

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

SECOND REPORT OF DODICK LANDAU INC.
AS PROPOSAL TRUSTEE OF HEALTHCHAIN INC.

JUNE 22, 2020

INTRODUCTION

1. On February 28, 2020 (the "**Filing Date**"), Healthchain Inc. (the "**Debtor**") filed with the Official Receiver a Notice of Intention to Make a Proposal ("**NOI**") to its creditors pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**") and named Dodick Landau Inc. ("**DLI**") as Proposal Trustee (the "**Proposal Trustee**"). A copy of the NOI and certificate of filing are attached hereto and marked as **Appendix "A"**.
2. On March 5, 2020 (the "**March Order**"), this Court granted an order which, among other things:
 - i. approved an extension of time to file a proposal up to and including May 12, 2020;
 - ii. granted a charge in favour of the Proposal Trustee, legal counsel to the Proposal Trustee and the Debtor's legal counsel (the "**Administration Charge**") over the Debtor's property, assets and undertakings (the "**Property**") in the amount of \$100,000, as security for the professional fees and disbursements of the Proposal Trustee and such legal counsel in respect of these proceedings;

- iii. enhanced the powers of the Proposal Trustee and in addition to the powers and duties set out in the BIA, the Proposal Trustee was authorized to, among other things: a) take possession and exercise control over the Debtor's Property; b) receive, preserve and protect the Property; and c) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property.

A copy of the March Order is attached as **Appendix "B"**.

3. On May 7, 2020 ("**May Order**") the Court provided the Debtor with a further extension of time for filing a proposal, and extended the stay of proceedings granted in the March Order, for a period of 45-days to, and including, June 26, 2020. A copy of the May Order is attached as **Appendix "C"**.
4. The Debtor has brought a motion returnable June 25, 2020 ("**June Motion**") to further extend the time for the Debtor to file a proposal, and the stay of proceedings granted in the May Order, for a period of 45-days to, and including, August 10, 2020.
5. The Proposal Trustee has reviewed an affidavit sworn by Ronald Shon on June 22, 2020 in support of the June Motion ("**Shon June Affidavit**"). All capitalized terms used in this Report but not otherwise defined shall have the meaning ascribed to such terms in the Shon June Affidavit.
6. This second report (the "**Report**") of the Proposal Trustee is made in connection with the motion of the Debtor to:
 - i. abridge the time for service of the Notice of Motion, the Motion Record and this Report and dispense with service on any other person other than those served;
 - ii. extend the time for filing a proposal, and extend the stay of proceedings granted upon the filing of the NOI, for a period of 45-days to, and including, August 10, 2020; and
 - iii. approve the activities of the Proposal Trustee as set out in this Report.

DISCLAIMER

7. In preparing this Report, the Proposal Trustee has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with the management of the Company ("**Management**") and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report:
 - i. the Proposal Trustee has 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 Proposal Trustee expresses no opinion or other form of assurance in respect of the Information;
 - ii. 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
 - iii. the Proposal Trustee has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on the Proposal Trustee's website at www.dodick.ca for purposes of the Company's motion returnable June 25, 2020. Parties using this Report, other than for the purpose of the motion, are cautioned that it may not be appropriate for their purposes.
8. 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.
9. All monetary amounts contained herein are in Canadian dollars.

CREDITORS

Secured Creditors

10. As at the Filing Date, HealthChain had one secured creditor, FCS Advisors LLC (“**FCS Advisors**”). Subsequent to the Filing Date the Proposal Trustee was advised by Management that FCS Advisors was repaid in full in December 2020 and, accordingly, HealthChain has no outstanding secured debt.

Unsecured Creditors

11. HealthChain’s unsecured creditors include investors, who directly or through their corporations, invested in and financed HealthChain’s working capital needs pursuant to various SAFE Agreements (the “**SAFE Investors**”), drafted and delivered by the Debtor to these investors.
12. The Proposal Trustee understands that the terms of the SAFE Agreements were substantially the same and included, among other things, a provision converting the agreement into a debt instrument with a repayment obligation equal to the SAFE Investors investment contribution in HealthChain upon the occurrence of a Dissolution Event (as defined in the SAFE Agreement).
13. As a result of the occurrence of a Dissolution Event, HealthChain owes an aggregate of approximately \$1.3 million to SAFE Investors. In addition, according to the books and records of HealthChain and information provided by Management, there are other known unsecured creditors with claims totalling approximately \$225,000.

EXTENSION OF STAY OF PROCEEDINGS

14. The Debtor is seeking an extension of the time for the filing of the proposal to and including August 10, 2020, for a total of 45 days.
15. The stay extension is required to provide the Debtor with the necessary time to preserve its business on a going concern basis for the benefit of its stakeholders.
16. The Proposal Trustee understands that the Debtor has been negotiating a contract for the joint development of software with a potential partner, which would form the basis of a

restructuring proposal by the Debtor, however, further negotiations are necessary to ensure the contract makes economic sense for the Debtor.

17. Recently, the Debtor has entered into accelerated negotiations with a second potential partner in relation to a second contract for the joint development of software. Based on current negotiations, which are still under way, the Debtor is of the view that it will be able to make a viable proposal to its creditors upon finalization and execution of a contract.
18. The Proposal Trustee is of the view that the Debtor is acting in good faith and with due diligence in formulating and implementing a restructuring plan that would preserve its business and assets for the benefit of the stakeholders.
19. Without the requested extension, the Debtor is not in a position to make a viable proposal to its creditors and will become bankrupt to the detriment of its stakeholders. In contrast, no creditor will be materially prejudiced if the extension applied for is granted. If the extension applied for is granted, permitting the contract with the potential client to be finalized and signed, the Debtor would likely be able to make a viable proposal to its creditors following the completion of its restructuring.

OVERVIEW OF THE DEBTOR'S WEEKLY CASH FLOW FORECAST

20. The Debtor, with the assistance of the Proposal Trustee, has prepared a fourteen-week cash flow forecast for the period of June 20, 2020 to August 14, 2020 ("**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "D"** to this Report. The Cash Flow Forecast has been prepared by Management of the Debtor for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1-10 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the eight-week forecast period (the "**Period**") in Canadian dollars.
21. The Cash Flow Forecast projects that the Debtor will continue to require the use of the DIP Loan to: (i) maintain the bare bones of its business during the restructuring process, and (iii) fund the costs of the proposal proceedings.
22. The Cash Flow Forecast projects that the Debtor will have sufficient liquidity, following receipt of advances totalling approximately \$74,000 (over eight weeks) from the DIP Loan,

to fund the Debtor's expenses and Proposal proceedings throughout the proposed extension to the stay of the proceedings.

23. The Proposal Trustee's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposal Trustee by the Management of the Debtor. Since hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee has also reviewed the support provided by Management of the Debtor for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
24. Based on the Proposal Trustee's review, except as otherwise described in this Report, nothing has come to its attention to cause it to believe that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtor or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
 - iii. the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.

CONCLUSION AND RECOMMENDATION

25. The Proposal Trustee is of the view that the stay extension, as described above, will allow the Debtor the necessary time to finalize the terms of a contract with the potential client and formulate a viable proposal to its creditors.
26. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief being requested by the Debtor pursuant to the BIA.

All of which is respectfully submitted this 22nd day of June, 2020.

DODICK LANDAU INC.

In its capacity as the Proposal Trustee of
Healthchain Inc. and not in its personal or corporate capacity.

Per:  _____

Rahn Dodick, CA, CPA, CIRP, LIT
President

APPENDIX "A"

District of: Ontario
Division No. 09 - Toronto
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the Notice of Intention to Make a Proposal of
Healthchain Inc.
of the city of Toronto, in the Province of Ontario

Take notice that:

- 1. I, Healthchain Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.**
- 2. Dodick Landau Inc. of 4646 Dufferin St., Suite 6, Toronto, ON, M3H 5S4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.**
- 3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.**
- 4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.**

Dated at the city of Toronto in the Province of Ontario, this 27th day of February 2020.

Healthchain Inc.
Insolvent Person

District of: Ontario
 Division No. 09 - Toronto
 Court No.
 Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the Notice of Intention to Make a Proposal of
 Healthchain Inc.
 of the city of Toronto, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Adam Cole	338 Soudan Avenue Toronto ON M4S 1W7		250.00
Andrew Shinewald	c/o Amjay Software Solutions Inc. 3080 Yonge Street, Suite 6060 Toronto ON M4N 3N1		250.00
Bradley Steinfeld			250.00
Bruce Lau			250.00
Charlotte Schwartz			50,000.00
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	HST Account	250.00
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	Payroll Account	250.00
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	Corporations Tax Account	250.00
David Evans			250.00
Efim Gorbenko			250.00
FCS Advisors LLC	230 Park Avenue, Suite 1525 New York NY 10169 USA		250.00
Gareth			250.00
Globalive Capital Inc.	48 Yonge Street, Suite 1200 Toronto ON M5E 1G6		50,000.00
Jeffrey Steep	c/o Amjay Software Solutions Inc. 3080 Yonge Street, Suite 6060 Toronto ON M4N 3N1		250.00
Ly Ngo			250.00

District of: Ontario
Division No. 09 - Toronto
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the Notice of Intention to Make a Proposal of
Healthchain Inc.
of the city of Toronto, in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Nicholas Zamora	3515 Greenwood Road Greenwood ON L0H 1H0		250.00
Ontario Centre of Excellence	325 Front Street West, Suite 300 Toronto ON M5V 2Y1		125,000.00
Product Manager			250.00
REDDS Technology Fund 1, L.P.	16381 Scientific Way Irvine CA 92618 USA		500,000.00
REDDS Venture Investment Partners, LLC	16381 Scientific Way Irvine CA 92618 USA		500,000.00
Said El Khouri			50,000.00
Spacibo Inc.			250,000.00
Subash G.			250.00
Total			1,529,000.00



Healthchain Inc.
Insolvent Person

- Proposal Consent -
In the matter of the proposal of
Healthchain Inc.
of the city of Toronto, in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Healthchain Inc..

Dated at the city of Toronto in the Province of Ontario, this 28th day of February 2020.

Dodick Landau Inc. - Licensed Insolvency Trustee



4646 Dufferin St., Suite 6

Toronto ON M3H 5S4

Phone: (416) 736-4357 Fax: (416) 649-7725



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-2623988
Estate No. 31-2623988

In the Matter of the Notice of Intention to make a
proposal of:

Healthchain Inc.
Insolvent Person

DODICK LANDAU INC.
Licensed Insolvency Trustee

Date of the Notice of Intention: February 28, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 28, 2020, 14:44

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

APPENDIX "B"

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



THE HONOURABLE MR.)

JUSTICE KOEHNEN)

THURSDAY, THE 5TH

DAY OF MARCH, 2020

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 HEALTHCHAIN INC.
OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ORDER APPROVING PROPOSAL TRUSTEE'S POWERS

THIS MOTION, made by Healthchain Inc. (the "**Company**") for an order approving the powers of Dodick Landau Inc. (the "**Proposal Trustee**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Anatoly Langer sworn March 3, 2020, and, on hearing the submissions of counsel for the Company, and for Amazon Web Services, Inc., 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 March 3, 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.

2. **THIS COURT ORDERS** that the Proposal Trustee is hereby empowered and authorized, but not obligated, to act at once in respect of the property, assets and undertaking of the Company (the “**Property**”) and, without in any way limiting the generality of the foregoing, the Proposal Trustee is hereby expressly empowered and authorized to do any of the following where the Proposal Trustee considers it necessary or desirable:

- a) to take possession of and exercise control over the Property, including without limitation any bank account of the Company, and any account maintained with suppliers, vendors and service providers, and any and all proceeds, receipts and disbursements arising out of or from the Property;
- b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of passwords, profile information, payment information, locks and security codes, the relocating of Property to safeguard it, the engaging of independent security services, the taking of inventories and the placement of such insurance coverage as may be necessary or desirable;

- c) to manage, operate, and carry on the business of the Company, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Company;
- d) to engage and instruct consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Proposal Trustee's powers and duties, including without limitation those conferred by this Order;
- e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Company or any part or parts thereof;
- f) to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company in collecting such monies, including, without limitation, to enforce any security held by the Company;
- g) to settle, extend or compromise any indebtedness owing to the Company;
- h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Proposal Trustee's name or in the name and on behalf of the Company, for any purpose pursuant to this Order;

- i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Company, the Property or the Proposal Trustee, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Proposal Trustee in its discretion may deem appropriate; and
- k) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.
- l) and in each case where the Proposal Trustee takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Company, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE PROPOSAL TRUSTEE

3. **THIS COURT ORDERS** that (i) all of the Company's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (ii) all other individuals, firms, corporations,

governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Proposal Trustee of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Proposal Trustee, and shall deliver all such Property to the Proposal Trustee upon the Proposal Trustee's request. Notwithstanding the foregoing, subject to further Order of this Court, the disclosure that Amazon Web Services, Inc and its affiliates ("**AWS**") is required to make will be, for the time being, limited to such information as the Company is entitled to pursuant to its contractual arrangements with AWS.

4. **THIS COURT ORDERS** that all Persons shall forthwith advise the Proposal Trustee of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Proposal Trustee or permit the Proposal Trustee to make, retain and take away copies thereof and grant to the Proposal Trustee unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Proposal Trustee due to the privilege attaching to solicitor-client communication (other than solicitor client privilege of the Company and waived by the Company) or due to statutory provisions prohibiting such disclosure.

5. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Proposal Trustee for the purpose of allowing the Proposal Trustee to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Proposal Trustee in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Proposal Trustee. Further, for the purposes of this paragraph, all Persons shall provide the Proposal Trustee with all such assistance in gaining immediate access to the information in the Records as the Proposal Trustee may in its discretion require including providing the Proposal Trustee with instructions on the use of any computer or other system and providing the Proposal Trustee with any and all access codes, account names and account numbers that may be required to gain access to the information.

6. **THIS COURT ORDERS** that, notwithstanding paragraphs 3, 4 and 5 herein, and subject to paragraph 7 herein, the Proposal Trustee shall have no greater access to the computers, servers and other electronic systems of information storage in the possession of AWS than the Company has in accordance with its contractual agreements with AWS.

7. **THIS COURT ORDERS** that the Company's current directors and officers shall forthwith deliver or cause to be delivered to the Proposal Trustee such information in their possession, knowledge and control as requested by the Proposal Trustee from time to time in

respect of the host server companies contracted or utilized by the Company, including but not limited to AWS, to permit the Proposal Trustee to access the accounts of the Company hosted therein pursuant to the terms of the contract between the Company and the host server company, provided that the Company, from the date of the Order, pays for such access, usage and related services in accordance with the contractual arrangements. The information to be delivered to the Proposal Trustee upon request pursuant to this paragraph includes, but is not limited to, login credentials, account numbers, usernames and passwords.

ADMINISTRATION CHARGE

8. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed the amount of \$100,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 10 hereof.

9. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge (the “**Charge**”) shall not be required and that the 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 Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

10. **THIS COURT ORDERS** the Charge shall rank in priority as against all other validly perfected security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, granted by the Company or to which the Company is subject (together, the “**Encumbrances**”) as of the date of this Order, in favour of any person or entity (a “**Person**”), other than the security held by FCS Advisors, LLC in respect of certain SRED tax credits and any Encumbrances arising by operation of any applicable statutory law.

11. **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 Charge, unless the Company also obtains the prior written consent of the Proposal Trustee, or further Order of this Court.

EXTENSION OF TIME TO FILE A PROPOSAL

12. **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 May 12, 2020.

GENERAL

13. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Proposal Trustee under the BIA or as an officer of this Court, the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing

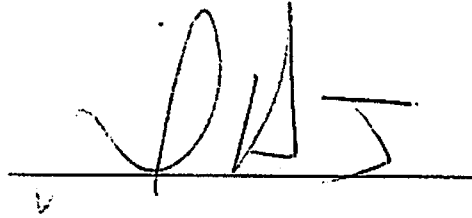
in this Order shall derogate from the protections afforded the Proposal Trustee by the BIA or any applicable legislation.

14. **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.

15. **THIS COURT ORDERS** that each of the Company, the Proposal Trustee and the Interim 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.

16. **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.

A handwritten signature, appearing to be 'DAS', is written in black ink over a horizontal line. The signature is stylized and somewhat cursive.

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

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

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

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

PROCEEDING COMMENCED IN TORONTO

**ORDER
APPROVING PROPOSAL TRUSTEE'S POWERS**

BRAUTI THORNING LLP
161 Bay Street, Suite 2900
Toronto, ON M5J 2S1

Caitlin Fell - LSO No. 60091H
cfell@btlegal.ca
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Lawyers for HealthChain Inc.

APPENDIX "C"

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

COVID-19 dated March 16, 2020.

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

(Extension of Time to File Proposal and DIP Financing)

ORDER

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

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

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

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

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

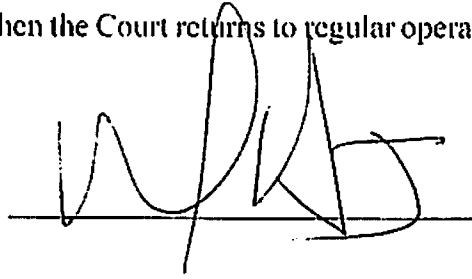
15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms 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.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the bottom, positioned above a thin horizontal line.

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

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

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

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Lawyers for HealthChain Inc.

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

APPENDIX "D"

Healthchain Inc.
Weekly Cash Flow Forecast
For the Period of June 20, 2020 to August 14, 2020

Week Ending	Notes	26-Jun-20 1	03-Jul-20 2	10-Jul-20 3	17-Jul-20 4	24-Jul-20 5	31-Jul-20 6	07-Aug-20 7	14-Aug-20 8	TOTAL
Receipts	2	-	3,000	-	-	-	-	-	-	3,000
Disbursements										
Direct Costs	3	-	(7,000)	-	-	-	(7,000)	-	-	(14,000)
Human Resources	4	-	-	-	-	-	-	-	-	-
Occupancy Costs	5	-	(865)	-	-	-	(865)	-	-	(1,730)
Professional Fees	6	(34,000)	-	-	-	-	(12,500)	-	(15,000)	(61,500)
Total Disbursements		(34,000)	(7,865)	-	-	-	(20,365)	-	(15,000)	(77,230)
Net Cash Flow		(34,000)	(4,865)	-	-	-	(20,365)	-	(15,000)	(74,230)
Bank Balance										
Opening Bank Balance	7	428	(33,572)	(38,437)	(38,437)	(38,437)	(38,437)	(58,802)	(58,802)	428
Add: Net Cash Flow		(34,000)	(4,865)	-	-	-	(20,365)	-	(15,000)	(74,230)
Closing Bank Balance		(33,572)	(38,437)	(38,437)	(38,437)	(38,437)	(58,802)	(58,802)	(73,802)	(73,802)
DIP Loan										
Opening DIP Loan Balance	9	(50,008)	(84,008)	(88,873)	(88,873)	(88,873)	(88,873)	(109,238)	(109,238)	(38,402)
Add: DIP loan	10	(34,000)	(4,865)	-	-	-	(20,365)	-	(15,000)	(74,230)
Closing DIP Loan Balance		(84,008)	(88,873)	(88,873)	(88,873)	(88,873)	(109,238)	(109,238)	(124,238)	(112,632)

This statement of forecast cash flow of Healthchain Inc. is prepared in accordance with section 50.4 (2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the accompanying notes.

HealthChain Inc. (“Healthchain” or the “Company”)
Major Assumptions
Cash Flow Forecast
For the Period June 20, 2020 to August 14, 2020 (the “Period”)

1. HealthChain’s financial projections have been prepared for the purpose of meeting the requirements of the Bankruptcy and Insolvency Act. The Projection is based on the hypotheses that HealthChain will continue operations in the normal course while additional investors in the Company are solicited.

Receipts:

2. HealthChain is in the business of developing and marketing electronic medication management-software, principally based on blockchain and artificial intelligence technologies. Receipts are composed of collections from an existing customer. A new customer contract is expected to be entered into in the Period. No receipts are forecast for the period in connection with this new contract. However, certain related direct costs are forecast to be incurred in the Period to be able to service this new customer and are discussed further below.

Disbursements:

3. Direct costs represent the cost of the IT cloud server and certain application services that are payable monthly.
4. Human resources represent the costs of employees forecast to be required in the Period. It is estimated that employee costs will begin following the entering into the new customer contract and will begin after the Period.
5. Occupancy costs consist of only insurance costs payable on a monthly basis. Currently, all work is done from people’s homes and no rent is paid.
6. Professional fees include fees for the Proposal Trustee and its legal counsel as well as the Company’s legal counsel for the Period. It also includes corporate legal fees and costs associated with the drafting of the contract with the new customer.
7. The opening cash balance as of June 20, 2020 is \$428.00 and represents the cash balance in the Proposal Trustees trust account.
8. Financing of the business is by way of a Debtor in Possession (“DIP”) loan provided by a corporation related to one of the major shareholders of the Company (“DIP Lender”). To date the DIP Lender has advanced approximately \$50,000 to the Company to fund restructuring costs.
9. According to the cash flow forecast, approximately \$74,000 will be required to be advanced by the DIP Lender in the Period.