



**ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2017**

September 25 , 2018

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General Information

Cautionary Note Regarding Forward-Looking Information

This annual information form (“AIF”) contains certain information concerning the business, operations and financial performance and condition of VersaPay Corporation (“VersaPay” or the “Company”) which may constitute “forward-looking information” within the meaning of applicable Canadian securities laws. Generally, forward-looking information can be identified by the use of terminology such as “anticipates”, “believes”, “expects”, “plans”, “intends”, “estimates”, “schedules”, “forecasts”, “budgets”, “proposes”, or variations or comparable language of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will”, “occur” or “be achieved” or the negative connotation thereof. Forward-looking information in this AIF includes, but is not limited to: expectations regarding future revenues, earnings, capital expenditures, operating and other costs; business strategy and objectives; market trends; acquisition and disposition plans; the sufficiency of cash and working capital for future operations; and the timing and the completion of various development projects.

Forward-looking information is based upon certain assumptions and other important factors that, if untrue or incorrect, could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such information. Such information is based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including: the Company’s plans with respect to its products and services, including timing, content and pricing; market and industry expectations; a continuing increase in the number of customer relationships; the length of the sales cycles; the competitive environment; the ability to maintain or accurately forecast revenue from the Company’s products or services; the ability of the Company to identify, hire, train, motivate and retain qualified personnel; the ability of the Company to develop, introduce and implement new products as well as enhancements or improvements for existing products that respond, in a timely fashion, to customer/product requirements and rapid technological change; general economic, business and political conditions; stock market volatility; anticipated costs and ability to achieve goals; the impact of any changes in the laws and regulations in the jurisdictions in which the Company operates; and the effect of new accounting pronouncements or guidance. Although the Company believes its expectations are based upon reasonable assumptions and has attempted to identify important factors based on its current expectations, estimates and projections that could cause actual actions, events or results to differ materially from those described in forward-looking information, these are subject to a number of significant risks and uncertainties and there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended.

Forward-looking information is subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: taxes, reliance on third-party service providers, potential failures of VersaPay and third-party systems, failure to develop or market new products or services, intellectual property, third-party claims for intellectual property infringement, privacy breach by service providers, merchant fraud, security breaches, service interruptions by cyber-terrorists or fraudulent or illegal use of services, competition, additional financing, variable revenues/earnings, dependence on key personnel, merchant attrition, loss of sales partners, increases in interchange rates, non-sufficient funds, market demand for products and services, changes in consumer spending, operating risk and insurance, conflicts of interest, stock price volatility, government regulations, litigation, general economic conditions, foreign exchange, liquidity, interest rates, internal controls and acquisitions strategy, as more particularly described in the section entitled “Risk Factors” in this AIF. The foregoing list is not exhaustive and other risks are detailed from time to time in other continuous disclosure filings of the Company. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking information contained in this AIF is made as of the date of this AIF and, accordingly, is subject to change after such date. Forward-looking information is disclosed for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. VersaPay does not intend or undertake to publicly update any forward-looking information included in this AIF, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

To the extent any forward-looking information in this AIF constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is used by the Company for budgeting and planning purposes and the reader is cautioned that this information may not be appropriate for any other purpose. The reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above.

Explanatory Notes

The fiscal year end of VersaPay is December 31.

Except as otherwise indicated in this AIF, the information herein is given as of December 31, 2017.

Unless otherwise indicated or the context otherwise requires, all references in this AIF to "VersaPay" or the "Company" refer to VersaPay Corporation and its wholly-owned subsidiary, VersaPay Payment Technology Solutions, Inc.

Unless otherwise stated herein, all references in this AIF to "dollars" or "\$" are to Canadian dollars and all financial information reflected herein is determined on the basis of, and prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise indicated.

Corporate Structure

Names, Address and Incorporation

VersaPay Corporation was formed on January 12, 2010, pursuant to articles of amalgamation under the *Canada Business Corporations Act* (“**CBCA**”). VersaPay is a reporting issuer listed on the TSX Venture Exchange (“**TSXV**”) under the symbol “VPY”. VersaPay’s registered office is located at 885 West Georgia Street, Suite 2200, Vancouver, British Columbia, Canada, V6C 3E8. The Company’s principal place of business and head office is Suite 1800, 18 King Street East, Toronto, Ontario M5C 1C4.

Intercompany Relationships

As of the date of this AIF, the Company has one wholly-owned subsidiary, VersaPay Payment Technology Solutions, Inc. (“**VersaPay U.S.**”), a Delaware corporation.

General Development of the Business

Overview

VersaPay is a financial technology company that provides a cloud-based invoice-to-cash solution known as Accounts Receivable (“**AR**”) Automation. VersaPay’s AR Automation platform, ARC® is an end-to-end solution that integrates with companies’ accounting or ERP systems to deliver electronic invoice presentment and payment, cash application and collections management. The Company also provides secure electronic payment processing capabilities as an integrated part of its AR Automation.

Three Year History

Recent Developments

On August, 14, 2018 VersaPay Launched new mobile App in recognition of the growing number of end-customer users who were accessing ARC® from their smartphones, allowing for an improved user experience of the ARC® platform on smartphones and tablets.

On May, 25, 2018 the Company announced a new partnership with First Data to offer global payment processing to VersaPay’s clients. The partnership gives VersaPay improved pricing, faster onboarding and greater market reach as VersaPay clients are now able to process payments in more countries and currencies.

On May, 18, 2018 VersaPay appointed a new Chief Financial Officer, Mr. Shouvik Roy. Mr. Roy was previously a senior member of the finance team at Freshbooks. Mr. Roy replaced the former and interim Chief Financial Officer, Mr. Harp Gahunia, who resigned to pursue other endeavours.

Fiscal Year Ended December 31, 2017

On November, 16, 2017 the Company announced a number of key leadership changes. Ross Pellizzari assumed the role of Chief Revenue Officer; and Jason Read joined the Company as Chief Product Officer, being responsible for product management, sales engineering, and the VersaPay’s “Client Success” teams.

On October, 13, 2017 VersaPay announced the closing of a \$10.7 million non-brokered private placement to fund its US Expansion plan.

On March, 14, 2017 the Company announced that ARC® had achieved Oracle Validated Integration certification with Oracle’s JD Edwards EnterpriseOne. Oracle Validated Integration, available through the Oracle PartnerNetwork (OPN), is Oracle’s certification that the integration of a complimentary partner software

product (VersaPay's ARC® program) with an Oracle "on-premises" Application has been validated and the products work together as designed.

On February, 2, 2017 the Company closed the sale of its Merchant Services business to BluePay Canada ULC ("**BluePay**"), disposing of the Company's point-of-sale payment processing segment and allowing the Company to focus on growing as a "software as a service" ("**SaaS**") provider. In connection with closing the transaction, VersaPay received \$10 million in cash, of which \$500,000 has been placed in an escrow account for 12 months to cover potential purchase price adjustments and other potential liabilities for which BluePay is indemnified. An additional \$1 million is payable to VersaPay 12 months following closing of the transaction, conditional upon 5% growth in VersaPay's Merchant Service portfolio from newly acquired merchants over such 12-month period. The Company had entered into a definitive agreement with BluePay on November, 29, 2016, and received shareholder approval therefor on January, 10, 2017. In connection with the disposition, Patrick McDonald, who previously led the Company's Merchant Services business, resigned from his role of President in order to pursue other opportunities.

Fiscal Year Ended December 31, 2016

On August, 25, 2016 VersaPay Announced new Director and Officer appointments. Tim Stanley joined the Board of Directors of the Company and Matthew Roby became VersaPay's Chief Technology Officer.

On May, 17, 2016 the Company announced it had completed Service Organization Control 1 Audit ("**SOC1**") and Service Organization Control 2 ("**SOC2**") audits. These audits show that the Company continues to expand its compliance regime as a SaaS provider of accounts receivable automation. Completion of these audits provides an additional level of assurance to VersaPay customers that the Company meets or exceeds industry standards for SOC1 and SOC2 level security compliance. With the addition of SOC1 and SOC2 compliance to its existing certification as a PCI Level 1 payment provider, VersaPay can assure the largest of potential clients that their AR processes runs in a reliable and secure environment.

On May, 13, 2016 the Company announced that it had closed a short form prospectus offering of 4,600,000 common shares in the capital of the Company ("**Common Shares**") at a price of \$1.00 per share, which included 600,000 shares issued pursuant to the exercise in full of the over-allotment option, for gross proceeds of \$4,600,000. The 2016 Financing was led by Haywood Securities Inc. and included Cormark Securities Inc. and PI Financial Corp.

On February 29, 2016, the Company announced that it had hired Harp Gahunia of Kava Consulting as interim Chief Financial Officer and had initiated a process to fill the position on a permanent basis. David Chan, the Company's former Chief Financial Officer, resigned from the Company, resigned left the Company as of February 26, 2016.

Fiscal Year Ended December 31, 2015

On May 7, 2015, the Company announced that it had completed a bought-deal private placement (the "**2015 Private Placement**") for gross proceeds of approximately \$4.84 million through the issuance of 3,457,144 units of the Company at a price of \$1.40 per unit. Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant. The 2015 Private Placement was led by Haywood Securities Inc. and included Cormark Securities Inc.

Significant Acquisitions

The Company did not complete any significant acquisitions in the fiscal year ended December 31, 2017, for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

Description of the Business

General

VersaPay is a financial technology company that provides a cloud-based invoice-to-cash solution known as AR Automation. VersaPay's AR Automation platform, ARC® is an end-to-end solution that integrates with companies' accounting or ERP systems to deliver electronic invoice presentment and payment, cash application and collections management. The Company also provides secure electronic payment processing capabilities as an integrated part of its AR Automation.

The Company's primary focus is on its AR Automation solution. ARC® is a Business-to-Business ("B2B") solution that reinvents the AR process, enabling suppliers to deliver invoices and collect payments electronically by collaborating with their customers online. The ARC® platform helps suppliers get paid faster, reduces the manual effort associated with managing AR, and improves their customers' experience doing business with them.

The Company's payment capability, PayPort™ is a flexible online payments tool that allows individuals and businesses to make and receive payments quickly and securely. ARC® and PayPort™ share a common suite of secure cloud-based application and payment services including a flexible Application Program Interface ("API") that can also be used by third-parties to payment-enable their products.

Strategy

VersaPay's growth strategy is founded on the belief that there is tremendous untapped opportunity to innovate in the B2B electronic payments space.

Many companies have thrived in Business-to-Consumer ("B2C") electronic payments. PayPal, Square, Braintree, Visa and MasterCard are common examples, and with the entry of Apple's ApplePay service, interest in electronic payments is higher than ever before. However, the B2B electronic payments market has lagged significantly behind B2C. In many industries, B2B electronic payments account for a small minority of the overall payments suppliers receive from their business customers.

What's more, most attempts at eliminating the paper in B2B commerce have focused on the accounts payable ("AP") side. That is, large companies and software vendors have developed sophisticated solutions to help the buy-side automate the process of receiving and verifying invoices, approving payments and transferring funds electronically. These AP solutions have typically catered to buyers that have enough scale and clout to impose their systems on their suppliers.

There are fewer solutions, though, available to help suppliers collect payments from their customers. Suppliers in B2B industries typically sell to customers "on account", meaning they extend credit to customers by issuing an invoice along with the delivery of goods or services. In doing so, they accumulate AR that must be collected upon. Most suppliers operate a largely manual AR process that encompasses four parts: invoice presentment (or invoice delivery), collections, payment processing and cash application. Most invoices are delivery by mail or email, collections are done by phone or via email, payments are received by cheque, and cash application is completed by reviewing cheque stubs or emails and making entries into the supplier's accounting system.

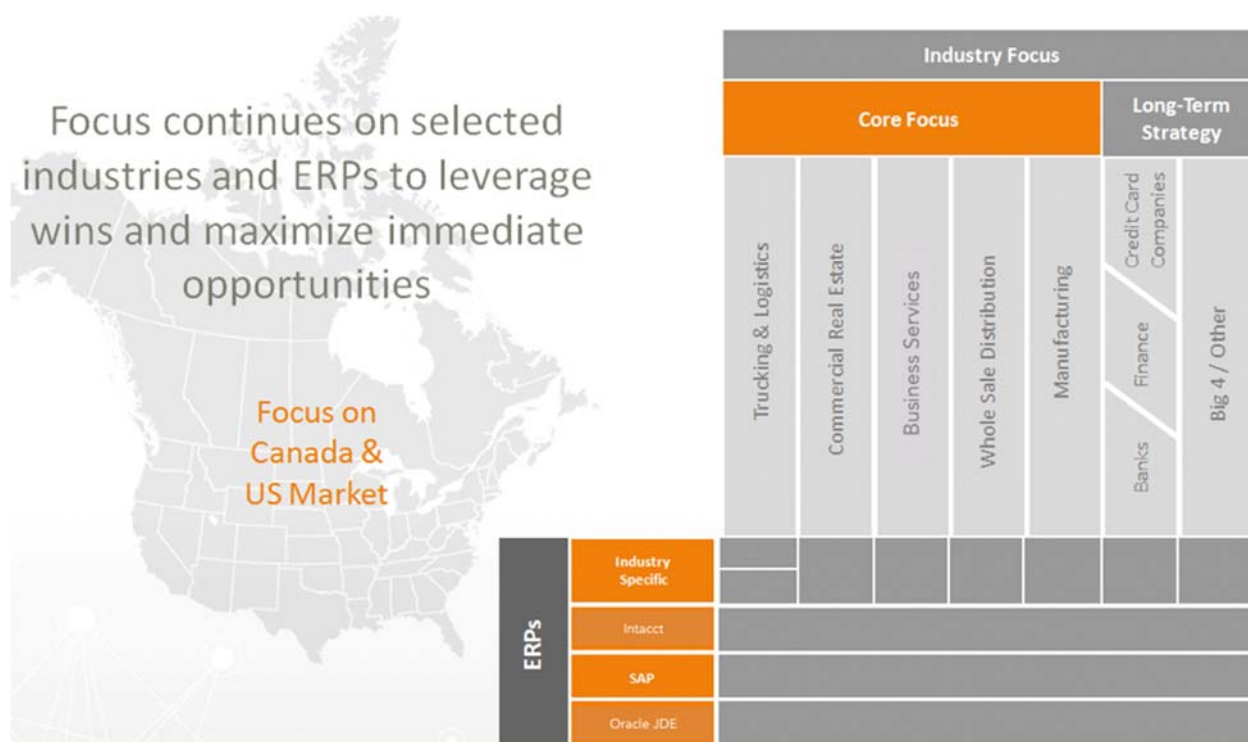
It is this manual process – AR – that presents a significant growth opportunity for the Company. VersaPay has made it its mission "to create a sea change in the way companies manage their accounts receivable" and made it its primary goal to become "the new standard in AR Automation." To pursue this mission and accomplish this goal, the Company has invested significant amounts in research and development ("R&D"), and sales and marketing to create a compelling product and generate market awareness.

These investments have been made with success, and the Company now enjoys a leadership position with respect to its product capabilities and its recognition in the market. Therefore, the Company's current strategy is to continue to build on these strengths, advancing its product lead through continued R&D investment guided by close relationships with customers, and gaining momentum in the market through vertical market

penetration via its direct salesforce and through leveraging channel partners' access to their existing customer base.

The Company has established partnerships with RBC, Ricoh and several VARs of Intacct and Oracle JD Edwards and is developing other such partnerships. Each of these companies has recognized the growth potential of AR Automation and believes VersaPay's solution can help deliver on that potential.

Market Verticals



Trends

There are four general trends that support the Company's strategy to offer AR Automation. Each of these trends align with the Company's growth strategy and, taken together, they are a strong endorsement of what VersaPay is doing and will assist the Company in gaining meaningful traction in its markets.

The first trend is the widespread move, across industries, from paper and bank-processed payment files to electronic paperless payments. The "Electronic Payments Survey, Association for Financial Professionals, September 2016" indicates that 70% of business respondents believe it is very likely their organizations will convert the majority of their payments to electronic means within the next three years. Because B2B billing and payments continue to be largely paper-based, this trend suggests there will be major opportunities for companies that can provide compelling products and services that assist businesses in going electronic.

Another general trend is the adoption of cloud-based computing. No longer met with skepticism or concern, most companies now view cloud-based solutions as the preferred choice for their next generation system. Thanks to companies like Google and Amazon, cloud-based computing is often perceived as more secure, scalable and cost-effective than in-house information technology ("IT") solutions. The cloud-based approach works extremely well for payment-enabled solutions as it alleviates the user from being concerned with integration and security issues.

A third trend is the growing desire for companies to offer their customers fast, convenient, highly functional self-service tools that increase customer engagement and overall satisfaction. Just as most consumers prefer to deal with financial institutions, utilities, etc., online to place and track orders, get help, and pay bills, more

and more business customers prefer to engage with their suppliers online. Suppliers that can provide this online service at every stage of the order lifecycle, including invoicing and payment, can improve customer relationships.

And finally, after years of effort and investment in the credit card ecosystem, there is growing interest on the part of B2B industry players, buyers and sellers alike, to make and to accept credit card payments. This is largely due to pressure from buyers who have several reasons for their preference to use credit cards; for example, better cash management, greater control, increased traceability, and loyalty programs. While sellers have historically resisted accepting credit cards due to the associated fees, many suppliers are beginning to appreciate the benefits, such as the potential to get paid faster and to reduce AR risk. Credit cards, when accepted via a system like ARC®, can become a strategic tool for decreasing Days Sales Outstanding (“DSO”) and reducing bad debt expense. This trend assists VersaPay by (i) heightening supplier interest in using ARC®; and (ii) encouraging key credit card industry constituents to work with VersaPay to bring ARC® to market.

Principal Product/Solutions and Service

ARC® - Accounts Receivable Solution

VersaPay is focused on growing its flagship product built for AR Automation, ARC®. The Company believes, as a recurring revenue SaaS business, it will enjoy high margins and strong long-term growth prospects as it gains market share in the AR Automation market. The success of ARC® is central to the Company’s growth strategy and management has aligned the Company’s business plan and resources to this end.

ARC® is designed for businesses of all sizes from SMBs to large enterprises. Existing electronic billing software companies focus on either large enterprises or small office/home office companies or are B2C oriented. By contrast, ARC® is focused on B2B and it offers the sophistication required to support B2B transactions. There are only a few direct competitors in this segment. The majority of suppliers in North America continue to employ AR and collections processes that are paper or email based and largely manual in nature. ARC® is specifically designed to automate much of the AR and collections process, resulting in significant and measurable process improvements and cost savings for suppliers and an enhanced experience for customers.

Revenues from ARC® are derived from monthly subscription fees, transaction fees and credit card processing fees. ARC® subscription fees are based on the volume of invoices customers publish to their end-customers, connectors to Enterprise resource planning (“ERP”) systems, number of users, and the “edition” or feature set of the software subscribed to.

PayPort™

PayPort™ is a product that allows small and mid-sized businesses and individuals to send and receive payments electronically, and other applications to become electronic-payment-enabled. It uses underlying cloud-based payment processing services and related APIs that support ARC®. Fund transfers can be initiated via email, batch file upload, direct credit and debit, API or online Pre-Authorized Debit agreements. With PayPort’s™ secure web portal, businesses can manage transactions, check the status of transactions and generate reports. Revenues from PayPort™ are derived from transaction fees.

Research and Development

VersaPay’s growth and future success is fundamentally tied to its ability to develop advanced software products that bring the level of innovation seen in B2C payments to the B2B world. As such, the Company makes a significant investment in R&D each year, employs skilled software experts and utilizes the latest technologies, tools and processes in its software development work.

VersaPay’s software is built to be smart, simple and secure. It is “smart” in that it is highly flexible to meet the needs of a variety of businesses across many B2B industries and offers advanced features that are only possible through extensive collaboration with customers. It is “simple” to implement and simple to use as sophisticated “connectors” allow close to plug and play integration with other systems, which is critical in B2B solutions, and

user experience is designed for clarity and ease of use. As the software initiates and settles electronic payments, it is developed to the highest security standards. The Company and the software is audited annually by a third-party auditor to ensure PCI Level 1 compliance, the credit card industry's highest level of security compliance.

Intellectual Property

VersaPay's success and future growth are dependent on its ability to develop innovative payment-enabled technology solutions. The Company relies upon a combination of trade secrets, trademarks and contractual restrictions to protect its intellectual property.

VersaPay licences its software pursuant to written licence agreements which impose restrictions on the user's ability to utilize or copy the software. The Company requires employees and consultants to execute confidentiality and non-competition agreements and restricts access to source code. Employment agreements contain provisions that assign intellectual property and ownership rights to VersaPay.

Partners

The Company works with several partners in Canada and the United States to (i) gain access to markets and (ii) enhance its product offering. Partnerships of type (i) include a white-label partnership with a major financial institution, a reseller partnership with Ricoh, and several reseller and referral partnerships with VARs like Intacct and others. Partnerships of type (ii) include First Data, TD Merchant Services, Cayan Merchant Services and Vericheck for payment processing services, and Cloud Elements for ERP integration technology. The Company is developing additional partnerships of both types.

Customer Base

VersaPay's growth efforts are focused on being the 'new standard in AR automation' and expanding its ARC® client base in targeted industries. Currently the company has 150 ARC® clients spanning commercial real estate, transportation & logistics, technology, wholesale/distribution, manufacturing and business services. These clients leverage ARC® to facilitate their invoice-to-cash process and transact with nearly 127,000 business customers. VersaPay PayPort™, an electronic payment platform for small business, is the Company's secondary line of business which serves hundreds of customers across a range of industries, including technology companies, fintech lending companies, web-based services companies and traditional bricks and mortar businesses.

Market Geography

The Company's focus is centred on the United States and Canadian markets given the extensive opportunity encompassing the medium to large enterprise market. Within that geography and size of enterprise band, there are hundreds of thousands of companies that are prospective customers. Since ARC® is a cloud-based service, geography does not pose restrictions on new business opportunities. While the Company's immediate focus will be on these markets, there is extensive opportunity to target other international markets in the future.

Principal Markets, Marketing Plans & Strategies

VersaPay ARC® is a SaaS based solution targeted primarily at B2B organizations. While it can easily serve B2C, the company has strategically targeted B2B as it is such a large underserved market in need of answers to address big challenges in financial operations and customer experience. Companies of all sizes have a need for and can benefit from ARC®.

One common element across all prospective clients in the market is that AR automation is in its infancy in relative terms compared to other technology solutions, such as AP automation which has been going strong for years with dozens of service providers. Despite the fact that there are numerous challenges that companies

are experiencing which can be addressed with an AR solution, very few companies have invested in reinventing their AR processes, which means there is an extremely large underserved market.

VersaPay believes the time is ripe for AR solutions based on multiple factors including the large and growing acceptance of cloud-based technologies, the trend towards and even customer demand for electronic payment enablement as well as a growing interest on the part of many businesses to undergo digital transformation to ready their organizations for evolving marketscapes, global competition and the ability to grow in an efficient and sustainable manner. Millennials entering the workforce at an increasing rate at all levels are making an impact as well by questioning the obvious and insisting that companies ready themselves for the future. All of this is underscored with the current bombardment from large accounting firms on the need to drive digital transformation.

This is an emerging market so it is fundamental to VersaPay's marketing and brand strategy to help create market awareness by engaging in thought leadership and helping businesses understand the art of the possible and how VersaPay can help them transform their invoice-to-cash process and do it in a new and fundamentally better way. ARC® makes an immediate and major positive impact on their business. VersaPay works with various third parties to create messages around transformation, to host webinars, sponsor industry events, participate in speaking engagements as well as numerous other approaches to create a leadership position. The Company works with a range of organizations, associations, research analysts and industry influencers such as Gartner, IDC, Association for Finance Professionals, Credit Research Foundation, Credit Institute of Canada, Receivables Management Association, American Institute of Certified Public Accountants, CPA Canada and numerous others. Additionally, work is done through partner organizations including Oracle, JD Edwards, Intacct, RICOH, MRI, and many others to carry the message and promote engagement.

As part of the overall branding and marketing effort VersaPay positions itself as the "New Standard In AR Automation", to move prospective clients from the stage of considering the possibility of digital transformation to the point where they can now deploy the best possible solution to transform their business. Brand awareness is built through digital marketing, social media programs, public relations, webinars, live industry events and direct marketing initiatives. Early-stage customers are referenced to showcase the significant advantages available to companies who implement ARC®. As new customers are on-boarded and achieve measurable improvements those successes are profiled with other prospective accounts in the same industry. A primary example of this is the success VersaPay has achieved in commercial real estate where ARC® is becoming the go-to solution for the largest players in the North American market with a steady flow of wins.

VersaPay has established strategic priorities to focus the company's resources in order of priority to gain the most momentum and realize the best return for shareholders. The company has determined that it is best served to target its direct sales force on medium to large enterprise or companies with annual revenues of \$100 million, and up to those with multiple billions, even the Fortune 1000. All of these companies have challenges with their invoice-to-cash process and ARC® is a solution that can help them drive huge positive impact in the immediate term.

To obtain broader market coverage VersaPay works with channel partners who interact regularly with businesses that are sub \$100 million in annual revenue. The number of companies in this lower revenue strata dictates the need for wider coverage through third parties. Partners have more feet on the street to provide access to companies and in many cases have established relationships with those organizations. Those existing relationships are powerful as they can be used to initiate the conversation and in many cases be the entire justification for an organization signing up for ARC® as it is simply a product extension in the partner's portfolio.

While company size is a determining factor when targeting opportunities, there are other aspects that come into play including the characteristics of a prospective client's operations and the industry they operate in. Favourable characteristics for ARC® deployment include a supplier with a relatively large number of small to medium sized customers, issuance of multiple invoices to each customer on a monthly basis and the requirement to streamline processes, improve financial metrics like DSO/FCF, reduce costs, and enhance the customer experience through self-service and one-stop access to everything in the invoice-to-cash process.

While these requirements are applicable to numerous industries, VersaPay has concentrated its efforts in select industries given the strong fit in commercial real estate, transportation & logistics, technology, wholesale/distribution, manufacturing and business services including accounting.

Given the nature of the market it is imperative to create a marketing and sales funnel that is both broad and deep; it is key to interact with thousands of companies at varying stages of readiness to undertake a transformation initiative. Connecting to this large and diverse market is achieved through multiple approaches including a strong digital presence with a VersaPay web property as well as using other digital properties to showcase the benefits of AR automation. Digital outreach, direct marketing, tradeshow, webinars, thought-leadership forums, webinars, and SEO/SEM are leveraged to ensure a large and rapidly expanding opportunity funnel. Content marketing plays an important role to help nurture thousands of companies simultaneously at various stages of the marketing and sales funnel. To make this possible VersaPay has invested in extensive marketing technology to manage the moving parts and leverage the major market opportunity with a relatively small marketing team and investment.

Prospective clients are reached through the approaches noted above. As leads are identified, outreach efforts are made by the early stage business development team who engage and qualify prospective accounts. As accounts meet key qualifying criteria, they are then moved to the direct sales organization where they are further qualified and engaged in a formal sales process. Professional resources and requirements for expertise are quarterbacked by the account executive who owns the relationship to the point of signing an agreement. Even after a new client is signed up, the sales executive remains connected with the account to ensure a smooth hand-off to the client success and support team and ultimately a long-term, mutually beneficial business relationship.

Distribution Method and Production Services

VersaPay's offerings are sold through direct sales and channel partners in the United States and Canada. This multi-channel distribution provides greater market coverage, including companies that are smaller in size and not economical to serve through a direct sales force. Companies with lower revenue will generally be served by third-party distribution while medium and large enterprises will be served by the Company's direct sales team.

Regardless of the sales channel, all implementations and customer support is currently performed by VersaPay. The company plans to transition implementation and support services to selected partners to serve their clients.

Competitive Conditions

The AR automation market is relatively new. There are only a few direct competitors at present. However, within the financial technology ecosystem there are many companies that offer service in related areas like AP software. A number of those companies have begun to create some type of product (typically very basic) to leverage the large potential of the AR market. As more supplier organizations seek to upgrade their AR processes, it is likely that there will be an increasing number of competitors over time. For that reason VersaPay will continue to be a market leader by showing the way with a constantly advancing, easy-to-use product, expert integrations with ERPs and accounting systems, and excellent customer service.

Employees

As of the date of this AIF, the Company employed 77 staff including 40 in Sales, Marketing and Customer Support, 26 in Product and Engineering, and 11 in general and administrative functions. Geographically, these individuals are located in Canada (74), and the United States (3).

Specialized Skill and Knowledge

Due to the technical nature of its business and the dynamic market in which the Company competes, VersaPay's continued success depends on attracting and retaining highly skilled software engineering and sales

personnel. In particular, VersaPay's future success depends in part on the continued service of each of its current executive officers and other key employees.

Risk Factors

The following summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the Common Shares. The risks described below are not the only ones facing VersaPay. Additional risks and uncertainties not currently known to VersaPay, or that VersaPay currently deems immaterial, may also impair VersaPay's operations. If any of the following risks actually occur, VersaPay's business, financial condition and operating results could be adversely affected.

Potential Failures of VersaPay and Third-Party Systems

VersaPay depends on the efficient and uninterrupted operation of its computer network systems, software, data centre and telecommunications networks. VersaPay's systems and operations could be exposed to damage or interruption from, among other things, fire, natural disaster, power loss, telecommunications failure, unauthorized entry and computer viruses. The Company's insurance may not be adequate to compensate VersaPay for all losses or failures that may occur. Defects in VersaPay's systems or those of its third-party providers, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in loss of revenues, loss of merchant relationships, loss of merchant and cardholder data, harm to VersaPay's business or reputation, exposure to fraud losses or other liabilities, negative publicity, additional operating and development costs, and/or diversion of technical and other resources.

Failure to Develop or Market New Products or Services

Given the rapidly evolving technology environment VersaPay operates in, where the Company's products and services are subject to rapid technological change and evolving industry standards, it is important for VersaPay to constantly enhance its existing product offerings, as well as develop new product offerings to meet strategic opportunities as they evolve. VersaPay's ability to enhance its current products and services and to develop and introduce new innovative products and services to keep pace with technological developments and industry standards, changes to the regulatory environment in which VersaPay operates and the increasingly sophisticated needs of its suppliers and their customers will significantly affect its future success.

VersaPay's future success depends on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry, and respond to its customer's shifting needs. While VersaPay anticipates that its R&D experience will allow it to explore additional business opportunities, there is no guarantee that those business opportunities will be realized. If the Company is unable to respond to technological changes, fails to or is delayed in developing products and services in a timely and cost-effective manner, the Company's products and services may become obsolete, which would negatively impact sales, profitability and the continued viability of the business.

Developing new products and software is expensive, and as VersaPay may encounter delays when developing new technology solutions and services, investment in product development may involve a long payback cycle. VersaPay's future plans include significant investment in technology solutions, research and development and related product opportunities. The failure to properly manage the expanding offering of products and services as well as the failure to develop and successfully market new products and services at favourable margins could have an adverse effect on the Company's business. Furthermore, any failure by VersaPay to provide solutions that are compliant in an ever-evolving regulatory environment could result in significant fines or consumer liability on VersaPay's customers, for which VersaPay may bear ultimate liability.

Intellectual Property

VersaPay's success and future growth are dependent on its ability to develop innovative payment-enabled technology solutions. VersaPay's commercial advantage will depend to a significant extent on the intellectual property and proprietary technology of VersaPay and the ability of VersaPay to prevent others from copying those proprietary technologies. VersaPay has not sought or obtained patent or other similar protection in respect of any technology developed by VersaPay. Instead, VersaPay relies on intellectual property rights and other contractual or proprietary rights, including copyright, trade secrets, confidentiality procedures, contractual provisions, licences and other measures to protect its proprietary technology. Unauthorized parties may attempt to copy aspects of VersaPay's products or to obtain information VersaPay regards as proprietary. Monitoring unauthorized use of proprietary technology is difficult, time-consuming and costly. Despite the Company's best efforts, there can be no assurance that the steps taken will prevent misappropriation of VersaPay's proprietary rights and its intellectual property rights may be invalidated, circumvented, challenged, infringed or required to be licensed to others. If a third-party misappropriates the Company's intellectual property, VersaPay may be unable to enforce its rights. If VersaPay is unable to protect its intellectual property against unauthorized use by others, it could have an adverse effect on VersaPay's competitive position.

There can be no assurance that any steps VersaPay may take to protect its intellectual property rights and other rights to proprietary technologies that are central to VersaPay's operations will prevent misappropriation or infringement of VersaPay's technology. VersaPay may have to engage in litigation to protect its intellectual property rights, or to determine the validity or scope of the proprietary rights of others. This type of litigation is expensive and time-consuming and there can be no guarantee that VersaPay will be successful. In the future, VersaPay may seek patent or other similar protection in respect of particular technologies; however, there can be no assurance that any future patent applications will result in issued patents, or that, in the event patents are issued, they will be of sufficient scope or strength to provide meaningful protection or any commercial advantage to VersaPay or that the patents will not be challenged, invalidated or circumvented. Moreover, the process of seeking patent protection can be long and expensive. In the meantime, competitors may develop technologies that are similar or superior to the technology of VersaPay or design around the patents owned by VersaPay, thereby adversely affecting VersaPay's competitive advantage in one or more of its business segments.

Third Party Claims for Intellectual Property Infringement

VersaPay may also be challenged by third-party claims that the use of VersaPay's technology has infringed rights or challenging the right of VersaPay to use its intellectual property. This type of litigation is expensive and time-consuming and there is no assurance that the Company will be successful in defending such claims and, if the Company is unsuccessful, there is no assurance that the Company will be successful in obtaining a licence for the intellectual property in question. Such a claim could result in VersaPay having to enter into licensing arrangements that may require the payment of a licence fee or royalties to the owner of the intellectual property in question. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to VersaPay and if VersaPay is unable to agree on acceptable terms, the Company may be required to discontinue the sale of key products and services or halt other aspects of its operations. Any claim, whether or not with merit, could be time-consuming to evaluate, result in costly litigation and have material adverse effects on the business, operations and financial condition of VersaPay. In addition, the Company's management resources could be diverted in order to defend the Company's rights, which could disrupt the Company's operations.

Privacy Breach by Service Providers

The Company cannot assure that the use of applications designed for data security and integrity will address changing technologies or the security and privacy concerns of existing and potential customers. Although the Company requires that agreements with service providers who have access to merchant and consumer data include confidentiality obligations that restrict these parties from using or disclosing any consumer or merchant data except as necessary to perform their services under the applicable agreements, there can be no

assurance that these contractual measures will prevent the unauthorized disclosure of merchant or consumer data. The occurrence of a security or privacy breach could: (i) expose the Company to additional liability and to potentially costly litigation; (ii) increase expenses relating to the resolution of these breaches; (iii) deter customers from using VersaPay's services; and (iv) decrease market acceptance of electronic commerce transactions. If the Company is unable to protect the security and privacy of its electronic transactions and data, the Company's business, results of operations and financial condition could be materially adversely affected.

Security Breaches, Service Interruptions by Cyber-Terrorists or Fraudulent or Illegal Use of Services

As part of its business, the Company's activities involve the storage and transmission of confidential personal or proprietary information, such as credit card numbers and bank account numbers. Despite the Company's implementation of security measures, it is vulnerable to internal and external security breaches, service interruptions and third-party and employee fraud schemes and other similar disruptions that could damage VersaPay's reputation. The Company's payment services may be susceptible to credit card and other payment fraud schemes, including unauthorized use of credit cards, debit cards or bank account information, identity theft or merchant fraud. If a person penetrates VersaPay's network security or otherwise misappropriates sensitive data, VersaPay could be subject to liability, and merchants, customers or partners could lose confidence in the Company's services in particular, or in internet systems generally, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's business may also be susceptible to potentially illegal or improper uses, including illegal online gambling, fraudulent sales of goods or services, illegal sales of prescription medications or controlled substances, software and other intellectual property, piracy, money laundering, bank fraud, prohibited sales of alcoholic beverages and tobacco products and online securities fraud. Despite the measures taken by the Company to detect and lessen the risk of this kind of conduct, the Company cannot ensure that these measures will succeed. The occurrence of any of these events could disrupt VersaPay's delivery of services and the integrity, continuity, security and trust of its systems.

The Company believes it is compliant with the PCI Security Standards, which incorporates Visa's Cardholder Information Security Program and MasterCard's Site Data Protection standard; however, there is no guarantee that the Company will maintain such compliance or that compliance will prevent illegal or improper use of the Company's payment system. Further, the Company's security measures may not prevent security breaches, service interruptions and fraud schemes and the failure to do so may disrupt the Company's business, damage its reputation and expose it to risk of loss or litigation and possible monetary damages that could materially adversely affect the Company's business, results of operation and financial condition. As these security threats continue to evolve, VersaPay may be required to invest significant additional resources to modify and enhance its information security and controls or to investigate and remediate any security vulnerability.

Payment Fraud

The Company relies in part on the processing revenue derived from bank card and electronic funds transfer ("EFT") transactions. Payment fraud with respect to Internet-based bank card and EFT transactions could cause the Company to incur significant losses. Despite the Company's implementation of systems designed to manage such risk, the Company cannot guarantee that its systems will prevent fraudulent transactions from being submitted and processed or that the funds set aside to address such activity will be adequate to cover all potential situations that might occur. The Company does not have insurance to protect it from all potential losses. There is no assurance that any chargeback or processing reserve will be adequate to offset against any unauthorized or fraudulent processing losses that the Company may incur. If any merchant or customer were to submit or process unauthorized or fraudulent bank card or EFT transactions, the Company could incur significant losses which could have a material adverse effect on the Company's business, results of operations and liquidity.

Non-Sufficient Funds

VersaPay's PayPort™/Gateway and electronic invoice presentment and payment products and services rely on the use of third-party inter-banking clearing systems. In Canada, VersaPay uses the Automatic Clearing

Settlement System which is operated by the Canadian Payments Association. In the United States, VersaPay uses the Automated Clearing House network, which is governed by the United States Federal Reserve. The use of these systems carry an inherent risk of a customer defaulting on a payment due to a non-sufficient funds (“NSF”) balance. This occurs when a customer attempts to transfer more funds than they have available in their bank account.

VersaPay has developed safeguards to try to avoid NSFs by holding customers’ funds for a reasonable period of time to ensure transactions clear and by having detection tools that immediately generate alerts to management whenever a NSF occurs. In the event of a NSF, VersaPay has recourse to recover the funds from both the party sending the funds and the recipient receiving the funds. However, in the event that both the sender and recipient are unable or unwilling to reimburse VersaPay, VersaPay will incur a loss on the transaction which may be material and which could materially adversely affect VersaPay’s business and financial condition. Although management of VersaPay believes it has developed reliable safeguards to protect against such losses, there can be no assurance that losses from NSFs will not occur.

Competition

The financial technology industries are highly competitive and VersaPay competes with a substantial number of companies that have greater financial, technical and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company’s business. VersaPay’s competitors include numerous software and consulting companies. In certain aspects of its business, VersaPay also competes with a number of small and medium-sized companies, which have certain competitive advantages such as lower overhead costs and specialized regional strengths. In addition, there can be no assurance that new competitors will not enter the various markets in which VersaPay is active.

VersaPay’s competitors may offer better value to VersaPay’s customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of VersaPay. There can be no assurance that VersaPay will be able to compete successfully against current or future competitors or that competitive pressures faced by VersaPay in the markets in which it operates will not have a material adverse effect on the Company’s business. If VersaPay’s competitors are successful in offering better pricing, service or products than VersaPay, this could render VersaPay’s product and services offerings less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

Additional Financing

In order to execute its business plan in an efficient and timely manner, VersaPay will require additional debt or equity financing or a combination of both to support ongoing operations, undertake capital expenditures or undertake acquisitions. There can be no assurance that, if and when the Company seeks additional equity or debt financing, that such financing will be available to VersaPay when needed or on terms acceptable to VersaPay. VersaPay’s inability to raise financing to support ongoing operations or fund capital expenditures or acquisitions could limit VersaPay’s growth and may have a material adverse effect on VersaPay’s business and operations.

If additional financing is raised by the issuance of equity securities from the treasury of the Company or securities convertible into equity securities, existing shareholders will suffer dilution and a change of control of the Company may occur.

Dependence on Key Personnel

Due to the technical nature of the Company’s business and the dynamic market in which the Company operates, the Company’s success depends on its ability to identify, hire, train, motivate and retain qualified personnel. VersaPay is dependent on the services of key executives. The success of VersaPay’s operations is also dependent on its highly skilled and experienced workforce. There is competition over highly skilled experienced workers (in addition to increased labour costs). Although VersaPay places a high priority on hiring

and retaining key talent, the loss of these persons or VersaPay's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Market Demand for Products and Services

VersaPay's success is dependent on its ability to market its products and services. There is no guarantee the Company's products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, its growth may be adversely affected.

Operating Risk and Insurance

VersaPay has implemented an insurance and risk management program to protect its assets, operations and employees. VersaPay has programs in place to address compliance with current safety and regulatory standards. VersaPay's operations are subject to risks inherent in the payment processing industry, such as equipment defects, malfunction, failures and natural disasters. These risks and hazards could expose VersaPay to substantial liability for personal injury, loss of life and business interruption.

Although VersaPay maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with the Company's operations. VersaPay may also be unable to maintain insurance to cover these risks at economically feasible premiums or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

Acquisitions Strategy

As part of VersaPay's business strategy, the Company may seek new assets, businesses, products or technologies relating to, or complementary to, the Company's current operations. In pursuit of such opportunities, VersaPay may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into VersaPay. Ultimately, any acquisitions would be accompanied by risks. For example, VersaPay may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt VersaPay's ongoing business and its relationships with employees, suppliers, contractors and other stakeholders; the acquired business or assets may have unknown liabilities which may be significant; management's time and attention may be diverted during the transaction and subsequent integration; there may be delays as a result of regulatory approvals; and VersaPay may be exposed to litigation (including actions commenced by shareholders) in connection with the transaction.

In the event that VersaPay chooses to raise debt capital to finance any such acquisition, VersaPay's leverage will be increased. If VersaPay chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, VersaPay may choose to finance any such acquisition with its existing resources.

VersaPay cannot assure that it can complete any acquisition or business arrangement that it pursues on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit VersaPay's business. Furthermore, there can be no assurance that VersaPay would be successful in overcoming the risks identified above or any other problems encountered in connection with such acquisitions.

Stock Price Volatility

The securities markets in the United States and Canada experience a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in market price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in market prices will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The

Company's share price may also experience significant fluctuations due to operating performance, performance relative to analyst's estimates, disposition or acquisition by a large shareholder, litigation against the Company, the loss or acquisition of a significant customer or sales partner, industry-wide factors and factors other than the operating performance of the Company. The value of the Company's securities will be affected by such volatility and as a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value.

Securities class action litigation has been brought against companies following periods of volatility in the market price of their securities. In the future, the Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Government Regulations

The financial services industry and financial institutions which VersaPay services are subject to extensive and complex federal, provincial and state regulation. Current and future actions by regulatory authorities could have an impact on the decisions of VersaPay's customers, as well as the timing and implementation of those decisions. The laws, rules or regulations that VersaPay and its customers must comply with, including to ensure adequate protection of consumer privacy and to ensure consumers are not impacted by deceptive business practices, could render the VersaPay business or operations more costly and burdensome or less efficient, and could require the Company to modify its current or future products or services. Any of these events, if realized, could have a material adverse effect on the Company's business.

Taxes

The Company's business is subject to various tax laws and regulations. Significant judgment is required for the tax filings of the business, which are subject to audit by taxation authorities. While the Company believes that its tax filings are made in material compliance with applicable tax laws and regulations, there is a risk that a tax authority could have a different interpretation and potentially impose additional taxes, penalties or fines which may negatively impact the Company. If the amount of tax payable by the Company were to be reassessed or increased, there may be a negative effect on the Company's financial results.

General Economic Conditions

VersaPay's business could be adversely affected by changing economic conditions in the countries in which it operates. The market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, cuts in government spending, increased market volatility and widespread reduction of business activity generally. To the extent that the Company experiences further global economic deterioration in these markets, the resulting economic pressure on VersaPay's customers may cause them to end their relationship with the Company, reduce or postpone current or expected purchase orders for VersaPay products, or suffer from business failure, resulting in a decline in VersaPay's revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company's revenue and profitability.

Negative Operating Cash Flow

The Corporation has made significant up-front investments in research and development, sales and marketing, and general and administrative expenses in order to rapidly develop and expand its business. The Corporation is currently incurring expenditures related to the Corporation's operations that have generated a negative operating cash flow. Operating cash flow may decline in certain circumstances, many of which are beyond the Corporation's control. There is no assurance that sufficient revenues will be generated in the near future. Because the Corporation continues to incur such significant future expenditures for research and development, sales and marketing, and general and administrative expenses, the Corporation may continue to experience negative cash flow until it reaches a sufficient level of sales with positive gross margins to cover operating expenses. An inability to generate positive cash flow until the Corporation reaches a sufficient level

of sales with positive gross margins to cover operating expenses or raise additional capital on reasonable terms will adversely affect the Corporation's viability as an operating business.

Foreign Exchange

Foreign Exchange risk is the risk that the future cash flows or fair value of the Company's financial instruments will fluctuate due to changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Company incurs in its operations and revenues that the Company receives in its operations. A strengthening of the Canadian dollar against these currencies decreases revenues when reported in Canadian dollars.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities as they become due.

Interest Rates

Interest rate risk arises because of the fluctuation in interest rates. Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. The Company is exposed to fluctuations in interest rates on the outstanding principle balance of its term credit facilities as well as on short term cash deposits.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, the system of internal controls over financial reporting is not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Conflicts of Interest

Certain directors and officers of VersaPay also serve, or may serve in the future, as directors and/or officers of other companies, and consequently conflicts of interest may arise between their duties as officers and directors of VersaPay and as officers and directors of such other companies. Any decision made by any of these directors and officers involving VersaPay will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of VersaPay and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which these directors may have a conflict of interest in accordance with, and subject to such other procedures and remedies as applicable, under the CBCA and other applicable laws.

Litigation

VersaPay is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. VersaPay cannot reasonably predict the likelihood or outcome of these actions. Adverse outcomes in some, or all of these, claims may result in significant monetary damages or injunctive relief that could adversely affect VersaPay's ability to conduct its business. Further, if VersaPay is unable to resolve these disputes favourably, it may have a material adverse impact on its financial performance, cash flow and results of operations. See "Legal Proceedings".

Forward-Looking Information May Prove to be Inaccurate

Investors should not place undue reliance on forward-looking information and statements. By their nature, forward looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both general and specific nature, that could cause actual results to differ materially from those suggested by

the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions, and uncertainties can be found in this Annual Information Form under the heading “Cautionary Note Regarding Forward-Looking Information”.

Dividends and Distributions

No dividends have been declared or paid by the Company since inception. There are no restrictions on VersaPay’s ability to pay dividends, other than the financial capacity and solvency tests under the CBCA. The decision on whether to declare, adjust or eliminate a dividend is subject to the Board’s discretion. In determining whether to declare and the amount of any dividend, the Board takes into account, among other criteria, VersaPay’s financial condition, results of operations, capital requirements, market conditions and such other factors as the Board deems relevant at such time.

Capital Structure

The authorized capital of the Company consists of an unlimited number of Common Shares. Each Common Share carries the right to one vote, as well as the right to receive dividends if and when declared by the Board, and the right to participate in any distribution of the Company’s assets on liquidation, dissolution or winding up. The Common Shares are not redeemable or convertible. As of December 31, 2017, the Company had 37,822,475 Common Shares issued and outstanding.

Market For Securities

Trading Price and Volume

The Common Shares are listed on the TSXV under the symbol “VPY”. The following table sets forth the intra-day high and low sale prices per Common Share and the composite volume of trading of the Common Shares as reported by the TSXV, as applicable, for periods listed below.

Date	High (\$)	Low (\$)	Volume
January 2017	1.430	1.200	2,352,078
February 2017	1.550	1.250	1,157,325
March 2017	1.480	1.300	383,069
April 2017	1.440	1.200	149,597
May 2017	1.430	1.250	1,213,115
June 2017	1.490	1.340	764,756
July 2017	2.180	1.360	2,101,954
August 2017	2.100	1.760	662,086
September 2017	2.000	1.790	255,819
October 2017	2.150	1.770	631,047
November 2017	2.400	2.050	1,160,516
December 2017	2.290	2.010	987,389

Prior Sales

The following table sets forth the issuances by the Company of any securities that are outstanding but not listed or quoted on a marketplace during the most recently completed financial year:

Date of Issuance	Security	Number of Securities Issued	Exercise Price Per Security
October 11, 2013	Options	420,000	\$1.35
May 29, 2014	Options	300,000	\$1.11
August 20, 2014	Options	200,000	\$1.00
August 28, 2014	Options	25,000	\$1.25
November 28, 2014	Options	200,000	\$1.35
November 28, 2014	Options	100,000	\$1.11
May 27, 2015	Options	25,000	\$1.38
August 25, 2015	Options	200,000	\$1.20
February 8, 2016	Options	370,000	\$1.40
May 25, 2016	Options	25,000	\$1.01
August 24, 2016	Options	275,000	\$1.19
January 13, 2017	Options	75,000	\$1.30
March 23, 2017	Options	150,000	\$1.43
May 26, 2017	Options	167,000	\$1.39
May 28, 2017	Options	100,000	\$2.65
August 17, 2017	Options	350,000	\$1.80
September 19, 2017	Options	300,000	\$1.84
November 16, 2017	Options	250,000	\$2.35

Directors and Officers

The following table sets forth the directors and executive officers of the Company, together with their province or state and country of residence, positions and offices held, the years in which they were first appointed as directors and/or officers of VersaPay and the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by them, as of the date of this AIF. Directors are nominated for election prior to each annual general meeting of shareholders and each director's term of office expires immediately prior to the Company's next annual general meeting, expected to be held in May of 2019, unless his or her office is earlier vacated in accordance with the Company's by-laws.

Name and Jurisdiction of Residence	Position Held with VersaPay and Expiry of Term as Director (if applicable)	Common Shares Beneficially Owned or Controlled ⁽¹⁾	
		Number	% of Total ⁽²⁾
Arthur Mesher ⁽³⁾ Ontario, Canada	Chairman of the Board and Director since May 2014	375,000 ⁽⁵⁾	0.98%
Mark Kohler ⁽⁴⁾ Ontario, Canada	Director since May 2017	47,500 ⁽⁶⁾	0.12%

Name and Jurisdiction of Residence	Position Held with VersaPay and Expiry of Term as Director (if applicable)	Common Shares Beneficially Owned or Controlled ⁽¹⁾	
		Number	% of Total ⁽²⁾
Sheldon Pollack ⁽⁴⁾ Ontario, Canada	Director since May 2017	100,000 ⁽⁷⁾	0.26%
Brandon Nussey ⁽³⁾⁽⁴⁾ Ontario, Canada	Director since May 2018	Nil ⁽⁸⁾	0.0%
David Dobson ⁽³⁾ Ontario, Canada	Director since May 2018	50,000 ⁽⁹⁾	0.13%
Craig O'Neill Ontario, Canada	Chief Executive Officer and Director since November 2013	417,000 ⁽¹⁰⁾	1.09%
Shouvik Roy Ontario, Canada	Chief Financial Officer since June 2018	Nil	0.0%
Ross Pellizzari Ontario, Canada	Chief Revenue Officer since September 2017	Nil ⁽¹¹⁾	0.0%
Jason Read Ontario, Canada	Chief Product Officer since November 2017	Nil ⁽¹²⁾	0.0%
Geoff Coutts Ontario, Canada	Vice President of Sales since May 2015	800 ⁽¹³⁾	0.0%
Eddie Chan Ontario, Canada	Chief Technology Officer since May 2017	Nil ⁽¹⁴⁾	0.0%
Kevin Short British Columbia, Canada	Chief Information Officer since January 2010	335,600 ⁽¹⁵⁾	0.88%
John McLeod Ontario, Canada	Chief Marketing Officer since October 2014	25,500 ⁽¹⁶⁾	0.07%

Notes:

- (1) The information as to the number of Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of VersaPay, has been furnished by the respective individuals or obtained from the System for Electronic Disclosure by Insiders and may include Common Shares owned or controlled by their spouses and/or children and/or companies controlled by them or their spouses and/or children.
- (2) Percentage of total Common Shares is based on 38,083,051 Common Shares issued and outstanding as of the date of this AIF.
- (3) Member of the Corporate Governance, Nominating and Compensation Committee of the Board (the “CGN&C Committee”). Mr. Nussey is the Chair of the CGN&C Committee.
- (4) Member of the Audit Committee (as defined herein). Mr. Kohler is the Chair of the Audit Committee.
- (5) Mr. Mesher also holds 200,000 Options exercisable at a price of \$1.00 per Common Share, 25,000 Options exercisable at a price of \$1.25 per Common Share, 100,000 Options exercisable at a price of \$1.11 per Common Share, 25,000 Options exercisable at a price of \$1.38 per Common Share, 25,000 Options exercisable at a price of \$1.01 per Common Share and 25,000 Options exercisable at a price of \$1.39 per Common Share.
- (6) Mr. Kohler also holds 42,500 Options exercisable at a price of \$1.39 per Common Share.
- (7) Mr. Pollack also holds 75,000 Options exercisable at a price of \$1.39 per Common Share.
- (8) Mr. Nussey also holds 50,000 Options exercisable at a price of \$2.65 per Common Share.
- (9) Mr. Dobson also holds 50,000 Options exercisable at a price of \$2.65 per Common Share.
- (10) Mr. O'Neill also holds 420,000 Options exercisable at a price of \$1.35 per Common Share, 200,000 Options exercisable at a price of \$1.40 per Common Share and 50,000 Options exercisable at a price of \$1.43 per Common Share.
- (11) Mr. Pellizzari also holds 300,000 Options exercisable at a price of \$1.84 per Common Share.
- (12) Mr. Read also holds 250,000 Options exercisable at a price of \$2.35 per Common Share.
- (13) Mr. Coutts also holds 200,000 Options exercisable at a price of \$1.20 per Common Share and 50,000 Options exercisable at \$1.40 per Common Share.
- (14) Mr. Chan also holds 250,000 Options exercisable at a price of \$1.80 per Common Share.
- (15) Mr. Short also holds 50,000 Options exercisable at a price of \$1.40 per Common Share and 50,000 Options exercisable at a price of \$1.43 per Common Share.

- (16) Mr. McLeod also holds 150,000 Options exercisable at a price of \$1.35 per Common Share, 50,000 Options exercisable at a price of \$1.40 per Common Share and 50,000 Options exercisable at a price of \$1.43 per Common Share.
- (17) Mr. McLeod joined as VP, Marketing on October 2014 and was promoted to Chief Marketing Officer on September 2018.

As of the date of this AIF, to VersaPay's knowledge, the directors and executive officers of the Company collectively own a total of 1,351,400 Common Shares of the Company, representing approximately 3.5% of the total issued and outstanding Common Shares (on a non-diluted basis).

Further biographical information regarding each of the directors and executive officers of the Company, including their respective principal occupations during the five preceding years, is set out below.

Arthur Mesher is currently the Chancellor of CLEANSL8.DNA, a consulting company. Mr. Mesher served as the Chief Executive Officer of The Descartes Systems Group Inc. ("Descartes Systems") from November 2, 2004 to November 27, 2013. He joined Descartes Systems in May of 1998 and led the creation of the first on-demand logistics network that provides application and communication capabilities. He then served as an Executive Vice-President, Corporate Strategy and Business Development at Descartes Systems from May of 1998 until May 6, 2004 before serving as its Executive Vice-President, Strategic Development. Mr. Mesher has sat on the board of directors of several companies, including Descartes Systems from May 18, 2005 until November 27, 2013, and as Chairman of the board from June 2, 2011 to November 27, 2013.

Craig O'Neill has more than 20 years of experience delivering enterprise software. Prior to joining VersaPay, Mr. O'Neill was the co-founder and CEO of Xeye and the driving force behind its flagship WealthManager product. In this role, he directed the company's growth and ultimate sale to Odyssey Financial Technologies. Subsequent to the sale of Xeye, Mr. O'Neill remained with Odyssey as President of Odyssey Financial Technologies, North America and Senior Vice President, Corporate Development. After the sale of Odyssey to the Temenos Group, he became Senior Vice President, Wealth Manager Strategy and Development. Mr. O'Neill has a Bachelor of Science in Computer Science, Math and Economics from the University of Toronto.

Mark Kohler is currently Chairman and Chief Executive Officer of Exelerate Capital, a strategic advisory group specializing in corporate development and growth capital funding. Over his 30 year career, Mr. Kohler has held C-level positions at many leading North American organizations including, a Schedule I Bank in Canada called Jameson Bank where he was the Chief Financial Officer, Chief Risk Officer, and Corporate Secretary, and also at the Hostopia Division of Deluxe Corporation, a NYSE-listed corporation serving the banking industry where he was the Senior Vice President Corporate Development. From 2002 to 2007, Mr. Kohler was the Executive Vice President, Chief Financial Officer and Corporate Secretary of AirlQ Inc. and a corporate director of that company during 2004 and 2005. He also held senior executive roles at Spectra Securities Software Inc. prior to its sale to Sanchez, and Personus Inc., prior to its sale to CGI. He previously served as a corporate director at BeWhere Holdings Inc., and as Executive Chairman of QHR Corporation, both TSXV-listed companies, and also served as Chairman of the Board at Community Trust Company, a federally regulated financial institution. Mr. Kohler is a Chartered Professional Accountant and a Certified Corporate Director, having obtained his ICD.D designation from the Institute of Corporate Directors and Rotman School of Management at the University of Toronto. He obtained his Bachelor of Commerce (Honours) degree in 1987 from Queen's University, where he was also awarded the D.I. McLeod Scholarship and Edyth Whyte Prize for highest standing in Economics at the university.

Sheldon Pollack is an entrepreneur and investor, having started his first venture at the age of 16. Mr. Pollack has played an active role in starting and funding a number of successful technology ventures. He co-founded OnX Enterprise Solutions in 1983 with just \$10,000 in start-up capital. Mr. Pollack took OnX public in April 2000 and subsequently re-privatized the company in April 2009. Today, OnX has revenues nearing \$1 billion and offices throughout Canada, the United States and the United Kingdom. Mr. Pollack was an Ernst & Young, Entrepreneur of the Year finalist in 2000 and OnX was designated as one of Canada's Best Managed companies in 2008, 2009 and 2010. In 2017, Mr. Pollack sold OnX to Cincinnati Bell. In addition, Mr. Pollack serves as chairman of the board of Acuity Ads Holdings Inc., a TSXV-listed company. Mr. Pollack founded www.abilitygives.org, a charity focused on providing specialized equipment to children with special needs.

Brandon Nussey has almost 20 years of experience as a technology executive. From 2000 to 2007, he was in a series of roles with increased responsibility at The Descartes Systems Group, ultimately being appointed as the Chief Financial Officer in 2003. He helped lead a turnaround of the business that resulted in significant operational improvement and numerous industry awards. After serving as an Executive in Residence at Communitech, helping early stage companies in all aspects of their business, Mr. Nussey joined as Chief Financial Officer and member of the Board of Directors of D2L Inc (formerly Desire2Learn), a SaaS based education technology provider where he held that role for eight years. He led the company through hyper-growth and drove the company's growth financing of \$165 million. Currently, Mr. Nussey is Chief Financial Officer of Lightspeed POS Inc., a cloud-based Point of Sale solution provider, leading the company's finance, legal, human resources, data and IT teams. Mr. Nussey is also Treasurer and a Board member of the Loran Scholars Foundation, one of Canada's most prestigious scholarship programs, and named one of the Financial Post's Top Charities in Canada.

David Dobson joined Digital River in February 2013 as the company's Chief Executive Officer. Digital River currently operates as a private company, being acquired by Siris Capital for US\$850 million in 2015, representing a more than threefold increase in enterprise value. Prior to his current role, Mr. Dobson served as executive vice president and group executive at CA Technologies Inc. His team had responsibility for a US\$4 billion P&L. Prior to joining CA Technologies, Mr. Dobson served as president of Pitney Bowes Management Services (PBMS), a \$1 billion revenue division of Pitney Bowes Inc. Previously, Mr. Dobson was chief executive officer of Corel Corporation, a \$300 million global provider of leading software titles, including CorelDraw, WordPerfect and WinZip. During his three years at Corel, the company grew revenue 20% year over year, completed three successful acquisitions, and increased profits by more than 30% each year. In 2006, he was instrumental in leading the company's successful initial public offering. During Mr. Dobson's leadership at Corel, the company's market value increased more than six times. Before joining Corel in 2005, David spent 19 years at IBM, where he held a number of senior management positions, including Corporate Vice President, Emerging Business Opportunities, and General Manager, IBM Printing Systems Division. He was a member of IBM's Senior Leadership Team, and is a member of the board of directors of John Wiley & Sons.

Shouvik Roy joined VersaPay in June 2018 as the company's Chief Financial Officer. Shouvik has over 17 years of experience as a finance leader with extensive knowledge in financial reporting, financial planning & analysis, investor relations and regulatory compliance across multiple industries. He is responsible for the company's finance and accounting function, investor relations, budgeting, strategy execution and helping the Executive team create customer, employee and shareholder value. Prior to joining VersaPay, Shouvik held senior finance positions at various global organizations, including Nike, Home Depot and most recently at FreshBooks, an established Canadian fintech company. Shouvik holds an Honours BBA from Wilfrid Laurier University, as well as the Chartered Professional Accountant, Chartered Accountant designation.

Ross Pellizzari joined VersaPay in September 2017 as the company's Chief Revenue Officer. Ross has over 30 years of developing go-to-market teams and driving results through customer success as a leader and a sales professional across many vertical industries and segments including Financial Services, Retail, Government, Education, Health Care, Distribution and Solution Reseller. Ross has repeatedly achieved success through his focus on customer first relationships, building high-performance teams, sales leadership, and accountability. Prior to joining VersaPay, Ross has held several high-profile leadership positions, including President of Avaya Canada, head of channel sales at Cisco Canada, and Operations Director for Central Canada at Cisco Systems.

Jason Read joined VersaPay as Chief Product Officer in November 2017. Within this role, there are three areas of focus – Solutions Consulting, Customer Success and Product Management. Before joining VersaPay Jason worked at a global software company – the Descartes Systems Group for over ten years. While at Descartes, Jason held different positions. His last position was as the Vice President of the Central and Western US Region. Prior to Descartes Systems Group Jason worked with a global consulting company in their Supply Chain practice focused on the order to last mile delivery. After completing his degrees at the University of Waterloo, Jason worked in the Operations of a large retailer and manufacturer focused on Supply Chain.

Eddie Chan joined VersaPay in May 2017 and is responsible for managing the engagement team as they support complex client integrations. Eddie is an accomplished technology executive, offering over 15 years of career success developing and executing operational strategies to promote organizational growth and the optimal utilization of emerging technologies. Prior to joining VersaPay, Eddie worked with companies such as Ericsson, EnStream (Zoompass), Suretap Wallet, Bell Canada, Rogers, and Capgemini. Eddie holds an Honours BSc from the University of Waterloo and a PMP (Project Management Professional) certification.

Kevin Short co-founded VersaPay Corporation in 2006 and serves as its Chief Information Officer. Prior to founding VersaPay, Mr. Short developed the security architecture and oversaw the security design and implementation for the Vancouver 2010 Olympics for Bell Canada. Mr. Short has been involved in designing, securing and implementing banking infrastructure for Canada's leading financial institutions for more than 13 years. In his career, Mr. Short has served in a senior capacity for Sun Microsystems, Nortel Networks, TELUS, Shaw Communications, Bell Canada, Enbridge and TransCanada Pipelines.

John McLeod joined VersaPay in October 2014 as VP, Marketing and was promoted to Chief Marketing Officer in September 2018. He is responsible for creating and delivering the Company's brand and marketing strategy. Mr. McLeod was formerly Vice President, Marketing at Desire2Learn, a global SaaS based learning solutions provider. During his tenure he was instrumental in its growth from 35 employees to a global enterprise of nearly 900 employees serving 13 million learners. He has been a key member of senior management teams driving growth in both start-up ventures and large technology companies including MetroNet Communications, AT&T Canada and Allstream. He holds a BBA from Wilfrid Laurier University, an MBA from the Ivey School of Business at Western University and a CMA designation.

Geoff Coutts has over 25 years experience with such notable technology companies as Samsung, Verizon and Hewlett-Packard. In his role as VP Sales, Enterprise Business, at Samsung Canada he was responsible for managing the sales of mobility and IT related products and services to businesses. Prior to Samsung, Mr. Coutts was the VP & General Manager for Canada for Verizon Enterprise Solutions. He joined Verizon after a long career with Hewlett-Packard Canada, where he progressed from business unit manager to eventually become VP Sales, Enterprise Services.

Conflicts of Interest

To the knowledge of the Company, no director or executive officer of VersaPay has or has had any material conflicts of interest with the Company or a subsidiary of the Company. See "*Risk Factors — Conflicts of Interest*".

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of VersaPay is, as at the date of this AIF, or was within ten years before the date of this AIF, a director or chief executive officer or chief financial officer of any company (including VersaPay) that: (i) was the subject of an order that was issued while the director or proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Company, no director or executive officer of VersaPay: (i) is, or within ten years before the date of this AIF has been a director or executive officer of a corporation (including VersaPay) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager

or trustee appointed to hold its assets; or (ii) has within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director.

To the knowledge of the Company, no director or executive officer of VersaPay has been subject to any: (i) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investor decision.

Legal Proceedings and Regulatory Actions

Legal Proceedings

Other than as disclosed herein, during the financial year ended December 31, 2017, and as of the date of this AIF, there are no material legal proceedings to which the Company is or was a party or of which any of its property is or was the subject matter, and there are no such material proceedings known to the Company to be contemplated. See “General Development of the Business – Three Year History – Recent Developments”.

On January 28, 2016, the Company announced that it had received proposal letters (the “**Proposals**”) from Revenu Québec (“**RQ**”) in which RQ reassesses VersaPay under various rules contained in the Excise Tax Act and the Quebec Sales Tax Act in relation to the Company’s 2008 to 2014 tax years. The Proposals outline RQ’s positions that the Company owes GST/HST of \$2.3 million (before interest) and Quebec sales tax of \$1 million (including interest and penalty). Management believes that the Company has filed its tax returns and paid applicable taxes in compliance with Canadian federal and provincial tax laws. VersaPay intends to vigorously defend its tax filing positions.

Regulatory Actions

During the financial year ended December 31, 2017, and as of the date of this AIF, there have been no penalties or sanctions imposed against VersaPay, (i) by a court relating to securities legislation or by a securities regulatory authority; or (ii) by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision in VersaPay. VersaPay has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the fiscal year ended December 31, 2017 and as of the date of this AIF.

Interest of Management and Others in Material Transactions

Since January 1, 2015, no director, executive officer or 10% shareholder of VersaPay or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect VersaPay or any of its subsidiaries.

Transfer Agents and Registrars

The transfer and registrar for the Common Shares is Computershare Investor Services Inc. at its offices located at 2nd Floor, 510 Burrard Street, Vancouver, B.C., Canada, V6C 3B9.

Material Contracts

The material contracts entered into by VersaPay within the financial year ended December 31, 2017 or since such time or before such time that are still in effect, other than in the ordinary course of business, are as follows:

1. On February, 2, 2017 the Company sold its Merchant Services segment to BluePay, disposing of the Company's point-of-sale payment processing business, as further described at the Three Year History section of this AIF.

Audit Committee

VersaPay's audit committee (the "**Audit Committee**") is responsible for monitoring VersaPay's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of VersaPay's external auditors. The Audit Committee is also responsible for reviewing VersaPay's annual audited consolidated financial statements, unaudited interim consolidated financial statements and management's discussion and analysis of financial results of operations for both annual and interim consolidated financial statements and review of related operations prior to their approval by the full Board.

The Audit Committee has a charter that sets out the Audit Committee's responsibilities and authority, procedures governing meetings, qualifications for membership and particulars governing the role of the Chair. A copy of the Audit Committee charter is attached hereto as Schedule "A".

Audit Committee Composition

The Audit Committee is comprised of three members of the Board, being Mark Kohler (Chair), Sheldon Pollack and Brandon Nussey. Each member of the Audit Committee is considered to be "independent" as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") and is "financially literate" within the meaning of NI 52-110, which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Company.

Relevant Education and Experience

- **Mark Kohler** has over 30 years of experience holding C-level positions at many leading North American organizations including, a Schedule I Bank in Canada where he was the Chief Financial Officer, Chief Risk Officer, and Corporate Secretary. He has also served on the boards of several publicly traded companies. Mr. Kohler is a Chartered Professional Accountant and a Certified Corporate Director.
- **Sheldon Pollack** serves as Chief Executive Officer at OV2 CPC 1 Inc., and he served on the Audit Committee for the last 4 years at AcuityAds, both TSX Venture listed companies. As co-founder and past CEO of Momentum Advanced Solutions Inc., a TSX listed company with nearly \$1 billion in sales, he has experience in analyzing financial statements, understanding accounting principles, and internal controls.
- **Brandon Nussey** has 20 years of experience serving as a technology executive serving as Chief Financial Officer for Descartes Systems Group, D2L Inc, and is currently the Chief Financial Officer at Lightspeed POS Inc. He is a Chartered Accountant since 1998, and received an HBA from Sir Wilfred Laurier University in 1996.

Audit Committee Oversight

The Board accepted all recommendations of the Audit Committee since the commencement of the most recently completed fiscal year regarding the recommendation to nominate or compensate an external auditor.

Reliance on Certain Exemptions

At no time since the commencement of VersaPay's most recently completed fiscal year has VersaPay relied on the exemptions in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), 3.2 (*Initial Public Offerings*), 3.4 (*Events Outside Control of Member*), 3.5 (*Death, Disability or Resignation of Audit Committee Member*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a "venture issuer", is not required to comply with Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval Policies and Procedures

In the event that the Company wishes to retain the services of the Company's external auditors for tax compliance, tax advice or tax planning, the CFO of the Company will consult with the Chair of the Audit Committee, who will have the authority to approve or disapprove on behalf of the Audit Committee, such non-audit services. All other non-audit services will be approved or disapproved by the Audit Committee as a whole.

External Auditor Service Fees

The audit for the fiscal year ended on December 31, 2017, was conducted by KPMG LLP ("**KPMG**"), the Company's current auditor. The audit for the fiscal year ended on December 31, 2016, was conducted by Grant Thornton LLP ("**Grant Thornton**"), the Company's former auditor. The Company paid or accrued the following fees in the most recently completed fiscal year and the previous fiscal year:

Type of Work	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2016
Audit fees ⁽¹⁾	\$59,000	\$62,000
Audit-related fees ⁽²⁾	\$65,805	\$38,841
Tax advisory fees ⁽³⁾	Nil	\$50,393
All other fees	\$18,563 ⁽⁴⁾	\$3,094 ⁽⁵⁾
Total	\$143,368	\$154,328

Notes:

- (1) Aggregate fees billed for the Company's annual financial statements and services normally provided by the external auditor in connection with the Company's statutory and regulatory filings. Fees for fiscal year ended December 31, 2017 were paid to KPMG, and fees for fiscal year ended December 31, 2016 were paid to Grant Thornton.
- (2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards. Fees for both fiscal years noted were paid to Grant Thornton.
- (3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.
- (4) All other fees include \$15,000 fees paid to KPMG for assistance in assessing the impact of IFRS 9,15, and 16 on the Company's financial statements, and \$3,536 fees paid to Grant Thornton for CPAB disbursements fee, services rendered related to the sale of the Company's POS Merchant Services business and tax advice related to HST/GST and QST assessment received by Revenu Québec.
- (5) All other fees include fees paid to Grant Thornton for CPAB disbursements fee and services rendered related to the sale of the Company's POS Merchant Services business.

Interest of Experts

Grant Thornton, acted as external auditors of the Company during the financial year ended December 31, 2017. Effective December 7, 2017, the Company accepted the resignation of Grant Thornton and retained KPMG as the new external auditors of the Company. Grant Thornton acted as the auditor of the Company for the year ended December 31, 2016 and prepared the auditors' report thereon which was filed in 2017. KPMG acted as the auditor of the Company for the year ended December 31, 2017 and prepared the auditors' report thereon. Both Grant Thornton and KPMG are independent within the meaning of the Rules of Professional Conduct of

the Institute of Chartered Accountants of Ontario. A copy of the consolidated annual financial statements for the year ended December 31, 2017, together with the auditors' report thereon, is available under the Company's profile on SEDAR at www.sedar.com.

Additional Information

Additional information about VersaPay, including directors' and officers' remuneration and indebtedness, principal holders of VersaPay's securities and securities authorized for issuance under equity compensation plans, and VersaPay's corporate governance approach and procedures, may be found in the Company's most recent management information circular dated April 17, 2018. Additional financial information can also be found in the Company's consolidated financial statements for the financial year ended December 31, 2017 and in the management's discussion and analysis for the financial year ended December 31, 2017. Additional information about VersaPay, including copies of these documents, may be found under the Company's profile on SEDAR at www.sedar.com.

Schedule “A”

Audit Committee Charter

I. PURPOSE

The Audit Committee shall provide assistance to the board of directors (the “**Board**”) of VersaPay Corporation (the “**Company**”) in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee’s primary duties and responsibilities are to:

- oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; and (iii) the independent auditors’ qualifications and independence;
- serve as an independent and objective party to monitor the Company’s financial reporting processes and internal control systems;
- review and appraise the audit activities of the Company’s independent auditors; and
- provide open lines of communication among the independent auditors, financial and senior management, and the Board for financial reporting and control matters, and meet periodically with management and with the independent auditors.

II. COMPOSITION

The Audit Committee shall be comprised of at least three directors of the Company. A majority of the Audit Committee members shall be “independent directors” within the meaning of Multilateral Instrument 52-110 – *Audit Committees* (“**MI 52-110**”), as may be amended from time to time. Pursuant to MI 52-110, a member will be considered “independent” if he has no direct or indirect, material relationship with the Company. MI 52-110 sets forth certain relationships which deem one not to be independent. In addition, the composition of the Audit Committee shall comply with the rules and regulations of the TSX Venture Exchange and any other stock exchange on which the shares of the Company are listed, subject to any waivers or exceptions granted by such stock exchange.

In addition, a director shall not be qualified to be a member of the Audit Committee if such director (i) is an “affiliated person” or (ii) receives (or his/her immediate family member or the entity for which such director is a director, member, partner or principal and which provides consulting, legal, investment banking, financial or other similar services to the Company), directly or indirectly, any consulting, advisory, or other compensation from the Company other than compensation for serving in his or her capacity as member of the Board and as a member of Board committees. An “affiliated person” means a person who directly or indirectly controls the Company, or a director, executive officer, partner, member, principal or designee of an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

All members shall, to the satisfaction of the Board, be financially literate in accordance with the requirements of the MI 52-110 (i.e. will have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements). At least one member shall have accounting or related financial management expertise to qualify as a “financial expert”. A person will qualify as “financial expert” if he or she possesses the following attributes:

- an understanding of financial statements and generally accepted accounting principles used by the Company to prepare its financial statements;

- an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of audit committee functions.

The Audit Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall be resolution determine.

III. RESPONSIBILITIES AND POWERS

Responsibilities and powers of the Audit Committee include:

- annual review and revision of this Charter as necessary with the approval of the Board provided that this Charter may be amended and restated from time to time without the approval of the Board to ensure that the composition of the Audit Committee and the 'Responsibilities and Powers' of the Audit Committee comply with applicable laws and stock exchange rules;
- making recommendations to the Board regarding the selection, the appointment, evaluation, fees and compensation and, if necessary, the replacement of the independent auditors, and assisting in resolving any disagreements between management and the independent auditors regarding financial reporting;
- approving the appropriate audit engagement fees and the funding for payment of the independent auditors' compensation and any advisors retained by the Audit Committee;
- ensuring that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
- confirming the independence of the auditors, which will require receipt from the auditors of a formal written statement delineating all relationships between the auditors and the Company and any other factors that might affect the independence of the auditors and reviewing and discussing with the auditors any significant relationships and other factors identified in the statement. Reporting to the Board its conclusions on the independence of the auditors and the basis for these conclusions;
- overseeing the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services;
- pre-approving all audit services, internal control related services and approving any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation;
- meeting with the auditors and financial management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used;
- meeting quarterly with auditors in "in camera" sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management's performance;

- reviewing with management and the independent auditors:
 - the Company's annual financial statements (and interim financial statements as applicable) and related footnotes, management's discussion and analysis and the Annual Information Form, for the purpose of recommending approval by the Board prior to its release, and ensuring that:
 - management has reviewed the audited financial statements with the Audit Committee, including significant judgments affecting the financial statements;
 - the members of the Audit Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Audit Committee; and
 - the Audit Committee has received the assurance of both financial management and the independent auditors that the Company's financial statements are fairly presented in conformity with International Financial Reporting Standards (IFRS) in all material respects;
 - any significant changes required in the independent auditors' audit plan and any serious issues with management regarding the audit;
 - the Company's internal controls report and the independent auditors' certification of the report, and review disclosures made to the Audit Committee by the Chief Executive Officer and Chief Financial Officer about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls;
 - other matters related to the conduct of the audit that are to be communicated to the Audit Committee under generally accepted auditing standards;
- satisfying itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure described in the preceding paragraph, and assessing the adequacy of such procedures periodically;
- reviewing with the independent auditors and management the adequacy and effectiveness of the financial and accounting controls of the Company;
- establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters;
- reviewing with the independent auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors and reviewing and discussing material written communications between management and the independent auditors, such as any management letter of schedule of unadjusted differences;
- making inquiries of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company;
- making inquiries of management and the independent auditors to identify significant business, political, financial, litigation and control risks and exposures and assess the steps management has taken to minimize such risk to the Company;
- assessing the overall process for identifying principal business, political, financial, litigation and control risks and providing its views on the effectiveness of this process to the Board;

- ensuring that the disclosure of the process followed by the Board and its committees, in the oversight of the Company's management of principal business risks, is complete and fairly presented;
- obtaining reports from management that the Company is in conformity with legal requirements and the Company's Code of Business Conduct and Ethics and reviewing reports and disclosures of insider and affiliated party transactions;
- discussing any earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- ensuring adequate procedures are in place for review of the Company's disclosure of financial information and assess the adequacy of these procedures at least once per year;
- reviewing of confirmation of compliance with the Company's policies on internal controls, conflicts of interests, ethics, foreign corrupt practice, etc.;
- ensuring that the Company's Annual Information Form, if applicable, and the Company's Management Information Circular contains the disclosure as required by law, including that required by MI 52-110;
- reviewing with financial management and the independent auditors interim financial information, including interim financial statements, management discussion and analysis and financial press releases for the purpose of recommending approval by the Board prior to its release;
- at least annually obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess auditors' independence);
- reviewing and approving hiring policies for employees or former employees of the past and present independent auditors;
- reviewing disclosure by management in the event that management deviates from existing approved policies and procedures which disclosure must also must be contained in financial reporting sub-certification forms;
- engaging independent counsel and other advisors, without seeking approval of the Board or management, if the Audit Committee determines such advisors are necessary to assist the Audit Committee in carrying out its duties and setting and paying for any counsel or advisors employed by the Audit Committee for such purpose. The Audit Committee shall advise the Board and management of such engagement; and
- conducting special investigations, independent of the Board or management, relating to financial and non-financial related matters concerning the Company and/or any one or more of its directors, officers, employees, consultants and/or independent contractors, if determined by the Audit Committee to be in the best interests of the Company and its Shareholders. The Audit Committee shall advise the Board with respect to the initiations of such investigations and shall periodically report any findings such investigation to the Board.

IV. MEETINGS

The Audit Committee will meet regularly at times necessary to perform the duties described above in a timely manner, but not less than four times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Audit Committee.

The Audit Committee shall meet periodically in separate executive sessions with management (including the Chief Financial Officer) and the independent auditors, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The independent auditors will have direct access to the Audit Committee at their own initiative.

The Chairman of the Audit Committee will report periodically the Audit Committee's findings and recommendations to the Board.