The Defendants' responding certification and leave materials were delivered August 20, 2021. The Defendants' responding materials included affidavits from Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth. The Defendants' materials also contained a lengthy responding expert accounting report from Steve Aubin, a Partner of Deloitte LLP. The responding materials set out the contours of the Defendants' argument against certification, leave under *Securities Act* and ultimately on the merits of the Plaintiff's claim.

13. The parties subsequently exchanged lengthy mediation briefs and held a mediation on September 17, 2021. Joel Wiesenfeld was the mediator. Mr. Wiesenfeld practiced as securities regulatory counsel for 31 years, concluding his career as a partner at Torys LLP in 2012. He was repeatedly recognized as one of the top securities litigation practitioners in Canada, including among others as a leading practitioner in securities litigation by Lexpert/American Lawyer's Guide to the Leading 500 Lawyers in Canada 2007, 2009, 2010, 2011 and 2012. Mr. Wiesenfeld was the co-founder and co-chair of The Advocates Society's Securities Litigation Practice Group and is an

editorial board member of The Canadian Securities Law Reporter. Since leaving private practice Mr. Wiesenfeld has successfully provided mediation services on securities related matters, including helping successfully mediate the resolution of securities class actions.

14. At the mediation, the parties engaged in arm's length settlement negotiations. The mediation ended with the Plaintiff making a settlement offer to the Defendants that would expire in two weeks' time. The Defendants ultimately accepted this offer approximately two weeks later. The parties subsequently negotiated and agreed on the Settlement Agreement, which is attached as Exhibit "B" hereto.

#### **Terms of the Settlement**

15. Pursuant to the terms of the Settlement Agreement, the Defendants agree to pay \$2,500,000 to resolve the litigation, without admission of liability. A compensation fund will be established and administered by a professional administrator to pay claims from Class Members pursuant to a formula. The Settlement Amount includes all legal fees, disbursements, taxes and administration expenses. The parties have proposed that any amounts remaining, after compensation payments, deduction for class counsel fees, disbursements (including costs of notice), applicable taxes, and any honorarium to the representative plaintiff, be distributed by way of *cy-près* donation to the Law Foundation of British Columbia as contemplated by the *Class Proceedings Act*, ss. 36 and 36.1.

16. The Settlement Agreement is subject to approval by this Court. If the Settlement Agreement is approved, the claims of all Class Members asserted or that could have been asserted in the action, including against the Underwriters, will be fully and finally released, and the action

will be dismissed. The settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom continue to deny the allegations against them.

17. The Settlement Agreement sets out a comprehensive procedure for implementing the settlement. Under the terms of the Settlement Agreement, the Plaintiff must first seek consent certification, approval of an opt out procedure, claims process and notice. If this Court grants the order sought, then notice will be published. The form of notice is attached to the Settlement Agreement. The Settlement Agreement also establishes a process for Class Members to opt out or to object, and to make claims to participate in settlement benefits.

18. Following the publication of notice and the expiry of the opt-out deadline, a second hearing will be held seeking final approval of the settlement, the proposed Distribution Protocol and Second Notice (as defined in the Settlement Agreement).

19. Class Counsel will also seek approval of Class Counsel fees, disbursements and taxes, and an honorarium to the representative plaintiff, as part of the second hearing. Approval of the Settlement Agreement is not dependent on approval of Class Counsel fees or an honorarium to the representative plaintiff.

#### **CONSENT CERTIFICATION**

20. The Settlement Agreement stipulates that the Plaintiff and Defendants will consent to certification, solely for settlement purposes.

### **Causes of Action**

21. In the Notice of Civil Claim, the Plaintiff pleads several causes of action against the Defendants, including for misrepresentations in secondary market disclosure documents under section 140.3 of the *Securities Act* and for common law misrepresentation.

### **Identifiable Class**

22. The proposed Class is defined as follows:

all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018, other than the Excluded Persons; and

all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018, other than the Excluded Persons.

### **Common Issues**

23. The proposed common issues for consent certification purposes are:

Did one or more of the Impugned Secondary Market Documents, as defined in the Notice of Civil Claim, contain a misrepresentation within the meaning of the *Securities Act*, RSBC 1996, c 418 or at common law?

Did one or more of the Impugned Private Placement Documents, as defined in the Notice of Civil Claim, contain a misrepresentation at common law?

### **Representative Plaintiff**

24. The proposed representative plaintiff is Karl Haase. In a previously sworn affidavit made July 13, 2020, Mr. Haase indicated that he was willing and ready to act in the best interests of the

class, produced a workable plan for advancing the litigation and attested to having no conflict with the interests of any other Class Members on the proposed common issues.

### **FIRST NOTICE**

25. I am not aware of any secondary market securities class action notice plans that have been considered by British Columbia courts. I am further informed by Mat Good, of Mathew P Good Law Corporation co-counsel to the class and an experienced British Columbian class action practitioner, that there have been no previous secondary market securities class action notice plans that have been considered by British Columbia courts. However, the parties have proposed a comprehensive notice plan, substantially similar to those previously employed in Ontario securities cases of a similar magnitude.

26. The Plan of Notice provides for notice to be provided in two-stages. Approval of the first stage of the Plan of Notice (“**First Notice**”) is being sought on this application. First Notice provides for the dissemination of short-form and long-form notices. The parties have agreed to the form and content of the short-form and long-form notices. The Plan of Notice, short-form First Notice and long-form First Notice are attached as Schedules “D”, “E” and “F”, respectively, to the Settlement Agreement.

27. The agreed long-form First Notice is extensive, providing notice of:

- (a) the certification of the action;
- (b) the opt out procedure;
- (c) the settlement, the pendency of the settlement approval hearing and the right to object to the settlement;



- (d) Class Counsel's pending fee request and the right to object to it;
- (e) the appointment of a claims administrator and the treatment of administration expenses; and
- (f) the commencement of the claims process.

28. The short-form First Notice is a summary document that directs readers to the long-form First Notice for more details.

29. First Notice will be disseminated as follows:

- (a) the short-form First Notice will be published in English in the business section of the national weekend edition of *The Globe and Mail* and in French in the business section of *La Presse*;
- (b) English and French versions of the short-form First Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada;
- (c) English and French versions of the short-form First Notice will be sent to Institutional Shareholder Services Inc. (ISS) which, through its proprietary online database, provides institutional shareholders with timely news about developments in securities class actions globally;
- (d) the Administrator will coordinate with the Canadian brokerage firms in the Administrator's proprietary databases to send the short-form First Notice directly to persons identified by the brokerage firms as being Class Members;

- (e) the Administrator will send the short-form First Notice directly to persons on the electronic list of Private Placement purchasers to be provided by the Defendants pursuant to the Settlement Agreement;
- (f) the long-form First Notice will be mailed, electronically or physically, as may be required, to those persons and entities who have previously contacted Class Counsel for purposes of receiving notice of developments in the action; and
- (g) electronic publication of the long-form First Notice will occur in both the English and French languages on Class Counsel's website.

30. It is my view, and I am further advised by my other colleagues at Siskinds prosecuting this action, that the contemplated manner of disseminating the First Notice is consistent with the notice programs approved and implemented in many other similar cases in which Siskinds has been counsel. In our experience, the combination of direct and indirect methods of providing notice should cause the First Notice to come to the attention of a significant portion of the Class.

31. I have reviewed the affidavit of Ivan Bobanovic. We believe those estimates of the costs of carrying out publication and dissemination of the First Notice are proportionate to the Settlement Amount.

32. Approval of the second stage of the Plan of Notice will be sought alongside the application to approve the Settlement Agreement.

### **OPT OUT PROCEDURE**

33. The Plaintiff proposes that Class Members who wish to exclude themselves from the action must do so by submitting a written opt out election ("**Opt Out Election**") to be received by the

administrator on or before 11:59pm Pacific time on the date that is sixty (60) calendar days after First Notice is first published (“**Opt Out Deadline**”). I believe, and I am further advised by my other colleagues at Siskinds prosecuting this action, that this procedure will allow Class Members to exercise their right to exclude themselves from the action and the settlement, should they wish to.

34. An Opt Out Election:

- (a) must contain a statement of intention to opt out of the action by the Class Member or a person authorized to bind the Class Member;
- (b) for Class Members who acquired Private Placement Units, must state the number of Private Placement Units that were acquired, and the number of Private Placement Units held at the close of trading on the TSX Venture Exchange on October 15, 2018;
- (c) for Class Members who acquired Eligible Securities (as defined in the Settlement Agreement) during the period from and including February 13, 2018 to and including October 15, 2018, must provide a listing of all transactions during that period showing, for each transaction, the type of transaction (purchase or sale), the number of securities and the date of the transaction, and state the number of Eligible Securities held at the close of trading on the TSX Venture Exchange on October 15, 2018;
- (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records allowing the Administrator to verify the transactions;

- (e) must contain the name, address, telephone number and email address of the Class Member; and
- (f) may, at the option of the Class Member, contain a statement of the Class Member's reason for opting out.

35. The Plaintiff also proposes that Class Members be given the ability to revoke an Opt Out Election through a written request to do so, to be received by the administrator not later than 11:59pm Pacific time on the date that is five calendar days after the Opt Out Deadline.

36. If the number of Eligible Securities held by Opt Out Parties exceeds the Opt Out Threshold as set out in the Collateral Agreement, a right to terminate the Settlement Agreement will be triggered in favour of the Defendants, to be exercised within 14 days of being notified by the administrator of the Eligible Securities held by Opt Out Parties (all capitalized terms as defined in the Settlement Agreement).

37. Based on my experience and that of my Siskinds colleagues, a right of termination of this nature is common in securities class action settlements.

#### **PROPOSED ADMINISTRATOR**

38. I am advised by my colleague Garrett Hunter and believe, that after soliciting bids from competing experienced Canadian class action administrators and considering their experience and respective bids, it is in the best interests of the Class to appoint RicePoint as administrator to:

- (a) facilitate dissemination of notice in accordance with the Plan of Notice;
- (b) receive Opt Out Elections and report to the parties on opt outs;

- (c) receive and review claims from Class Members; and
- (d) administer the Settlement Amount in accordance with the Distribution Protocol and Settlement Agreement, subject to the Court's approval of both.

39. I am confident in RicePoint's ability to effectively and efficiently undertake the notice program and claims administration in this matter, having regard to RicePoint's expertise and experience in executing notice programs and undertaking complex claims administrations.

40. I, along with my colleagues at Siskinds prosecuting this action, recommend the appointment of RicePoint as administrator.

## **CLAIMS PROCESS**

### **Commencement of the claims process at the time of publication of First Notice**

41. The parties propose that the claims period (*i.e.* the period within which Class Members can make a claim for a portion of the Net Settlement Amount) should start when First Notice is first published and should run for one hundred and eighty (180) calendar days therefrom.

42. With the objective of finding cost efficiencies to benefit Class Members, in this case I believe that commencing the claims period at the time of publishing First Notice will avoid duplication of potentially significant direct notice and print publication expenses.

43. In my experience, as I am advised by my other colleagues at Siskinds prosecuting this action, and as is contemplated in this case, notice of the certification of a securities class action and the pendency of a settlement approval hearing is often carried out, in part, through print publication and a direct notice broker outreach program undertaken by an administrator.

44. This is justified so that, to the greatest extent possible, Class Members will become aware that their rights may be affected, and how and when they must act if they wish to.

45. However, in my experience, and as I am further advised by my colleagues prosecuting this action, the costs of providing print publication and direct notice via broker outreach can be significant cost components of a securities class action notice program. Despite this, if and when a settlement is later approved and a claims process is then commenced, a further direct notice outreach would need to be undertaken to ensure that class members are aware how and by when they must make claims if they wish to. Thus, the cost of the broker outreach would be incurred twice.

46. I believe the duplication of print publication and broker outreach costs should be avoided, where appropriate and possible.

47. The proposal in this case (simultaneous First Notice and commencement of the claims process) may result in meaningful cost savings through the avoidance of duplicative direct notice expenses when and if the settlement is approved and, in turn, may result in a greater Net Settlement Amount being available for distribution to Class Members.

48. I believe the proposed First Notice addresses all items Class Members need to be aware of to act to protect their rights. The later Second Notice will serve as:

- (a) information that the Settlement has been approved (if it has been); and
- (b) a reminder of the claims process.

49. The Settlement Agreement provides that in the event the Agreement is terminated in accordance with its terms, Administration Expenses (which include costs incurred or payable in relation to the notice, approval, implementation and administration of the Settlement) reasonably incurred and paid out of the escrowed Settlement Amount are non-recoverable by the Defendants from the Plaintiff, Class Members, the Administrator or Class Counsel.

### **Proposed Claims Process and Claim Form**

50. I have reviewed RicePoint's proposal for administration of the claims process.

51. The proposal contemplates and is weighted toward an online filing process for individual investors, although Class Members can still file a paper claim.

52. An electronic filing process will allow claimants to enter trade data online and upload supporting documentation (in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator).

53. We believe the electronic filing process may result in a lower net cost of administration overall, because of the streamlined intake process.

54. A copy of the claim form is attached as Exhibit "A" to the Affidavit of Ivan Bobanovic.

55. The claims process will start from the date First Notice is first published. Class Members will have one hundred and eighty days (180) from First Notice to make a claim. Similar claim processes were approved by Justice Rady in *Rooney v ArcelorMittal SA et al.* and by Justice Leitch in *Metzler Investment GMBH v Gildan Activewear Inc. et al.* Attached as **Exhibit "C"** is the Order of Justice Rady in *Rooney v ArcelorMittal SA et al.* dated June 13, 2019. Attached as **Exhibit "D"**

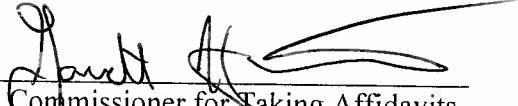
is the Order of Justice Leitch in *Metzler Investment GMBH v Gildan Activewear Inc et al.* dated September 3, 2010.

**OBJECTIONS**

56. It is proposed that the Court order any Class Member who wishes to file an objection or comment on the settlement, Distribution Protocol or Class Counsel's fee request shall deliver a written statement to us at least 14 days prior to the settlement approval application.

SWORN remotely by the affiant stated )  
as being in the City of Toronto in the )  
Province of Ontario, before me at )  
the City of London, in the )  
Province of Ontario this 25<sup>th</sup> day of )  
November, 2021 )

\_\_\_\_\_  
**Jared Rosenbaum**

  
\_\_\_\_\_  
A Commissioner for Taking Affidavits )  
in the Province of Ontario and British )  
Columbia )

**Garrett Hunter**  
275 Dundas Street, Unit 1  
London, ON N6B 3L1

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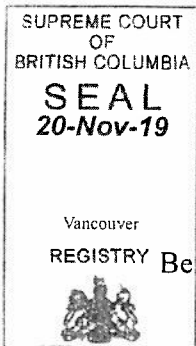


This is Exhibit "A" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garett Hunter, was located in the City of London, in the Province of Ontario.



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A Commissioner for Taking Affidavits in  
the Province of Ontario



Court File No. **VLC-S-S-1913149**

No. \_\_\_\_\_  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

KARL HAASE

Plaintiff

and

RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

### NOTICE OF CIVIL CLAIM

**This action has been started by the plaintiff for the relief set out in Part 2 below.**

If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiff and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

G.A.

**Time for response to civil claim**

A response to civil claim must be filed and served on the plaintiff,

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or
- (d) if the time for response to civil claim has been set by order of the court, within that time.

## CLAIM OF THE PLAINTIFF

### PART 1: STATEMENT OF FACTS

#### Nature of the action

1. This proposed securities class action arises out of misrepresentations in Reliq's disclosure documents pertaining to the number of paying patients using its iUGO Platform and its related financial results.
2. The Plaintiff advances claims on behalf of both the Secondary Market Class Members and the Private Placement Class Members, all of whom acquired securities of Reliq following the release of documents by Reliq containing misrepresentations.
3. As a result of the Defendants' conduct, the Plaintiff and the Class Members have suffered loss and damage for which the Defendants are liable.

#### Definitions

4. In this Notice of Civil Claim, in addition to terms defined elsewhere herein, the following definitions apply:
  - (a) "**BCBCA**" means the *Business Corporations Act*, SBC 2002, c 57, as amended;
  - (b) "**BCSA**" means the *Securities Act*, RSBC 1996, c 418, as amended;
  - (c) "**Beukman**" means the Defendant, Eugene Beukman;
  - (d) "**CEO**" means Chief Executive Officer;
  - (e) "**CFO**" means Chief Financial Officer;
  - (f) "**CJPTA**" means the *Court Jurisdiction and Proceedings Transfer Act*, SBC 2003, c 28, as amended;

- (g) “**Class**” or “**Class Members**” means, collectively, the **Private Placement Class** and the **Secondary Market Class**;
- (h) “**CMS**” has the meaning given to such term in paragraph 8 hereof;
- (i) “**CPA**” means the *Class Proceedings Act*, RSBC 1996, c 50, as amended;
- (j) “**Crossley**” means the Defendant, Lisa Crossley;
- (k) “**CSA**” means the Canadian Securities Administrators;
- (l) “**Defendants**” means, collectively, **Reliq** and the **Individual Defendants**;
- (m) “**De Lio**” means the Defendant, Giancarlo De Lio;
- (n) “**Excluded Persons**” means (i) the **Defendants**; (ii) **Reliq**’s past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the **Individual Defendants**’ families; and (iv) the **Private Placement Agents** and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns;
- (o) “**FY 2018**” means the twelve month period ending June 30, 2018;
- (p) “**IAS 18**” means International Accounting Standard 18 — *Revenue*;
- (q) “**IFRS**” means International Financial Reporting Standards;
- (r) “**Impugned Core Documents**” means:
  - (i) **Reliq**’s **MD&A** for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;

- (ii) **Reliq's** interim financial statements for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
  - (iii) the **CEO** certification, signed by **Crossley**, for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
  - (iv) the **CFO** certification, signed by **Thindal**, for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
  - (v) **Reliq's** **MD&A** for **Q3 2018** filed on **SEDAR** on May 30, 2018;
  - (vi) **Reliq's** interim financial statements for **Q3 2018** filed on **SEDAR** on May 30, 2018;
  - (vii) the **CEO** certification, signed by **Crossley**, for **Q3 2018** filed on **SEDAR** on May 30, 2018; and
  - (viii) the **CFO** certification, signed by **Thindal**, for **Q3 2018** filed on **SEDAR** on May 30, 2018;
- (s) **"Impugned Non-Core Documents"** means:
- (i) a **Reliq** news release filed on **SEDAR** on February 23, 2018 entitled "Reliq Health Technologies Named #1 2018 TSX Venture 50TM Performer, and Reaches 10,000 Patients Live on Its iUGO Care Platform";
  - (ii) a **Reliq** news release filed on **SEDAR** on March 29, 2018 entitled "Reliq Health Technologies Announces 12,000 Patients Now Enrolled on its iUGO Care Platform, Hiring of New Sales Team and Provides Corporate Update";
- and

- (iii) a **Reliq** news release filed on **SEDAR** on May 30, 2018 entitled “Reliq Health Technologies Announces Agreement with CareOneTeam to Accelerate Onboarding of Patients – Company Maintains Guidance for 2018”;
- (t) **“Impugned Private Placement Documents”** means, collectively:
  - (i) Terms of Offering;
  - (ii) a document containing information under the headings “Company Overview”, “The Opportunity”, “Recent News” and “Investor Highlights”;  
and
  - (iii) an Investor Presentation dated December 2017;
- (u) **“Impugned Secondary Market Documents”** means the **Impugned Core Documents** and the **Impugned Non-Core Documents**;
- (v) **“Individual Defendants”** means, collectively, **Crossley, Thindal, De Lio, Beukman and Storseth**;
- (w) **“iUGO Platform”** means **Reliq’s** proprietary platform for chronic disease management and remote patient monitoring;
- (x) **“MD&A”** means management’s discussion and analysis;
- (y) **“Other Canadian Securities Legislation”** means, collectively, the *Securities Act*, RSA 2000, c S-4, as amended; *The Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as

amended; the *Securities Act*, RSO 1990, c S.5, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, RSQ c V-1.1, as amended; *The Securities Act*, 1988, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;

- (z) “**Plaintiff**” means the Plaintiff, Karl Haase;
- (aa) “**Private Placement**” means **Reliq**’s private placement of 8,928,571 **Private Placement Units** at a price of \$1.12 per **Private Placement Unit** that closed on or around January 9, 2018;
- (bb) “**Private Placement Agents**” means the agents for the **Private Placement**, Canaccord Genuity Corp. and Gravitas Securities Inc.;
- (cc) “**Private Placement Class**” or “**Private Placement Class Members**” means all persons and entities, wherever they may reside or be domiciled, who acquired **Private Placement Units** in the **Private Placement**, other than the **Excluded Persons**;
- (dd) “**Private Placement Unit**” means a unit sold in the **Private Placement** consisting of one common share of **Reliq** and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of **Reliq** at an exercise price of \$1.75 per common share);
- (ee) “**Q2 2018**” means the three month period ending December 31, 2017;
- (ff) “**Q3 2018**” means the three month period ending March 31, 2018;
- (gg) “**Q4 2018**” means the three month period ending June 30, 2018;
- (hh) “**Q1 2019**” means the three month period ending September 30, 2018;



- (ii) “**Q2 2019**” means the three month period ending December 31, 2018;
- (jj) “**Q3 2019**” means the three month period ending March 31, 2019;
- (kk) “**Reliq**” means the Defendant, Reliq Health Technologies Inc.;
- (ll) “**Secondary Market Class**” and “**Secondary Market Class Members**” means all persons and entities, wherever they may reside or be domiciled, who acquired **Reliq** securities during the **Secondary Market Class Period**, other than the **Excluded Persons**;
- (mm) “**Secondary Market Class Period**” means the period from and including February 23, 2018 to and including October 15, 2018;
- (nn) “**SEDAR**” means the system for electronic document analysis and retrieval of the **CSA**;
- (oo) “**Storseth**” means the Defendant, Brian Storseth;
- (pp) “**Thindal**” means the Defendant, Aman Thindal; and
- (qq) “**TSXV**” means the TSX Venture Exchange.

#### **Overview**

5. Reliq is a healthcare technology company. Its business and operations are focused on the development and deployment of the iUGO Platform. The iUGO Platform allows health care providers and others to remotely monitor patients to improve care outcomes and reduce healthcare costs.

6. Reliq's customers are healthcare providers, such as health care agencies and accountable care organizations, which deploy the iUGO Platform to their patient networks. During the relevant period, Reliq's main customers were in Texas.
7. The success of Reliq's business is critically dependent on the number of paying patients using the iUGO Platform. Reliq disclosed that it charged \$50 to \$200 per month per patient using the iUGO Platform, resulting in a recurring or ongoing stable stream of revenue to Reliq. As the number of patients using the iUGO Platform increased, the amount of the recurring revenue would correspondingly increase.
8. The monthly fee per patient was to be paid by payors such as the U.S. Centers for Medicaid and Medicare Services ("CMS"), which meant that there was no direct cost to Reliq's customers or their patients.
9. In light of Reliq's business model, the company's disclosures concerning the number of patients using the iUGO Platform were material to the Class Members. During the Secondary Market Class Period, Reliq heavily touted the number of patients that it had "onboarded" on its iUGO Platform (also referred to as patients "enrolled" or "live" on the iUGO Platform, among other descriptors), the rate of onboarding and the recurring monthly revenue generated from the onboarded patients. For instance, at the start of the Secondary Market Class Period, on February 23, 2018, Reliq announced that it had "10,000 patients live" on its iUGO Platform. On March 29, 2018, Reliq announced that it had "onboarded over 12,000 patients" to its iUGO Platform, with 2,000 additional patients being added per month.

10. The terms “onboarded”, “live”, “enrolled” and similar terms meant paying patients using the iUGO Platform. Reliq’s own disclosure documents make that clear:
  - (a) a news release issued by Reliq on October 5, 2017 stated that Reliq “is pleased to announce that it now has 1,000 *paid* subscribers” and also that “we now have 1,000 patients *live* on our platform” (emphasis added);
  - (b) a news release issued by Reliq on November 16, 2017 stated that Reliq “is pleased to announce that it now has over 2,000 *paid* subscribers” and also that “we now have over 2,000 patients *live* on our iUGO Care platform” (emphasis added);
  - (c) a news release issued by Reliq on November 30, 2017 stated that Reliq “now has over 4,000 *paid* subscribers” and also that “we now have over 4,000 patients *live* on our iUGO Care platform” (emphasis added); and
  - (d) a news release issued by Reliq on January 11, 2018 stated that “it closed 2017 with over 6,000 *paid* subscribers using its iUGO Care chronic care management, remote patient monitoring and telemedicine platform, representing recurring monthly revenue of over US\$300,000/month” and also that “we now have over 6,000 patients *live* on our iUGO Care platform” (emphasis added).
11. Reliq recorded substantial quarterly revenues and receivables in its Q2 2018 (quarter ended December 31, 2017) and Q3 2018 (quarter ended March 31, 2018) interim financial statements that purported to reflect these significant onboarded patient figures.
12. The Defendants disseminated this success story to the market and Reliq’s share price rose accordingly. However, the story being conveyed to the market was replete with misrepresentations. The truth was belatedly revealed in a Reliq news release issued on

October 16, 2018, in which Reliq announced that it would be restating financial information for Q3 2018 previously released on May 30, 2018, including Reliq's revenue for that period. Reliq disclosed that a review had been conducted by its auditor and Audit Committee, which led to the conclusion that "the timing and certainty of receiving the revenue invoiced to clients is substantially unclear, due to clients' issues with securing reimbursement from the payor." Because of the recurring nature of Reliq's month-to-month iUGO Platform patient base and the recurring revenues therefrom, the disclosure with respect to Q3 2018 also revealed misrepresentations in Reliq's Q2 2018 revenues.

13. In the October 16, 2018 news release, Reliq also revealed that it would not be reporting any revenue for Q4 2018 due to the revenue collection issues, suggesting that it was not probable that Reliq would collect revenue in respect of any patients that Reliq claimed had been onboarded to the iUGO Platform.
14. Reliq subsequently did not record any revenue for Q1 2019, recorded only a small amount of revenue in Q2 2019 and disclosed that only a fraction of the previously disclosed number of onboarded patients were paying clients. In its Q2 2019 MD&A released on March 1, 2019, Reliq admitted that as of December 31, 2018 there were only 2,713 patients on the iUGO Platform who were eligible for reimbursement for their use of the iUGO Platform.
15. The October 16, 2018 corrective disclosure revealed the truth about the following misrepresentations that were made in the Impugned Private Placement Documents and/or the Impugned Secondary Market Documents as further particularized herein:
  - (a) the material overstatement of the number of patients that had been onboarded to the iUGO Platform and would be onboarded to the iUGO Platform in the future;

- (b) Reliq's statements as to the number of patients using the iUGO Platform, the rate at which new patients were being added to the iUGO Platform and the recurring revenue from such patients were false or misleading as a result of the failure to disclose the following material facts when making those statements:
- (i) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (ii) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (iii) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (iv) that there were material problems with the claims submission process for reimbursement from CMS or other payors;
- (c) the representation that Reliq's Q2 2018 and Q3 2018 financial statements were prepared in accordance with IFRS was materially false or misleading;
- (d) the material misstatement of financial information in Reliq's Q2 2018 and Q3 2018 financial statements; and

- (e) Reliq's statement that it evaluated the collectability of trade accounts for new and existing customers "in order to mitigate any possible credit losses" was materially false or misleading.
16. As a result of the Defendants' misrepresentations, the Plaintiff and the other Class Members have suffered significant loss and damage. The Plaintiff has brought this action on his own behalf and on behalf of the Class to recover compensation for the loss and damage that they have suffered as a result of the Defendants' misrepresentations.

### **The Parties**

#### *The Plaintiff*

17. The Plaintiff resides in the Province of British Columbia. He acquired 2,780 shares of Reliq during the Secondary Market Class Period. He disposed of those shares after the Secondary Market Class Period at a substantial loss.

#### *The Defendants*

18. Reliq is a company incorporated under the *BCBCA*. Its registered and records office is located in Vancouver, British Columbia. At all material times, Reliq's head office was located in Vancouver, British Columbia.
19. At all material times, Reliq was a reporting issuer in British Columbia.
20. At all material times, Reliq was a responsible issuer within the meaning of the *BCSA*.
21. At all material times, Reliq's common shares were listed for trading on the TSXV under the ticker symbol "RHT".

22. Reliq's common shares are also listed for trading on alternative trading venues in Canada, the United States of America and the Federal Republic of Germany.
23. At all material times, Crossley was Reliq's CEO, a director of Reliq, a member of Reliq's Audit Committee and the Chair of Reliq's Corporate Governance Committee.
24. At all material times, Thindal was Reliq's CFO and corporate secretary, a director of Reliq, and a member of Reliq's Corporate Governance Committee. He ceased to hold those positions on or around November 30, 2018.
25. At all material times, De Lio was Reliq's Chief Visionary Officer. He ceased to hold that position on or around October 24, 2018.
26. At all material times, Beukman was a director of Reliq, the Chair of Reliq's Audit Committee and a member of Reliq's Corporate Governance Committee.
27. At all material times, Storseth was a director of Reliq and a member of Reliq's Audit Committee.

#### **The Defendants' Secondary Market Disclosure Obligations**

28. At all material times, Reliq was, by its own election, a reporting issuer in British Columbia. It elected to become a reporting issuer in order to render its securities publicly tradable. Doing so made them a more attractive investment and provided Reliq with broader access to capital.
29. Reliq was required to issue and file on SEDAR:
  - (a) within 60 days of the end of each quarter, interim financial statements prepared in accordance with IFRS;

- (b) within 120 days of the end of the fiscal year, annual financial statements prepared in accordance with IFRS; and
  - (c) contemporaneously with each of the above, a MD&A of each of the above financial statements. MD&As are a narrative explanation of how the company performed during the period covered by the financial statements, and of the company's financial condition and future prospects. The MD&A must discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in future.
30. In preparing its financial statements, IAS 18 required Reliq to recognize revenue from contracts with customers only when, among other things, it was probable that the economic benefits associated with the contracts would flow to Reliq and the amount of the revenue could be measured reliably. Reliq represented in its financial statements and MD&As released during the Secondary Market Class Period that it was complying with IFRS, including IAS 18.
31. The Individual Defendants knew, from the time that they accepted their positions with Reliq, that Reliq was a reporting issuer and that they would have direct responsibility for ensuring the accuracy of Reliq's disclosure documents.
32. The *BCSA*, the Other Canadian Securities Legislation and certain instruments and policies promulgated thereunder, and Reliq's own internal policies imposed specific obligations on the Individual Defendants in the preparation of Reliq's continuous disclosure documents.



33. National Instrument 51-102 – *Continuous Disclosure Obligations* required the board of directors of a reporting issuer to approve each set of financial statements and accompanying MD&A released by an issuer prior to the release of those documents.
34. Reliq's Audit Committee charter made members of the committee responsible for: assessing areas of potential financial risk to Reliq and taking appropriate measures; ensuring that Reliq's financial statements present Reliq's financial position and performance in accordance with IFRS; reviewing Reliq's financial statements and MD&A prior to filing; and ensuring that appropriate information concerning the financial position and performance of Reliq was disseminated to the public in a timely manner. The Defendants Beukman, Storseth and Crossley were all members of the Audit Committee during the material time.
35. Reliq also disclosed that its board of directors was responsible for ensuring that Reliq complied with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges.
36. Pursuant to the obligations above, the Defendants undertook to provide the Impugned Secondary Market Documents to the Secondary Market Class Members in a manner that contained all material information and were free of misrepresentations, with the intention, knowledge and understanding that the Secondary Market Class Members would consider and rely upon the Impugned Secondary Market Documents in making a decision to invest in Reliq's shares. By virtue of the existence of the obligations set out above, the Secondary Market Class Members reasonably relied on the Defendants' undertaking of responsibility with respect to the Impugned Secondary Market Documents.

37. The same or similar obligations existed with respect to the Impugned Private Placement Documents provided to the Private Placement Class Members.

**Misrepresentations in the Impugned Secondary Market Documents**

*News Release – February 23, 2018*

38. On February 23, 2018, Reliq issued a news release entitled “Reliq Health Technologies Named #1 2018 TSX Venture 50TM Performer, and Reaches 10,000 Patients Live on Its iUGO Care Platform”.
39. The news release stated that Reliq “now has 10,000 patients live on its iUGO Care chronic care management, remote patient monitoring and telemedicine platform.”
40. That statement was a misrepresentation because “10,000 patients live” was reasonably intended to mean 10,000 paying patients, and Reliq did not have 10,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.

41. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statement from being false or misleading in the circumstances in which it was made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

***Q2 2018 Interim Financial Statements and MD&A – February 28, 2018***

42. On February 28, 2018 (refiled March 1, 2018), Reliq reported its results for Q2 2018, being the period from October 1, 2017 to December 31, 2017.
43. In its interim financial statements and/or MD&A for Q2 2018, Reliq stated that it had sales revenue of \$878,205 for Q2 2018 and sales revenue of \$1,137,311 for the first six months of FY 2018, and that it had receivables of \$861,129 as of the end of Q2 2018. These statements were misrepresentations because Reliq's revenues and receivables were

materially overstated. It was not probable at the relevant time that Reliq would receive the economic benefits from the customer contracts and it was not probable that Reliq would be able to collect the receivables recorded.

44. Further or in the alternative, in the interim financial statements and/or MD&A for Q2 2018, Reliq represented that the financial statements had been prepared in accordance with IFRS. That statement was a misrepresentation because the financial statements had not been prepared in accordance with IFRS and, in particular, the revenue recognized in the financial statements was not in accordance with IAS 18.
45. Further or in the alternative, the MD&A for Q2 2018 contained a misrepresentation because it failed to disclose that Reliq would not be paid, or that there was a material risk that Reliq would not be paid, in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.
46. Further or in the alternative, in the Q2 2018 interim financial statements, Reliq stated that “[t]he Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers’ financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.” This statement constituted a misrepresentation because Reliq did not review at all, or alternatively did not conduct a reasonable review of, the collectability of its trade accounts receivable in order to mitigate any possible credit losses.
47. Further or in the alternative, the interim financial statements and/or MD&A for Q2 2018 contained a misrepresentation because they failed to disclose the following material facts

that were necessary to prevent the statements pleaded in paragraphs 43 to 46 from being false or misleading in the circumstances in which they were made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.
48. Crossley, in her role as CEO, and Thindal in his role as CFO, certified the Q2 2018 interim financial statements and MD&A. They each certified that:

**Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Reliq Health Technologies Inc.** (the “Issuer”) for the **second** interim period ended **December 31, 2017**.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim

filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

49. These statements were misrepresentations because the Q2 2018 interim financial statements and MD&A contained the misrepresentations as pleaded herein, and the documents did not fairly present in all material respects the financial condition, financial performance and cash flows of Reliq.

*News Release – March 29, 2018*

50. On March 29, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces 12,000 Patients Now Enrolled on its iUGO Care Platform, Hiring of New Sales Team and Provides Corporate Update”.
51. The news release stated that Reliq “has now onboarded over 12,000 patients and is continuing to add at least 2,000 new patients per month to the platform.”
52. The statements were misrepresentations because “12,000 Patients Now Enrolled” and “onboarded over 12,000 patients” were reasonably intended to mean 12,000 paying patients and Reliq did not have 12,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.

53. Further or in the alternative, the statements were materially misleading because “2,000 new patients per month” was reasonably intended to mean 2,000 new paying patients per month and Reliq could not reasonably expect to onboard 2,000 new paying patients per month, or alternatively could not reasonably expect to generate revenue associated with 2,000 new patients per month.
54. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statements from being false or misleading in the circumstances in which they were made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.
55. The news release also stated that Reliq had implemented automated claims submission to Medicare, Medicaid and private insurers. That statement was a misrepresentation because

Reliq was using manual claims submission and it was experiencing material problems with that manual claims submission process.

*Q3 2018 Interim Financial Statements and MD&A – May 30, 2018*

56. On May 30, 2018, Reliq reported its results for Q3 2018, being the period from January 1, 2018 to March 31, 2018.
57. In its interim financial statements and/or MD&A for Q3 2018, Reliq stated that it had sales revenue of \$1,132,170 for Q3 2018 and sales revenue of \$2,269,481 for the first nine months of FY 2018, and that it had receivables of \$1,993,299 as of the end of Q3 2018. These statements were misrepresentations because Reliq's revenues and receivables were materially overstated. It was not probable at the relevant time that Reliq would receive the economic benefits from the customer contracts and it was not probable that Reliq would be able to collect the receivables recorded.
58. Further or in the alternative, in the interim financial statements and/or MD&A for Q3 2018, Reliq represented that the financial statements had been prepared in accordance with IFRS. That statement was a misrepresentation because the financial statements had not been prepared in accordance with IFRS and, in particular, the revenue recognized in the financial statements was not in accordance with IAS 18.
59. Further or in the alternative, the MD&A for Q3 2018 stated that:

During the period ended March 31, 2018 the Company re-evaluated its revenue recognition policy with guidance from ASC 606 and IFRS 15: recognizing revenue as each performance obligation is satisfied. In an effort to ensure accurate disclosure regarding the amount of revenue that can be reasonably measured, the Company has taken a conservative approach and determined that monthly revenue will be reported in the month subsequent to which it is earned (May 2018 revenue will be reported in June 2018). Given that some of the Company's services (e.g. telemedicine) may be billed based on usage, 1-2 weeks will be required after a month ends in order to reconcile usage for the month and bill the client accordingly. Revenues from any given month cannot be confirmed and reported until the following month, and as such will be



recognized accordingly going forward. For the period ended March 31, 2018 there will be only two full months of revenue recognized (January and February 2018), but in future all quarters will report revenue for three full months.

60. That statement was a misrepresentation because Reliq was not taking a “conservative approach” to revenue recognition. In fact, Reliq’s approach to revenue recognition was not in accordance with IFRS and, in particular, was not in accordance with IAS 18.
61. Further or in the alternative, the MD&A for Q3 2018 contained a misrepresentation because it failed to disclose that Reliq would not be paid, or that there was a material risk that Reliq would not be paid, in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.
62. Further or in the alternative, in the Q3 2018 interim financial statements, Reliq stated that “[t]he Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers’ financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.” This statement constituted a misrepresentation because Reliq did not review at all, or alternatively did not conduct a reasonable review of, the collectability of its trade accounts receivable in order to mitigate any possible credit losses.
63. Further or in the alternative, the interim financial statements and/or MD&A for Q3 2018 contained a misrepresentation because they failed to disclose the following material facts

that were necessary to prevent the statements pleaded in paragraphs 57 to 62 from being false or misleading in the circumstances in which they were made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.
64. Crossley, in her role as CEO, and Thindal in his role as CFO, certified the Q3 2018 interim financial statements and MD&A. They each certified that:

*Review:* I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Reliq Health Technologies Inc.** (the “Issuer”) for the **third** interim period ended **March 31, 2018**.

2. *No misrepresentations:* Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. *Fair presentation:* Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim

filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

65. These statements were misrepresentations because the Q3 2018 interim financial statements and MD&A contained the misrepresentations as pleaded herein, and the documents did not fairly present in all material respects the financial condition, financial performance and cash flows of Reliq.

*News Release – May 30, 2018*

66. On May 30, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces Agreement with CareOneTeam to Accelerate Onboarding of Patients – Company Maintains Guidance for 2018.”
67. The news release confirmed Reliq’s guidance for 2018. The guidance was that Reliq would have 30,000 patients onboarded to the iUGO Platform by the end of 2018.
68. The news release contained a misrepresentation because 30,000 onboarded patients was reasonably intended to mean 30,000 paying patients, and Reliq could not reasonably expect to have, by the end of 2018, 30,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. The Defendants had no reasonable basis for the guidance.

69. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statement from being false or misleading in the circumstances in which it was made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
  - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
  - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
  - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

**Misrepresentations in the Impugned Private Placement Documents**

70. The Private Placement Class Members were provided with a copy of the Impugned Private Placement Documents prior to the closing of the Private Placement on or around January 9, 2018.

71. In the Impugned Private Placement Documents, Reliq directly, or indirectly through the Private Placement Agents, represented that:
- (a) as of November 2017, Reliq had 4,000 paid subscribers using the iUGO Platform, representing recurring monthly revenue of \$200,000;
  - (b) Reliq expected to enroll 1,000 new patients per month through 2018, with 40,000 patients under contract in Texas, representing recurring annual revenue of US\$26 million at full deployment;
  - (c) as of December 2017, Reliq had revenue of US\$300,000 per month; and
  - (d) in 2017, Reliq had 6,000 patients using the iUGO Platform.
72. These statements were materially false or misleading because Reliq did not have 4,000 paid subscribers or US\$200,000 in recurring monthly revenue in November of 2017, Reliq did not have US\$300,000 in recurring monthly revenue as of December 2017, and Reliq did not have 6,000 patients using the iUGO Platform in 2017. The statements were also materially misleading because Reliq could not reasonably expect to onboard 1,000 new patients per month, or alternatively could not reasonably expect to generate revenue associated with 1,000 new patients per month. Any references to patient or subscriber numbers were reasonably intended to mean patients in respect of whom Reliq would be paid.
73. Further or in the alternative, the Impugned Private Placement Documents were materially false or misleading because they failed to disclose the following:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for

using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;

- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

#### **The Truth is Revealed**

74. At approximately 8:00am EST on October 16, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces Quarterly Reporting Call and Plans to Restate Financials due to Revenue Collection Issues”. In that news release, Reliq disclosed that it had decided to restate certain financial information reported for Q3 2018. Reliq stated that the “decision to restate followed a review conducted by the Company’s auditor and Audit Committee, wherein it was determined that the timing and certainty of receiving the revenue invoiced to clients is substantially unclear, due to clients’ issues with securing reimbursement from the payor.” Reliq described the proposed changes to the previously released financial information as “material changes”. Reliq also stated that no revenue would be reported for Q4 2018 until the revenue collection issues were resolved.

75. The decision to restate is an express admission that the previously issued financial statements were materially incorrect at the time they were issued.
76. The news release revealed revenue collection issues in Southern Texas due to the ineligibility for reimbursement of the patients onboarded to the iUGO Platform.
77. The announced decision to restate its Q3 2018 financial statements due to the revenue collection issues revealed that revenues and receivables were overstated for that quarter. Since Reliq's revenue model was based on a recurring client base and corresponding recurring revenue, the news release revealed that Q2 2018 revenues and receivables were also overstated.
78. It further revealed that Reliq did not have appropriate eligibility screening tools to determine that Reliq would be able to collect revenue in respect of patients onboarded to the iUGO Platform. The news release also disclosed that Reliq was having problems with the manual claims process.
79. Lastly, the news release revealed that Reliq would not be recording any revenue for Q4 2018 until the revenue collection issues were resolved.
80. Following these revelations, the price of Reliq's shares declined by approximately 58% on abnormally high trading volume, from \$0.75 at the close of trading on October 15, 2018 to \$0.315 at the close of trading on October 16, 2018.

#### **Subsequent Events**

81. On October 29, 2018, Reliq released its Q4 2018 and FY 2018 financial results. Instead of restating previously recorded revenues as announced on October 16, 2018, Reliq recognized a bad debt expense and recorded a full provision on its trade accounts receivable

of \$1,137,170 in Q4 2018. The amount of the bad debt expense and provision on trade accounts receivable recorded in Q4 2018 (\$1,137,170) was almost identical to the amount of revenue recorded in Q3 2018 (\$1,132,170) and the increase in receivables from Q2 2018 to Q3 2018 (\$1,132,170).

82. But for a transaction that was undertaken sometime between March 31, 2018 (the end of Q3 2018) and May 30, 2018 (the date of release of the Q3 2018 financial statements), pursuant to which Reliq purported to collect \$592,263 on its accounts receivable, Reliq would also have recorded a full provision in Q4 2018 on the amount by which its trade accounts receivable increased during Q2 2018. Reliq did not collect \$592,263 in cash between March 31, 2018 and May 30, 2018. Instead, Reliq caused one of its customers to issue an invoice to Reliq for services that were never actually provided by the customer to Reliq, so that Reliq could set-off the payable to that customer under the invoice against the receivable from that customer.
83. Reliq did not record any revenue for Q4 2018.
84. In a conference call held on October 30, 2018 to discuss the Q4 2018 and FY 2018 results, Crossley stated that “we had to build some pre-screening tools that will allow us to really understand eligibility before patients are onboarded and then insured through an electronic claims submission process that when claims go in, we provided all of the necessary information; and so our CIO has been working on actually building some of those tools from the scratch.” Crossley also stated that “any failures here are my responsibility, and I take full responsibility for the company’s struggles over the last two quarters”.



85. On November 29, 2018, Reliq released its Q1 2019 financial results. Reliq recorded no revenue for the quarter “due to the timing and uncertainty of receiving revenue invoiced to clients”.
86. On February 26, 2019, Reliq disclosed that it was a party to litigation in various courts, including in Texas and Ontario, with former employees and related corporate entities pertaining to matters that led to the restatement of previously recorded revenues announced in the October 16, 2018 news release. In a court filing by Reliq in the Texas litigation, Reliq admitted that, in March and April of 2018, it became apparent that there were issues with the claims submission process for many of the patients of one of Reliq’s key customers, Paz Home Health. Crossley also signed a sworn declaration in which she stated that, on or around April 13, 2018, she was told by De Lio (Chief Visionary Officer) that “only a few hundred claims [for iUGO Platform patient reimbursement and thus payment to Reliq] had been successfully processed to date because of various issues around the claims submission process and patient pre-screening for eligibility.”
87. On March 1, 2019, Reliq released its Q2 2019 financial results. Reliq recorded a small amount of revenue (\$20,850) for the quarter. In its Q2 2019 MD&A, Reliq disclosed that in 2019 it had only 2,713 patients on its iUGO Platform that were eligible for reimbursement.
88. On May 1, 2019, Reliq issued a news release by way of “clarification” of the disclosure made on October 16, 2018 “as a result of a review by the TSX Venture Exchange”. In that news release, Reliq purported to explain why the reported number of onboarded patients had decreased so dramatically from the number of 12,000 or more patients reported as of March 31, 2018. Reliq further disclosed several changes to its internal processes and

controls to ensure that problems with eligibility and claims submissions would not impact Reliq's revenue collection in the future.

**PART 2: RELIEF SOUGHT**

89. An order granting leave to proceed pursuant to section 140.8 of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
90. An order certifying this action as a class proceeding and appointing the Plaintiff as the representative plaintiff for the Class.
91. A declaration that the Impugned Secondary Market Documents contained one or more misrepresentations at common law and within the meaning of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
92. A declaration that the Impugned Private Placement Documents contained one or more misrepresentations at common law.
93. A declaration that the Defendants or one of them made the misrepresentations.
94. A declaration that Reliq was unjustly enriched.
95. A declaration that Reliq is vicariously liable for the acts and/or omissions of the Individual Defendants and, as may be applicable, of its other officers, directors, employees or agents.
96. General damages assessed in accordance with section 140.5 of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
97. General and special damages for the tort of negligent misrepresentation.

98. A monetary award, constructive trust, accounting or such other remedy as restitution for the unjust enrichment of Reliq.
99. Interest under the *Court Order Interest Act*, RSBC 1996, c 79.
100. Costs for the administration of any court award or judgment obtained in this action.
101. Such further and other relief as this Honourable Court may deem just.

### **PART 3: LEGAL BASIS**

#### **Statutes Relied Upon**

102. The Plaintiff pleads and relies on:
  - (a) the *CPA*;
  - (b) the *BCSA*;
  - (c) the Other Canadian Securities Legislation; and
  - (d) the *CJPTA*.

#### **Statutory Secondary Market Liability**

103. On behalf of the Secondary Market Class Members, the Plaintiff pleads the right of action found in Part 16.1 of the *BCSA* against the Defendants for the Impugned Secondary Market Documents, subject to leave being granted under section 140.8 of the *BCSA* by way of application under Supreme Court Civil Rule 1-2(4) (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

104. Each of the Impugned Secondary Market Documents is a “document” within the meaning of Part 16.1 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
105. At all material times, Reliq was a “responsible issuer” within the meaning of Part 16.1 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
106. The Impugned Secondary Market Documents contained the misrepresentations particularized herein, which are misrepresentations for the purposes of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
107. The Individual Defendants were officers and/or directors of Reliq at the time that the Impugned Secondary Market Documents were released. As officers and/or directors of Reliq, the Individual Defendants authorized, permitted or acquiesced in the release of the Impugned Secondary Market Documents.
108. The Defendants knew, at the time that the Impugned Non-Core Documents were released, that they contained a misrepresentation; or alternatively, at or before the time that they were released, the Defendants deliberately avoided acquiring knowledge that they contained a misrepresentation; or in the further alternative, the Defendants were, through action or failure to act, guilty of gross misconduct in connection with the misrepresentations in the Impugned Non-Core Documents.
109. The Plaintiff and the other Secondary Market Class Members who purchased securities of Reliq in the secondary market during the Secondary Market Class Period are entitled to

damages assessed in accordance with section 140.5 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

110. The Individual Defendants authorized, permitted or acquiesced in the making of the misrepresentations in the Impugned Secondary Market Documents while knowing they contained misrepresentations, and/or influenced the making of the misrepresentations in the Impugned Secondary Market Documents while knowing they contained misrepresentations. Accordingly, pursuant to sections 140.6(2) and (3) and 140.7(2) of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation), the Individual Defendants are jointly and severally liable for damages and the liability limits of the Individual Defendants do not apply.

### **Negligent Misrepresentation**

#### *Secondary Market Class Members*

111. On behalf of the Secondary Market Class Members, the Plaintiff pleads negligent misrepresentation against the Defendants for the Impugned Secondary Market Documents.
112. The Impugned Secondary Market Documents were prepared and disseminated for the purpose of providing material information and inducing Secondary Market Class Members to purchase Reliq shares.
113. The Defendants undertook, at all material times, to prepare and disseminate the Impugned Secondary Market Documents with reasonable care for the aforementioned purpose. The Defendants intended and were aware that Class Members would rely reasonably and to their detriment upon the Impugned Secondary Market Documents in making the decision to purchase Reliq shares.

114. The Defendants further knew and intended that the information contained in the Impugned Secondary Market Documents would be incorporated into the price of Reliq's publicly traded shares such that the trading price of those shares would at all times reflect the information contained in the Impugned Secondary Market Documents.
115. The Defendants had responsibility for the preparation of the Impugned Secondary Market Documents and undertook to do so for the benefit of, and to be relied upon by, Secondary Market Class Members.
116. The Defendants, therefore, had a duty of care at common law to exercise due care and diligence to ensure that the Impugned Secondary Market Documents fairly and accurately disclosed all material information about Reliq.
117. The Defendants breached that duty by failing to take reasonable or any steps to ensure that the Impugned Secondary Market Documents did not contain the misrepresentations particularized herein.
118. Throughout the Secondary Market Class Period, the Defendants had exclusive access to information about Reliq's business and operations. As such, they were the primary source of information with respect to Reliq's business and operations.
119. The Secondary Market Class Members directly or indirectly relied upon the misrepresentations in making a decision to purchase Reliq's shares and suffered damage when the misrepresentations were publicly corrected by the October 16, 2018 news release.
120. Alternatively, the Class Members relied upon the misrepresentations by the act of purchasing Reliq's shares in an efficient market that promptly incorporated into the price of those shares all publicly available material information regarding the shares of Reliq.

As a result, the misrepresentations caused the price of Reliq's shares to trade at artificially inflated prices during the Secondary Market Class Period, thus directly resulting in damage to the Plaintiff and the other Secondary Market Class Members when the misrepresentations were publicly corrected by the October 16, 2018 news release.

121. The Defendants are jointly and severally liable for the loss and damage suffered by the Secondary Market Class Members.

*Private Placement Class Members*

122. On behalf of the Private Placement Class Members, the Plaintiff pleads negligent misrepresentation against the Defendants for the Impugned Private Placement Documents.
123. The Impugned Private Placement Documents were prepared and disseminated for the purpose of providing material information and inducing Private Placement Class Members to purchase the Private Placement Units.
124. The Defendants undertook, at all material times, to prepare and disseminate the Impugned Private Placement Documents with reasonable care for the aforementioned purpose. The Defendants intended and were aware that Private Placement Class Members would rely reasonably and to their detriment upon the Impugned Private Placement Documents in making the decision to purchase Private Placement Units.
125. The Defendants had responsibility for the preparation of the Impugned Private Placement Documents and undertook to do so for the benefit of, and to be relied upon by, the Private Placement Class Members.

126. The Defendants, therefore, had a duty of care at common law to exercise due care and diligence to ensure that the Impugned Private Placement Documents fairly and accurately disclosed all material information about Reliq.
127. The Defendants breached that duty by failing to take reasonable or any steps to ensure that the Impugned Private Placement Documents did not contain the misrepresentations particularized herein.
128. The Defendants had exclusive access to information about Reliq's business and operations. As such, they were the primary source of information with respect to Reliq's business and operations.
129. The Private Placement Class Members directly or indirectly relied upon the misrepresentations in making a decision to purchase the Private Placement Units and suffered damage when the misrepresentations were publicly corrected by the October 16, 2018 news release.
130. The Defendants are jointly and severally liable for the loss and damage suffered by the Private Placement Class Members.

**Unjust Enrichment**

131. On behalf of the Private Placement Class Members, the Plaintiff pleads unjust enrichment against Reliq.
132. Reliq was enriched by, and the Private Placement Class Members suffered a corresponding deprivation of:
  - (a) the full proceeds of the Private Placement; or



- (b) alternatively, an amount equivalent to the difference between the price at which the Private Placement Units were sold in the Private Placement and the price at which the Private Placement Units would have been sold in the Private Placement had the misrepresentations particularized herein not been made, multiplied by the number of Private Placement Units that were sold in the Private Placement.
133. There is no juristic reason for the enrichment of Reliq. The proceeds of the Private Placement were received by Reliq as a result of its own wrongful and unlawful acts. The Impugned Private Placement Documents contained misrepresentations, as particularized herein, in violation of Reliq's duties, and Reliq breached section 57(a) of the *BCSA* and section 380(2) of the *Criminal Code*, RSC 1985, c C-46. There is no contract, disposition of law, donative intent or other valid legal obligation that justifies the enrichment. Any contracts upon which Reliq purports to rely to justify its enrichment are void and illegal.

**The Relationship Between Reliq's Impugned Documents and the Price of Reliq's Securities on the Secondary Market**

134. The price of Reliq's securities was directly affected during the Secondary Market Class Period by the issuance of the Impugned Secondary Market Documents. The Defendants were aware at all material times of the effect of Reliq's disclosure documents upon the price of its shares.
135. The Impugned Secondary Market Documents were disseminated, among other places, on the TSXV and SEDAR, and thereby became immediately available to, and were reproduced for inspection by, the Secondary Market Class Members, other members of the investing public, financial analysts and the financial press.

136. Reliq routinely transmitted its disclosure documents to the financial press, financial analysts and certain prospective and actual holders of Reliq shares. Reliq posted a copy of the Impugned Secondary Market Documents on its website.
137. Reliq regularly communicated with the public investors and financial analysts via established market communication mechanisms, including through regular disseminations of its disclosure documents, including news releases on newswire services in Canada and elsewhere. Each time Reliq communicated new material information about Reliq to the public, the price of Reliq securities was directly affected.
138. Reliq was the subject of reports by at least one analyst, with the effect that any recommendations to purchase Reliq securities in such reports during the Secondary Market Class Period were based, in whole or in part, upon the information disseminated by Reliq.
139. Reliq's shares were and are traded, among other places, on the TSXV, which is an efficient and automated market. The prices at which Reliq's shares traded promptly incorporated material information from Reliq's disclosure documents about Reliq's business and affairs, including the misrepresentations alleged herein, which was disseminated to the public through the Impugned Secondary Market Documents and distributed by Reliq, as well as by other means.
140. If the Impugned Secondary Market Documents had not contained the misrepresentations particularized herein:
  - (a) the trading price of Reliq's shares would have promptly incorporated that material information and declined;

- (b) Secondary Market Class Members would have acquired Reliq's shares during the Secondary Market Class Period at a lower price than they did, or would not have acquired Reliq's shares at all; and
  - (c) Secondary Market Class Members would not have sustained the damage they did sustain.
141. If the Impugned Private Placement Documents had not contained the misrepresentations particularized herein:
- (a) the Private Placement Class Members would have acquired the Private Placement Units at a lower price than they did, or would not have acquired Private Placement Units at all; and
  - (b) the Private Placement Class Members would not have sustained the damage they did sustain.

### **Vicarious Liability**

142. Reliq is vicariously liable for the acts and omissions of the Individual Defendants particularized herein.
143. The acts or omissions particularized and alleged herein to have been done by Reliq were authorized, ordered and done by the Individual Defendants and other agents, employees and representatives of Reliq, while engaged in the management, direction, control and transaction of the business and affairs of Reliq.
144. By virtue of the relationship between Reliq and Individual Defendants, such acts and omissions are, therefore, not only the acts and omissions of the Individual Defendants, but are also the acts and omissions of Reliq.

145. At all material times, the Individual Defendants were directors and/or officers of Reliq. As their acts and omissions are independently tortious, they are personally liable for same to the Plaintiff and the other Class Members.
146. At all material times, the Private Placement Agents were the agents of Reliq. By virtue of the relationship between Reliq and the Private Placement Agents, such acts and omissions of the Private Placement Agents are, therefore, not only the acts and omissions of the Private Placement Agents, but are also the acts and omissions of Reliq.

**Jurisdiction Simpliciter**

147. There is a real and substantial connection between British Columbia and the facts alleged in this proceeding. The Plaintiff and the other Class Members plead and rely upon the *CJPTA* in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to section 10(f) to (h) of the *CJPTA* because this proceeding concerns:
- (a) restitutionary obligations that, to a substantial extent, arose in British Columbia;
  - (b) a tort committed in British Columbia; and
  - (c) a business carried on in British Columbia.

Plaintiff's address for service:

**Siskinds LLP**  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

**Courier address: Mathew P Good Law Corporation**  
204 - 1650 Duranleau Street  
Vancouver BC V6H 3S4

Place of trial: Vancouver, BC

The address of the registry is:

800 Smithe Street  
Vancouver, BC  
V6Z 2E1

Date: November 20, 2019

**Mathew  
Patrick  
Good**

Digitally signed  
by Mathew  
Patrick Good  
Date: 2019.11.20  
10:03:30 -08'00'

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Signature of lawyer for plaintiff  
**Michael G. Robb**  
**Anthony O'Brien**  
**Garett Hunter**  
**Mathew P. Good**

G.H.

Rule 7-1 (1) of the Supreme Court Civil Rules states:

(1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,

(a) prepare a list of documents in Form 22 that lists

(i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and

(ii) all other documents to which the party intends to refer at trial, and

(b) serve the list on all parties of record.

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**ENDORSEMENT ON ORIGINATING PLEADING OR PETITION FOR SERVICE  
OUTSIDE BRITISH COLUMBIA**

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The Plaintiff, Karl Haase, claims the right to serve this pleading on the Defendants outside British Columbia on the ground that there is a real and substantial connection between British Columbia and the facts alleged in this proceeding and the Plaintiff and other Class Members plead and rely upon the *CJPTA* in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to section 10(f) to (h) of the *CJPTA* because this proceeding:

- (f) concerns restitutionary obligations that, to a substantial extent, arose in British Columbia;
- (g) concerns a tort committed in British Columbia; and
- (h) concerns a business carried on in British Columbia.

**Appendix**

[The following information is provided for data collection purposes only and is of no legal effect.]

**Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:**

This is a claim for damages at common law and under statute arising out of misrepresentations in disclosure documents released by the corporate defendant.

**Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:**

A personal injury arising out of:

- a motor vehicle accident
- medical malpractice
- another cause

A dispute concerning:

- contaminated sites
- construction defects
- real property (real estate)
- personal property
- the provision of goods or services or other general commercial matters
- investment losses
- the lending of money
- an employment relationship
- a will or other issues concerning the probate of an estate
- a matter not listed here

**Part 3: THIS CLAIM INVOLVES:**

- a class action
- maritime law
- aboriginal law
- constitutional law
- conflict of laws
- none of the above
- do not know

**Part 4:**

*Class Proceedings Act*, RSBC 1996, c 50

*Securities Act*, RSBC 1996, c 418

*Court Jurisdiction and Proceedings Transfer Act*, SBC 2003, c 28

G.H.



This is Exhibit "B" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter was located in the City of London, in the Province of Ontario.

  
A Commissioner for Taking Affidavits in  
the Province of Ontario

**SETTLEMENT AGREEMENT**

Made as of the 24<sup>th</sup> day of November, 2021

Between

**Karl Haase**

Proposed representative plaintiff in Supreme Court of British Columbia Action No. VLC-S-S-1913149

In his personal and proposed representative capacities

(“Plaintiff”)

- and -

**Reliq Health Technologies Inc., Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth**

(“Defendants”)

GH.

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## RECITALS

- A. **WHEREAS** the Plaintiff commenced this Action on behalf of putative class members for, *inter alia*, damages for misrepresentation under Part 16.1 of the *BCSA*;
- B. **AND WHEREAS** the Defendants deny any such misrepresentation and resulting damages;
- C. **AND WHEREAS** the Plaintiff's pending application for leave under Part 16.1 of the *BCSA* and for certification under the *CPA* has not yet been heard;
- D. **AND WHEREAS** the Plaintiff's pending application to add the Underwriters as defendants has not yet been heard;
- E. **AND WHEREAS** counsel for the Parties have engaged in arm's length settlement discussions and a mediation held before Joel Wiesenfeld, resulting in this Settlement Agreement;

**NOW THEREFORE**, in consideration of the covenants, agreements and releases set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that, upon the Effective Date, the Action be settled and dismissed on the merits with prejudice and without costs, subject to the approval of the Court of this Agreement, on the following terms and conditions.

## DEFINITIONS

- 1.1 In this Agreement, including the Recitals and Schedules hereto:
  - (a) **Action** means the action filed in the Supreme Court of British Columbia styled *Haase v Reliq Health Technologies Inc. et al.* (Court File No. VLC-S-S-1913149).
  - (b) **Administration Expenses** means all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable in relation to the notice, approval,

implementation and administration of the Settlement Agreement, including the costs of publication and delivery of notices, fees, disbursements and taxes paid to the Administrator, which shall be paid from the Escrow Account. For greater certainty, Administration Expenses do not include Class Counsel Fees.

- (c) **Administrator** means the third-party professional firm and any employees of such firm, selected at arm's length by Class Counsel, and appointed by the Court to do any one or more of the following:
  - (i) facilitate dissemination of Notice;
  - (ii) receive and review requests to opt out of the Class;
  - (iii) receive and review claims and administer the Settlement Amount in accordance with the Distribution Protocol; and
  - (iv) report to the Parties and the Court on the administration of the Settlement Agreement.
- (d) **Agreement** or **Settlement Agreement** means this settlement agreement.
- (e) **Approval Application** means an application brought by the Plaintiff in the Court for the Second Order and the Third Order.
- (f) **Authorized Claimant** means any Class Member who has submitted a completed Claim Form which, pursuant to the terms of the Agreement and the Distribution Protocol, has been approved for compensation by the Administrator in accordance with the Distribution Protocol.
- (g) **BCSA** means the *Securities Act*, RSBC 1996, c 418.

- (h) **Claim Form** means the form to be approved by the Court which, when completed and submitted in a timely manner to the Administrator, using the online claim portal established by the Administrator or by submitting a paper form to the Administrator, constitutes a Class Member's claim for compensation pursuant to the Distribution Protocol.
- (i) **Class or Class Members** means, except for the **Excluded Persons** or **Opt Out Parties**:
- all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018; and
- all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018.
- (j) **Class Counsel** means Siskinds LLP and Mathew P Good Law Corporation.
- (k) **Class Counsel Fees** means the fees, disbursements, costs, interest thereon in accordance with the *CPA* section 38 plus HST, GST and/or PST and other applicable taxes or charges of Class Counsel as approved by the Court.
- (l) **Collateral Agreement** means the Collateral Agreement entered into by the Parties dated November 24, 2021.
- (m) **Court** means the Supreme Court of British Columbia.
- (n) **CPA** means the *Class Proceedings Act*, RSBC 1996, c 50, as amended;

- (o) **Defendants** means Reliq, Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth.
- (p) **Distribution Protocol** means the distribution plan attached as **Schedule "I"** stipulating the proposed distribution of the Net Settlement Amount in the form approved by the Court.
- (q) **Effective Date** means the first date on which the Second Order has become a final order.
- (r) **Eligible Securities** means Reliq securities, the acquisition of which makes a person a Class Member or, in the case of an Opt Out Party, Reliq securities, the acquisition of which would have made the person a Class Member if he, she or it had not excluded himself, herself or itself from the Class in accordance with the terms of the First Order and the First Notice.
- (s) **Escrow Account** means an interest-bearing trust account at a Canadian Schedule 1 bank in Ontario initially under the control of Siskinds, until such time as it shall be transferred to the Administrator.
- (t) **Escrow Settlement Funds** means the Settlement Amount plus any interest accruing thereon in the Escrow Account.
- (u) **Excluded Persons** (i) the Defendants; (ii) Reliq's past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the families of Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman or Brian Storseth; and (iv) the Underwriters and their past and present subsidiaries, affiliates, officers,



directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns.

- (v) **First Notice** means the short-form and long-form notices substantially in the forms attached as **Schedules “E” and “F”** or as otherwise fixed by the Court.
- (w) **First Order** means the Order substantially in the form attached as **Schedule “A”** hereto:
  - (i) certifying the Action as a class proceeding for settlement purposes only;
  - (ii) appointing the Administrator;
  - (iii) approving the Plan of Notice in respect of the First Notice;
  - (iv) approving the form of First Notice;
  - (v) approving the Claim Form and the procedure for filing claims; and
  - (vi) prescribing the opt out procedures to be administered by the Administrator.
- (x) **Implementation Date** means the first date on which both the Second Order and the Third Order have become final orders.
- (y) **Net Settlement Amount** means the amount available in the Escrow Account for distribution pursuant to the Distribution Protocol after payment of all Class Counsel Fees and Administration Expenses and other amounts contemplated by sections 1.14(a) to 1.14(e).
- (z) **Notice** means the First Notice and the Second Notice.
- (aa) **Opt Out Party** means a person who would otherwise be a Class Member but who opts out of the Action pursuant to the Court approved opt out process.

- (bb) **Opt Out Threshold** means the number of Eligible Securities held by Opt Out Parties confidentially agreed upon by the Parties in the Collateral Agreement as giving rise to the Defendants' right to terminate the Agreement pursuant to section 1.46.
- (cc) **Parties** means the Plaintiff and Defendants.
- (dd) **Plaintiff** means Karl Haase.
- (ee) **Plan of Notice** means the plan for disseminating Notice to the Class substantially in the form attached as **Schedule "D"** hereto or as fixed by the Court.
- (ff) **Private Placement Unit** means a unit consisting of one common share of Reliq and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of Reliq at an exercise price of \$1.75 per common share).
- (gg) **Released Claims** mean any and all manner of claims, demands, actions, suits, causes of action, whether class, individual, representative or otherwise in nature, whether personal or subrogated, damages whenever incurred, damages of any kind including compensatory, statutory, punitive or other damages, liabilities of any nature whatsoever, including interest, costs, expenses, class administration expenses, penalties, and lawyers' fees, known or unknown, suspected or unsuspected, foreseen or unforeseen, actual or contingent, and liquidated or unliquidated, in law, under statute or in equity that Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have, relating in any way to any conduct occurring anywhere, from the beginning of time to the date hereof relating to any

conduct alleged (or which could have been alleged) in the Action, including, without limitation, any such claims which have been asserted, would have been asserted, or could have been asserted, directly or indirectly, whether in Canada or elsewhere, as a result of or in connection with any alleged unjust enrichment or misrepresentations in breach of Part 16.1 of the *BCSA* or at common law.

- (hh) **Releasees** mean, jointly and severally, individually and collectively, the Defendants and the Underwriters and all of their respective present and former, direct and indirect, parents, subsidiaries, divisions, affiliates, partners, insurers, and all other persons, partnerships or corporations with whom any of the former have been, or are now, affiliated, and all of their respective past, present and future officers, directors, employees, agents, shareholders, attorneys, trustees, servants and representatives; and the predecessors, successors, purchasers, heirs, executors, administrators, trustees and assigns of each of the foregoing.
- (ii) **Releasers** means, jointly and severally, individually and collectively, the Plaintiff and the Class and Class Members on behalf of themselves and any person claiming by or through them as a parent, subsidiary, affiliate, predecessor, successor, shareholder, partner, director, owner of any kind, agent, employee, contractor, attorney, heir, executor, trustee, administrator, insurer, devisee, assignee or representative of any kind.
- (jj) **Reliq** means Reliq Health Technologies Inc.
- (kk) **Second Notice** means the short-form and long-form notices substantially in the forms attached as **Schedules “G”** and **“H”** or as fixed by the Court.

- (ll) **Second Order** means the Order substantially in the form attached as **Schedule “B”**:
- (i) approving this Settlement;
  - (ii) ordering the releases and discharges provided for herein; and
  - (iii) dismissing the Action as against the Defendants without costs and with prejudice on the Effective Date.
- (mm) **Settlement** means the settlement of the Action on the terms provided for in this Agreement.
- (nn) **Settlement Amount** means two million five hundred thousand dollars (CAD\$2,500,000.00), inclusive of Administration Expenses, Class Counsel Fees, and any other costs or expenses otherwise related to Action.
- (oo) **Siskinds** means Siskinds LLP.
- (pp) **Third Order** means the Order substantially in the form attached as **Schedule “C”**:
- (i) approving the Plan of Notice in respect of the Second Notice;
  - (ii) approving the form of the Second Notice; and
  - (iii) approving the Distribution Protocol.
- (qq) **Underwriters** means Canaccord Genuity Corp. and Gravitass Securities Inc.

### **SETTLEMENT BENEFITS**

#### **Payment of Settlement Amount**

- 1.2 Within thirty (30) days of the execution of this Agreement, the Defendants shall pay or cause the Defendants’ insurers to pay to Siskinds, in trust, the Settlement Amount in full

and final settlement of the claims against the Defendants or proposed to be made against the Defendants in the Action.

**Settlement Amount to be Held in Trust**

- 1.3 Prior to the Effective Date, Siskinds shall maintain an Escrow Account to hold the Settlement Amount in trust for the benefit of the Class.
- 1.4 Siskinds may pay Administration Expenses when they are incurred from the Escrow Settlement Funds while in control of the Escrow Amount.
- 1.5 Within ten (10) days of the Effective Date, Siskinds shall transfer control of the Escrow Account to the Administrator, but before doing so Siskinds may deduct and retain from the Escrow Settlement Funds the Class Counsel Fees approved by the Court.
- 1.6 Upon the transfer of the Escrow Account to the Administrator, the Administrator shall maintain the Escrow Settlement Funds in the Escrow Account under the control of the Administrator and hold the Escrow Settlement Funds in trust as provided for in this Agreement.
- 1.7 Siskinds shall account to the Administrator for all payments made from the Escrow Account prior to the transfer described in section 1.5. In the event this Agreement is terminated, Siskinds or the Administrator, whichever then has control of the Escrow Account, shall deliver an accounting to the Parties no later than ten (10) days after the termination.
- 1.8 Neither Siskinds nor the Administrator shall pay out any of the Escrow Settlement Funds except in accordance with this Agreement.

- 1.9 Any dispute concerning the entitlement to or quantum of expenses incurred in the publication and dissemination of the First Notice or Second Notice, or Administration Expenses paid by Siskinds or the Administrator, shall be dealt with by a application to the Court on notice to the Parties.

**Taxes on Interest**

- 1.10 Except as expressly provided herein, all interest earned on the Settlement Amount shall accrue to the benefit of the Class and shall become and remain part of the Settlement Amount in the Escrow Account.
- 1.11 Subject to section 1.12, all taxes payable on any interest which accrues on or otherwise in relation to the Escrow Settlement Funds shall be the responsibility of the Plaintiff and the Class. Class Counsel or Administrator, as may later be appropriate, shall be solely responsible to fulfil all tax reporting and payment requirements arising from the Escrow Settlement Funds, including any obligation to report taxable income and make tax payments. All taxes (including interest and penalties) due with respect to the income earned by the Settlement Amount shall be paid from the Escrow Account.
- 1.12 The Defendants shall have no responsibility in any way related to the Escrow Account other than as expressly set out herein, including but not limited to, making any filings relating to the Escrow Account, paying tax on any income earned by the Settlement Amount, or paying any taxes on the monies in the Escrow Account, unless this Agreement is terminated, in which case any interest earned on the Settlement Amount shall be paid to the Defendants who, in such case, shall be responsible for the payment of any taxes on such interest not previously paid by Class Counsel or Administrator.

**NO REVERSION**

1.13 Unless this Agreement is terminated as provided herein, the Defendants shall not be entitled to the repayment of any portion of the Settlement Amount and then only to the extent of and in accordance with the terms provided herein.

**DISTRIBUTION OF THE SETTLEMENT AMOUNT**

1.14 On or after the Implementation Date, the Administrator shall distribute the Settlement Amount in accordance with the following priorities:

- (a) to pay Class Counsel Fees as awarded by the Court (unless the Class Counsel Fees have already been paid to Class Counsel in accordance with section 1.5);
- (b) to pay any honorarium to the Plaintiff as the Court may decide to award;
- (c) to pay all of the costs and expenses reasonably and actually incurred in connection with the provision of Notice;
- (d) to pay all of the Administration Expenses. For greater certainty, the Defendants and Class are excluded from eligibility for any payment of costs and expenses under this subsection;
- (e) to pay any taxes required by law to be paid to any governmental authority; and
- (f) to pay a *pro rata* share of the balance of the Settlement Amount to each Authorized Claimant in proportion to the Authorized Claimant's claim as recognized in accordance with the Distribution Protocol; and
- (g) to the Law Foundation of British Columbia if there shall remain thereafter Escrow Settlement Funds and, in the opinion of the Administrator, it is not feasible to reallocate the remaining Escrow Settlement Funds among the Authorized

Claimants in an equitable and economic fashion in accordance with the Distribution Protocol.

- 1.15 Class Counsel shall propose for approval by the Court a Distribution Protocol in the form attached as **Schedule "I"** or other such form as Class Counsel may advise. The approval of the Distribution Protocol may be considered separately from the approval of the Settlement and is not a condition of the approval of the Settlement itself.

### **RELEASES**

- 1.16 As of the Effective Date, and in consideration of payment of the Settlement Amount, and for other valuable consideration set forth in the Agreement, the Releasors forever and absolutely release the Releasees from the Released Claims.

### **EFFECT OF SETTLEMENT**

#### **No Admissions or Concessions**

- 1.17 This Agreement, whether or not it is terminated, anything contained in it, any and all negotiations, discussions, and communications associated with this Agreement, shall not be deemed, construed or interpreted to be:
- (a) an admission or concession by the Defendants or the Underwriters of any fact, fault, omission, wrongdoing or liability, or of the truth of any of the claims or allegations made against the Defendants in the Action or that could have been made in the Action against the Defendants or the Underwriters; or
  - (b) an admission or concession by the Plaintiff, his counsel or the Class of any weakness in the claims of the Plaintiff and the Class or that the consideration to be



given hereunder represents the amount that could or would have been recovered from the Defendants after trial of the Action.

**Agreement Not Evidence nor Presumption**

1.18 This Agreement, whether or not it is terminated, anything contained in it, any and all negotiations, documents, discussions and proceedings associated with this Agreement, and any action taken to implement this Agreement, shall not be offered or received in the Action should this Agreement be terminated and the Action continues, any pending or future civil, criminal, quasi-criminal, administrative action or disciplinary investigation or proceeding:

- (a) of the validity of any of the claims that have been or could have been asserted in the Action by the Plaintiff against the Defendants or the Underwriters, or the deficiency of any defence that has been or could have been or could be asserted in the Action;
- (b) of wrongdoing, fault, neglect or liability by the Defendants or the Underwriters; or
- (c) against the Plaintiff, his counsel or the Class, as evidence, or a presumption, of a concession or admission:
  - (i) of any weakness in the claims of the Plaintiff and the Class; or
  - (ii) that the consideration to be given hereunder represents the amount that could or would have been recovered from the Defendants or the Underwriters after trial of the Action.

1.19 Notwithstanding section 1.18, this Agreement may be referred to or offered as evidence in order to obtain the orders or directions from the Court contemplated by this Agreement, in

a proceeding to approve or enforce any term of, or dispute under, this Agreement, to defend against the assertion of released claims, or as otherwise required by law.

### **REQUIRED STEPS**

#### **Reasonable Efforts**

1.20 The Parties shall take all reasonable steps to effectuate the Settlement and to secure the prompt, complete and final dismissal with prejudice of the Action on a without costs basis as against the Defendants, including cooperating in the Plaintiff's efforts to obtain the approval and orders required from the Court regarding the approval or implementation of the Settlement.

#### **Action in Abeyance**

1.21 Until the Effective Date or this Agreement is terminated in accordance with its terms, whichever occurs first, the Plaintiff agrees to hold in abeyance all other steps in the Action as they relate to the Defendants, other than the Approval Application contemplated by this Agreement and such other matters required to implement the terms of this Agreement.

### **APPROVAL, NOTICE AND OPT-OUT PROCESS**

#### **First Order and First Notice**

1.22 As soon as practicable after this Agreement is executed, the Plaintiff shall bring an application for the approval of the First Order. The Defendants will consent to the issuance of the First Order.

1.23 The Parties agree that the certification of the Action as a class proceeding is for the sole purpose of effecting the Settlement. In the event that this Agreement is terminated as provided herein, any certification order binding the Defendants shall be vacated or set aside

on consent as set out herein, and shall be without prejudice to any position that either of the Parties may later take on any issue in the Action including in a subsequent certification application. In particular, the fact of the Defendants' consent to certification for settlement purposes shall not be deemed to be an admission that the Plaintiff has met any of the requisite criteria for certification of the Action as a class proceeding.

- 1.24 Following entry of the First Order, the Administrator shall cause the First Notice to be published and distributed in accordance with the Plan of Notice and the direction of the Court. The costs of publishing and distributing the First Notice shall be paid from the Escrow Settlement Funds as and when incurred.
- 1.25 The Administrator shall administer the opt out procedures prescribed by the First Order. No later than seven (7) calendar days after any deadline established by the Court for the delivery of opt out requests, the Administrator shall report to Class Counsel and counsel for the Defendants on the requests made to opt out of the Action.
- 1.26 Class Members who wish to file with the Court an objection or comment on the Settlement, the Distribution Protocol or the request for approval of Class Counsel Fees shall deliver to Class Counsel a written statement in accordance with the terms of, and by the deadline set out in, the First Order.
- 1.27 The Plaintiff represents and warrants that he is not aware of any Class Member who has expressed an intention to opt out of the Settlement or of the Class and that he will not encourage any Class Member to do so.

**Approval Application and Second Notice**

- 1.28 The Plaintiff will thereafter bring the Approval Application before the Court in accordance with the Court's directions. The Defendants will consent to the issuance of the Second Order.
- 1.29 At the Approval Application, Class Counsel shall propose for approval by the Court the Distribution Protocol or such other plan for distributing the Net Settlement Amount to the Class as Class Counsel may advise. The Distribution Protocol is the responsibility of Class Counsel and the Defendants have no involvement in its design. Accordingly, the approval of the Distribution Protocol shall be considered separately from the approval of the Settlement Agreement and is not a condition of the approval of the Settlement Agreement itself and the dismissal of the Action as against the Defendants without costs and with prejudice in accordance with the Second Order.
- 1.30 The Defendants will take no position or make any submission to the Court concerning the Distribution Protocol, except as requested or required by the Court.
- 1.31 The Defendants will not oppose the issuance of the Third Order.
- 1.32 The Plaintiff may make any amendments to the Distribution Protocol, the Third Order, the Second Notice or the Plan of Notice as it relates to Second Notice requested or directed by the Court.
- 1.33 Following the Implementation Date, the Administrator shall cause the Second Notice to be published and disseminated in accordance with the Plan of Notice as approved by the Court. The costs of publishing the Second Notice shall be paid from the Escrow Settlement Funds as and when incurred.

**OTHER APPLICATIONS**

**Application for Approval of Class Counsel Fees**

- 1.34 Immediately following or in parallel with the Approval Application, Class Counsel may seek the approval of Class Counsel Fees to be paid as a first charge on the Settlement Amount.
- 1.35 The Defendants acknowledge that they are not parties to the application concerning the approval of Class Counsel Fees, they will have no involvement in the approval process to determine the amount of Class Counsel Fees, and they will not take any position or make any submissions to the Court concerning Class Counsel Fees, except as requested and required by a Court.
- 1.36 The procedure for and the allowance or disallowance by the Court of any requests for Class Counsel Fees to be paid out of the Settlement Amount are not part of the Settlement provided for herein, except as expressly provided in section 1.14, and are to be considered by the Court separately from its consideration of the fairness, reasonableness, and adequacy of the Settlement provided for herein. For clarity, approval of the Settlement is not dependent on approval of any Class Counsel Fees.
- 1.37 Any order or proceeding relating to Class Counsel Fees, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Agreement or affect or delay the finality of the Second Order and the Settlement of this Action provided herein.

**Application for Approval of Honorarium**

- 1.38 Immediately following or in parallel with the Approval Application, Class Counsel may seek orders from the Court relating to the payment of an honorarium to the Plaintiff.

G.A.

- 1.39 The Defendants acknowledge that they are not parties to any application concerning the payment of an honorarium to the Plaintiff, they will have no involvement in any such application, and they will not take any position or make any submissions to the Court concerning any such application, except as requested and required by a Court.
- 1.40 Any order or proceeding relating to payment of an honorarium to the Plaintiff, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Agreement or affect or delay the finality of the Second Order and the Settlement of this Action provided herein.

### **ADMINISTRATION**

#### **Appointment of the Administrator**

- 1.41 By order of the Court, the Administrator will be appointed to serve until such time as the Escrow Settlement Funds are distributed in accordance with this Agreement and the Distribution Protocol, on the terms and conditions and with the powers, rights, duties and responsibilities set out in this Agreement and in the Distribution Protocol.

#### **Information and Assistance from the Defendants**

- 1.42 The Defendants shall, forthwith upon entry of the First Order, use reasonable efforts to deliver or cause to be delivered to the Administrator an electronic list of all persons who acquired Private Placement Units, along with email addresses or other contact information for those persons as may be available to facilitate the delivery of notice to those persons.
- 1.43 The Administrator may use the information obtained under section 1.42 for the purpose of delivering the First Notice and Second Notice and for the purposes of administering and implementing this Agreement, the Plan of Notice and the Distribution Protocol, but the

Administrator shall otherwise keep confidential the information obtained under section 1.42.

- 1.44 For greater certainty, any information obtained or created in the administration of this Agreement is confidential and, except as required by law, shall be used and disclosed only for the purpose of distributing notices and the administration of this Agreement and the Distribution Protocol.

### TERMINATION

#### **Automatic Termination**

- 1.45 This Agreement shall, without notice, be automatically terminated if:
- (a) on the return of the Approval Application, the Court issues an order that is not substantially in the form of the Second Order, and such order becomes a final order; or
  - (b) the Second Order is reversed on appeal and the reversal becomes a final order.
- 1.46 The Defendants shall have the right to terminate this Agreement within 14 days, or on a later date on the consent of the Parties, of being notified by the Administrator that the number of Eligible Securities of Opt Out Parties exceeds the Opt Out Threshold. The Administrator shall notify the Defendants of the number of Eligible Securities of Opt Out Parties and such particulars provided by such Opt Out Parties in support of their request to exclude themselves from the Class in accordance with the terms of the First Order and the First Notice.
- 1.47 The right to terminate this Agreement contemplated by section 1.46 may be exercised by any one or more of the Defendants notifying Siskinds in writing of his, her or their intention

to terminate the Agreement, which notification shall have the effect of terminating this Agreement for all Defendants.

- 1.48 The Opt Out Threshold shall be stated in the Collateral Agreement executed contemporaneously with the execution of this Agreement. The Opt Out Threshold shall be redacted in the Collateral Agreement that is filed with the Court or otherwise made available to the public. The Collateral Agreement, without redaction of the Opt Out Threshold, shall not be published and shall be kept confidential by the parties unless the Court orders its publication or disclosure.

#### **Effect of Termination**

- 1.49 In the event this Agreement is terminated in accordance with its terms:
- (a) the Parties will be restored to their respective positions prior to the execution of this Agreement;
  - (b) the Plaintiff and Defendants will consent to an order vacating or setting aside any order certifying this Action as a class proceeding for the purposes of implementing this Agreement and certification of this Action for settlement purposes shall not be deemed to be an admission by the Defendants that the Action met any of the criteria for certification, and that no party to this Action and no other person may rely upon the fact of the prior consent to the certification order for any purpose whatsoever;
  - (c) the Escrow Settlement Funds will be returned to the Defendants;
  - (d) this Agreement will have no further force or effect and no effect on the rights of the Parties except as specifically provided for herein;



- (e) all statutes of limitation applicable to the claims asserted in the Action shall be deemed to have been tolled during the period beginning with the execution of this Agreement and ending with Order described in section 1.51;
- (f) any costs reasonably incurred by Class Counsel and paid out of the Escrow Account for the publication and dissemination of notices are non-recoverable from the Plaintiff, the Class Members and Class Counsel, except by way of any costs order that may be made in favour of the Defendants in the Action; and
- (g) this Agreement and the First Order will not be introduced into evidence or otherwise referred to in any litigation against the Defendants.

1.50 Notwithstanding the provisions of section 1.49(d), if this Agreement is terminated, the provisions of this section 1.50, and sections 1.1, 1.7, 1.8, 1.9, 1.11, 1.12, 1.13, 1.17, 1.18, 1.19, and 1.51 to 1.71 shall survive termination and shall continue in full force and effect.

#### **Steps Required on Termination**

- 1.51 If this Agreement is terminated, the Defendants shall, within thirty (30) days after termination, apply to the Court, on notice to the Plaintiff, for an order:
- (a) declaring this Agreement null and void and of no force or effect except for the provisions of those sections listed in section 1.50;
  - (b) requesting an order setting aside, *nunc pro tunc*, all prior orders or judgments entered by the Court in accordance with the terms of this Agreement, including any order certifying the Action as a class proceeding for the purposes of implementing this Agreement; and

(c) authorizing the payment of the Escrow Settlement Funds, including accrued interest, to the Defendants.

1.52 Subject to section 1.53, the Plaintiff shall consent to the orders sought in any application made by the Defendants under section 1.51.

#### **Notice of Termination**

1.53 If this Agreement is terminated, a notice of the termination will be given to the Class. Class Counsel will cause the notice of termination, in a form approved by the Court, to be published and disseminated as the Court directs.

#### **Disputes Relating to Termination**

1.54 If there is a dispute about the termination of this Agreement, the Parties agree that the Court shall determine the dispute on an application made by a Party on notice to the other Parties.

### **MISCELLANEOUS**

#### **Applications for Directions**

1.55 The Parties may apply to the Court for directions in respect of any matter in relation to this Agreement.

1.56 All applications contemplated by this Agreement shall be on notice to the Parties.

#### **Headings, etc.**

1.57 In this Agreement:

(a) the division into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation;

- (b) the terms “the Agreement”, “this Agreement”, “herein”, “hereto” and similar expressions refer to this Settlement Agreement and not to any particular section or other portion of the Settlement Agreement; and
- (c) “person” means any legal entity including, but not limited to, individuals, corporations, sole proprietorships, general or limited partnerships, limited liability partnerships or limited liability companies.

### **Computation of Time**

- 1.58 In the computation of time in this Agreement, except where a contrary intention appears:
- (a) where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
  - (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

### **Governing Law**

- 1.59 The Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia. The language of the Agreement shall be English.
- 1.60 The Parties agree that the Court shall retain exclusive and continuing jurisdiction to interpret and enforce the terms, conditions and obligations under this Agreement and the First Order, the Second Order and the Third Order.

**Severability**

1.61 Any provision hereof that is held to be inoperative, unenforceable or invalid in any jurisdiction shall be severable from the remaining provisions which shall continue to be valid and enforceable to the fullest extent permitted by law.

**Entire Agreement**

1.62 This Agreement and the Collateral Agreement constitute the entire agreement among the Parties and supersede all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. The Parties will not be bound by any prior obligations, conditions or representations with respect to the subject matter of this Agreement and the Collateral Agreement, unless expressly incorporated herein. This Agreement may not be modified or amended except in writing and on consent of both Parties and any such modification or amendment after settlement approval must be approved by the Court.

**Binding Effect**

1.63 If the Settlement is approved by the Court and becomes final, this Agreement shall be binding upon, and enure to the benefit of, the Plaintiff, the Class Members, the Defendants, the Underwriters, Class Counsel, the Releasees and the Releasors or, any of them, and all of their respective heirs, executors, predecessors, successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Plaintiff shall be binding upon all Releasors and each and every covenant and agreement made herein by the Defendants shall be binding upon all of the Releasees.

1.64 For greater certainty, no Opt Out Party shall be bound by this Agreement.

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**Survival**

1.65 The representations and warranties contained in this Agreement shall survive its execution and implementation.

**Negotiated Agreement**

1.66 This Agreement and the underlying settlement have been the subject of arm's-length negotiations and discussions among the undersigned and counsel. Each of the Parties has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafters of this Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of the Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Agreement.

**Recitals**

1.67 The recitals to this Agreement are true, constitute material and integral parts hereof and are fully incorporated into, and form part of, this Agreement.

**Acknowledgements**

1.68 Each Party hereby affirms and acknowledges that:

- (a) its signatory has the authority to bind the Party for which it is signing with respect to the matters set forth herein and has reviewed this Agreement; and
- (b) the terms of this Agreement and the effects thereof have been fully explained to him or it by his or its counsel;
- (c) he or its representative fully understands each term of this Agreement and its effect.

**Counterparts**

1.69 This Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and an emailed pdf. signature shall be deemed an original signature for purposes of executing this Agreement.

**Notice**

1.70 Any notice, instruction, application for Court approval or application for directions or Court orders sought in connection with this Agreement or any other report or document to be given by any party to any other party shall be in writing and delivered by email to:

**For Plaintiff:**

Michael G. Robb  
Siskinds LLP  
275 Dundas Street, Unit 1  
London, ON N6B 3L1  
Email: michael.robbs@siskinds.com

**For the Defendants:**

Matthew Fleming  
Dentons Canada LLP  
77 King Street West, Suite 400  
Toronto, ON M5K0A1  
Email: matthew.fleming@dentons.com

**Date of Execution**

1.71 This Agreement is effective as of the date on the cover page.

November 24, 2021

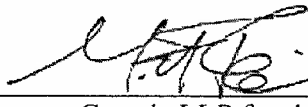
\_\_\_\_\_  
Date



\_\_\_\_\_  
Siskinds LLP for the Plaintiff

November 24, 2021

\_\_\_\_\_  
Date



\_\_\_\_\_  
Dentons Canada LLP for the Defendants

G.H.



**SCHEDULE "A"**  
**FIRST ORDER**

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION FOR CERTIFICATION,  
APPOINTMENT OF ADMINISTRATOR, APPROVAL OF NOTICE,  
CLAIMS PROCESS AND OPT OUT PROCEDURE**

)

BEFORE THE HONOURABLE MR. JUSTICE TAYLOR ) [Date]

)

ON THE APPLICATION of the plaintiff coming on for hearing at the Courthouse, [address], on December 7<sup>th</sup> and 8<sup>th</sup>, 2021 and on hearing [counsel appearing]; and on reading the materials filed, including the Settlement Agreement; and on the consent of the Defendants.

G.H.



THIS COURT ORDERS that

1. Except to the extent that they are modified by this Order, the definitions set out in the settlement agreement reached with the Defendants dated November 24, 2021 (“**Settlement Agreement**”) attached as **Appendix “1”** apply to and are incorporated into this Order.
2. In the event of a conflict between this Order and the Settlement Agreement, this Order shall prevail.
3. This action is certified as a class proceeding as against the Defendants for the purpose of the settlement only, pursuant to the *Class Proceedings Act*, RSBC 1996, c 50, but subject to the terms of the Settlement Agreement.
4. The class certified for the purpose of settlement with the Defendants is defined as:
  - all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq’s private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018, other than the Excluded Persons; and
  - all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities from and including February 23, 2018 to and including October 15, 2018, other than the Excluded Persons.
5. Karl Haase is appointed as the Representative Plaintiff for the Class.
6. Siskinds LLP and Mathew P Good Law Corporation are appointed Class Counsel.
7. The following issues are certified as common issues:
  - Did one or more of the Impugned Secondary Market Documents, as defined in the Notice of Civil Claim, contain a misrepresentation within the meaning of the *Securities Act*, RSBC 1996, c 418 or at common law?
  - Did one or more of the Impugned Private Placement Documents, as defined in the Notice of Civil Claim, contain a misrepresentation at common law?

8. The Plan of Notice, substantially in the form attached as **Appendix “2”**, is approved for the purpose of the publication and dissemination of the First Notice and Claim Form.

9. The form and content of the short-form First Notice, substantially in the form attached as **Appendix “3”**, is approved.

10. The form and content of the long-form First Notice, substantially in the form attached as **Appendix “4”**, is approved.

11. The form and content of the Claim Form, substantially in the form attached as **Appendix “5”**, is approved.

12. RicePoint Administration Inc. is appointed as the Administrator of the Settlement Agreement.

13. In order to be entitled to participate in a distribution from the Net Settlement Amount, a Class Member must:

(a) submit a properly completed Claim Form to the Administrator, using the online claim portal established by the Administrator or by submitting a paper Claim Form by mail or courier to the Administrator, postmarked or received by the Administrator on or before 11:59pm Vancouver (Pacific) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published (“**Claims Bar Deadline**”);

(b) submit, together with the Claim Form, any supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the

transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator; and

(c) otherwise comply with the instructions set out in the Claim Form.

14. Any Class Member who wishes to validly exclude him, her or itself from the Action must do so by submitting to the Administrator by mail or courier a written opt out election (“**Opt Out Election**”) to be postmarked on or before 11:59pm Vancouver (Pacific) time on the date that is 60 calendar days after the date on which the First Notice is first published whether in print or online (“**Opt Out Deadline**”).

15. An Opt Out Election:

- (a) must contain a statement of intention to opt out of the Action by the Class Member or a person authorized to bind the Class Member;
- (b) for Class Members who acquired Private Placement Units, must state the number of Private Placement Units that were acquired, and the number of Private Placement Units held at the close of trading on the TSX Venture Exchange on October 15, 2018;
- (c) for Class Members who acquired Eligible Securities during the period from and including February 23, 2018 to and including October 15, 2018, must provide a listing of all transactions during that period showing, for each transaction, the type of transaction (purchase or sale), the number of securities and the date of the transaction, and state the number of Eligible Securities held at the close of trading on the TSX Venture Exchange on October 15, 2018;

- (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records allowing the Administrator to verify the transactions;
- (e) must contain the name, address, telephone number and email address of the Class Member; and
- (f) may, at the option of the Class Member, contain a statement of the Class Member's reason for opting out.

16. Any Class Member who delivers a valid Opt Out Election, in accordance with paragraphs 14 and 15 of this Order, may revoke that Opt Out Election by submitting to the Administrator by mail or courier a written statement that he, she or it wishes to revoke the Opt Out Election, which must be postmarked on or before 11:59pm Vancouver (Pacific) time on the date that is five (5) calendar days after the Opt Out Deadline ("**Opt Out Revocation Deadline**").

17. An Opt Out Election that is revoked in accordance with paragraph 16 of this Order shall be null and void and have no force or effect, and the Class Member who submitted the Opt Out Election shall not be considered an Opt Out Party.

18. The Administrator shall, immediately upon receipt by it, provide to Class Counsel and counsel to the Defendants copies of any Opt Out Elections postmarked on or before the Opt Out Deadline.

19. At any time up to the Opt Out Revocation Deadline, Class Counsel may contact any Class Member who has submitted an Opt Out Election to confirm that they wish to exclude him, her or itself from the Action, and to explain to him, her or it the significance of the Opt Out Election.

20. No later than the date that is seven (7) calendar days after the Opt Out Deadline, the Administrator shall:

- (a) report to the lawyers for the Parties the number of Eligible Securities of each Opt Out Party and the total number of Eligible Securities of all Opt Out Parties; and
- (b) provide to the lawyers for the Parties copies of the Opt Out Elections submitted by Opt Out Parties.

21. Any person who would otherwise be a Class Member who validly excludes him, her or itself from the Action, in accordance with paragraphs 14 and 15 of this Order, and who has not revoked his, her or its Opt Out Election in accordance with paragraph 16 of this Order, is not bound by the Settlement Agreement and shall no longer participate or have the opportunity in the future to participate in the Action and the Settlement.

22. Any person who is a member of the Class and who does not validly exclude him, her or itself from the Action in accordance with paragraphs 14 and 15 of this Order, or who revokes an Opt Out Election in accordance with paragraph 16 of this Order, will be bound by the Settlement Agreement, including the releases contained therein, if and when it becomes effective, and may not exclude him, her or itself from the Action in the future, whether or not a claim to participate in the distribution of the Settlement Amount is submitted by that person.

23. Class Members who wish to file with the Court an objection or comment on the Settlement, the Distribution Protocol or the request for approval of Class Counsel Fees shall deliver to Class Counsel by mail, courier or email a written statement, to be postmarked or received by Class Counsel by no later than 11:59pm Vancouver (Pacific) time on the date that is 14 calendar days

G.H.

prior to the Approval Application. Class Counsel shall, forthwith upon receipt by them, provide a copy of any such objection or comment to counsel for the Defendants.

24. The Defendants shall use reasonable efforts to forthwith deliver or cause to be delivered to the Administrator the information required under section 1.42 of the Settlement Agreement.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of lawyer for the Plaintiff

\_\_\_\_\_  
Signature of lawyer for Defendants

By the Court

\_\_\_\_\_  
Registrar

G.H.

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION**

Siskinds LLP  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation  
3615 West 4<sup>th</sup> Avenue  
Vancouver BC V6R 1P2  
Email: [anthony.obrien@siskinds.com](mailto:anthony.obrien@siskinds.com)  
[mat@godbarrister.com](mailto:mat@godbarrister.com)  
Agent: Dye & Durham

G.H.



**SCHEDULE "B"**  
**SECOND ORDER**

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION FOR SETTLEMENT APPROVAL**

)

BEFORE THE HONOURABLE MR. JUSTICE TAYLOR ) [Date]

)

ON THE APPLICATION of the plaintiff coming on for hearing at the Courthouse, [address], on April 14, 2022 and on hearing [counsel appearing]; and on reading the materials filed, including the Settlement Agreement; and on the consent of the Defendants;

G.A.

THIS COURT ORDERS that

1. Except to the extent that they are modified by this Order, the definitions set out in the settlement agreement reached with the Defendants dated November 24, 2021 (“**Settlement Agreement**”) attached as **Appendix “1”** apply to and are incorporated into this Order.
2. In the event of a conflict between this Order and the Settlement Agreement, this Order shall prevail.
3. The Settlement Agreement is fair, reasonable and in the best interests of the Class.
4. The Settlement Agreement is approved pursuant to section 35 of the *Class Proceedings Act*, RSBC 1996, c 50 as amended and shall be implemented in accordance with its terms.
5. The Settlement Agreement is incorporated by reference to and forms part of this Order and is binding upon the Plaintiff and Class Members.
6. The Settlement Agreement shall be implemented in accordance with its terms.
7. The Plaintiff and Defendants may, on notice to the Court but without the need for further order of the Court, agree to reasonable extensions of time to carry out any provisions of the Settlement Agreement.
8. Except as expressly provided for in the Settlement Agreement, the Defendants and the other Releasees have no responsibility for and no liability whatsoever with respect to the administration of the Settlement.
9. This Order, including the Settlement Agreement, is binding upon each member of the Class including those Persons who are minors or mentally incapable.

10. Upon the Effective Date, the Releasors shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, claim or demand against any Releasee, or any other person who may claim contribution or indemnity or other claims over relief from any Releasee, in respect of any Released Claim or any matter related thereto.

11. For the purposes of administration and enforcement of the Settlement Agreement and this Order, this Court will retain an ongoing supervisory role and the Defendants and the other Releasees acknowledge the jurisdiction of this Court solely for the purpose of implementing, administering and enforcing the Settlement Agreement and this Order, and subject to the terms and conditions set out in the Settlement Agreement.

12. Upon the Effective Date, the Action shall be dismissed against all Defendants with prejudice and without costs.

13. This Order shall be declared null and void on a subsequent application made on notice in the event that the Settlement Agreement is terminated in accordance with its terms.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of lawyer for the Plaintiff

\_\_\_\_\_  
Signature of lawyer for Defendants

By the Court

\_\_\_\_\_  
Registrar

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION**

Siskinds LLP  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation  
3615 West 4<sup>th</sup> Avenue  
Vancouver BC V6R 1P2  
Email: [anthony.obrien@siskinds.com](mailto:anthony.obrien@siskinds.com)  
[mat@godbarrister.com](mailto:mat@godbarrister.com)  
Agent: Dye & Durham

G.H.

**SCHEDULE "C"**  
**THIRD ORDER**

No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION FOR APPROVAL OF THE DISTRIBUTION  
PROTOCOL AND NOTICE**

)

BEFORE THE HONOURABLE MR. JUSTICE TAYLOR ) [Date]

)

ON THE APPLICATION of the plaintiff coming on for hearing at the Courthouse, [address], on April 14, 2022 and on hearing [counsel appearing]; and on reading the materials filed, including the Distribution Protocol; and the Defendants not opposing this order;

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THIS COURT ORDERS that

1. Except to the extent that they are modified by this Order, the definitions set out in the settlement agreement reached with the Defendants, dated November 24, 2021 (“**Settlement Agreement**”) attached as **Appendix “1”** apply to and are incorporated into this Order.
2. In the event of a conflict between this Order and the Settlement Agreement, this Order shall prevail.
3. The Distribution Protocol, substantially in the form attached as **Appendix “2”**, is fair and appropriate.
4. The Distribution Protocol is approved and the Settlement Amount shall be distributed in accordance with the terms of the Settlement Agreement, following payment of Class Counsel Fees approved by this Court, the Administration Expenses and any other expenses approved by this Court.
5. The Plan of Notice, substantially in the form attached as **Appendix “3”**, is approved for the purpose of the publication and dissemination of the Second Notice.
6. The form and content of the short-form Second Notice, substantially in the form attached as **Appendix “4”**, is approved.
7. The form and content of the long-form Second Notice, substantially in the form attached as **Appendix “5”**, is approved.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

---

Signature of lawyer for the Plaintiff

---

Signature of lawyer for Defendants

By the Court

---

Registrar



No. VLC-S-S-1913149  
Vancouver Registry

*In the Supreme Court of British Columbia*

Between

**KARL HAASE**

Plaintiff

and

**RELIQ HEALTH TECHNOLOGIES INC.,  
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,  
EUGENE BEUKMAN AND BRIAN STORSETH**

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

**ORDER MADE AFTER APPLICATION**

Siskinds LLP  
Barristers & Solicitors  
100 Lombard Street, Suite 302  
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation  
3615 West 4<sup>th</sup> Avenue  
Vancouver BC V6R 1P2  
Email: [anthony.obrien@siskinds.com](mailto:anthony.obrien@siskinds.com)  
[mat@godbarrister.com](mailto:mat@godbarrister.com)  
Agent: Dye & Durham

G.H.

**SCHEDULE "D"**  
**PLAN OF NOTICE**

Capitalized terms used in this Plan of Notice have the meanings ascribed to them in the Settlement Agreement dated November 24, 2021.

*Subject to such alternative or additional direction by the Court, notices provided for as contemplated in the Settlement Agreement will be disseminated as follows:*

**PART 1 – FIRST NOTICE**

**A. Short-Form**

As soon as possible following the entry of the First Order, the short-form First Notice will be disseminated as follows:

Newspaper Publication

Print publication of the short-form First Notice will be at least a 1/8 page in size. Print publication will be made in Canada in the English language in the business section of the national weekend edition of *The Globe and Mail* and in the French language in the business section of *La Presse*.

News Release

The English and French language versions of the short-form First Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada.

ISS Publication

The English and French language versions of the short-form First Notice will be sent to Institutional Shareholder Services Inc. (ISS) for publication through their platform.

Individual Notice

The Administrator will send a package to the Canadian brokerage firms in the Administrator's proprietary databases. The package will consist of the short-form First Notice and a cover letter to the brokerage firms in the form customarily used by the Administrator. The Administrator shall request that the brokerage firms either send a copy of the short-form First Notice to all individuals and entities identified by the brokerage firms as being Class Members, or to send the names and contact information of all known Class Members to the Administrator (who shall subsequently send the short-form First Notice to the individuals and entities so identified). The notice shall be distributed by email where Class Member email addresses are available.

The Administrator shall, if requested, reimburse the brokerage firms out of the Settlement Amount solely for their reasonable out-of-pocket expenses incurred in distributing notice to the Class Members. The reimbursement shall be at reasonable and customary rates per unit as determined

by the Administrator. Each brokerage firm must submit its account by a date to be determined by the Administrator to be entitled to reimbursement.

The Administrator shall send the short-form First Notice to the individuals and entities on the electronic list of persons who acquired Private Placement Units delivered by the Defendants to the Administrator as required by the Settlement Agreement. The notice shall be distributed by email where Class Member email addresses are available.

## **B. Long-Form**

### Publication by Class Counsel

As soon as possible following the entry of the First Order, the long-form First Notice will be disseminated as follows:

1. Electronic publication of the long-form First Notice will occur in both the English and French languages on the Reliq class action website of Class Counsel at <https://www.siskinds.com/class-action/reliq-health-technologies-inc/> (“**Class Counsel Website**”).
2. The long-form First Notice will be mailed, electronically or physically, as may be required, to those persons and entities who have previously contacted Class Counsel for the purposes of receiving notice of developments in the Action.

Class Counsel shall make a toll-free number and email address available to the public that will enable Class Members to contact Class Counsel in order that they may, amongst other things:

1. obtain more information about the Settlement, how to object to the Settlement, the claims process and the opt out process; and/or
2. request that a copy of the Settlement Agreement, the long-form First Notice and the Claim Form be electronically or physically mailed to them.

Class Counsel will post on the Class Counsel Website:

1. the Settlement Agreement;
2. the long-form First Notice;
3. a short summary of the rationale for the Settlement (no less than 30 days prior to the application to approve the Settlement);
4. the affidavit(s) in support of the application for approval of the Settlement (no less than 30 days prior to the application to approve the Settlement); and
5. the affidavit(s) in support of the application for approval of Class Counsel Fees and disbursements (no less than 30 days prior to the application to approve Class Counsel Fees and disbursements).

## **PART 2 – SECOND NOTICE**

### **A. Short-Form**

As soon as possible following the Implementation Date, the short-form Second Notice will be disseminated as follows:

#### News Release

The English and French language versions of the short-form Second Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada.

#### ISS Publication

The English and French language versions of the short-form Second Notice will be sent to Institutional Shareholder Services Inc. (ISS) for publication through their platform.

### **B. Long-Form**

As soon as possible following the Implementation Date, the long-form Second Notice will be disseminated as follows:

1. Electronic publication of the long-form Second Notice will occur in both the English and French languages on the Class Counsel Website; and
2. Class Counsel shall mail or email the long-form Second Notice to those persons that have contacted Class Counsel as of the publication date regarding this litigation and have provided Class Counsel with their contact information.

Class Counsel shall make a toll-free number and email address available to the public that will enable Class Members to obtain more information about the settlement and to request that a copy of the long-form Second Notice be sent electronically or physically to them directly.

**SCHEDULE “E”**  
**FIRST NOTICE – SHORT FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**

**Did you acquire securities of Reliq Health Technologies Inc. between February 23, 2018 and October 15, 2018 (inclusive) or acquire units in the Reliq private placement that closed around January 9, 2018?**

A settlement has been reached in a class action against Reliq Health Technologies Inc. (“Reliq”) and certain of its current and former officers and directors. The class action alleges that there were misrepresentations in certain of Reliq’s public disclosures and in documents provided to investors to solicit their investment in a private placement that closed on or around January 9, 2018.

The settlement provides for payments by the defendants in the class action and their insurers of the total amount of CAD\$2,500,000 to resolve those claims. The settlement is a compromise of disputed claims and is not an admission of liability or wrongdoing by Reliq or any of the other defendants.

The settlement must be approved by the Supreme Court of British Columbia. A settlement approval hearing has been set for April 14, 2022. At the hearing, the Court will also address an application to approve Class Counsel’s fees, which will not exceed [number]% of the recovery plus reimbursement for expenses incurred in the litigation.

The Court has appointed RicePoint Administration Inc. as the Administrator of the settlement. To be eligible for compensation, Class Members must submit a completed Claim Form to the Administrator by no later than 11:59 pm Vancouver (Pacific) time on [date]. If the settlement is approved, and if you do not file a claim by this deadline, you may not be able to claim a portion of the settlement and your claim will be extinguished.

If you do not want to be part of this class action and be bound by the terms of the settlement, you must opt out by 11:59 pm Vancouver (Pacific) time on [date].

Class Members may also express their views about the proposed settlement to the Court. If you wish to express your views, you must do so in writing by [date].

For more information about the certification of the class action, who qualifies as a class member, the settlement, how to make a claim for compensation from the settlement, and your rights to opt out of the class and the settlement or object to the settlement, see the long-form notice available online at <https://www.siskinds.com/class-action/reliq-health-technologies-inc/> or call toll free at [number].

**SCHEDULE "F"**  
**FIRST NOTICE – LONG FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**  
**NOTICES OF CERTIFICATION AND SETTLEMENT APPROVAL HEARING**

**Read this notice carefully. It may affect your legal rights.**

**You may have to take prompt action.**

**This notice is directed to:** All persons, wherever they may reside or be domiciled, other than Excluded Persons (as defined below), who:

(i) acquired securities of Reliq Health Technologies Inc. ("**Reliq**") from and including February 23, 2018 to and including October 15, 2018; or

(ii) acquired units consisting of one common share of Reliq and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of Reliq at an exercise price of \$1.75 per common share) ("**Private Placement Units**") in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018.

(collectively, "**Class**" or "**Class Members**").

**Important Deadlines**

**Claims Bar Deadline** (to file a claim for compensation): 11:59pm Vancouver (Pacific) time on [date]

**Opt Out Deadline** (to exclude yourself from the class action and the settlement): 11:59pm Vancouver (Pacific) time on [date]

**Objection Deadline** (to object to or comment on the settlement or Class Counsel fees): 11:59pm Vancouver (Pacific) time on [date]

***Claim Forms may not be accepted after the Claims Bar Deadline. As a result, it is necessary that you act without delay.***

**Purpose of this Notice**

The class action brought on behalf of Class Members has been settled, subject to court approval. It has also been certified for settlement purposes. This notice provides Class Members with information about certification, who qualifies as a Class Member, the right to opt out of the class action, the settlement and their rights to participate in the court proceedings considering whether to approve the settlement.

The notice also provides Class Members with information about how to apply for compensation from the settlement. **Class Members who wish to do so must do so by 11:59pm Vancouver (Pacific) time on [date].**

### **The Action and Class Certification**

In 2019, a class proceeding (“**Action**”) was commenced in the Supreme Court of British Columbia (“**Court**”) against Reliq, Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman, and Brian Storseth (collectively, “**Individual Defendants**”). An application was subsequently filed to add Canaccord Genuity Corp. and Gravitass Securities Inc. (“**Underwriters**”) as defendants, but that application had not been heard prior to the settlement being reached.

The action alleges that the Defendants misrepresented the number of paying patients using Reliq’s iUGO Platform and its related financial results. The Action alleges that the misrepresentations were corrected by a news release issued by Reliq on October 16, 2018. In that news release, Reliq disclosed, among other things, that it had decided to restate certain financial information reported for Q3 2018. It is further alleged that following that disclosure Reliq’s share price declined significantly, causing damage to the Class Members.

On [date], the Court certified the Action as a class action for settlement purposes on behalf of the Class defined above. Excluded Persons means (i) the Defendants; (ii) Reliq’s past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the Individual Defendants’ families; and (iv) the Underwriters and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns.

### **The Settlement**

On November 24, 2021, the Plaintiff and Defendants executed a Settlement Agreement providing for the settlement of the Action (“**Settlement**”), which is subject to approval by the Court. The Settlement Agreement provides for the payment of CAD\$2,500,000 (“**Settlement Amount**”) in consideration of the full and final settlement of the claims of Class Members. The Settlement Amount includes all legal fees, disbursements, taxes and administration expenses.

The Settlement provides that if it is approved by the Court, the claims of all Class Members asserted or which could have been asserted in the Action will be fully and finally released, and the Action will be dismissed. The Settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

### **Participating in the Settlement or Excluding Yourself (“Opting Out”) from the Class Action and the Settlement**

If you are a Class Member, you will be bound by the outcome of the Action, including the terms of the Settlement if approved, unless you opt out of the Action. Class Members who do not opt out will (i) be entitled to participate in the Settlement; (ii) be bound by the terms of the Settlement; and (iii) not be permitted to bring other legal proceedings in relation to the matters alleged in the Action against the Defendants, or any person released by the approved Settlement. Conversely, if you are a Class Member who opts out of the Action (an “**Opt Out Party**”), you will not be able to make a claim to receive compensation from the Settlement Amount but will maintain the right to pursue your own claim against the Defendants relating to the matters alleged in the Action.

If you are a Class Member and wish to opt out, you must submit a written election to do so, together with required supporting documentation (“**Opt Out Election**”), to RicePoint Administration Inc. (“**Administrator**”).

To be a valid, the Opt Out Election: (a) must contain a statement of intention to opt out of the Action by you or a person authorized to bind you; (b) for Class Members who acquired Private Placement Units, must state the number of Private Placement Units that were acquired and the number of Private Placement Units held at the close of trading on the TSX Venture Exchange on October 15, 2018; (c) for Class Members who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018, must provide a listing of all transactions during that period showing, for each transaction, the type of transaction (purchase or sale), the number of securities and the date of the transaction, and state the number of Reliq securities held at the close of trading on the TSX Venture Exchange on October 15, 2018; (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records acceptable to the Administrator to verify the transactions; (e) must contain your name, address, telephone number and email address; and (f) may, at your option, contain a statement of your reason for opting out.

Your Opt Out Election must be postmarked no later than **11:59pm Vancouver (Pacific) time on [date]** (“**Opt Out Deadline**”).

Opt Out Elections may be sent by mail or courier to:

RicePoint Administration Inc.  
[contact details]

An Opt Out Election that does not contain all of the required information or is postmarked after the Opt Out Deadline will not be valid, which means that you will be bound by the outcome of the Action, including the Settlement, if it is approved.

You may revoke an Opt Out Election by delivering to the Administrator by mail or courier a written statement that you wish to revoke the Opt Out Election, which must be postmarked on or before 11:59pm Vancouver (Pacific) time on [date].

### **Settlement Approval Hearing**

The Settlement is conditional on approval by the Court. The Settlement will be approved if the Court determines that it is fair and reasonable and in the best interests of Class Members to approve it.

The Court will hear an application for approval of the Settlement on April 14, 2022 at [address] before the Honourable Mr Justice Taylor.

### **Release of Claims and Effect on Other Proceedings**

If the Settlement Agreement is approved by the Court, the claims and allegations of Class Members which were asserted or which could have been asserted in the Action will be released (“**Released Claims**”), and the Action will be dismissed. The Released Claims include claims against the Underwriters. Class Members will not be able to pursue any action in relation to the Released



Claims regardless of whether or not they file a claim for compensation from the Settlement. **If approved, the Settlement will therefore represent the only means of compensation available to Class Members in respect of the Released Claims.**

### **Approval of Class Counsel Fees and Other Expenses**

In addition to seeking the Court's approval of the Settlement Agreement, Class Counsel will seek the Court's approval of legal fees not to exceed [number]% of the Settlement Amount, plus disbursements not exceeding CAD\$[number] and applicable taxes ("**Class Counsel Fees**"). This fee request is consistent with the retainer agreement entered into between Class Counsel and the Plaintiff at the beginning of the litigation. As is customary in such cases, Class Counsel conducted the class action on a contingent fee basis. Class Counsel was not paid as the matter proceeded and funded the expenses of conducting the litigation.

Class Counsel will also seek the Court's approval for the payment of an honorarium to the Plaintiff not exceeding CAD\$[number]. Class Counsel will be requesting that the honorarium be deducted directly from the Settlement Amount.

The approval of the Settlement is not contingent on the approval of the Class Counsel Fees requested or an honorarium to the Plaintiff. The Settlement may still be approved even if the requested Class Counsel Fees or the Plaintiff's honorarium are not approved.

The fees of the Administrator, together with any other costs relating to approval, notification, implementation and administration of the settlement ("**Administration Expenses**"), will also be paid from the Settlement Amount.

### **Class Members' Entitlement to Compensation**

Class Members will be eligible for compensation pursuant to the Settlement if they submit a completed Claim Form, including any supporting documentation, with the Administrator, and their claim satisfies the criteria set out in the Distribution Protocol.

To be eligible for compensation under the Settlement, your Claim Form must be postmarked or received by the Administrator by **no later than 11:59pm Vancouver (Pacific) time on [date]** ("**Claims Bar Deadline**"). Only Class Members who have not opted out of the Action are permitted to recover from the Settlement.

If the Settlement Agreement is approved by the Court, the Settlement Amount, after deduction of Class Counsel Fees, Administration Expenses and any approved honorarium ("**Net Settlement Amount**") will be distributed to Class Members in accordance with the Distribution Protocol, subject to the Court's approval.

The proposed Distribution Protocol provides that in order to determine the individual entitlements of Class Members who make claims, the losses of each claimant will be calculated in accordance with a formula based on the statutory damages provisions contained in the securities legislation of British Columbia. Once the notional losses of all Class Members who have filed valid claims have been calculated, the Net Settlement Amount will be allocated to those Class Members in proportion to their percentage of the total notional losses calculated for all valid claims filed. Because the Net

Settlement Amount will be distributed *pro rata*, it is not possible to estimate the individual recovery of any individual Class Member until all the claims have been received and reviewed.

The approval of the Settlement is not contingent on the approval of the Distribution Protocol. The Court may still approve the Settlement even if it does not approve the Distribution Protocol or approves amendments to the Distribution Protocol.

In the event any amounts remain undistributed 180 days after the distribution of the Net Settlement Amount (because of uncashed cheques or for other administrative reasons), those amounts will be distributed to eligible Class Members (if sufficient to warrant a further distribution) or distributed to the Law Foundation of British Columbia.

### **Administrator**

The Court has appointed RicePoint Administration Inc. as the Administrator of the Settlement. The Administrator will, among other things: (i) receive and process the Claim Forms; (ii) determine Class Members' eligibility for and entitlement to compensation pursuant to the Distribution Protocol; (iii) communicate with Class Members regarding claims for compensation; and (iv) manage and distribute the Settlement Amount in accordance with the Settlement Agreement and the orders of the Court. The Administrator can be contacted at:

Telephone:	[number]
Mailing Address:	[address]
Website:	[website]

### **Filing a Claim**

All claims for compensation from the Settlement must be postmarked or received by no later than 11:59pm Vancouver (Pacific) time on [date].

The most efficient way to file a claim is to visit the Administrator's website at [website address]. **You are strongly encouraged to file your claim online through the website.** The website provides step by step instructions on how to file a claim. In order to verify claims, the Administrator will require supporting documentation, including brokerage statements or confirmations evidencing the claimed transactions. Accordingly, Class Members should visit the Administrator's site as soon as possible so that they have time to obtain the required documentation prior to the Claims Bar Deadline.

The Administrator will also accept Claim Forms filed by mail or courier. To obtain a paper copy of the Claim Form, Class Members must telephone the Administrator to have one sent by email or regular mail. Claim Forms sent by mail or courier should be sent to:

RicePoint Administration Inc.  
[address]

Class Members with questions about how to complete or file a Claim Form, or the documentation required to support a claim, should contact the Administrator at the above contact details.

**Class Members' Right to Participate in the Application for Approval**

Class Counsel has posted or will post the following material on its website (<https://www.siskinds.com/class-action/reliq-health-technologies-inc/>) on or before the dates set out below:

1. The Settlement Agreement, including the proposed Distribution Protocol (posted prior to or at the time of publication of this notice);
2. A summary of the basis upon which Class Counsel recommends the Settlement and Distribution Protocol (by [date]);
3. The Plaintiff's evidence in support of the approval of the Settlement and Distribution Protocol (by [date]); and
4. Class Counsel's evidence in support of the request for approval of Class Counsel's fees and disbursements (by [date]).

Class Members who wish to comment on, or make an objection to, the approval of the Settlement Agreement, the Distribution Protocol or the Class Counsel Fees requested shall deliver a written statement to Class Counsel by mail, courier or email, using the contact details listed under "Class Counsel" below, to be postmarked or received by Class Counsel no later than 11:59pm Vancouver (Pacific) time on [date]. Any objections postmarked or received by that date will be filed with the Court.

Class Members may attend at the hearing whether or not they deliver an objection. Class Members who wish a lawyer to speak on their behalf at the hearing may retain one to do so at their own expense.

**Copies of the Settlement Documents**

Copies of the Settlement Agreement, the Distribution Protocol and other documents relating to the Settlement may be found on the Administrator's website, Class Counsel's website or by contacting the Administrator or Class Counsel using the contact information provided in this notice.

**Class Counsel**

Siskinds LLP and Mathew P Good Law Corporation are Class Counsel. Inquiries can be directed to:

Garett Hunter  
Siskinds LLP  
275 Dundas Street, Unit 1  
London, ON N6B 3L1  
Tel: 519 660 7802

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Email: [garett.hunter@siskinds.com](mailto:garett.hunter@siskinds.com)

Website: <https://www.siskinds.com/class-action/reliq-health-technologies-inc/>

### **Reimbursement of Brokerage Firms**

The Administrator shall, if requested, reimburse the brokerage firms out of the Settlement Amount solely for their reasonable out-of-pocket expenses incurred in distributing notice to the Class Members. The reimbursement shall be at reasonable and customary rates per unit as determined by the Administrator. Each brokerage firm must submit its account by a date to be determined by the Administrator to be entitled to reimbursement.

### **Interpretation**

If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

All inquiries should be directed to the Administrator or Class Counsel.

PUBLICATION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE SUPREME COURT  
OF BRITISH COLUMBIA

**SCHEDULE "G"**  
**SECOND NOTICE – SHORT FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**

**Did you acquire securities of Reliq Health Technologies Inc. between February 23, 2018 and October 15, 2018 (inclusive) or acquire units in the Reliq private placement that closed around January 9, 2018?**

A settlement has been reached in a class action against Reliq Health Technologies Inc. ("Reliq") and certain of its current and former officers and directors. The class action alleges that there were misrepresentations in certain of Reliq's public disclosures and in documents provided to investors to solicit their investment in a private placement that closed on or around January 9, 2018.

The settlement provides for payments by the defendants in the class action and their insurers of the total amount of CAD\$2,500,000 to resolve those claims. The settlement is a compromise of disputed claims and is not an admission of liability or wrongdoing by Reliq or any of the other defendants.

The settlement has been approved by the Supreme Court of British Columbia.

For more information about your rights and how to exercise them, see the long-form notice and other information available online at [webpage created by the Administrator] or contact the Administrator at:

[administrator email and phone number]

**SCHEDULE "H"**  
**SECOND NOTICE – LONG FORM**

**RELIQ HEALTH TECHNOLOGIES INC. SECURITIES CLASS ACTION**

**NOTICE OF SETTLEMENT APPROVAL**

**Read this notice carefully. It may affect your legal rights.**

**You may have to take prompt action.**

**This notice is directed to:** All persons, wherever they may reside or be domiciled, other than Excluded Persons (as defined below), who:

(i) acquired securities of Reliq Health Technologies Inc. ("**Reliq**") from and including February 23, 2018 to and including October 15, 2018; or

(ii) acquired units consisting of one common share of Reliq and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of Reliq at an exercise price of \$1.75 per common share) ("**Private Placement Units**") in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018.

(collectively, "**Class**" or "**Class Members**").

**Important Deadline to File a Claim for Compensation:**

**Claims Bar Deadline** (to file a claim for compensation): 11:59pm Vancouver (Pacific) time on [date]

**Purpose of this Notice:**

The purpose of this notice is to advise Class Members of the approval of the settlement of the class proceeding brought on behalf of Class Members.

**The Action and Class Certification**

In 2019, a class proceeding ("**Action**") was commenced in the Supreme Court of British Columbia ("**Court**") against Reliq, Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman, and Brian Storseth (collectively, "**Individual Defendants**"). An application was subsequently filed to add Canaccord Genuity Corp. and Gravitas Securities Inc. ("**Underwriters**") as defendants, but that application had not been heard prior to the settlement being reached.

The action alleges that the Defendants misrepresented the number of paying patients using Reliq's iUGO Platform and its related financial results. The Action alleges that the misrepresentations were corrected by a news release issued by Reliq on October 16, 2018. In that news release, Reliq disclosed, among other things, that it had decided to restate certain financial information reported

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for Q3 2018. It is further alleged that following that disclosure Reliq's share price declined significantly, causing damage to the Class Members.

On [date], the Court certified the Action as a class action for settlement purposes on behalf of the Class defined above. Excluded Persons means (i) the Defendants; (ii) Reliq's past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the Individual Defendants' families; and (iv) the Underwriters and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns.

### **Settlement Approval**

On November 24, 2021, the Plaintiff and Defendants executed a Settlement Agreement providing for the settlement of the Action ("**Settlement**"), which is subject to approval by the Court. The Settlement Agreement provides for the payment of CAD\$2,500,000 ("**Settlement Amount**") in consideration of the full and final settlement of the claims of Class Members. The Settlement Amount includes all legal fees, disbursements, taxes and administration expenses.

The Settlement provides that the claims of all Class Members asserted or which could have been asserted in the Action will be fully and finally released, and the Action will be dismissed. The Settlement is not an admission of liability, wrongdoing or fault on the part of the Defendants, all of whom have denied, and continue to deny, the allegations against them.

On [date], the Supreme Court of British Columbia approved the Settlement and ordered that it be implemented in accordance with its terms.

The Court also awarded Siskinds LLP and Mathew P Good Law Corporation ("**Class Counsel**") total legal fees, expenses and applicable taxes in the amount of CAD\$[amount] inclusive of disbursements of CAD\$[amount], plus HST, GST and/or PST ("**Class Counsel Fees**"). As is customary in such cases, Class Counsel conducted the class action on a contingent fee basis. Class Counsel was not paid as the matter proceeded and funded the expenses of conducting the litigation. Class Counsel Fees will be deducted from the Settlement Amount before it is distributed to Class Members.

Expenses incurred or payable relating to approval, notification, implementation and administration of the Settlement ("**Administration Expenses**") will also be paid from the Settlement Amount before it is distributed to Class Members.

The Court also approved the payment of an honorarium to the Plaintiff in the amount of CAD\$[amount]. The honorarium will be deducted from the Settlement Amount before it is distributed to Class Members.

### **Class Members' Entitlement to Compensation**

Pursuant to the Court order approving the Settlement, claims of Class Members which were or could have been asserted in the Action are now released and the Action has been dismissed. Class Members may not pursue individual or class actions for those claims, regardless of whether or not they submit a claim for compensation from the Settlement. **The Settlement therefore represents**

**the only means of compensation available to Class Members in respect of the claims raised in the Action.**

For instructions on how to submit a claim for compensation from the Settlement, refer to the previously-issued notice of certification and settlement approval hearing, which is available at [website to be created by administrator]. To be eligible for compensation under the Settlement, your Claim Form must be postmarked or received by the Administrator by **no later than 11:59pm Vancouver (Pacific) time on [date]**.

After deduction of Class Counsel Fees, Administration Expenses and the approved honorarium, the balance of the Settlement Amount (“**Net Settlement Amount**”) will be distributed to Class Members in accordance with the Distribution Protocol approved by the Court.

The proposed Distribution Protocol provides that in order to determine the individual entitlements of Class Members who make claims, the losses of each claimant will be calculated in accordance with a formula based on the statutory damages provisions contained in the securities legislation of British Columbia. Once the notional losses of all Class Members who have filed valid claims have been calculated, the Net Settlement Amount will be allocated to those Class Members in proportion to their percentage of the total notional losses calculated for all valid claims filed. Because the Net Settlement Amount will be distributed *pro rata*, it is not possible to estimate the individual recovery of any individual Class Member until all the claims have been received and reviewed.

In the event any amounts remain undistributed 180 days after the distribution of the Net Settlement Amount (because of uncashed cheques or for other administrative reasons), those amounts will be distributed to eligible Class Members (if sufficient to warrant a further distribution) or distributed to the Law Foundation of British Columbia.

### **Copies of the Settlement Documents**

Copies of the Settlement Agreement, the Distribution Protocol and other documents relating to the Settlement may be found on the Administrator’s website, Class Counsel’s website or by contacting the Administrator or Class Counsel using the contact information provided in this notice.

### **Administrator**

The Administrator can be contacted at:

RicePoint Administration Inc.  
[Contact details]

### **Class Counsel**

Inquires to Class Counsel can be directed to:

Garett Hunter  
Siskinds LLP  
275 Dundas Street, Unit 1  
London, ON N6B 3L1  
Tel: 519 660 7802



Email: [garett.hunter@siskinds.com](mailto:garett.hunter@siskinds.com)

Website: <https://www.siskinds.com/class-action/reliq-health-technologies-inc/>

**Interpretation**

If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

All inquiries should be directed to the Administrator or Class Counsel.

PUBLICATION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE SUPREME COURT  
OF BRITISH COLUMBIA

**SCHEDULE "I"**  
**DISTRIBUTION PROTOCOL**

This Distribution Protocol should be read in conjunction with the Settlement Agreement dated November 24, 2021 ("**Settlement Agreement**").

**DEFINED TERMS**

1. Unless otherwise defined herein, capitalized terms used are as defined in the Settlement Agreement. In addition, the following definitions apply to this Distribution Protocol:
  - (a) **Acquisition Expense** means the price per security paid by a Claimant (including brokerage commissions) to acquire an Eligible Security;
  - (b) **Claimant** means a Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator on or before the Claims Bar Deadline;
  - (c) **Claims Bar Deadline** means 11:59pm Vancouver (Pacific) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published or such other date as may be fixed by the Court;
  - (d) **Disposition Proceeds** means the price per security actually received by a Claimant on the disposition of an Eligible Security, without deducting any commissions paid in respect of the disposition;
  - (e) **FIFO** means "first in, first ot", whereby for the purpose of determining Claimants' Notional Entitlement, securities are deemed to be sold in the same order that they were purchased (e.g. the first Eligible Securities purchased by a Claimant are deemed to be the first Eligible Securities sold); and

- (f) **Notional Entitlement** means an Authorized Claimant's notional damages as calculated pursuant to the formulae set forth in this Distribution Protocol, which forms the basis upon which each Authorized Claimant's *pro rata* share of the Net Settlement Amount is determined.

## **OBJECTIVE**

2. The objective of this Distribution Protocol is to equitably distribute the Net Settlement Amount among Authorized Claimants.

## **CALCULATION OF NOTIONAL ENTITLEMENT**

3. The Net Settlement Amount will be distributed in accordance with this Distribution Protocol.
4. The Administrator shall apply FIFO to determine the purchase transactions that correspond to the sale of Eligible Securities, including in the calculation of an Authorized Claimant's Notional Entitlement.
5. The Administrator shall first determine a Claimant's Notional Entitlement. If the Claimant has a Notional Entitlement greater than zero, they become an Authorized Claimant, and the Administrator will go on to calculate the Authorized Claimant's monetary compensation. A Claimant must have a Notional Entitlement greater than zero in order to be eligible to receive a payment from the Net Settlement Amount.
6. Transfers of Reliq securities between accounts belonging to the same Claimant will not be taken into account in determining a Claimant's Notional Entitlement.
7. The date of a purchase or sale shall be the trade date of the transaction, as opposed to the settlement date of the transaction or the payment date.

8. An Authorized Claimant's Notional Entitlement will be calculated as follows:
- (a) No Notional Entitlement shall be recognized for any Eligible Securities disposed of before the close of trading on the TSX Venture Exchange on October 15, 2018.

**Reliq Common Shares**

- (b) For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between the Acquisition Expense and the Disposition Proceeds.
- (c) For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):
- A. the difference between the Acquisition Expense and the Disposition Proceeds; and
- B. the difference between the Acquisition Expense and CAD\$0.49.
- (d) For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and not yet disposed of, the Notional Entitlement shall be the difference between the Acquisition Expense and CAD\$0.49.

**Private Placement Units**

- (e) There shall be no Notional Entitlement for a Private Placement Unit where the Reliq common share acquired as part of the Private Placement Unit was

disposed of before the close of trading on the TSX Venture Exchange on October 15, 2018.

- (f) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit was disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between CAD\$1.12 and the Disposition Proceeds for the common share, multiplied by 0.80.
- (g) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit was disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):
- A. the difference between CAD\$1.12 and the Disposition Proceeds for the common share, multiplied by 0.80; and
- B. CAD\$0.50 (calculated as the difference between CAD\$1.12 and CAD\$0.49, being CAD\$0.63, multiplied by 0.80).
- (h) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit has not yet been disposed of, the Notional Entitlement shall be CAD\$0.50 (calculated as the difference between CAD\$1.12 and CAD\$0.49, being CAD\$0.63, multiplied by 0.80).
9. Reliq common shares acquired through the exercise of a Reliq common share purchase warrant that was acquired as part of the Private Placement Units in the private placement that closed on or around January 9, 2018 shall be deemed not to be Eligible Securities.
10. Where a Claimant acquired Eligible Securities through the exercise of a Reliq common share purchase warrant that was not acquired as part of the Private Placement Units in the

private placement that closed on or around January 9, 2018, the Acquisition Expense for those Eligible Securities so acquired shall be equivalent to the total monies paid to exercise or convert the common share purchase warrants per Eligible Security. For greater certainty, where Eligible Securities were issued to a Claimant without any further monies having been paid for the exercise or conversion of the share purchase warrants, the Administrator shall treat any such Eligible Securities as having an Acquisition Expense of zero.

#### **CALCULATION OF MONETARY COMPENSATION AND DISTRIBUTION**

11. Each Authorized Claimant's actual compensation shall be the portion of the Net Settlement Amount equivalent to the ratio of his, her or its Notional Entitlement to the total Notional Entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, as calculated by the Administrator.
12. Compensation shall be paid to Authorized Claimants in Canadian currency.
13. If, one hundred eighty (180) days from the date on which the Administrator distributes the Net Settlement Amount to Authorized Claimants, the Escrow Account remains in a positive balance (whether due to tax refunds, uncashed cheques, or otherwise), the Administrator shall, if feasible, reallocate such balance among the Authorized Claimants in an equitable and economic fashion. If, in the opinion of the Administrator, it is not feasible to reallocate any remaining balance among the Authorized Claimants in an equitable and economic fashion, such balance shall be distributed to the Law Foundation of British Columbia.
14. By agreement between the Administrator and Class Counsel, any deadline contained in this Distribution Protocol may be extended. Class Counsel and the Administrator shall agree to extend a deadline(s) if, in their opinions, doing so will not adversely affect the efficient administration of the Settlement and it is in the best interests of the Class to do so.

**CLAIMS PROCESS**

15. In order to seek payment from the Settlement Amount, a Class Member shall submit a completed Claim Form to the Administrator on or before the Claims Bar Deadline.
16. The Administrator shall review each Claim Form and verify that the Claimant is eligible for compensation from the Net Settlement Amount, as follows:
  - (a) for a Claimant claiming as a Class Member, the Administrator shall be satisfied that the Claimant is a Class Member;
  - (b) for a Claimant claiming on behalf of a Class Member or a Class Member's estate, the Administrator shall be satisfied that:
    - A. the Claimant has authority to act on behalf of the Class Member or the Class Member's estate in respect of financial affairs;
    - B. the person or estate on whose behalf the claim was submitted was a Class Member; and
    - C. the Claimant has provided all supporting documentation required by the Claim Form or alternative documentation acceptable to the Administrator.
17. The Administrator shall ensure that only claims for compensation in respect of Eligible Securities in the Claim Form are approved.
18. If, for any reason, a Claimant is unable to complete the Claim Form then it may be completed by the Claimant's personal representative or a member of the Claimant's family duly authorized by the Claimant to the satisfaction of the Administrator.

**IRREGULAR CLAIMS**

19. The claims process is intended to be expeditious, cost effective and “user friendly” to minimize the burden on Claimants. The Administrator shall, in the absence of reasonable grounds to the contrary, assume Claimants to be acting honestly and in good faith. The Administrator shall use email for correspondence with Claimants to the maximum extent possible.
20. Where a Claim Form contains minor omissions or errors, the Administrator shall correct such omissions or errors if the information necessary to correct the error or omission is readily available to the Administrator.
21. In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by a Class Member who submits a Claim Form. Such Class Members shall have until the later of sixty (60) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information within this period shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Court to the contrary, but will in all other respects be subject to and bound by the provisions of the Settlement Agreement and the releases contained therein.
22. The claims process is also intended to prevent fraud and abuse. If, after reviewing any Claim Form, the Administrator believes that the claim contains unintentional errors which would materially exaggerate the Notional Entitlement of the Claimant, then the Administrator may disallow the claim in its entirety or make such adjustments so that an appropriate Notional Entitlement is allocated to the Claimant. If the Administrator believes



that the claim is fraudulent or contains intentional errors which would materially exaggerate the Notional Entitlement of the Claimant, then the Administrator shall disallow the claim in its entirety.

23. Where the Administrator disallows a claim in its entirety, the Administrator shall send to the Claimant, at the email or postal address provided by the Claimant or the Claimant's last known email or postal address, a notice advising that the claim has been disallowed and that the Claimant may request the Administrator to reconsider its decision. For greater certainty, a Claimant is not entitled to a notice or a review where a claim is allowed but the Claimant disputes the amount of his, her or its Notional Entitlement or his, her or its individual compensation.
24. Any request for reconsideration must be received by the Administrator within 45 days of the date of the notice advising of the disallowance. If no request is received within this time period, the Claimant shall be deemed to have accepted the Administrator's determination and the determination shall be final and not subject to further review by any court or other tribunal.
25. Where a Claimant files a request for reconsideration with the Administrator, the Administrator shall advise Class Counsel of the request and conduct an administrative review of the Claimant's complaint.
26. Following its determination in an administrative review, the Administrator shall advise the Claimant of its determination. In the event the Administrator reverses a disallowance, the Administrator shall send the Claimant, at the email or postal address provided by the Claimant or the Claimant's last known email or postal address, a notice specifying the revision to the Administrator's disallowance.

27. The determination of the Administrator in an administrative review is final and is not subject to further review by any court or other tribunal.
28. Any matter not referred to above shall be determined by analogy by the Administrator in consultation with Class Counsel.
29. No action shall lie against Class Counsel or the Administrator for any decision made in the administration of the Settlement Agreement and the Distribution Protocol without an order from a Court authorizing such an action.

This is Exhibit "C" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter was located in the City of London, in the Province of Ontario.

  
A Commissioner for Taking Affidavits in  
the Province of British Columbia



Court File No. 3957-11CP

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE  
JUSTICE H. A. RADY

) Thursday THE 13<sup>th</sup>  
)  
) DAY OF June, 2019

BETWEEN:

PETER ROONEY and ARCHIE LEACH

Plaintiffs

- and -

ARCELORMITTAL S.A., LAKSHMI N. MITTAL, ADITYA MITTAL,  
1843208 ONTARIO INC., PHILIPPUS F. DU TOIT,  
NUNAVUT IRON ORE ACQUISITION INC., IRON ORE HOLDINGS, LP,  
NGP MIDSTREAM & RESOURCES, L.P., NGP M&R OFFSHORE HOLDINGS, L.P.,  
JOWDAT WAHEED, BRUCE WALTER, JOHN T. RAYMOND, JOHN CALVERT,  
BAFFINLAND IRON MINES CORPORATION, RICHARD D. MCCLOSKEY, JOHN  
LYDALL and DANIELLA DIMITROV

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**ORDER**

**THIS MOTION**, made by the Plaintiffs for, *inter alia*, an Order fixing the date of a settlement approval motion, appointing an administrator, approving the form, content and method of dissemination of a notice of certification and settlement approval hearing, approving the claim form, and prescribing opt out procedures, was heard this day at 80 Dundas Street, London, Ontario.

**ON READING** the materials filed, including the Settlement Agreement dated June 7, 2019 attached hereto as **Schedule "1"** ("**Settlement Agreement**"), and on hearing the submissions of Counsel for the Plaintiffs and Counsel for the Defendants.

G.A.

**ON BEING ADVISED** that the Defendants consent to this Order.

1. **THIS COURT DECLARES** that, except as otherwise stated, this Order incorporates and adopts the definitions set out in the Settlement Agreement.
2. **THIS COURT ORDERS** that the hearing of the Plaintiffs' motion to approve the Settlement and the hearing of the Plaintiffs' motion for approval of Class Counsel Fees shall take place on September 6, 2019.
3. **THIS COURT ORDERS** that the form and content of the short-form First Notice, substantially in the form attached hereto as **Schedule "2"**, is hereby approved.
4. **THIS COURT ORDERS** that the form and content of the long-form First Notice, substantially in the form attached hereto as **Schedule "3"**, is hereby approved.
5. **THIS COURT ORDERS** that the Plan of Notice, substantially in the form attached hereto as **Schedule "4"**, is hereby approved for the purpose of the publication and dissemination of the First Notice and the Claim Form.
6. **THIS COURT ORDERS** that the form and content of the Claim Form, substantially in the form attached hereto as **Schedule "5"**, is hereby approved.
7. **THIS COURT ORDERS** that Epiq Class Action Services Canada Inc. is hereby appointed as the Administrator pursuant to the Settlement Agreement.
8. **THIS COURT ORDERS** that in order to be entitled to participate in a distribution from the Net Settlement Amount, a Class Member must:
  - (a) submit a properly completed Claim Form to the Administrator, using the online claim portal established by the Administrator or by submitting a paper Claim Form by mail or courier to the Administrator, received by the Administrator on or

before 11:59pm Toronto (Eastern) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published (“**Claims Bar Deadline**”);

(b) submit, together with the Claim Form, any supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator; and

(c) otherwise comply with the instructions set out in the Claim Form.

9. **THIS COURT ORDERS** that any Class Member who wishes to validly exclude him, her or itself from the Action must do so by submitting to the Administrator by mail, courier or email a written opt out election (“**Opt Out Election**”) to be received by the Administrator on or before 5:00pm Toronto (Eastern) time on the date that is 45 calendar days after the date on which the First Notice is first published (“**Opt Out Deadline**”).

10. **THIS COURT ORDERS** that an Opt Out Election:

(a) must contain a statement of intention to opt out of the Action by the Class Member or a person authorized to bind the Class Member;

(b) must state the number of Common Shares and the number of 2007 Warrants held by the Class Member at the close of trading on the Toronto Stock Exchange on September 21, 2010;

(c) must contain a listing of all transactions on and after September 22, 2010 by which the Class Member purchased, acquired, sold or tendered BIM Securities,

G.H.

which must show, for each transaction, the type of BIM Security (Common Shares or 2007 Warrants), the number of BIM Securities and the date of the transaction;

- (d) must be supported by documents to evidence such transactions, in the form of trade confirmations, brokerage statements or other transaction records allowing the Administrator to verify the transactions;
- (e) must contain the name, address, telephone number and email address of the Class Member; and
- (f) may, at the option of the Class Member, contain a statement of the Class Member's reason for opting out.

11. **THIS COURT ORDERS** that any Class Member who delivers a valid Opt Out Election, in accordance with paragraphs 9 and 10 of this Order, may revoke that Opt Out Election by submitting to the Administrator by mail, courier or email a written statement that he, she or it wishes to revoke the Opt Out Election, which must be received by the Administrator on or before 5:00pm Toronto (Eastern) time on the date that is five (5) calendar days after the Opt Out Deadline ("**Opt Out Revocation Deadline**").

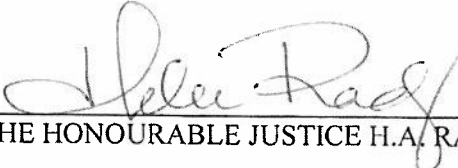
12. **THIS COURT ORDERS** that an Opt Out Election that is revoked in accordance with paragraph 11 of this Order shall be null and void and have no force or effect, and the Class Member who submitted the Opt Out Election shall not be considered an Opt Out Party.

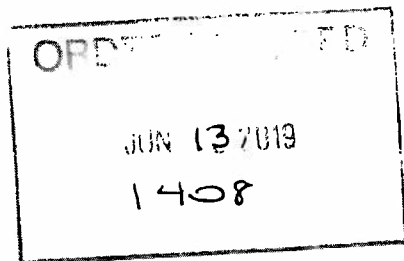
13. **THIS COURT ORDERS** that the Administrator shall, immediately upon receipt by it, provide to Class Counsel copies of any Opt Out Elections received on or before the Opt Out Deadline.
14. **THIS COURT ORDERS** that, at any time up to the Opt Out Revocation Deadline, Class Counsel may contact any Class Member who has submitted an Opt Out Election to confirm that they wish to exclude him, her or itself from the Action, and to explain to him, her or it the significance of the Opt Out Election.
15. **THIS COURT ORDERS** that, by no later than the date that is seven (7) calendar days after the Opt Out Deadline, the Administrator shall:
  - (a) report to the lawyers for the Parties the number of Eligible Securities of each Opt Out Party and the total number of Eligible Securities of all Opt Out Parties; and
  - (b) provide to the lawyers for the Parties copies of the Opt Out Elections submitted by Opt Out Parties.
16. **THIS COURT ORDERS** that any person who would otherwise be a Class Member who validly excludes him, her or itself from the Action, in accordance with paragraphs 9 and 10 of this Order, and who has not revoked his, her or its Opt Out Election in accordance with paragraph 11 of this Order, is not bound by the Settlement Agreement and shall no longer participate or have the opportunity in the future to participate in the Action and the Settlement.
17. **THIS COURT ORDERS** that any person who is a member of the Class and who does not validly exclude him, her or itself from the Action in accordance with paragraphs 9 and 10 of this Order, or who revokes an Opt Out Election in accordance with



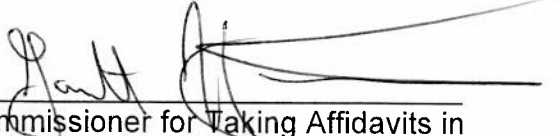
paragraph 11 of this Order, will be bound by the Settlement Agreement, including the releases contained therein, if and when it becomes effective, and may not exclude him, her or itself from the Action in the future, whether or not a claim to participate in the distribution of the Settlement Amount is submitted by that person.

18. **THIS COURT ORDERS** that Class Members who wish to file with the Court an objection or comment on the Settlement, the Distribution Protocol or the request for approval of Class Counsel Fees shall deliver to Class Counsel by mail, courier or email a written statement by no later than 14 days prior to the Approval Motion.
19. **THIS COURT ORDERS** that Baffinland shall forthwith deliver or cause to be delivered to the Administrator the information required under section 11.2(1) of the Settlement Agreement.
20. **THIS COURT ORDERS** that the time for the service and filing of the Plaintiffs' materials for the motion is hereby abridged.

  
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THE HONOURABLE JUSTICE H.A. RADY



This is Exhibit "D" mentioned and referred to in Affidavit #1 of Jared Rosenbaum SWORN/AFFIRMED BEFORE ME remotely. The affiant was located in the City of Toronto, in the Province of Ontario, while the commissioner, Garrett Hunter was located in the City of London, in the Province of Ontario.

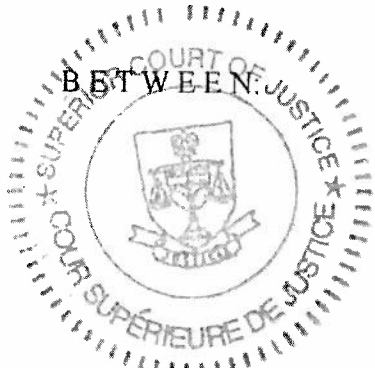
A handwritten signature in black ink, appearing to read "Garrett Hunter", written over a horizontal line.

A Commissioner for Taking Affidavits in  
the Province of British Columbia

ONTARIO  
SUPERIOR COURT OF JUSTICE

THE HONOURABLE  
JUSTICE LYNNE LEITCH

) FRIDAY, THE 3<sup>RD</sup> DAY  
)  
) OF SEPTEMBER, 2010



METZLER INVESTMENT GMBH

Plaintiff

and

GILDAN ACTIVEWEAR INC., GLENN J. CHAMANDY, GLENN J. CHAMANDY  
HOLDINGS CORPORATION, and LAURENCE G. SELLYN

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**ORDER**

**(Certification & Notice Approval)**

**THIS MOTION**, made by the Plaintiff for, *inter alia*, an Order certifying this action as a class proceeding for the purpose only of settlement and approving the form and method of dissemination of notice to class members was heard in London, Ontario on August 6, 2010.

**ON READING** the materials filed, including the settlement agreement dated August 2, 2010 between the parties (the "Settlement Agreement"), and on hearing the submissions of counsel for the Plaintiff and counsel for the Defendants:

1. **THIS COURT DECLARES** that except as otherwise stated, this Order incorporates and adopts the definitions set forth in the Settlement Agreement, which is attached hereto as **Schedule "A"**.
2. **THIS COURT ORDERS** that, subject to paragraph 18 herein, the within proceeding is certified as a class proceeding, for purposes of settlement only, pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c.6, sections 2 and 5.
3. **THIS COURT ORDERS** that the "Ontario Class" is defined and certified as:

All persons who purchased or otherwise acquired common shares of Gildan during the period from and including August 2, 2007 to and including April 29, 2008 and either: (i) are now or were at the time of such purchase or acquisition Canadian residents or (ii) purchased or otherwise acquired such shares on the Toronto Stock Exchange; but does not include persons who are either: (i) Excluded Persons or (ii) members of the Québec Class.

4. **THIS COURT DECLARES** that the causes of action asserted in this Action on behalf of the Ontario Class are negligence, negligent and reckless misrepresentation and unjust enrichment.
5. **THIS COURT ORDERS** that Metzler Investment GmbH is appointed as the Representative Plaintiff for the Ontario Class within this proceeding.
6. **THIS COURT ORDERS** that the within proceeding is certified for settlement purposes only on the basis of the following common issues:

Were Gildan's pleaded public statements during the Class Period materially false and/or misleading regarding: (i) the comparable scale of production of its Dominican Republic manufacturing facility to that of its more mature Honduras manufacturing facility; and (ii) Gildan's earnings per share for Fiscal 2008 guidance?

7. **THIS COURT ORDERS** that Siskinds <sup>LLP</sup> is hereby appointed and approved as the Escrow Agent and that NPT RicePoint Class Action Services is hereby appointed and

approved as the Administrator for purposes of the proposed settlement and carrying out the duties respectively assigned to the Escrow Agent and the Administrator under the Settlement Agreement, and shall be subject to the jurisdiction of this Court for all matters relating to the Ontario Action, including the administration, interpretation, effectuation or enforcement of the Settlement Agreement and this Order.

8. **THIS COURT ORDERS** that the form and content of the Long-Form Notice, substantially in the form attached hereto as **Schedule "B"**, is hereby approved.
9. **THIS COURT ORDERS** that the form and content of the Short-Form Notice, substantially in the form attached hereto as **Schedule "C"** is hereby approved.
10. **THIS COURT ORDERS** that the Administrator shall cause the Short-Form Notice and the Long-Form Notice to be published and/or disseminated in accordance with the Plan of Notice attached as Schedule "B" to the Settlement Agreement. In addition, the Short-Form Notice shall be published in the international edition of the Wall Street Journal contemporaneously with the publications in the Newspapers.
11. **THIS COURT ORDERS** that individuals or entities who would otherwise be members of the Ontario Class but who elect to opt out of the Ontario Class must do so by preparing and signing an Opt-Out Request which clearly states that the Ontario Class Member requests exclusion from the Class, and includes the Ontario Class Member's name, address, telephone number and email address (if available) all of the date(s), price(s), and the number(s) of all of the Gildan common shares they purchased, acquired or sold during the Class Period and on which exchange, and by sending his, her or its Opt-Out Request to the Administrator, at the address indicated in the Pre-Approval Notices,

postmarked no later than the Opt-Out & Objection Deadline, namely, sixty (60) calendar days after the date the Short-Form Notice is first published pursuant to paragraph 10 above. Subject to further order of the Court, no person or entity may opt out of the Ontario Class after the expiry of the Opt-Out & Objection Deadline.

12. **THIS COURT ORDERS** that any potential member of the Ontario Class who elects to opt out of the Ontario Class in accordance with paragraph 11 of this Order may not participate in the settlement, if approved.
13. **THIS COURT ORDERS** that any Ontario Class Member who does not validly opt out in the manner and time prescribed above shall be deemed to have elected to participate in the settlement and be bound by the terms of the Settlement Agreement if approved and all related Court Orders, regardless of whether the Ontario Class Member has timely filed a Claim Form.
14. **THIS COURT ORDERS** that the form and content of the Claim Form, substantially in the form attached hereto as **Schedule "D"**, is hereby approved.
15. **THIS COURT ORDERS** that in order to be entitled to participate in a distribution from the Net Settlement Amount, each member of the Ontario Class shall take the following actions and be subject to the following conditions:
  - (a) submit a properly executed Claim Form to the Administrator, at the address indicated in the Pre-Approval Notices, postmarked no later than the Claims Deadline, namely, one hundred twenty (120) calendar days after the date set herein for the publication of the Short-Form Notice;
  - (b) submit, together with the Claim Form, any supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker

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account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Administrator;

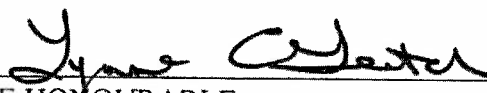
- (c) the Claim Form must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury;
  - (d) if the person executing the Claim Form is acting in a representative capacity, a certification of his, her or its current authority to act on behalf of the Ontario Class Member must be included in the Claim Form;
  - (e) each Claim Form shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first class mail, postage prepaid) provided that such Claim Form is actually received prior to the distribution of the Net Settlement Amount; and
  - (f) any Claim Form submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Pre-Approval Notices, provided that such Claim Form is actually received prior to the distribution of the Net Settlement Amount.
16. **THIS COURT ORDERS** that, as part of the Claim Form, each Ontario Class Member shall submit to the jurisdiction of this Court with respect to the claim submitted, and shall (subject to the approval of the Settlement Agreement by the Courts) release all Settled Claims against the Released Parties.
17. **THIS COURT ORDERS** that Ontario Class Members who wish to file with the Court an objection or comment to the Settlement Agreement or to the approval of the fees of counsel for the Plaintiff shall deliver a written statement to counsel for the Plaintiff, at the address indicated in the Pre-Approval Notices, no later than sixty (60) calendar days after the date the Short-Form Notice is first published pursuant to paragraph 10 above, and

counsel for the Plaintiff shall file all such submissions with the Court prior to the hearing of the Approval Motion.

18. **THIS COURT ORDERS** that if the Settlement Agreement is terminated pursuant to any rights of termination therein, then:

- (a) this Order (except for paragraphs 1 and 18 herein) shall be set aside, be of no further force or effect, and be without prejudice as to any party;
- (b) the Ontario Action shall be immediately decertified as a class proceeding pursuant to Section 10 of the *Class Proceedings Act, 1992*, without prejudice to the Plaintiff's ability to reapply for certification and the Defendants' ability to oppose certification on any and all grounds; and
- (c) each party to the Ontario Action shall be restored to their respective position in the Ontario Action as it existed immediately prior to the execution of the Settlement Agreement.

19. **THIS COURT ORDERS** that the time for service and filing of this motion is hereby abridged.

  
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THE HONOURABLE  
JUSTICE LYNNE LEITCH

