Court File No. 31-2623988
Estate File No. 31-2623988

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)

THE HONOURABLE MR.	)	THURSDAY, THE 7TH
	)	
JUSTICE KOEHNEN	)	DAY OF MAY, 2020

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC. OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ORDER
(Extension of Time to File Proposal and DIP Financing)

THIS MOTION, made by Healthchain Inc. (the "**Company**") for an Order extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act,* RSC 1985, c B-3, as amended (the "**BIA**"), and for authorization and approval for the Company to borrow pursuant to a debtor-in-possession ("**DIP**") credit facility, was heard this day by way of teleconference, in accordance with the Chief Justice's Notice to the Profession dated March 15, 2020 and Changes to Commercial List Operations in Light of COVID-19 dated March 16, 2020.

ON READING the Affidavit of Ronald Shon sworn May 6, 2020, and, on hearing the submissions of counsel for the Company, Dodick Landau Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**"), and for Charlotte Schwartz, no one appearing for any other

person on the service list, although properly served as appears from the affidavit of service of Christel Paul sworn May 6, 2020, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Proposal Trustee be and is hereby extended to June 26, 2020.

DIP FINANCING

3. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Loan**") from REDDS Technology Fund I LP (the "**DIP Lender**") in order to finance the Company's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $200,000 unless permitted by further Order of this Court.

4. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Company and the DIP Lender dated as of May 6, 2020 (the "**Commitment Letter**"), filed.

5. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security

documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

6. **THIS COURT ORDERS** that subject to the terms herein, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**") on the Company's current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all real and personal, tangible and intangible, property and all proceeds thereof (the "**Property**"). The DIP Charge shall have the priority set out in paragraph 11 hereof.

7. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Charge, the DIP Lender, upon 7 days' notice to the Company and to the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Commitment Letter, Definitive

Documents, and the DIP Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the Commitment Letter, the Definitive Documents, or the DIP Charge, to make demand, accelerate payment and give other notices, including notices of sale, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

8. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA, with respect to any advances made under the DIP Loan.

VALIDITY AND PRIORITY OF THE DIP CHARGE

9. **THIS COURT ORDERS** that the priorities of the DIP Charge and the Administration Charge (as defined in the Order of Koehnen J., dated March 5, 2020), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $100,000); and,

Second – DIP Charge (to the maximum amount of $200,000).

10. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Charge shall not be required and that the DIP Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, the DIP Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person.

12. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the DIP Charge, unless the Company also obtains the prior written consent of the Proposal Trustee and the DIP Lender, or further Order of this Court.

13. **THIS COURT ORDERS** that the DIP Charge, the Commitment Letter, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings,

incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;

(b) the DIP Lender shall not have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the Commitment Letter, the creation of the DIP Charge, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Company pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the DIP Charge, does not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

14. **THIS COURT ORDERS** that the DIP Charge created by this Order over any leases of real property in Canada shall only be a charge in the Company's interest in such real property leases.

GENERAL

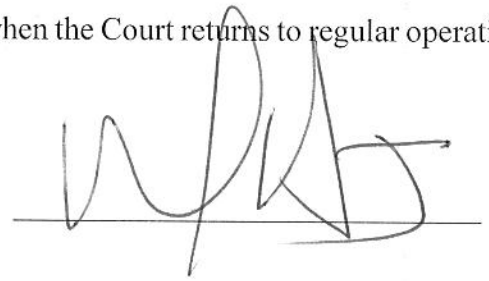
15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms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

16. **THIS COURT ORDERS** that each of the Company, the Proposal Trustee and the DIP Lender be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having this Order or these proceedings recognized in a jurisdiction outside Canada.

17. **THIS COURT ORDERS** that any interested party (including the Company and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

18. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance

with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.



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PROCEEDING COMMENCED IN TORONTO

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