

ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE MR. ) THURSDAY, THE 13TH  
JUSTICE FITZPATRICK. ) DAY OF NOVEMBER, 2014

IN THE MATTER OF THE PROPOSAL OF  
MITOMICS INC.  
OF THE CITY OF THUNDER BAY  
IN THE PROVINCE OF ONTARIO

APPROVAL ORDER

THIS MOTION, made by Dodick Landau Inc., in its capacity as the receiver (the “Receiver”) of the undertakings, property and assets of Mitomics Inc. (“Mitomics”), for orders:

(i) if necessary, that the time for service of the Notice of Motion and the Motion Record are abridged and validated so that this Motion is properly returnable;

(ii) approving, pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “Act”), the proposal of Mitomics, dated October 8, 2014, as amended on October 22, 2014 (the “Proposal”);

(iii) establishing January 15, 2015, as a deadline for the submission of creditors’ claims to be eligible for cash distributions pursuant to section 4.6 and 4.7 of the Proposal;

(iv) appointing the Receiver, in its capacity as proposal trustee (“Trustee”), the foreign representative of Mitomics; and


(v) for such other relief as this Court may deem just;

was heard this day at 125 Brodie St N, Thunder Bay, Ontario.

**ON READING** the Notice of Motion, the Second Report of the Receiver and the First Report of the Trustee, dated November 6, 2014, and on hearing the submissions of counsel for the Receiver, counsel for William Poulter and Harald Smart, and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Sandra Cooper sworn November 7, 2014, filed:

1. **THIS COURT ORDERS** that the time for service of the Motion Record and the Notice of Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Proposal, attached as Schedule "A" to this Order, be and the same is hereby approved.
3. **THIS COURT ORDERS** that all Proven Claims (as defined in the Proposal) must be submitted to the Trustee on or before January 15, 2015 ("**Claims Bar Date**") in order to be eligible to receive a cash payment pursuant to sections 4.6 or 4.7 of the Proposal and that the Trustee shall distribute the cash proceeds pursuant to the Proposal in accordance with the provisions of the Act as soon as practical subsequent to the Claims Bar Date.
4. **THIS COURT ORDERS** that the Trustee be and it is hereby appointed as the foreign representative of Mitomics for the purpose of seeking recognition of this proceeding and any relief granted herein in the United States of America or any other country where the Trustee may need to seek such relief.

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



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## SCHEDULE "A"

Court File No. 21-1919705  
Estate File No. 21-1919705

### ONTARIO SUPERIOR COURT OF JUSTICE

#### IN THE MATTER OF THE PROPOSAL OF MITOMICS INC.

### AMENDED PROPOSAL

Mitomics Inc. ("Mitomics" or the "Debtor") by Dodick Landau Inc. in its capacity as court appointed receiver of all of the assets, undertakings and properties of Mitomics hereby submits the following proposal ("Proposal") pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3.

#### PART I

##### Interpretation

##### Definitions

- 1.1 In this Proposal unless otherwise stated or the context otherwise requires, capitalized terms shall have the following meanings:
- (a) "Accredited Investor" means an Accredited Investor as defined in National Instrument 45-106;
  - (b) "Act" means the *Bankruptcy and Insolvency Act*, (Canada) R.S.C. 1985, c. B-3, as it may be amended from time to time;
  - (c) "Administrative Fees and Expenses" means the proper fees and expenses of the Trustee and the Debtor incidental to the preparation, presentation, consideration and implementation of the Proposal, any amendments thereto, and the proceedings, transactions and agreements contemplated thereby or arising therefrom, including all legal fees and disbursements incurred by the Receiver/Trustee and the Debtor;
  - (d) "Administration Charge" has the meaning ascribed to it in the Receivership Order.
  - (e) "Approval Order" means an Order of the Court approving (i) this Proposal pursuant to the provisions of the Act, and (ii) the Purchase Transaction contemplated by the Purchase Agreement;

- (f) “**Assets**” means the Purchased Assets;
- (g) “**Business Day**” means a day, other than a Saturday, Sunday or a day observed as a holiday under the laws of the Province of Ontario or the federal laws of Canada applicable therein on which banks are generally open for business in Thunder Bay, Ontario;
- (h) “**Claim**” means any right of any person against the Debtor in connection with any indebtedness, liability, or obligation of any nature whatsoever of the Debtor to any person, whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Receivership Date, where such claims are proved and allowed, and “**Claims**” has a corresponding meaning;
- (i) “**Court**” means the Ontario Superior Court of Justice;
- (j) “**Creditor**” means any person who holds one or more Claims, including Secured Creditors and Unsecured Creditors and “**Creditors**” has a corresponding meaning;
- (k) “**Creditors' Meeting**” means a meeting of the Unsecured Creditors or a meeting of the Secured Creditors called for the purpose of considering and voting on the Proposal;
- (l) “**Effective Date**” means the date upon which the Approval Order becomes final and non-appealable;
- (m) “**Event of Default**” has the meaning given to it in Part X of this Proposal;
- (n) “**Inspector**” means an inspector appointed, if any pursuant to the Proposal in accordance with the provisions of the Act;
- (o) “**Dodick Landau**” means Dodick Landau Inc.;
- (p) “**Ordinary Creditor**” means a Creditor with a Proven Claim, except for those Claims that:
- (i) the Trustee determines not to be a provable claim in accordance with section 135(1.1) of the Act;
  - (ii) have been finally and conclusively disallowed in accordance with the Act;
  - (iii) are claims by Preferred Creditors;
- and “**Ordinary Creditors**” has a corresponding meaning;
- (q) “**Performance of the Proposal**” means full performance of this Proposal as set out in Part III, section 3.2 hereof;

- (r) “**Post Receivership Goods and Services**” means the goods and services purchased by the Debtor subsequent to the Receivership Date;
- (s) “**Preferred Creditor**” means a Creditor with a Proven Claim that is required by the Act to be paid in priority to all other Claims under a proposal made by debtor and including, without limitation:
- (i) employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under subsection **136(1)(d)** of the Act if the Debtor had become a bankrupt on the Receivership Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before Court approval of the Proposal;
  - (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Receivership Date and are of a kind that could be subject to a demand under.
    - (A) subsection 224(1.2) of the *Income Tax Act* (Canada);
    - (B) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* (Canada) and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
    - (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act* (Canada), or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
      - I. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act* (Canada), or
      - II. is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;
- and “**Preferred Creditors**” has a corresponding meaning;
- (t) “**Proposal**” means this Proposal and any amendments thereto;
- (u) “**Proof of Claim**” means the proof of claim required by the Act to be provided to each known Creditor prior to the Creditors' Meeting;

- (v) “**Proven Claim**” of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the Act;
- (w) “**Purchase Agreement**” means the agreement of purchase and sale between Info Ontario Inc., Dodick Landau in its capacity as Receiver and Trustee, and Mitomics made as of October 6, 2014, substantively in the form attached to this Proposal, but absent the schedules annexed thereto, collectively as **Schedule “A”**;
- (x) “**Purchase Price**” means the payments to be made to the Trustee pursuant to the provisions of Part III of this Proposal;
- (y) “**Purchase Transaction**” means the purchase and sale transaction contemplated by the Purchase Agreement and the Term Sheet;
- (z) “**Purchased Assets**” means those assets purchased by the Purchaser, as described in the Purchase Agreement;
- (aa) “**Purchaser**” means 2436884 Ontario Inc.;
- (bb) “**Receiver**” means Dodick Landau in its capacity as court appointed receiver, without security, of all of the assets, undertakings and properties of Mitomics acquired for, or sued in relation to a business carried on by Mitomics including all proceeds thereof pursuant to Receivership Order;
- (cc) “**Receiver’s Borrowings Charge**” has the meaning ascribed to it in the Receivership Order;
- (dd) “**Receivership Date**” means August 14, 2014, being the date upon which the Receiver was appointed;
- (ee) “**Receivership Order**” means the order dated August 14, 2014 appointing Dodick Landau as Receiver;
- (ff) “**Retention Charge**” has the meaning ascribed to it in the September 11, 2014 order of the Court;
- (gg) “**Secured Creditor**” means any person holding a mortgage, hypothec, pledge, charge, lien, encumbrance, security interest or privilege on or against the property of the Debtor or any part thereof as security for a Claim, and “**Secured Creditors**” has a corresponding meaning;
- (hh) “**Security Documents**” means the general security agreements between the Purchaser and each Secured Creditor and the intercreditor agreement as described in Section 4.2 (g) and (h) hereof;
- (ii) “**Term Sheet**” means the term sheet annexed hereto as **Schedule “B”**;
- (jj) “**Trustee**” means Dodick Landau, or its duly appointed successor, in its capacity as proposal trustee under the Act;

- (kk) **“Unsecured Creditors”** means, collectively, the Preferred Creditors and the Ordinary Creditors;
- (ll) **“Unsecured Payment Fund”** means, an amount up to \$20,000 made available by the Purchaser to the Trustee to pay the Proven Claims of Unsecured Creditors pursuant to Section 4.7(b); and
- (mm) **“Voting Letter”** shall mean the voting letter required by subsection 51(1) of the Act to be mailed or sent by electronic transmission to each known Creditor prior to the Creditors' Meeting.

### **Headings**

- 1.2 The division of this Proposal into Parts and Sections and the insertion of headings are for the convenience of reference only and do not affect the construction or interpretation of this Proposal. The terms “this Proposal”, “hereof”, “hereunder” and similar expressions refer to this entire Proposal and not to any particular Part, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent herewith, references herein to Parts and Sections are to Parts and Sections of this Proposal.

### **Extended Meanings**

- 1.3 In this Proposal words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

### **Date for Any Action**

- 1.4 If any date on which any action required to be taken hereunder by any of the parties is not a Business Day, such action must be taken on the next succeeding day which is a Business Day unless precluded by statute.

### **Stay of Proceedings**

- 1.5 During the Proposal, and provided an Event of Default has not occurred and the Proposal is continuing, each Unsecured Creditor will be stayed from commencing or continuing any proceeding or remedy against the Debtor or its property including the Assets based upon a Claim existing on or before the Receivership Date.

## **PART II**

### **Classification of Creditors**

#### **Classes of Creditors**

- 2.1 For the purposes of voting on the Proposal, the Creditors of the Debtor shall be composed of two classes, namely, Unsecured Creditors and Secured Creditors.



**PART III**  
**Proposal**

**Purpose and Implementation of Proposal**

- 3.1 The purpose of this Proposal is to effect a restructuring of the business and affairs of the Debtor by completion of the Purchase Transaction with the expectation that all Creditors and other stakeholders will derive a greater benefit from the continued operation of the business and affairs of the Debtor than would result from a forced liquidation of its assets.
- 3.2 The consideration for the purchase of the Purchased Assets shall be equal to the aggregate sum set out in this section 3.2, estimated to be in the amount of nineteen million, sixty-four thousand, nine hundred thirty three dollars and fifty cents (\$19,064,933.50) (the "**Purchase Price**"). The Purchase Price shall comprise the following:
- (i) The Purchaser shall pay the sum of \$50,000 (the "**Deposit**") to the Trustee to be held in trust pending completion or termination of the Purchase Agreement and to be applied towards the payment of the Administration Fees and Expenses, any balance owing in respect of the Administration Charge, the Retention Charge and the costs payable to the Applicants under Court File No. CV14-0291.
  - (ii) On closing of the Purchase Agreement the Purchaser shall assume all DIP financing obligations of the Receiver, the payment of the Retention Charge, the payment of the Receiver's Borrowings Charge and all costs payable to the Applicants under Court File No. CV14-0291 (to extent not covered by the DIP financing or the Deposit);
  - (ii) On closing of the Purchase Agreement the Purchaser shall assume the indebtedness owing to the Secured Creditors (the "**Assumed Liabilities**"), to be assumed upon the terms as to interest, payment, security and priority as more particularly set out in section 4.2 below, provided that,
    - (A) in the case of Northern Ontario Heritage Fund ("**NOHFC**") which is prohibited from accepting the amended terms as set out in Schedule "B" of the Purchase Agreement by law, NOHFC shall receive an assumption of debt by the Purchaser and amended security as more particularly set out in section 4.3 hereto and,
    - (B) in the event any other Secured Creditor shall refuse the amended terms and/or to execute the Security Documents set out in section 4.2 (g) and (h) hereto, the Purchaser shall assume one-fifth (1/5) of the debt owed by Mitomics of such refusing Secured Creditor, to be repaid as to principal and interest and upon the same terms as set out in 4.3 hereto; and
  - (iii) On closing of the Purchase Agreement the Purchaser shall issue fully participating common shares in the share capital of the Purchaser to each unsecured creditor of Mitomics as set out in Section 4.6 below.

- 3.3 The Deposit shall be distributed by the Trustee pursuant to Part IV of this Proposal and the provisions of the Act and upon payment of the Purchase Price to the Trustee, the Debtor's obligations under the Proposal shall be fully performed and the Trustee shall issue a certificate of full performance to the Debtor in accordance with section 65.3 of the Act. Payments to Preferred and Unsecured Creditors shall be net of any applicable levy payable to the office of the Superintendent of Bankruptcy as required by the Act.
- 3.4 The Purchased Assets will be sold to the Purchaser on an "as is, where is" basis and the Debtor will not be liable or responsible in any way for the condition of the Purchased Assets or the delivery of such tangible assets to be purchased by the Purchaser.
- 3.5 The Debtor will maintain the fire, public liability and any other customary classes of insurance covering the Purchased Assets until the closing of the Purchase Agreement.
- 3.6 In the event that the Proposal is not accepted by the Unsecured Creditors or the Court refuses to issue the Approval Order, the Debtor shall become a bankrupt and the Purchase Price shall not be available to the Unsecured Creditors in accordance with their respective priorities.

## **PART IV**

### **Treatment of Creditors**

#### **Payment of Administrative Fees and Expenses**

- 4.1 The Administrative Fees and Expenses and the Administration Charge shall be paid prior to distribution to the Creditors.

#### **Secured Creditors**

- 4.2 The Claims of Secured Creditors shall be dealt with on the following terms:
- (a) The Purchaser shall issue to each Secured Creditor (excluding NOHFC) a promissory note evidencing their respective Assumed Liability, with the interest rate on the Assumed Liabilities being nil in the first twenty-four (24) months following closing of the Purchase Agreement, and thereafter at the rate of eight percent (8%) per annum;
  - (b) no repayment of any interest or capital shall be made during the first twenty-four (24) months following closing of the Purchase Agreement;
  - (c) repayment of interest only after the first twenty-four (24) months until the maturity date of the loan, to be paid annually on the anniversary date of the closing of the Purchase Agreement with the first such payment made on the third anniversary date;
  - (d) the balance due under the promissory note shall be repaid in full on the fifth anniversary date of closing of the Purchase Agreement;

- (e) the Secured Creditors shall have the option to convert their respective Assumed Liabilities to shares at the conversion rate (the “**Conversion Rate**”) of 1.66 common shares for every USD\$1.00 of Assumed Liabilities;
- (f) the Purchaser shall have the right upon fifteen (15) days written notice, to require the Secured Creditors to convert their respective Assumed Liabilities and the promissory notes representing the indebtedness at the Conversion Rate at any time in the event of any of the following:
  - (i) the Purchaser shall undertake and/or participate in an initial public offering under any applicable securities legislation;
  - (ii) in the event of any amalgamation, merger, consolidation or similar transaction with any corporation dealing at arm’s length with the Purchaser;
  - (iii) in the event the Purchaser shall enter into any agreement for the sale of a majority of its assets which transaction is approved by the shareholders of the Purchaser holding shares representing 66% of the total votes of the Purchaser; and
  - (iv) in the event of any bona fide offer to purchase the issued and outstanding shares of the Purchaser is received by its shareholders, which offer is conditional upon the bidder acquiring all of the issued shares and which bid is acceptable to the shareholders of the Purchaser holding shares representing 66% of the total votes of the Purchaser.
- (g) the Purchaser shall enter into a General Security Agreement with each Secured Creditor providing security over the property and assets of the Purchaser, which general security agreement shall be substantially the same as the general security agreement entered into between Mitomics and the Secured Creditors dated September, 2013;
- (h) each Secured Creditor shall enter into an Intercreditor Agreement which shall be substantially in the form as the Intercreditor Agreement between the Secured Creditors and Mitomics dated February 8, 2013 and annexed hereto as **Schedule “C”**.

4.3 The Claims of NOHFC and any other Secured Creditor that shall refuse the amended terms and/or to execute the Security Documents set out in section 4.2 (g) and (h) hereto shall be dealt with on the following terms:

- (a) the existing indebtedness shall be extinguished in consideration for the Purchaser delivering (i) in the case of NOHFC, a promissory note in the amount of Five Hundred Thousand (\$500,000.00) Dollars; and (ii) in any other case, one-fifth (1/5) of the indebtedness of Mitomics to such Secured Creditor;
- (b) the promissory notes set out in (a) shall bear interest as follows:
  - i. during the first two (2) years following closing of the Purchase Agreement, nil;

- ii. during the third, fourth and fifth years following closing of the Purchase Agreement, at the rate equal to four (4%) percent per annum, calculated annually not in advance;
- (c) the Purchaser shall make blended payments of principal and interest due under the promissory note(s) as follows:
- i. during the first two (2) years following Closing, the Purchaser shall make annual payments of principal totalling, in the aggregate, the amount equal to five (5%) percent of the Purchaser's EBITDA, calculated in accordance with Canadian accounting standards for private enterprise. For greater certainty, in the event the Purchaser shall not have positive EBITDA no payments shall be made;
  - ii. during the third year following Closing and thereafter, the Purchaser shall make annual blended payments of principal and interest totaling, in the aggregate, the amount equal to five (5%) percent of the Purchaser's EBITDA, calculated in accordance with Canadian accounting standards for private enterprise, provided that no interest shall be paid under the NOHFC note unless and until (A) all interest payable to senior creditors shall have been paid in full; or (B) all senior debt shall have been converted into equity;
  - iii. The payments required under (i) and (ii) immediately above shall be payable annually on the date that is three (3) months following the fiscal year end of the Purchaser.
- (d) the balance of the sum represented by the note shall be payable in full on the date that is three (3) months following the fifth (5th) fiscal year end of the Purchase following closing of the Purchase Agreement.
- (e) Should the Purchaser engage in any initial public offering under any applicable securities legislation, the Purchaser shall make commercially reasonable efforts to pay out and satisfy the amount due under the NOHFC note in full.

#### **Distribution To Preferred Creditors**

- 4.4 The Proven Claims of Preferred Creditors are to be paid by the Trustee in full in priority to all claims of Unsecured Creditors in accordance with the scheme of distribution set forth in the Act.

#### **Employee Preferred Claims**

- 4.5 Amounts, if any owing to Employees as Employee Preferred Claims, shall be paid in the ordinary course by the Debtor and in any event prior to the closing of the Purchase Transaction.

#### **Distribution To Unsecured Creditors**

- 4.6 The Proven Claims of Unsecured Creditors with a value equal to or less than \$600 shall

be satisfied in full by receiving a cash payment of 100% of the value of the Proven Claim.

4.7 Unsecured Creditors with Proven Claims having a value greater than \$600 shall elect one of the following options to have their Proven Claim satisfied:

- (a) to reduce their Proven Claim to \$600 and receive payment in accordance with Section 4.6;
- (b) if the Unsecured Creditor is not an Accredited Investor then such Unsecured Creditor shall receive their respective *pro rata* portion of the Unsecured Payment Fund based upon the proportion their Claim bears to the total dollar value of the Claims being paid out of Unsecured Payment Fund, provided that any payments pursuant to this Subsection 4.7(b) shall not exceed the value of any Unsecured Creditors' Proven Claim; or
- (c) an Unsecured Creditor that is an Accredited Investor can elect to receive a *pro rata* payment pursuant to Section 4.7(b) or on closing of the Purchase Agreement the Purchaser shall issue fully participating common shares in the share capital of the Purchaser to each unsecured creditor of Mitomics in full satisfaction of such indebtedness, at a subscription price and stated capital value equal to the outstanding indebtedness of Mitomics to the unsecured creditors, on the basis of one (1) common share for each One (\$1.00) US Dollar of indebtedness (using the applicable exchange rate on the Receivership Date), and to be issued to such unsecured creditors on closing of the Purchase Agreement.

### **Claims Against Directors**

4.8 Any Claims against the Debtor by any Creditor that are also Claims against the directors and officers of the Debtor that relate to obligations of the Debtor where directors are under any law liable in their capacity as directors for the payment of such obligations shall be, and upon Court approval of this Proposal, are hereby, to the extent permitted by the Act, compromised and released and forever discharged as against the directors of the Debtor upon acceptance of this Proposal by the Unsecured Creditors and approval by the Court.

## **PART V**

### **Procedure For Validation and Valuation of Claims**

#### **Allowance or Disallowance of Claims by the Trustee**

5.1 Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each Claim in accordance with the provisions of the Act.

#### **Valuation of Claims**

5.2 The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as provided for in the Act. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing any Claim of a Creditor and in respect of any other matter as may be required.

**PART VI**  
**Meetings of Creditors**

**Creditors' Meetings**

6.1 On October 27, 2014, the Debtor shall hold the Creditors' Meetings in order for the Creditors to consider and vote upon the Proposal.

**Notice of Creditors' Meetings**

6.2 The Trustee shall provide the Creditors with notice of the time and place of the Creditors' Meetings by mail pursuant to the Act. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the Act and any order which may be issued by the Court in respect of the procedure governing the Creditors' Meetings.

**Conduct of Meetings**

6.3 The Official Receiver, or any nominee thereof, shall preside as the chair of the Creditors' Meetings and will decide all matters relating to the conduct of the Creditors' Meetings. The only persons entitled to attend the Creditors' Meetings are those persons (including the holders of proxies) entitled to vote at the Creditors' Meetings and the officers, directors and legal counsel of the Debtor together with such representatives of the Trustee as the Trustee may appoint in its discretion. Any other persons may be admitted on invitation of the chair of the Creditors' Meetings or with the consent of the Creditors.

**Adjournment of Meetings**

6.4 The Creditors' Meetings may be adjourned in accordance with section 52 of the Act.

**Voting by Creditors**

6.5 To the extent provided for herein, each Creditor will be entitled to vote to the extent of the amount which is equal to the Proven Claim of such Creditor.

**Approval by Creditors**

6.6 In order for the Proposal to be binding on all of the Creditors, it must first be accepted by the Creditors by a majority in number of the Creditors who actually vote upon the Proposal (whether in person or by proxy) at the relevant Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Proven Claims of the Creditors who actually vote upon the Proposal (whether in person or by proxy) at the relevant Creditors' Meeting or by a Voting Letter.

**Appointment of Inspectors**

6.7 At the Creditors' Meetings, the Creditors may appoint up to five (5) inspectors whose powers will include, but not be limited to, the following:

- (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims;

- (b) the power to waive any default in the performance of any provisions of the Proposal; and
- (c) Advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it deems just.

The authority and term of office of the Inspectors will terminate upon the Performance of the Proposal.

## **PART VII**

### **Post Receivership Date Payments**

#### **Payment of Post Receivership Goods and Services**

- 7.1 All Post Receivership Goods and Services shall be paid in full in the ordinary course of the Debtor's business and on terms agreed to between the Debtor and its respective creditors. The Debtor agrees that the Receiver/Trustee shall not in any case be responsible for ensuring that payment is duly made to any person supplying Post Receivership Goods and Services.

#### **Crown Claims**

- 7.2 During the period between the Receivership Date and the Effective Date, the Debtor shall pay and keep current Her Majesty in Right of Canada and in Right of Ontario all amounts of a kind that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* (Canada) or otherwise as provided for in subsection 60(1.1) of the Act or any substantially similar provision of Ontario legislation.

## **PART VIII**

### **Conditions Precedent to Implementation of the Proposal**

- 8.1 As provided for in the Act, the arrangements set out in this Proposal will not take effect unless the conditions set forth below are satisfied:
- (a) all approvals and consents to the Proposal that may be required have been obtained;
  - (b) the Approval Order has been issued and the Effective Date has passed;
  - (c) no order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal has been issued;

- (d) all agreements or instruments necessary to effect the intention and purpose of this Proposal have been received by the Debtor and the Purchaser in a form satisfactory to the Debtor and Purchaser;
- (e) the Purchase Transaction shall have been completed; and
- (f) all and any orders of the Court have been obtained which are required to facilitate the transactions referred to herein.

## **PART IX**

### **Miscellaneous**

#### **Effect of Payment**

- 9.1 Creditors will accept the payments provided for in this Proposal in complete satisfaction of all of their Claims, and all liens, certificates of pending litigation, executions or any other similar charges or actions or proceedings in respect of such Claims will have no effect in law or in equity against the property, assets and undertaking of the Debtor including the Assets. On the Effective Date, any and all such registered liens, certificates of pending litigation, executions or other similar charges or actions will be discharged, dismissed or vacated without cost to the Debtor.

#### **Amendment to Proposal**

- 9.2 This Proposal may be amended by the Debtor with the consent of the Trustee at any time prior to the conclusion of the Creditors' Meetings called to consider the Proposal, provided that any amendment made pursuant to this section shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment, and provided further that any and all amendments shall be deemed to be effective as of the filing date of the Proposal.

#### **Performance Certificate**

- 9.3 The Trustee will give the Debtor and the Official Receiver the certificate provided for in section 65.3 of the Act within 5 Business Days following the Trustee being satisfied that all of the Purchase Agreement Conditions have been met or waived.

#### **Court Approval**

- 9.4 After the Creditors' acceptance of the Proposal, the Trustee will proceed to seek approval by the Court on, or about, November 6, 2014 and to have the Court make any ancillary orders that may be necessary or desirable to permit the transfer of the Assets to the Purchaser free and clear from all encumbrances as contemplated by the transaction or agreement including an order releasing any existing encumbrances from the Assets other than the Permitted Encumbrances as referred to in the Purchase Agreement (and continuing such encumbrances in the proceeds of sale only) and an order exempting the transfers from the provisions of the *Bulk Sales Act* (Ontario). Creditors' acceptance of the Proposal shall constitute their consent to such ancillary Court orders.



**Binding Effect**

- 9.5 The provisions of this Proposal will be binding on the Creditors, the Debtor, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order.

**Employee Retention**

- 9.6 The Purchaser shall, on closing of the Purchase Agreement, offer employment to the current employees of Mitomics on the same terms and conditions as are currently existing between the Debtor and such employees, but excluding any obligations for outstanding warrants or options, whether vested or not.

**Reviewable Transactions**

- 9.7 Sections 95 to 101 of the Act do not apply to this Proposal.

**PART X****Event of Default**

- 10.1 The failure of the Purchaser to pay the Deposit to the Trustee will constitute an Event of Default for purposes of section 63 of the Act and otherwise under this Proposal.

**PART XI****Trustee**

- 11.1 Dodick Landau, shall be the Trustee under this Proposal and all monies and shares payable under this Proposal shall be paid over to the Trustee who shall make the payment of all dividends in accordance with the terms of this Proposal.
- 11.2 Dodick Landau is acting in its capacity as Trustee under this Proposal and not in its personal capacity and no officer, director, employee or agent of Dodick Landau shall incur any obligations or liabilities in connection with this Proposal or in respect of the business or liabilities of the Debtor.
- 11.3 Any payments made by the Trustee to the Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.
- 11.4 Upon payment by the Trustee of the amounts contemplated in Part IV of this Proposal, the Trustee shall have discharged its duties as Trustee, and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by the Proposal unless such acts have been carried out in bad faith and constitute a willful or wrongful act or default.

Dated at Toronto, Ontario this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**MITOMICS INC.** by Dodick Landau Inc. in its capacity as court appointed receiver of all of the assets, undertakings and properties of Mitomics Inc.

By: \_\_\_\_\_

Name:

Title:

*I/We have authority to bind the Corporation.*

*SCHEDULE "A"*  
*TO PROPOSAL*

**AGREEMENT OF PURCHASE AND SALE**

This Agreement, made this 6<sup>th</sup> day of October, 2014

BETWEEN:

**2436884 ONTARIO INC., a corporation duly incorporated pursuant to  
the laws of the Province of Ontario  
(hereinafter referred to as the "Purchaser")**

OF THE FIRST PART

- and -

**DODICK LANDAU INC., in its capacity as court appointed receiver of the  
assets of MITOMICS INC. and as Trustee pursuant to a proposal to be filed  
under the *Bankruptcy and Insolvency Act* (Canada) (the "Proposal")  
(hereinafter referred to as the "Trustee")**

OF THE SECOND PART

- and -

**MITOMICS INC., a corporation duly incorporated pursuant to  
the laws of the Province of Ontario  
(hereinafter referred to as "Mitomics")**

OF THE THIRD PART

WHEREAS the Trustee is the court-appointed receiver (the "Receiver") of Mitomics Inc. pursuant to an order of the Ontario Superior Court of Justice dated August 14, 2014 (the "Receiver Order");

AND WHEREAS the Superior Court of Justice amended the terms of the Receiver Order by an order dated September 11, 2014 (the "Second Receiver Order") to include provisions for a further charge in favour of Robert Poulter for deferred salary, as more particularly set out in the Second Receiver Order;

AND WHEREAS pursuant to the Receiver Order and the Second Receiver Order the Receiver is entitled to sell the assets and undertaking of Mitomics and/or to file a proposal to the creditors of Mitomics pursuant to the Bankruptcy and Insolvency Act

(Canada ) (the "BIA");

AND WHEREAS pursuant to the Receiver Order and the Second Receiver Order, the Trustee has not been appointed as receiver-manager, and Mitomics is entitled to continue to operate and manage its business and Mitomics is in fact doing so;

AND WHEREAS the Trustee has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Trustee the assets and undertaking of Mitomics upon the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants and agreements set out, the parties hereto do hereby agree as follows:

1. Subject to the terms of this Agreement, the Purchaser hereby agrees to purchase and the Trustee agrees to sell, convey and assign to the Purchaser the business and assets of MITOMICS INC., (the "Purchased Assets"), such assets to include, but not be limited to:
  - (a) all cash, bank balances, monies in possession of banks and other depositories, term or time deposits, and similar cash items of, owned, or held for the benefit of Mitomics;
  - (b) the tangible assets identified and set out in Schedule "A" annexed hereto;
  - (c) all accounts receivable of Mitomics as of Closing;
  - (d) all work-in-progress of Mitomics as of Closing, including the right to invoice and receive payments therefor;
  - (e) all inventory, including raw materials, finished goods, operating supplies and packaging materials held by Mitomics as of the Closing;
  - (f) any and all shares held by Mitomics in the share capital of its subsidiary corporations;
  - (g) all patents, patents pending, inventions, trademarks, tradenames, know-how, trade secrets, technical information, processes, formulas, designs, plans, testing procedures, and all other industrial designs or other intellectual property of whatever kind and description;
  - (h) all registrations, licences, qualifications and approvals (the "Licences") of Mitomics, if any, and to the extent such Licences are transferrable;
  - (i) the goodwill of the Business including the name "Mitomics" and the

assignment and assumption of all sales and/or distribution agreements to the extent assignable at law;

- (j) the benefit of the customer list of Mitomics; and
  - (k) the right to operate the business of Mitomics.
2. The consideration for the purchase of the Purchased Assets shall be equal to the aggregate sum set out in section 3 herein, estimated to be in the amount of **Nineteen Million, Sixty-four Thousand, Nine Hundred Thirty-Three and 50/100 (\$19,064,933.50) Dollars** (the "Purchase Price") as more particularly set out in Schedule "B" hereto.
3. The Purchase Price shall be paid and satisfied by the Purchaser as follows:
- (a) by the delivery to the Trustee, upon execution of this Agreement, of the sum of Fifty Thousand (\$50,000.00) Dollars (the "Deposit") to be held in trust pending completion or termination of this Agreement and to be applied towards the payment of the Receiver's Charge (as defined in the Receiver Order) and the costs payable to the Applicants under Court File No. CV14-0291;
  - (b) on Closing, by:
    - (i) the assumption of all DIP financing obligations of the Receiver and the payment of the Receiver's Charge (as defined in the Receiver Order), and all costs payable to the Applicants under Court File No. CV14-0291 (to extent not covered by the DIP financing or the Deposit);
    - (ii) the assumption by the Purchaser of all obligations of the Receiver under the Retention Charge (as that term is defined in the Second Receiver Order), such assumption of liability not to exceed Fifty Thousand (\$50,000.00) Canadian Dollars;
    - (iii) the assumption by the Purchaser of the indebtedness owing to the secured creditors of Mitomics as fixed and determined as of the Closing Date (the "Assumed Liabilities"), to be assumed upon the terms as to interest, payment, security, and priority as more particularly set out in Schedule "C" hereto, provided that, (A) in the case of Northern Ontario Heritage Fund which is prohibited from accepting the amended terms as set out in Schedule "C" by law, such secured creditor shall receive an assumption of debt by the Purchaser and amended security as more particularly set out in Schedule "D" hereto and, (B) in the event any other secured creditor

shall refuse the amended terms and/or to execute the security documents set out in Schedule "C" hereto, the Purchaser shall assume one-fifth (1/5) of the debt owed by Mitomics to such refusing secured creditor, to be repaid as to principal and interest and upon the same terms as set out in Schedule "D" hereto; and

- (iv) the issuance by the Purchaser of fully participating common shares in the share capital of the Purchaser to each unsecured creditor of Mitomics in full satisfaction of such indebtedness, at a subscription price and stated capital value equal to the outstanding indebtedness of Mitomics to the unsecured creditors as fixed and determined as of the Closing Date and calculated using an interest rate of eight (8%) percent per annum for each such unsecured creditor from and after August 14, 2014, on the basis of one (1) common share for each One (\$1.00) US Dollar of indebtedness (using the applicable exchange rate on the closing date), and to be issued to such unsecured creditors on Closing.
4. The following Schedules attached hereto are incorporated by reference to this Agreement and are to be read as a part hereof:
    - (a) Schedule "A" – List of Assets
    - (b) Schedule "B" – Purchase Price Determination and Allocation
    - (c) Schedule "C" – Security Terms
    - (d) Schedule "D" – Amended Security Terms
  5. In addition to the assumption of the DIP financing obligations as set out in subsection 3(b)(i) above, the Purchaser shall provide each person lending under such DIP financing (the "DIP Lender") with the right to convert the outstanding balance of their DIP financing assumed by the Purchaser into Class A Common Shares in the share capital of the Purchaser at the conversion rate of 2.19 Class A Common Shares for each One Dollar (\$1.00 US) of outstanding indebtedness, exercisable by such DIP Lenders at any time that the loans are outstanding.
  6. The Trustee shall file a proposal to the creditors of Mitomics under the provisions of the BIA incorporating the terms of this Agreement and shall thereafter proceed with such proposal pursuant to the provisions of the BIA.
  7. On closing, the Trustee shall transfer and assign the Purchased Assets to the Purchaser free and clear of any and all liens, charges, mortgages, debentures, encumbrances, claims, demands, debts, dues, actions, cause of action, or other liabilities whatsoever, saving and excepting only the Assumed Liabilities.
  8. From and after the Closing Date, the Purchaser shall assume and perform, satisfy, pay and discharge all debts, actions, causes of action, lawsuits, claims,

- demands, and other liabilities and obligations of every kind and nature, whether past, present or future, known or unknown, fixed or contingent, arising from or relating to the Assumed Liabilities, providing that the Assumed Liabilities shall be subject to the amendments set out in Schedule "C" or "D" herein.
9. On closing, the Purchaser shall issue common shares to the unsecured creditors of Mitomics, as contemplated in paragraph 3(b)(iv) herein, in accordance with the proven claims of the unsecured creditors in connection with the Proposal.
  10. The Purchaser shall, on Closing, offer employment to the current employees of Mitomics on the same terms and conditions as are currently existing between Mitomics and such employees, but excluding any obligations for outstanding warrants or options, whether vested or not. The Purchaser shall not be assuming any other contractual commitments of Mitomics save and except as expressly set out herein.
  11. The Purchaser represents and warrants to the Trustee that the Purchaser has good right, full power and absolute authority to enter into this Agreement and to purchase the Purchased Assets from the Trustee and to complete the transaction in the manner contemplated herein and to perform all of the Purchaser's obligations hereunder.
  12. The Trustee represents and warrants to the Purchaser that, as at the Closing Date:
    - (a) the Receiver has been duly appointed as Receiver of the personal property of Mitomics by the Receiver Order and the Second Receiver Order and has full right, power and authority to accept this Offer and file the Proposal, in accordance with the terms and conditions of this Agreement.
  13. Mitomics represents and warrants to the Purchaser that, as at the Closing Date:
    - (a) Mitomics is not a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);
    - (b) Mitomics is not aware of any other person other than the Purchaser that has any agreement or option or any right capable of becoming an agreement or option for the purchase of any of the Purchased Assets, other than purchase orders accepted by Mitomics in the ordinary course of business;
    - (c) subject to any claims of set-off by the creditors of Mitomics, no part of the Purchased Assets has been taken or expropriated by any federal, provincial, state, municipal or other authority nor has any notice or proceeding in respect thereof been given or commenced nor is Mitomics aware of any intent or proposal to give such notice or commence any such

proceedings.

14. The Purchaser shall accept the Purchased Assets on an "as is, where is" basis and agrees that the Trustee shall not be liable or responsible in any way for the condition of such assets or the delivery of such tangible assets to be purchased by the Purchaser herein.
15. Save and except where unable to do so due to lack of financial resources, Mitomics covenants and agrees to maintain the fire, public liability and any other customary classes of insurance covering the assets being sold until the closing of this transaction.
16. Save and except where unable to do so due to lack of financial resources, Mitomics shall carry on its business operations from the date of this Agreement up to and including the Closing Date as a prudent owner and shall operate the business in its usual and ordinary course so as not to damage the credit and reputation of the business.
17. The obligations of each of the Trustee, Mitomics and the Purchaser as set out herein are conditional upon (i) the obtaining of all necessary consents and approvals for the Proposal as contemplated by the BIA; and (ii) the terms of this Agreement and the consummation of the transactions set out herein being approved by Order of the Ontario Superior Court of Justice.  
  
If any of the conditions set out in this section 17 are not satisfied by the Date of Closing, either the Trustee or the Purchaser may terminate this Agreement by notice in writing to the other and in such event, the Trustee and the Purchaser shall be released from all obligations hereunder.
18. If the transaction contemplated hereunder shall be subject to Harmonized Sales Tax ("HST") levied pursuant to the Act, then HST shall be in addition to and not included in the Purchase Price and shall be collected and remitted in accordance with the Act. The Purchaser and Trustee covenant and agree to jointly elect pursuant to the provisions of subsection 167(1) of the *Excise Tax Act* such that no HST shall be collectible on Closing.
19. This transaction shall be completed (the "Closing") by no later than **4:59 p.m. on November 17, 2014** (the "Closing Date") or such earlier or later date as the parties may agree. On Closing, possession of the Purchased Assets is to be given to the Purchaser, title to the Purchased Assets shall be conveyed to the Purchaser by bill of sale, assignment of patents, assignment of trademarks, assignment of intellectual property rights or such other documents evidencing title as reasonably requested by the Purchaser, and the Purchaser shall pay or satisfy the Purchase Price as contemplated herein.
20. Any notice given hereunder shall be in writing and delivered or communicated by



telecopier machine to:

(a) in the case of the Purchaser:

2436884 Ontario Inc.  
Harry Smart  
Tinkers Hill Farm  
Furneux Pelham, Herts UK SG9 OLI  
Email: [harry.smart@binternet.com](mailto:harry.smart@binternet.com)

and with a further copy to the Purchaser's Solicitors:

Buset & Partners LLP  
Attention: Michael Strickland  
1121 Barton Street  
Thunder Bay ON P7B 5N3  
Email: [mstrickland@buset-partners.com](mailto:mstrickland@buset-partners.com)

(b) and in the case of the Trustee:

Dodick Landau Inc.  
Attention: Rahn Dodick  
4646 Dufferin Street, Suite 6  
Toronto ON M3H 5S4  
Email: [rahn.dodick@dodick.ca](mailto:rahn.dodick@dodick.ca)

with a copy to the Trustee's Solicitors:

Dentons Canada LLP  
Attention: Ken Kraft  
77 King Street West, Suite 400  
Toronto ON M5K 0A1  
Email: [kenneth.kraft@dentons.com](mailto:kenneth.kraft@dentons.com)

Such notice shall be deemed to have been delivered upon the date of delivery if hand delivered, sent by facsimile or other electronic delivery (email) before 5:00pm Thunder Bay local time, or the day following

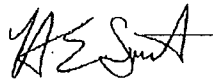
delivery if delivered by facsimile, or electronic transmission on or after 5:00pm Thunder Bay local time, or if delivered by postage pre-paid mail. A party may change its address and/or telecopier machine number by providing notice in accordance with this Section.

21. There is no representation, warranty, collateral agreement or condition affecting this Agreement or the transaction other than as provided for herein.
22. All the assets of the Business shall be and remain at the risk of Mitomics until the closing of the transaction contemplated herein.
23. Any tender of documents or money hereunder may be made upon the Trustee or the Purchaser or the solicitor acting for the party on whom tender is desired, and it shall be sufficient that a certified cheque or bank draft is tendered instead of cash.
24. This Offer when accepted shall constitute a binding Agreement of Purchase and Sale, and times in all respects shall be of the essence of this Agreement. The agreement arising out of this Offer and its acceptance is to be read with all changes of gender or number required by the context and it shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.
25. This Agreement may be executed by the Parties in separate counterparts each of which when so executed and delivered shall be an original, and all such counterparts shall together constitute one and the same instrument.
26. This Offer may be assigned by the Purchaser to any of its affiliated or related corporations as of or before the Closing Date provided that the Purchaser shall continue to be liable for the obligations herein.
27. This Offer, counter-offers and acceptance of this Offer may be made through facsimile transmission or other electronic delivery (email) and the facsimile or pdf reproduction of this Offer bearing the signatures and/or initials of the parties shall be treated as original and binding on the parties.

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

DATED this 6 day of October, 2014.

**2436884 ONTARIO INC.**

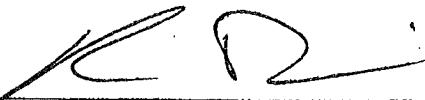


Per: \_\_\_\_\_

Harry Smart

*I have authority to bind the corporation.*

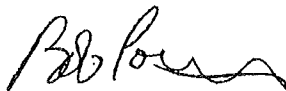
**DODICK LANDAU INC.**, in its capacity as court appointed receiver of the assets of MITOMICS INC. and as Trustee pursuant to a proposal to be filed under the *Bankruptcy and Insolvency Act* (Canada) and not in its personal capacity



Per: \_\_\_\_\_

Rahn Dodick

**MITOMICS INC.**



Per: \_\_\_\_\_

Robert Poulter

*I have authority to bind the corporation.*

**SCHEDULE "A"****LIST OF TANGIBLE ASSETS**

Any and all:

- computers, computer hardware, computer software
- furniture and fixtures
- display booth and media equipment
- laboratory equipment
- leasehold improvements
- telephone equipment

**SCHEDULE "B"****CALCULATION OF APPROXIMATE PURCHASE PRICE**

|  | CAD Amount<br>To NOV 17 |                               |
|--|-------------------------|-------------------------------|
| Deposit                                | \$ 50,000.00            |                               |
| DIP Financing                          | \$ 400,000.00           |                               |
| Retention Charge                       | <u>\$ 50,000.00</u>     |                               |
| <b>Total:</b>                          | <b>\$ 500,000.00</b>    | <b>\$ 500,000.00</b>          |
| <br><b><u>Secured Creditors</u></b>    |                         |                               |
| Secured Notes GBP                      | \$ 1,438,521.95         |                               |
| Secured Notes US                       | \$ 4,159,587.35         |                               |
| Secured Notes CAD                      | <u>\$ 1,582,436.22</u>  |                               |
| <b>Total Secured:</b>                  | <b>\$ 7,180,545.52</b>  | <b>\$ 7,180,545.52</b>        |
| <br><b><u>Unsecured Creditors:</u></b> |                         |                               |
| Unsecured Notes and Loans CAD          | \$ 11,149,532.42        |                               |
| Accounts Payable CAD                   | <u>\$ 234,855.56</u>    |                               |
| <b>Total Unsecured:</b>                | <b>\$11,384,387.98</b>  | <b><u>\$11,384,387.98</u></b> |
| <br><b>TOTAL PURCHASE PRICE:</b>       |                         | <br><b>\$19,064,933.50</b>    |

**SCHEDULE "C"****ASSUMED LIABILITIES AND SECURITY TERMS**

- (a) The Purchaser shall issue to each secured creditor a promissory note evidencing their respective Assumed Liability, with the interest rate on the Assumed Liabilities being nil in the first twenty-four (24) months following Closing, and thereafter at the rate of eight percent (8%) per annum;
- (b) no repayment of any interest or capital shall be made during the first twenty-four (24) months following Closing;
- (c) repayment of interest only after the first twenty-four (24) months until the maturity date of the loan, to be paid annually on the anniversary date of the Closing with the first such payment made on the third anniversary date;
- (d) the balance due under the promissory note shall be repaid in full on the fifth anniversary date of Closing;
- (e) the secured creditors shall have the option to convert their respective Assumed Liabilities to shares at the conversion rate (the "Conversion Rate") of 1.66 Class A Common shares for every \$1.00 US (using the monetary exchange rate in effect on the Closing Date) of Assumed Liabilities;
- (f) The Purchaser shall have the right upon fifteen (15) days written notice, to require the secured creditors to convert their respective Assumed Liabilities and the promissory notes representing the indebtedness at the Conversion Rate at any time in the event of any of the following:
  - (i) The Purchaser shall undertake and/or participate in an initial public offering under any applicable securities legislation;
  - (ii) In the event of any amalgamation, merger, consolidation or similar transaction with any corporation dealing at arm's length with The Purchaser;
  - (iii) In the event the Purchaser shall enter into any agreement for the sale of a majority of its assets which transaction is approved by the shareholders of the Purchaser holding shares representing 66% of the total votes of the Purchaser; and
  - (iv) In the event of any bona fide offer to purchase the issued and

outstanding shares of the Purchaser is received by its shareholders, which offer is conditional upon the bidder acquiring all of the issued shares and which bid is acceptable to the shareholders of the Purchaser holding shares representing 66% of the total votes of the Purchaser.

- (g) The Purchaser shall enter into a General Security Agreement with each secured creditor providing security over the property and assets of the Purchaser, which general security agreement shall be substantially the same as the general security agreement entered into between Mitomics and the secured creditors dated September, 2013;
- (h) each secured creditor shall enter into an Intercreditor Agreement which shall be substantially in the form as the Intercreditor Agreement between the secured creditors and Mitomics dated February 8, 2013.

**SCHEDULE "D"****AMENDED SECURITY TERMS**

- (a) the existing indebtedness shall be extinguished in consideration for the Purchaser delivering (i) in the case of NOHFC, a promissory note in the amount of Five Hundred Thousand (\$500,000.00) Dollars; and (ii) in any other case, one-fifth (1/5) of the indebtedness of Mitomics to such unsecured creditor;
- (b) the promissory notes set out in (a) shall bear interest as follows:
- i. during the first two (2) years following Closing, nil;
  - ii. during the third, fourth and fifth years following Closing, at the rate equal to four (4%) percent per annum, calculated annually not in advance;
- (c) The Purchaser shall make blended payments of principal and interest due under the promissory note(s) as follows:
- i. during the first two (2) years following Closing, the Purchaser shall make annual payments of principal totalling, in the aggregate, the amount equal to five (5%) percent of the Purchaser's EBITDA, calculated in accordance with Canadian accounting standards for private enterprise. For greater certainty, in the event the Purchaser shall not have positive EBITDA, no payments shall be made.
  - ii. during the third year following Closing and thereafter, the Purchaser shall make annual blended payments of principal and interest totalling, in the aggregate, the amount equal to five (5%) percent of the Purchaser's EBITDA, calculated in accordance with Canadian accounting standards for private enterprise, provided that no interest shall be paid under the NOHFC note unless and until (A) all interest payable to senior creditors shall have been paid in full; or (B) all senior debt shall have been converted into equity.
  - iii. The payments required under (c)(i) and (c)(ii) herein shall be payable annually on the date that is three (3) months following the fiscal year end of the Purchaser.



- (d) the balance of the sum represented by the note shall be payable in full on the date that is three (3) months following the fifth (5<sup>th</sup>) fiscal year end of the Purchaser following Closing.
- (e) Should the Purchaser engage in any initial public offering under any applicable securities legislation, the Purchaser shall make commercially reasonable efforts to pay out and satisfy the amount due under the NOHFC note in full.

## AMENDING AGREEMENT

THIS AGREEMENT made as of this 22 day of October, 2014:

**BETWEEN:**

**2436884 ONTARIO INC., a corporation duly incorporated pursuant to the laws of the Province of Ontario (hereinafter referred to as the "Purchaser")**

OF THE FIRST PART

- and -

**DODICK LANDAU INC., in its capacity as court appointed receiver of the assets of MITOMICS INC. and as Trustee pursuant to a proposal to be filed under the Bankruptcy and Insolvency Act (Canada) (the "Proposal") (hereinafter referred to as the "Trustee")**

OF THE SECOND PART

- and -

**MITOMICS INC., a corporation duly incorporated pursuant to the laws of the Province of Ontario (hereinafter referred to as "Mitomics")**

OF THE THIRD PART

**WHEREAS** the parties have entered into an Agreement of Purchase and Sale dated October 7, 2014 (the "Agreement");

**AND WHEREAS** the parties wish to amend certain terms of the Agreement;

**AND WHEREAS** the parties have determined it useful and expedient to enter into this amending agreement in order to set out their agreed changes to the Agreement;

**NOW THEREFORE** in consideration of the terms and conditions as hereinafter contained, the parties hereto agree with each other as follows:


Province of Ontario and the federal laws of Canada applicable therein.

6. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or electronic form and the parties adopt any signatures received electronically or by a receiving fax machine as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the document so signed.

7. Time shall be of the essence of this agreement.

**IN WITNESS WHEREOF** the parties hereto have duly executed this Agreement under seal as of the day and year first above written.

**2436884 ONTARIO INC.**

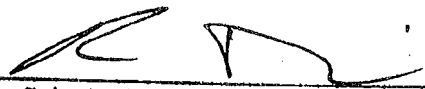


Per: \_\_\_\_\_

Harry Smart

*I have authority to bind the corporation.*

**DODICK LANDAU INC.,** in its capacity as court appointed receiver of the assets of MITOMICS INC. and as Trustee pursuant to a proposal to be filed under the *Bankruptcy and Insolvency Act (Canada)* and not in its personal capacity



Per: \_\_\_\_\_

Rahn Dodick

**MITOMICS INC.**



Per: \_\_\_\_\_

Robert Poulter

*I have authority to bind the corporation.*

1. Paragraph 3(b)(iv) of the Agreement is hereby amended to read as follows:
  - (iv) the issuance by the Purchaser of fully participating common shares in the share capital of the Purchaser to each unsecured creditor of Mitomics that qualifies as an Accredited Investor under NI 45-106 and that does not elect to receive the alternative payment options under subsections 3(c) or 3(d) herein in full satisfaction of such indebtedness, at a subscription price and stated capital value equal to the outstanding indebtedness of Mitomics to the unsecured creditors as fixed and determined as of the Closing Date and calculated using an interest rate of eight (8%) percent per annum for each such unsecured creditor from and after August 14, 2014, on the basis of one (1) common share for each One (\$1.00) US Dollar of indebtedness (using the applicable exchange rate on the closing date), and to be issued to such unsecured creditors on Closing.
2. The Agreement be amended to insert a new subsection 3(c), to read as follows:
  - (c) the Purchaser shall pay to the Trustee, on Closing, the sum equal to the aggregate of:
    - (i) the indebtedness of Mitomics to each of its unsecured creditors with a Proven Claim (as defined in the Proposal) equal to or less than \$600.00, representing a cash payment of 100% of the value of the Proven Claim; and
    - (ii) the sum of \$600.00 for each unsecured creditor of Mitomics that has a Proven Claim having a value greater than \$600.00 but elects to receive a payment of \$600.00 in full and final satisfaction of their Proven Claim.
3. The Agreement be amended to insert a new subsection 3(d), to read as follows:
  - (d) the Purchaser shall make available to the Trustee the aggregate sum of Twenty Thousand (\$20,000.00) Dollars (the "Unsecured Payment Fund"), which shall be available to the Trustee and used for the payment to each and every unsecured creditor with a Proven Claim having a value greater than \$600.00 and that (i) does not elect to receive a payment of \$600.00 in full and final satisfaction of their Proven Claim and (ii) that is not an Accredited Investor, or that elects to receive a payment out of the Unsecured Payment Fund, provided that each unsecured creditor receiving a payment out of the Unsecured Payment Fund shall receive their respective pro rata portion of the Unsecured Payment Fund based upon the proportion their Proven Claim bears to the total dollar value of the Proven Claims being paid out of Unsecured Payment Fund, and provided that any payments pursuant to this subsection 3(d) shall not exceed the value of any unsecured creditors' Proven Claim.
4. All terms and conditions as contained in the Agreement except as expressly modified herein shall continue in full force and effect.
5. This agreement shall be governed by and construed in accordance with the laws of the

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, AND IN THE  
MATTER OF THE PROPOSAL OF MITOMICS INC.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Thunder Bay

**APPROVAL ORDER  
(November 13, 2014)**

**DENTONS CANADA LLP**  
77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 0A1

**Kenneth Kraft** LSUC No.:31919P  
Tel: 416-863-4374  
Fax: 416 863-4592  
Email: kenneth.kraft@dentons.com

*Lawyers for Dodick Landau Inc., solely in its  
capacity as receiver of Mitomics Inc., and not in its  
personal capacity*