

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN BANKRUPTCY AND INSOLVENCY

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

MITOMICS INC. MOTION RECORD

(Re: Proposal Approval Motion)

Date: November 6, 2014

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TAB 1

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE****IN BANKRUPTCY AND INSOLVENCY****IN THE MATTER OF THE PROPOSAL OF
MITOMICS INC.
OF THE CITY OF THUNDER BAY
IN THE PROVINCE OF ONTARIO****NOTICE OF MOTION****(Returnable November 13, 2014)**

Dodick Landau Inc., in its capacity as the court-appointed receiver (“**Receiver**”) of all of the assets, undertakings and property of Mitomics Inc. (“**Mitomics**”) will make a motion to the Court on Thursday, November 13, 2014, at 10:00 a.m. or as soon after that time as the motion can be heard, at 125 Brodie Street North, Thunder Bay, Ontario.

THE PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An order substantially in the form attached hereto as Schedule “A” *inter alia*:
 - (a) If necessary, abridging and validating the time for the service of the Notice of Motion and the Motion Record such that this Motion is properly returnable on November 13, 2014;
 - (b) approving the proposal of Mitomics, dated October 8, 2014, as amended on October 22, 2014 (the “**Proposal**”), pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the “**BIA**”);
 - (c) authorize Dodick Landau Inc. in its capacity as proposal trustee (the “**Trustee**”) to take all steps necessary to implement the Proposal;

- (d) establish a January 15, 2015 deadline for the filing of proofs of claim by the unsecured creditors of Mitomics in order to receive cash distributions pursuant to the Proposal;
- (e) appoint the Trustee to be the foreign representative of the Debtor for recognition of the BIA proceeding as a “Foreign Main Proceeding” under Chapter 15 of the United States Bankruptcy Code or elsewhere, if necessary; and
- (f) such further and other relief as counsel may request in this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1. On August 7, 2014, William Poulter and Harald Smart (the “**Lenders**”) issued an application (the “**Receivership Application**”) under sub-section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended (the “**CJA**”), for an order appointing Dodick as receiver (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties of Mitomics (collectively, the “**Property**”).
2. On August 14, 2014, the Receivership Application was granted by the Honourable Madam Justice Pierce and Dodick was appointed Receiver of the Property of Mitomics (the “**Appointment Order**”).
3. The Appointment Order, among other things, authorized the Receiver to prepare and file a proposal pursuant to Part III Division 1 of the BIA in the name and on behalf of the Debtor.

The Proposal

4. On October 6, 2014, the Receiver filed with the Official Receiver a proposal in the name, and on behalf, of Mitomics, and Dodick was named Trustee .

5. The Proposal had been developed to effect a restructuring of the business and affairs of the Company by completion of a sale of all the assets, undertakings and properties of Mitomics, as contemplated in the Transaction, to the Purchaser, with the expectation that all existing creditors will derive a greater benefit from the continued operation and affairs of the business than would result from a forced sale of its assets in a liquidation.
6. On October 10, 2014, the Trustee mailed the Proposal and other related documentation, including the Proposal, Report of Trustee on Proposal, Statement of Affairs, Notice of Meeting to Creditors, proof of claim form with instructions, proxy and voting letter.
7. Subsequently, to address certain concerns raised around compliance with securities laws, the decision was made to amend the Proposal to the extent certain unsecured creditors might not be “accredited investors” so as to create a cash pool to which such creditors might have access instead of receiving shares. Any unsecured creditor that wasn’t an accredited investor could elect to receive the value of its claims up to a maximum of \$600 (or to cap their claim at \$600 if it was greater than \$600). Alternatively, any unsecured creditor whose claim was in excess of \$600 (if they chose not to reduce their claim to \$600) could share, pro rata, in a cash pool of \$20,000 (provided that no one creditor could receive more than 100% of the principal amount of their claim). Unsecured creditors who are accredited investors also could elect to participate in the cash pool instead of receiving shares.
8. A supplement to the Report by the Trustee on the Proposal (“**Supplement to Report of Trustee on Proposal**”) was prepared on October 22, 2014, to assist in the evaluation of the amended Proposal. The Supplement to Report of Trustee on Proposal along with the amended Proposal were sent by electronic mail to all known creditors on October 23, 2014 for whom the Trustee had an e-mail address. The Supplement to Report of Trustee on Proposal was also placed on the Trustee’s website
9. Meetings of Mitomics’ creditors to consider the Proposal were held in Thunder Bay on October 27, 2014.

10. At the meetings of Mitomics' creditors the Proposal was accepted by the requisite statutory majority provided for in the BIA. Of those secured creditors attending in person or by proxy, 100% in number and 100% in value voted to accept the Proposal. Of those unsecured creditors attending in person or by proxy, 97.87% in number and 91.35% in value voted to accept the Proposal;
11. As Mitomics has assets and creditors in the United States it may be necessary to take proceedings in the United States to have the Proposal and any orders granted in this proceeding recognized there and for such purpose it is appropriate to have the Trustee appointed the foreign representative of Mitomics;
12. A claims bar date is appropriate to create a finite period of time before the Trustee completes the cash distributions provided for under the Proposal;

General

13. The terms of the Proposal are reasonable;
14. The terms of the Proposal are to benefit the general body of creditors;
15. The Proposal has been made with due diligence and in good faith;
16. Mitomics supports the relief requested herein;
17. Sections 50, 53, 54, 58, 59, 60, 62, and 187 of the BIA;
18. Rule 16 and 37 of the *Rules of Civil Procedure* (Ontario); and
19. Such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Second Report of the Receiver and First Report of the Proposal Trustee dated November 6, 2014; and
2. Such further and other evidence as counsel may advise and this Honourable Court permit.

Date: November 6, 2014

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TO: THIS HONOURABLE COURT

AND TO: THE SERVICE LIST

TAB A

SCHEDULE A

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE ____)	THURSDAY, THE 13TH
)	
JUSTICE _____)	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 _____, 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.

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 6th 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

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

- (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

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

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.

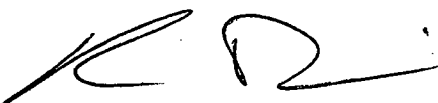


Per: _____

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

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 (5th) 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:

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

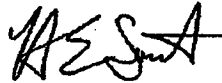
Province of Ontario and the federal laws of Canada applicable therein.

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.

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

21-1919705

Court File No.: ~~CV14-0291~~

Estate No.: 21-1919705

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**

IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Thunder Bay

**NOTICE OF MOTION
(Returnable November 13, 2014)**

DENTONS CANADA LLP

77 King Street West, Suite 400

Toronto-Dominion Centre

Toronto, Ontario

M5K 0A1

Kenneth D. Kraft LSUC No.31919P

Tel: 416-863-4374

Fax: 416-863-4592

Email: kenneth.kraft@dentons.com

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

TAB 2

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN BANKRUPTCY AND INSOLVENCY

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

**SECOND REPORT OF DODICK LANDAU INC. IN ITS CAPACITY AS RECEIVER AND FIRST
REPORT AS PROPOSAL TRUSTEE**

MITOMICS INC.

November 6, 2014

INTRODUCTION

1. On August 7, 2014, William Poulter and Harald Smart (the “**Lenders**”) issued an application (the “**Receivership Application**”) under sub-section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, (the “**CJA**”), for an order appointing Dodick Landau Inc. (“**DLI**”) as receiver (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties (collectively, the “**Property**”) of Mitomics Inc. (the “**Debtor**” or “**Mitomics**”).
2. On August 14, 2014, the Receivership Application was granted by the Honourable Madam Justice Pierce and DLI was appointed Receiver of the Property (the “**Appointment Order**”). The Appointment Order did not require DLI to manage the Debtor or take control of the property, operate the business or employ any of the Debtor’s employees. As a result, Mitomics’ management has retained control over the day to day operations of the business, subject to the oversight of the Receiver. A copy of the Appointment Order is attached as **Appendix “A”**.
3. Among the powers given to the Receiver in the Appointment Order was the ability to file a BIA proposal on behalf of Mitomics. As explained in further detail below the Receiver

4. The purpose of this second report ("**Second Report**") is to support the Receiver's and Trustee's request for the Court to:
- a) approve the Amended Proposal (as hereinafter defined);
 - b) authorize the Trustee to take all steps necessary to implement the Amended Proposal;
 - c) establish a deadline for the filing of proofs of claim by the unsecured creditors of Mitomics in order to receive cash distributions pursuant to the Amended Proposal;
 - d) appoint the Trustee to be the foreign representative of the Debtor for recognition of the BIA proceeding as a "Foreign Main Proceeding" under Chapter 15 of the United States Bankruptcy Code, if necessary;
 - e) approve the Receiver's and Mitomics' entering into the agreement of purchase and sale ("**APS**"), and the amendment agreement to the APS ("**Amendment Agreement**", and together the "**APS Agreement**");
 - f) issue an order vesting the Property in favour of 2436884 Ontario Inc. (the "**Purchaser**");
 - g) approve the Receiver's activities and conduct during the receivership proceedings, as described in the Receiver's First Report (defined below) and the Second Report;
 - h) discharge the Receiver from its role and duties and forever barring any party from making any claim as against the Receiver upon the filing of a discharge certificate ("**Discharge Certificate**"); and
 - i) approve the fees and disbursements of the Receiver and its legal counsel, including an accrual up to and including the Receiver's discharge.

DISCLAIMER

5. In preparing this Report of the Trustee and Receiver, the Trustee and Receiver have relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with Management, Creditors and the Purchaser and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:
- a) the Trustee and the Receiver have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly

or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Trustee and Receiver express no opinion or other form of assurance in respect of the Information;

- b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants handbook, has not been performed; and
 - c) the Trustee and Receiver have prepared this Report in their capacity as Court appointed officers and have made a copy of this Report available on DLI's website at www.dodick.ca. Parties using this Report, other than for the purpose of evaluating the Proposal, are cautioned that it may not be appropriate for their purposes. DLI will continue to maintain on its website copies of any court orders, reports and other material public filings it considers relevant to this proceeding.
6. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

Background

8. From the date of the Appointment Order to September 8, 2014, the Receiver had discussions with the Applicants and the Debtor over the best process to realize upon the Property. The principal options were through a sale process or pursuant to a proposal under the BIA.
9. As there was considerable overlap between the secured and unsecured creditors of Mitomics, the Receiver believed that if there was sufficient support for a BIA proposal amongst the secured and unsecured creditors of Mitomics then that would provide the quickest and most efficient resolution and would allow the creditors to choose the best way forward. Management of the Debtor, with the support of those providing the interim financing

to Mitomics, had requested that they have a short window to determine if the requisite support to proceed with a BIA proposal could be obtained. This was all outlined in the first report of the Receiver, dated September 8, 2014 (the "**First Report**"). A copy of the First Report (without Appendices other than Appendix "E") is attached as **Appendix "B"**.

10. On September 11, 2014, the Court ordered that, should the Debtor advise the Receiver by September 19, 2014, that a proposal was viable, then the Receiver would proceed to file a proposal on behalf of the Debtor and would not carry-out a sale and investment solicitation process. A copy of the September 11, 2014 order is attached as **Appendix "C"**.
11. On September 19, 2014, the Debtor advised the Receiver that a proposal was viable. Negotiations followed with the Purchaser to conclude the APS. The APS envisions the Property being acquired by the Purchaser and the Purchaser issuing shares in satisfaction of the unsecured claims against Mitomics. The APS also provided for a restructuring of the secured claims as against the Debtor and the restructured claims being assumed by the Purchaser. The transaction was to be implemented pursuant to a BIA proposal.
12. On October 8, 2014, the Receiver filed with the Official Receiver a proposal in the name, and on behalf, of Mitomics (the "**Proposal**"), and DLI was named Trustee. On October 10, 2014, the Trustee mailed the Proposal and other related documentation, including the APS, to all known creditors ("**Creditor Package**") which included: the Proposal, Report of Trustee on Proposal, Statement of Affairs, Notice of Proposal to Creditors, proof of claim form with instructions, proxy and voting letter. A copy of the Creditor Package is attached as **Appendix "D"**.
13. Following the filing of the Proposal, one creditor raised a concern over whether the proposed share issuance complied with securities laws. Discussions ensued with the Purchaser, as the Purchaser would be the party issuing the shares under the Proposal. The Purchaser advised the Receiver that it believed that the proposed share issuance complied with the prospectus exemption as most unsecured creditors were "accredited investors" and, in any event, the transaction was exempt pursuant to section 2.11 of National Instrument 45-106 as being in connection with a "reorganization or arrangement under a statutory procedure". For added clarity the Purchaser's counsel contacted the Ontario Securities Commission to request confirmation that the proposed transaction was an exempt transaction under section 2.11 of National Instrument 45-106.

14. Given that timing was tight, and in case the OSC took a position that differed from the Purchaser, the decision was made, in consultation with the Purchaser, to amend the Proposal to the extent certain unsecured creditors might not be “accredited investors” so as to create a cash pool to which such creditors might have access instead of receiving shares. Any unsecured creditor that wasn’t an accredited investor could elect to receive the value of its claims up to a maximum of \$600 (or to cap their claim at \$600 if it was greater than \$600). Alternatively, any unsecured creditor whose claim was in excess of \$600 (if they chose not to reduce their claim to \$600) could share, pro rata, in a cash pool of \$20,000 (provided that no one creditor could receive more than 100% of the principal amount of their claim). Unsecured creditors who are accredited investors also could elect to participate in the cash pool instead of receiving shares.
15. In order to address these concerns, on October 22, 2014, the Amendment Agreement was signed to reflect these changes and, as a result, the Proposal was amended as well (“**Amended Proposal**”). A supplement to the Report by the Trustee on the Proposal (“**Supplement to Report of Trustee on Proposal**”) was prepared on October 22, 2014, to assist in the evaluation of the Amended Proposal. The Supplement to Report of Trustee on Proposal along with the Amended Proposal were sent by electronic mail to all known creditors on October 23, 2014 for whom the Proposal Trustee had an e-mail address. The Supplement to Report of Trustee on Proposal was also placed on the Proposal Trustee’s website. A copy of the Supplement to Report of Trustee on Proposal, including the Amended APS and the Amended Proposal (excluding exhibits and with tracked changes to highlight the amendments made to the Proposal) as appendices, is attached as **Appendix “E”**.

AMENDED PROPOSAL

16. The Amended Proposal provides for the restructuring of the business and affairs of the Debtor by completion of a sale of all the Property to the Purchaser, as contemplated in the Purchase Transaction, on an “as is where is” basis, with a closing date no later than November 17, 2014. The Property includes, among other things, all of Mitomics’ intellectual property, accounts receivable, inventory, cash-in-bank, customer lists and shares in its subsidiaries.
17. Implementation of the Amended Proposal is subject to the satisfaction or waiver of a number of conditions, including:

- a) each class of Creditors approving the Amended Proposal at the Creditors' Meetings¹ and any other approvals and consents to the Amended Proposal that may be required have been obtained;
 - b) the Court granting the approval and a vesting order, and the Closing Date (as defined in the APS) has passed;
 - c) no order or decree restraining or enjoining the consummation of the transactions contemplated by the Amended Proposal has been issued;
 - d) all agreements or instruments necessary to effect the intention and purpose of the Amended Proposal have been received by the Debtor and the Purchaser from the applicable Creditors in a form satisfactory to the Debtor and Purchaser;
 - e) the Amended APS shall have been completed; and
 - f) any further orders of the Court have been obtained which are required to facilitate the transactions referred to in the Amended Proposal.
18. Upon being satisfied that all the conditions in the Amended APS have been met or waived, the Trustee will file a closing certificate ("**Closing Certificate**") with the Office of the Superintendent of Bankruptcy ("**OSB**") and this Honourable Court.. The arrangements set out in the Amended Proposal will become effective on the date on which the Closing Certificate is filed with the OSB.

Meetings of Creditors

19. Meetings of the Creditors ("**Creditors' Meetings**") to consider the Amended Proposal were held at the Valhalla Inn, Thunder Bay, Ontario, on October 27, 2014. There were two Creditor Meetings. The first was held for the secured creditor class and the second was held for the unsecured creditor class ("**Unsecured Creditors**"). Details relating to the filing of claims, and other documents, were outlined in the Report of Trustee on Proposal included in the Creditor Package and were mailed to each known creditor of the Company, or their duly appointed representative. The Creditor Package was also available on the Trustee's website (www.dodick.ca).

¹ In order for the Proposal to be approved by a particular class, not less than a majority in the number of creditors representing two-thirds in the value of the proven claims in that class, present and voting, in person or by proxy or by voting letter, at the applicable Creditors' Meetings must vote in favour of the Proposal.

20. Notices of the Creditors' Meetings were also published on October 22, 2014, in the Chronicle Journal, a daily newspaper servicing north west Ontario. A copy of this notice is attached as **Appendix "F"**.
21. Mr. Rahn Dodick of Dodick Landau Inc. acted as the chair (the "**Chair**") of the Creditors' Meetings. Mr. Kenneth Kraft of Dentons Canada LLP acted as secretary of the Creditors' Meetings. Stephanie Toye of Dodick Landau Inc. acted as scrutineer (the "**Scrutineer**").
22. The Scrutineer reported that a quorum was present at each of the Creditors' Meetings and accordingly, the Chair declared that the Creditors' Meetings were properly constituted.

Results of the Vote on Acceptance of the Amended Proposal

23. A motion to consider a resolution to approve the Amended Proposal was proposed at the Creditors' Meetings (the "**Resolution**") and votes by ballot were called for by the Chair at each Creditors' Meeting. The Resolution tabled at both meetings was as follows:

"Be and it is hereby resolved to accept the Proposal of Mitomics Inc. dated October 8, 2014, as amended on October 22, 2014, and, if approved, the Trustee and Mitomics take all necessary steps to implement the terms of the Amended Proposal."

24. The Scrutineer tabulated the ballots cast in respect of the Amended Proposal, and added these results to the votes received by voting letter in advance of the Creditors' Meetings, and the Chair reported the results at the Creditors' Meetings.
25. The Creditors, or their proxy holders, at both Creditors' Meetings voted on the Resolution to approve the Amended Proposal as follows:

Secured Creditors' Meeting:

	For		Against	
	#	\$	#	\$
Class 1: Secured Creditors having a voting claim voting in person, by proxy or by voting letter	54	\$4,945,942.84	0	\$0.00
Percentage of the total votes	100%	100%	0%	0%

Unsecured Creditors' Meeting:

	For		Against	
	#	\$	#	\$
Class 2: Unsecured Creditors having a voting claim voting in person, by proxy or by voting letter	47	\$5,317,481.28	1	\$503,671.23
Percentage of the total votes	97.87%	91.35%	2.13%	8.65%

26. In summary, a majority in number representing in excess of two-thirds in value of the Creditors by class holding proven claims and voting in person or by proxy at the Creditors' Meetings, or by voting letter, voted in favour of the Resolution to approve the Amended Proposal. Copies of the minutes of the Creditors' Meetings are attached as **Appendix "G"**.

Approval and Implementation of the Amended Proposal

27. The BIA requires the Amended Proposal be approved by the Court following approval by the requisite majorities of Creditors. Subject to this Court's approval of the Amended Proposal, the Receiver and the Purchaser believe that the closing date for the transaction will be November 17, 2014.
28. As such, the Receiver requests that the Court ratify and approve the Receiver's and Mitomics' entering into the APS and the Amendment Agreement and approve the Amended Proposal. Provided the foregoing relief is granted then the Receiver and the Trustee believe it appropriate that the Court issue an order vesting the right, title and interest in the assets of Mitomics in, and to, the Purchaser upon the closing of the transaction set out in the Amended APS.

Distributions Pursuant to the Amended Proposal

29. The Amended Proposal, as described in more detail in the Report of Trustee on Proposal and the Supplement to Report of Trustee on Proposal, provides for two classes of creditors, the Secured Creditor Class and the Unsecured Creditor Class, both for purposes of voting on the Amended Proposal and for distribution.

30. Distributions in relation to the Secured Creditors' Class will be made as contemplated by the restructuring transactions set out on Schedule "C" to the Amended APS which includes:
- a. the Purchaser issuing to each Secured Creditor a promissory note evidencing their respective Assumed Liability;
 - b. the Purchaser entering into a General Security Agreement with each secured creditor providing security over the property and assets of the Purchaser; and
 - c. each secured creditor entering into an inter-creditor agreement.
31. Distributions in relation to the Unsecured Creditors' Class will be made upon closing of the Amended APS as follows:
- d. the Purchaser shall issue to the Trustee for the benefit of such Unsecured Creditor common shares to each such unsecured creditor, provided that the unsecured creditor is an "accredited investor" pursuant to the National Instrument 45-106 Prospectus and Registration Exemptions, or the laws of the applicable jurisdiction of that unsecured creditor, and shall provide satisfactory evidence to the Purchaser that the unsecured creditor so qualifies at the time of the issuance of the common shares;
 - e. any unsecured creditor that does not qualify as an accredited investor, or does not file the requisite proof with the Purchaser of such qualification (the "**Ineligible Unsecured Creditor**"), with claims equal to or lesser than \$600, shall have its claim paid in full; or
 - f. any Ineligible Unsecured Creditor with claims in excess of \$600 shall be entitled to elect for a payment of \$600 or be paid out their proportionate share of a cash pool established by the Purchaser totalling \$20,000 (the "**Unsecured Payment Fund**"). The proportionate share of the Unsecured Payment Fund available to unsecured creditors who elect to participate in the Unsecured Payment Fund shall be calculated as the proportion that their claim bears to the total dollar value of the claims being paid out of the Unsecured Payment Fund, up to the aggregate amount of any such Unsecured Creditor's claim. Unsecured Creditors who are "accredited investors" may also elect to join the Unsecured Payment Fund instead of receiving common shares.
32. Once it is determined whether there are Ineligible Unsecured Creditors, the Proposal Trustee will send a notice to the Ineligible Unsecured Creditors requesting that they elect to receive

either \$600, or their proportionate share of the Unsecured Payment Fund, as described above.

33. To date, the Trustee has received 142 proofs of claim from Unsecured Creditors. Based on known Unsecured Creditors included in the Debtor's Statement of Affairs, the Trustee understands that there are approximately 41 additional known Unsecured Creditors who, to date, have not submitted a proof of claim to the Trustee. In order to complete the distribution in an efficient and timely manner, the Trustee requests the Court to issue an order providing Unsecured Creditors with a deadline of January 15, 2015, to file a proof of claim with the Trustee ("**Claims Bar Date**") in order to be eligible to receive a cash distribution under the Amended Proposal. Unsecured Creditors who do not issue a proof of claim to the Trustee by the Claims Bar Date shall be forever barred from being eligible to receive a cash distribution. No later than December 15, 2014, 30-days prior to the Claims Bar Date, the Trustee will notify all known remaining Unsecured Creditors, by courier or registered mail at their last known address, of the Claims Bar Date. Provided that this Honourable Court approves the Amended Proposal, then the Trustee will follow up with a form or election to be sent to all Unsecured Creditors along with information that the Purchaser will require to determine if such Unsecured Creditor is an accredited investor.

CLOSURE OF RECEIVERSHIP

34. Following closing of the Amended APS, all the assets of Mitomics will have been sold, and the Trustee will then carry-out the distributions pursuant to the Amended Proposal. The Proposal proceeding will continue until such time as the Trustee completes the distributions and obtains its discharge. As a result, following closing of the Amended APS, the Receiver will have completed the administration of the Mitomics receivership. Upon completing its administration of the receivership proceedings, the Receiver will file a certificate to confirm completion of its duties (the "**Discharge Certificate**").
35. The Receiver hereby requests the Court issue an order discharging the Receiver from its duties, and releasing DLI from any and all liability, pursuant to the Appointment Order, which will become effective upon the Receiver filing the Discharge Certificate with the Court.

FOREIGN MAIN PROCEEDING

36. The Trustee is also requesting the Court declare the Trustee to be the foreign representative of the Debtor in order to permit the Trustee to apply for recognition of the BIA Proposal

proceeding as a "Foreign Main Proceeding" under Chapter 15 of the United States Bankruptcy Code should it consider such an application to be necessary in the future.

37. The Trustee is of the view that since Mitomics has a large number of secured and unsecured creditors, as well as assets, in the United States, it would be prudent to request the Court to appoint the Trustee to be the authorized foreign representative in case an application in the United States for recognition of the BIA Proposal proceeding is necessary in the future.

CASH FLOW FORECAST

38. Mitomics, with the assistance of the Receiver, has prepared a cash flow forecast for the period from October 25, 2014, to January 16, 2014 ("**Cash Flow Forecast**"), when it is forecast that Mitomics will be dissolved. A copy of the Cash Flow Forecast is attached hereto and marked as **Appendix "H"** to this Report. Management of Mitomics prepared the Cash Flow Forecast for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1 to 12 attached to the Cash Flow Forecast. The Cash Flow Forecast includes Mitomics' actual receipts and disbursements for the weeks-ended October 24, 2014, and, thereafter, reflects receipts and disbursements to be received or paid over the forecast period in Canadian dollars.
39. The Cash Flow Forecast projects that Mitomics will have sufficient liquidity with use of the remaining loans from the interim lenders to fund the Company's expenses and the Receivership and Proposal proceedings through the week-ending January 16, 2014 until such time as the Amended APS closes and the Amended Proposal is fully implemented.
40. The Cash Flow Forecast projects that Mitomics will require the use of the entire amount of interim financing advanced and being held by the Receiver. However, should any interim financing remain on account with the Receiver at the time it files its Discharge Certificate, the Receiver proposes to advance the remaining funds to the Purchaser which has assumed the interim financing obligation as part of the Amended APS.
41. In addition, it is forecast that the deposit received from the Purchaser on closing of the Amended APS will be required to fund the remaining administration costs of the Receivership and Proposal proceedings, in accordance with the Amended Proposal, until the Receiver and Trustee are discharged.
42. The Receiver's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Receiver by certain of

the Management and employees of Mitomics. Since hypothetical assumptions need not be supported, the Receiver's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Receiver has also reviewed the support provided by Management of Mitomics for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.

43. As described in the Disclaimer above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Receiver expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Receiver expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast, or relied upon by the Receiver in preparing this Report.

PROFESSIONAL FEES

44. The Receiver, together with its counsel, Dentons Canada LLP ("**Dentons**"), have maintained detailed records of their professional costs and time during the course of the receivership administration.
45. Exhibit "A" to the affidavit of Rahn Dodick sworn on November 5, 2014, and contained in the Receiver's motion record (the "**Dodick Affidavit**") contains a summary of the personnel, hours and hourly rates charged by the Receiver in respect of these proceedings. For the period July 18, 2014 to October 25, 2014 ("**Receiver's Billing Period**"), the Receiver's accounts amount to \$71,268.00 in fees, \$2,361.83 in disbursements and \$9,571.88 in HST for a total amount of \$83,201.70. The Receiver estimates that it will incur a further \$10,000.00 in fees, \$2,750.00 in disbursements and \$1,657.50 in HST for a total of \$14,407.50, which has been accrued on the Receiver's final invoice, for its final reporting requirements, including preparation of this Report and completion of its administration (together with Receiver's Billing Period, the "**Period**"). Attached as Exhibit "B" of the Dodick Affidavit are copies of the accounts rendered by the Receiver in respect of the receivership proceeding.
46. The fees and disbursements of Dentons as counsel to the Receiver and Trustee in respect of this proceeding are set out in the Affidavit of John Salmas sworn on November 6, 2014 and contained in the Receiver's Motion Record (the "**Salmas Affidavit**"). Exhibits "A" and "B" in the Salmas Affidavit contain a summary of the personnel, hours and hourly rates charged by Dentons as counsel to the Receiver together with a copy of the accounts to October 31, 2014

(the “**Dentons Accounts**”). The Dentons Accounts comprise of fees of \$34,824.00, disbursements of \$772.18, and HST of \$4,623.99 for a total amount of \$40,220.17. Dentons’ final account includes a further reserve of \$12,500.00 in fees, \$2,000.00 in disbursements and \$1,885.00 in HST for a total of \$16,385.00 to complete its obligations to the Receiver including attendance at this motion.

RECOMMENDATIONS

47. The Receiver and the Trustee respectfully recommend that the Court grant orders:
- a) approving the Amended Proposal;
 - b) authorizing the Receiver and the Trustee to take all steps necessary to implement the Amended Proposal;
 - c) establish the Claims Bar Date for filing proofs of claim by the unsecured creditors of Mitomics in order to receive cash distributions under the Amended Proposal;
 - d) authorizing the Trustee to be the foreign representative of the Debtor in order to apply for recognition of the Proposal proceeding as a “Foreign Main Proceeding” under Chapter 15 of the United States Bankruptcy Code, if necessary;
 - e) ratifying and approving the Receiver and Mitomics entering into the APS and the Amendment Agreement;
 - f) vesting the Property in favour of the Purchaser;
 - g) approving the Receiver’s activities and conduct during the receivership proceedings, as described in the First Report and this Report;
 - h) approving the fees and disbursements of the Receiver and its legal counsel, Dentons Canada LLP, for the Period; and
 - i) discharging the Receiver from its duties, and releasing DLI from any and all liability, pursuant to the Appointment Order, upon filing of the Discharge Certificate.

ALL OF WHICH IS RESPECTFULLY SUBMITTED,

DODICK LANDAU INC.

Acting as Court-appointed Receiver
of Mitomics Inc. and not in its
personal capacity.

Per:



Rahn Dodick, CPA, CIRP

**APPENDICES 'A – H' HAVE NOT BEEN REPRODUCED HERE.
THEY ARE ALL FOUND IN THE COPY OF THIS REPORT
SUBMITTED IN FILE NO. CV-14-0291**

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**

IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Thunder Bay

**SECOND REPORT OF RECEIVER AND
FIRST REPORT OF PROPOSAL TRUSTEE
(NOVEMBER 6, 2014)**

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

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**

IN BANKRUPTCY AND INSOLVENCY

Proceeding commenced at Thunder Bay

**MITOMICS INC. MOTION RECORD
(Re: Proposal Appeal Motion)**

DENTONS CANADA LLP

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