

FORM 51-102F4
BUSINESS ACQUISITION REPORT

Item 1: Name and Address of Company:

Certive Solutions Inc.
1104-1185 West Georgia Street,
Vancouver, British Columbia
Canada, V3C 2E5

Item 2: Date of Material Change:

June 30, 2014

Item 3 News Release:

Press release announcing Letter of Intent to Acquire Titan the Assets of Titan Health Management Solutions Inc. **March 31, 2014**

Press release announcing the closing of the acquisition of the Assets of Titan Health Management Solutions Inc. **July 3, 2014**

Item 4 Summary of Material Change:

On July 3, 2014, the Company acquired 100% of the assets of Titan Health Management Solutions Inc. of Tucson, Arizona. Titan Health has a 12-year history of collecting claims made by U.S. hospitals to commercial insurance providers. Titan Health has over 45 employees based in Tucson who serve as collectors of such claims. Titan Health is compliant with all regulations governing its business. The assets acquired include all of the computer hardware and software necessary to conduct the business, the contracts that Titan Health has with its hospital customers, the brand and logos of Titan, and all of the intellectual properties used by Titan Health to conduct its business.

The purchase price for the purchased assets was two million seven hundred and eleven thousand U.S. dollars (US\$2,711,000), to be paid by Certive U.S.A as follows:

- i. The Company paid One Hundred Thousand U.S. dollars (US\$100,000) in cash July 3, 2014.
- ii. The Company will pay to Titan Health two hundred and eight thousand U.S. dollars (US\$208,000) in cash on or before September 30, 2015 (extended by mutual agreement)
- iii. The Company has delivered a convertible promissory note in the principal amount of one million eight hundred thousand U.S. dollars (US\$1,800,000), which Convertible Note shall provide for payment, plus accrued and unpaid interest, to be paid by

- Certive U.S.A on or before December 31, 2015. The promissory note is convertible into common shares of the Company at a price of CDN\$0.80 per share.
- iv. The Company will issue to Titan Health a total of 1,000,000 common shares of the Company in partial payment of the Purchase Price.
 - v. The Company shall issue to Titan Health a total of 1,250,000 preferred shares of the Company in partial payment of the Purchase Price. The preferred shares are convertible on a 1 for 1 basis into common shares of the Company on the following basis: Upon Titan Health generating cumulative aggregate gross revenues in the amount of US\$4,200,000 in incremental revenue commencing July 1, 2014 and continuing until such cumulative gross revenues have been attained, the entire 1,250,000 Preferred Shares will qualify for conversion into common shares of the Company.

The Company entered into transition services agreements with Titan Health effective June 1, 2014 and accordingly all of the financial affairs of both companies have been consolidated with that of the Company's effective June 1, 2014 insofar as the Company had complete financial control of both enterprises as of that date.

The acquisition represents more than 40% of the Company's assets as at the date of acquisition.

Item 5 Full Description of Material Change:

5.1 Full Description of Material Change:

The significance of the Titan acquisition is that it is the first of several acquisitions the Company intends to make in the revenue cycle management sector of the US Hospital market. The Company's customers are hospitals and revenue cycle management refers to the provision of services to hospitals specifically related to the generation of a valid bill to insurance companies and government as applicable and the ultimate collection of accounts that have been denied by those payers. Insofar as it is the first acquisition, it represents not only the Company's entrance into this market but also the access to over 40 hospitals in the Southwestern United States.

The Company is focused on becoming a significant and dominant competitor in the Tier 3 segment of revenue cycle management for U.S. hospitals.

Industry Structure: The revenue cycle management industry is comprised of three tiers that deliver services to U.S. hospitals; Tier One is the domain of large consultancies with multi-disciplined practices. Their targets are large enterprise deployments. Tier Two is comprised of vendors who generate between \$100 million and \$600 million in annual revenue. There are less than 5 competitors in this tier and they are typically the target of private equity aggregators. The Tier 3 space is comprised of small, closely held companies that generate between US\$2 million and US\$5 million in annual revenues. They are constrained by cash to grow and technology to scale, as the business without technology is highly labor intensive. The Tier 3 segment is an

approximate US\$50 Billion market today, and is highly fragmented and largely undercapitalized. Companies in this Tier however have great connectivity with their customers and are generally more resilient in supporting their customer's needs. This segment represents the acquisition target market for the Company.

The total addressable market (TAM) for RCM in the U.S. hospital market approaches US\$1 trillion today. Recovered revenue on denied claims represents approximately 5% of the industry value or US\$50 billion annually. While outsourcing claims recovery is in its infancy, logic would suggest that the industry must seek specialized outsourcing solutions simply, to survive and control cash in a largely cash starved environment. Changing regulations at both federal and state levels, the introduction of ICD 10 and other factors affecting data workflow will demand both experienced and trusted outsourcing solutions combined with cloud based workflow that enables rapid scale. Since a significant percentage of the RCM hospital market is serviced by Tier Three providers, and since most lack the technology to scale and capital resources to implement, acquisition opportunities abound.

The differentiating advantage will be technology and the Company recognizes the importance of implementing internal solutions to support the services offered to its customers. Systems, information and recovery process integration are the keys to maximizing recovery of denied claims. A marginal loss in gross dollars associated with denied claims generally has a significant impact on net operating profits.

The Company's growth strategy is to acquire customers via asset acquisition and to bring technology and thus scale operations reducing the need for manpower and increasing capacity. Manual input will always be required as there is a great degree of interpolation in claims adjudication, however workflow tools such that being developed by The Company will have a significant, positive impact on the ability to take on larger volumes of claims and increase operating margins. Upon reviewing the Tier 3 segment of the industry, the Company found that there are several small companies that provide one or more services to U.S. hospitals very well but not necessary efficiently. The Company also noticed that these small companies are not expanding to any degree either because they don't have the resources or they don't have the vision. What they had however was very strong relationships with the hospitals they serviced. That became the Company's target, the relationships. In the absence of acquiring the relationships it would be virtually impossible for any new entrant to this segment to even secure a first meeting with a hospital CFO in the U.S. The Company spent considerable time coming to this conclusion before making the first asset purchase.

5.2 Disclosure for Restructuring Transactions:

A total of 4,500,000 common shares of the Company may ultimately be issued in respect of the Titan acquisition. As at the date of acquisition there were 41,039,091 common shares issued and outstanding in the Company's capital stock. None of the shares contemplated for issued have been issued at closing of the asset purchase but if they had been, they would have accounted for 9.8% of

the then issued and outstanding shares of the Company. The acquisition is not a restructuring or reorganization of the Company. The Company purchased assets only.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

Item 7 Omitted Information:

There is no information being withheld that would otherwise be consider to be confidential.

Item 8 Executive Officer:

The contact person for the Company is Brian Cameron. Mr. Cameron can be reached at 480 922-5327 or by email at bcameron@certive.com.

Item 9 Date of Report:

This Report is dated June 10, 2015