

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

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

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

Applicant

MOTION RECORD
(MOTION RETURNABLE OCTOBER 14, 2020)

October 7, 2020

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5

ALEX ILCHENKO, C.S. (LSO #33944Q)
ailchenko@pallettvalo.com

MONTY DHALI WAL (LSO # 65124N)
mdhaliwal@pallettvalo.com

Tel: (905) 273-3300
Fax: (905) 273-6920

Lawyers for Dodick Landau Inc., Proposal Trustee
of the Proposal of Healthchain Inc.

TO: **WEISZ FELL KOUR LLP**
100 King Street West,
Suite 5000
Toronto, ON M5X 1C9

Caitlin Fell
LSO No. 60091H

cfell@wfkaw.ca

Tel: 416.613.8282

Sharon Kour
LSO No. 58328D

skour@wfkaw.ca

Tel: 416.613.8283
Fax: 416.613.8290

Lawyers for Healthchain Inc.

AND TO: Service List

INDEX

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

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

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

Applicant

I N D E X

Description	Tab	Pages
Notice of Motion Returnable October 14, 2020	1	1-7
Report of the Trustee on Proposal dated October 1, 2020	2	8-19
Creditor Package dated September 4, 2020 including Trustee's Report to Creditors	2A	20-137
Minutes of First Meeting of Creditors dated September 14, 2020	2B	138-151
Affidavit of Mailing of Notice of Hearing sworn September 29, 2020	2C	152-158
Proposal dated August 20, 2020	3	159-200
Draft Order Approving Proposal	4	201-246

TAB 1

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

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

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

Applicant

**NOTICE OF MOTION
(Returnable October 14, 2020)**

DODICK LANDAU INC. (“**DLI**”), the trustee in the proposal (in such capacity, the “**Trustee**”) of Healthchain Inc. (“**Healthchain**” or the “**Company**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (Commercial List) **on Wednesday, October 14, 2020 at 10:00 a.m.**, or as soon thereafter as the motion can be heard, by judicial teleconference via Zoom at Toronto, Ontario. Please refer to the conference details attached as Schedule “A” hereto in order to attend the motion and advise if you intend to join the motion by emailing Alex Ilchenko, C.S. at ailchenko@pallettvalo.com.

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

1. **THE MOTION IS FOR** an Order substantially in the form included at Tab 3 of the Motion Record, *inter alia*,
 - (a) Abridging the time for service of the Notice of Motion and Motion Record, if necessary, and declaring that this motion is properly returnable on Wednesday, October 14, 2020, and dispensing with further service thereof;
 - (b) Approving the Proposal of Healthchain (the “**Proposal**”);

- (c) Approving the Report of Trustee on Proposal dated October 1, 2020 (the “**Report**”) and the activities of the Proposal Trustee as more particularly described in the Report;
- (d) Discharging the Trustee from the enhanced powers granted to the Trustee by the Order of Koehnen, J. dated March 5, 2020 (the “**Enhanced Trustee Powers Order**”);
- (e) Discharging on the Maturity Date the Administration Charge (the “**Administration Charge**”) and the DIP Lenders Charge granted over the Property of Healthchain (the “**DIP Lenders Charge**”), by the Orders of Koehnen, J. dated March 5, 2020 and May 7, 2020, respectively; and
- (f) Such further and other relief as this Court deems just and/or equitable.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) On February 28, 2020, Healthchain filed a Notice of Intention to Make a Proposal under section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and DLI was named Trustee;
- (b) On March 5, 2020 Koehnen, J. granted the Enhanced Trustee Powers Order providing to the Trustee enhanced powers to supervise Healthchain during the proposal process and approved the Administration Charge in the amount of \$100,000 over the Property of Healthchain;
- (c) On May 7, 2020 Koehnen, J. granted an extension Order and approved a Debtor in Possession Credit Facility in the maximum amount of \$200,000 (the “**DIP Loan**”) from REDDS Technology Fund I LP (the “**DIP Lender**”) secured by the DIP Lenders Charge on the Property of Healthchain;
- (d) Further Extension Orders were granted by Koehnen, J. on June 25 and August 7, 2020;
- (e) On August 25, 2020, Healthchain filed the Proposal, a copy of which is attached as **Appendix A** to the Report, and also at **Tab 3** to this Motion Record, with the Official Receiver pursuant to section 62 of the BIA;

- (f) On September 3, 2020, the Proposal Trustee gave notice to Healthchain, the division office and every known creditor of the calling of meetings of Secured and Unsecured Creditors to be held on September 14, 2020 to consider the Proposal;
- (g) At the meetings of creditors on September 14, 2020, the Proposal was accepted by 66.67% by number representing 97.31% of value of Healthchain's Unsecured Creditors entitled to vote at the meeting of creditors and unanimously by the DIP Lender, Healthchain's only secured creditor;
- (h) The Proposal provides for the priority of the payments required to be made under section 60 of the BIA;
- (i) The terms of the Proposal are reasonable;
- (j) The terms of the Proposal are calculated to benefit the general body of creditors;
- (k) It is expected that creditors of Healthchain will derive a greater benefit under the terms of the Proposal than would be realized from a bankruptcy and a forced liquidation of the assets of Healthchain;
- (l) The Proposal provides for a distribution to the creditors of Healthchain that exceeds the dividend that would otherwise be available from a bankruptcy;
- (m) The Proposal Trustee is of the view that the Proposal is advantageous to the creditors as it will provide an approximate recovery of 3%, with possible future additional increased value of the shares of Healthchain, to be distributed to the creditors, after approval of the Proposal, as compared to no recovery by Unsecured Creditors in a bankruptcy;
- (n) On September 29, the Proposal Trustee caused to be sent to the Superintendent of Bankruptcy, to Healthchain, and to every creditor of Healthchain who has filed a Proof of Claim a notice of the time and place of the hearing of the application to the Court to approve the Proposal;

- (o) the Proposal Trustee has forwarded a copy of the Report to the Superintendent of Bankruptcy;

General

- (p) The relief sought is appropriate in the circumstances;
- (q) All statutory requirements to the approval of the Proposal have been met;
- (r) The provisions of the BIA and this Court's equitable and statutory jurisdiction thereunder;
- (s) Rules 1.04, 2.03, 3.02, 16, 37 and 40 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (t) Such further and other grounds as counsel may advise and this Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion:

- (a) The Report of Trustee on Proposal dated October 1, 2020; and
- (b) Such further material as counsel may advise and this Court may permit.

DATE: OCTOBER 7, 2020

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario L5B 1M5

ALEX ILCHENKO, C.S. (LSO #33944Q)
ailchenko@pallettvalo.com
MONTY DHALI WAL (LSO # 65124N)
mdhaliwal@pallettvalo.com

Tel: (905) 273-3300
Fax: (905) 273-6920
Lawyers for Dodick Landau Inc., Proposal
Trustee of Healthchain Inc.

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

IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
In Bankruptcy and Insolvency
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

NOTICE OF MOTION
(Returnable October 14, 2020)

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario L5B 1M5

ALEX ILCHENKO, C.S. (LSO #33944Q)
ailchenko@pallettvalo.com

MONTY DHALI WAL (LSO # 65124N)
mdhaliwal@pallettvalo.com
Tel: (905) 273-3300
Fax: (905) 273-6920

Lawyers for Dodick Landau Inc., Proposal Trustee
of Healthchain Inc.

TAB 2

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

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

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

OCTOBER 1, 2020

INTRODUCTION

1. The purpose of this report (the “**Report**”) of Dodick Landau Inc. (“**DLI**”) in its capacity as proposal trustee (the “**Proposal Trustee**”) of Healthchain Inc. (the “**Debtor**”, “**Company**” or “**Healthchain**”), which includes the report in the form prescribed in section 59(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), is to support the request for orders, among other things:
 - i. approving the proposal (the “**Proposal**”) of Healthchain Inc. dated August 25, 2020;
 - ii. authorizing the Proposal Trustee and the Company to take all steps necessary to implement the Proposal;
 - iii. approve the Proposal Trustee’s activities and conduct during the Proposal proceeding, as described in the Proposal Trustee’s First, Second, Third and Fourth Reports (as defined below);
 - iv. Discharging the Proposal Trustee from the enhanced powers granted to the Proposal Trustee by the Order of Koehnen, J. dated March 5, 2020;
 - v. Discharging on the Maturity Date the Administration Charge (the “**Administration Charge**”) and the DIP Lender’s Charge granted over the Property of Healthchain (the “**DIP Lenders Charge**”), by the Orders of Koehnen, J. dated March 5, 2020 and May 7, 2020, respectively.

2. The Proposal has been developed to effect a restructuring of the business and affairs of Healthchain with the expectation that all existing creditors will derive a greater benefit from the completion of the restructuring and the continued operation of the business and affairs of Healthchain than would result from a liquidation of Healthchain's assets in a bankruptcy proceeding.

DISCLAIMER

3. 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;
 - 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 October 14, 2020. Parties using this Report, other than for the purpose of the motion, are cautioned that it may not be appropriate for their purposes.
4. 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.

5. All monetary amounts contained herein are in Canadian dollars.

REPORT ON PROPOSAL

6. The Proposal Trustee hereby reports to the Court as follows:
- i. On February 28, 2020 (the “**Filing Date**”), Healthchain filed with the Official Receiver a Notice of Intention to Make a Proposal (“**NOI**”) to its creditors pursuant to section 50.4 of the BIA and named DLI as Proposal Trustee.
 - ii. On March 5, 2020 (the “**March Order**”), this Court granted an order which, among other things:
 - a. approved an extension of time to file a proposal up to and including May 12, 2020;
 - b. 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; and
 - c. 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.
 - iii. On May 7, 2020 (“**May Order**”) the Court granted an order which, among other things:
 - a. provided Healthchain 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 up to, and including, June 26, 2020; and

- b. authorized Healthchain to borrow for the Company's working capital requirements and other general corporate purposes up to \$200,000 under a debtor-in-possession credit facility (the "**DIP Loan**") from REDDS Technology Fund I LP (the "**DIP Lender**") and the DIP Lender was granted a charge over the current and future assets of the Debtor as security for the borrowings.
 - c. On June 25 and August 7, 2020, the Court granted orders ("**June and August Orders**") which provided Healthchain with two further extensions of time for filing a proposal, which extended the stay of proceedings granted in the May Order to August 10 and 26, 2020, respectively.
 - d. On August 25, 2020, pursuant to section 62 of the BIA, Healthchain filed with the Official Receiver a proposal (the "**Proposal**").
 - e. On September 4, 2020, the Proposal Trustee gave notice to the Debtor, the division office and to every known creditor (whose names and addresses appear in such notice), or their duly appointed representative, of the calling of meetings of creditors (the "**Creditors' Meetings**") to be held on September 14, 2020 by video conference to consider the Proposal.
 - f. With such notice was included a condensed statement of the assets and liabilities of Healthchain, a list of creditors affected by the Proposal and having claims of \$250 or more and showing the amount of their claims, a copy of the Proposal, proof of claim form, proxy and voting letter, as well as the Trustee's Report on Proposal ("**Trustee's Report to Creditors**"). A copy of the complete notice and creditors' package is attached hereto as **Appendix "A"**.
 - g. Prior to the Creditors' Meetings, the Proposal Trustee made a detailed and careful inquiry into the liabilities of the Company, the Company's assets and the causes of the Company's insolvency.
- iv. The Creditors' Meetings were held on September 14, 2020 via video conference, at 11:00 a.m., and 12:00 p.m. and were presided over by Mr. Rahn

Dodick of the Proposal Trustee.

- v. As described further below under the heading “Creditors’ Meetings”, the Proposal was accepted by the required majority of creditors at each of the meetings.
- vi. Copies of the minutes of the Creditor’s Meetings (without appendices except the voting registers) are attached as **Appendix “B”**.
- vii. The Proposal Trustee is of the opinion that the liabilities and the assets of the Company, and their estimated realizable values, are as set out in this Report and the Trustee’s Report to Creditors included in the Creditors’ Package (**Appendix “A”**), which included background information on Healthchain, causes of its financial difficulties, information on secured and unsecured debt and crown claims, a description of the Proposal, a liquidation analysis, as well as information on the conduct of the Company.
- viii. It is the Proposal Trustee’s further opinion that a restructuring will yield a greater recovery for the creditors of the Company than they would receive in a liquidation of the Company.
- ix. The Proposal Trustee forwarded a copy of this report to the official receiver on this day.

CREDITORS’ MEETINGS

- 7. For purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Creditors of the Company were comprised of two classes: (i) the DIP Lender in respect of the DIP Lender’s Claim (“**Secured Creditor Class**”); and (ii) Creditors having Preferred Claims and Unsecured Claims (the “**Unsecured Creditor Class**”). The meeting of the Secured Creditor Class was held at 12:00 p.m. (“**Secured Creditor Meeting**”) and the meeting of the Unsecured Creditor Class was held at 11:00 a.m. (“**Unsecured Creditors’ Meeting**”).

8. Preferred Creditors and proven Claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims were entitled to vote in the Unsecured Creditor Class.
9. At the Creditors' Meetings, Mr. Dodick acted as the chair (the "**Chair**") and Ms. Brenda McKnight acted as the scrutineer (the "**Scrutineer**") and secretary.
10. 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.
11. The same motion to consider a resolution to accept the Proposal was proposed at each of the Creditors' Meetings (the "**Resolution**"). The Resolution tabled at the meeting was as follows:

"Be and it is hereby resolved to accept the Proposal of Healthchain Inc. dated August 25, 2020, and, if approved, the Proposal Trustee and Healthchain Inc. will take all necessary steps to implement the terms of the Proposal."

12. The Scrutineer tabulated the results of the vote at the Secured Creditor's Meeting, and the Chair reported the results at this meeting. The Creditor, or its proxy holder, entitled to vote at the Secured Creditor's Meeting voted on the Resolution to approve the Proposal as follows:

	For		Against	
	#	\$	#	\$
Creditors having a voting claim voting in person, by proxy or by voting letter	1	\$40,047.65	0	NIL
Percentage of the total votes	100%	100%	0%	0%

13. The Scrutineer tabulated the results of the vote, and the Chair reported the results at the Unsecured Creditors' Meeting. The Unsecured Creditors, or their proxy holders, entitled to vote at the Unsecured Creditor's Meeting voted on the Resolution to approve the Proposal as follows:

	For		Against	
	#	\$	#	\$
Creditors having a voting claim voting in person, by proxy or by voting letter	4	\$1,350,000	2	\$37,285.50
Percentage of the total votes	66.67%	97.31%	33.33%	2.69%

14. In summary, a majority in number representing in excess of two-thirds in value of the Secured Creditors and Unsecured Creditors holding proven claims and voting in person or by proxy at each of the Creditors' Meetings, or by voting letter, voted in favour of the Resolution to approve the Proposal.

APPROVAL OF THE PROPOSAL

15. The BIA requires the Proposal be approved by the Court following approval by the requisite majorities of Creditors by class. As such, the Proposal Trustee requests that the Court issue an order approving the Proposal.
16. As described in greater detail in the Trustee's Report to Creditors at **Appendix "A"**, the Proposal, as approved by the Creditors with the majorities required under the BIA, provides that:
- i. As required under the BIA, Crown Priority Claims, being proven pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, consisting of unremitted source deductions will be paid in full and shall be paid by the Company from operating funds paid to the Proposal Trustee and remitted by the Proposal Trustee to CRA, or the province, as applicable, within six (6) months of the Court Approval Date. There are no known Crown Priority Claims;

- ii. As required under the BIA, Preferred Claims, including Employee Preferred Claims, if any, shall be paid in full, without interest, in priority to Unsecured Claims;
 - iii. The DIP Lender shall receive Shares in full and final satisfaction of the DIP Lender's Claim;
 - iv. Unsecured Creditors, who are Accredited Investors, and who sign a Unanimous Shareholders Agreement, shall receive Shares from the Company in full satisfaction of their Proven Claims on the Effective Date. Should all known Unsecured Creditors be considered Accredited Investors, in total the Unsecured Creditors will receive 1,575,164 shares upon implementation of the Proposal and will constitute approximately 38.56% of the total issued and outstanding shares of the Company;
 - v. Any Unsecured Creditors who are not Accredited Investors shall receive their respective pro rata portion of the Unsecured Payment Fund, which is an amount up to \$10,000, based upon the proportion their Claim represents of the total dollar value of the Claims being paid out of the Unsecured Payment Fund, provided that any payments shall not exceed 25% of the value of any Unsecured Creditors' Proven claim;
 - vi. After approval of the Proposal, on the Maturity Date, the Company shall be released and discharged from any and all Claims, and each and every present and former officer and director of the Company shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of the Company where such persons are by law liable in their capacity as directors for the payment of such obligations;
 - vii. As required under the Act, the releases do not release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act.
17. The Proposal Trustee is not aware of the Company having committed any of the offences set out in sections 198-200 of the BIA.

DISCHARGE OF ENHANCED POWERS

18. The March Order granted the Proposal Trustee enhanced powers, in addition to the powers and duties set out in the BIA, which authorized the Proposal Trustee 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.
19. The Debtor's property consisted of a software application housed on a cloud-based server hosted by Amazon Web Services, an information technology service management company. Following its appointment, the Proposal Trustee was granted sole administrative access to the software application, and related accounts, by management. The costs associated with maintaining the software application was funded by way of cash on hand, HST refunds and DIP Lender funding.
20. Over the period of the NOI, Management and the applicants resolved their differences, and together developed a new business plan and the Proposal. In addition, Management and the DIP Lender began holding business development meetings with new prospective clients. As these discussions evolved, the necessity for Management to regain a higher level of access to the software application in order to prepare it for servicing these prospective clients became evident. Therefore, on September 24, 2020, following receipt of approval of the Proposal by both creditor classes, the Proposal Trustee agreed to share administrative access to the software application with Management which was supported by the DIP Lender who is also the largest creditor. This enhanced access permitted Management to make the necessary changes to the software application in a timely manner to service a new client contract.
21. Should the Court approve the discharge of the Proposal Trustee's enhanced powers, the Proposal Trustee will subsequently remove its administrative access to the software, and related software accounts, allowing Management to retain sole administrative access to the software application.

CONDUCT OF THE DEBTOR

Preference Transactions and Transfers at Undervalue

22. The Proposal approved by the requisite majorities of creditors contemplates that Sections 95-101 of the BIA shall not apply in connection with this Proposal and as a result the Proposal Trustee shall have no responsibility, liability or authority whatsoever in connection herewith. Accordingly, the Proposal Trustee has not undertaken a detailed review for possible preference transactions or transfers at undervalue.
23. If the Company was to become bankrupt, and either preference transactions or transfers at undervalue did exist, it is possible that some of these transactions could be voided.

Conduct Post-Filing

24. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Company until the Proposal is approved by the Court.
25. During the NOI period, the Company worked diligently with the Proposal Trustee to prepare its Proposal, as well as to manage costs and continue operations. The Company is working diligently to complete the Proposal. The Company continues to actively solicit new business to improve its cash flow and meet its liquidity needs in order to be able to successfully implement the Proposal. The Company is current on its post-filing HST and payroll filings and remittances to the Canada Revenue Agency.

NOTICE OF HEARING OF THE APPLICATION

26. On September 29, 2020, the Proposal Trustee sent the Notice of Hearing of Application for Court Approval of Proposal (Form 40.1) (the “**Notice**”) to the Debtor and to all known creditors of the Debtor who have proved a claim, whether secured or unsecured, and to the official receiver. Attached hereto as **Appendix “C”** is a true copy of the Affidavit of Mailing of Brenda McKnight, together with a copy of the Notice.

CONCLUSION AND RECOMMENDATION

27. The Proposal Trustee is of the opinion that the liabilities and the assets of the Company, and their estimated realizable value, are as set out in the Trustee's Report to Creditors.
28. That the Proposal Trustee is also of the opinion that:
- i. The causes of the insolvency of the Debtor are as set out in the Trustee's Report to the Creditors;
 - ii. The conduct of the Debtor is not subject to censure; and
 - iii. There are no known facts, as described in section 173 of the BIA, which may be proved against the Debtor.
29. It is the Proposal Trustee's further opinion, as is described in greater detail in the Trustee's Report to Creditors, that the Proposal is of general benefit to the creditors of the Company and will allow for a greater recovery to them than they would receive in a liquidation of the Company. Therefore, the Proposal Trustee respectfully recommends that the Court grant an order approving the Proposal and authorizing the Proposal Trustee to take all steps necessary to implement the Proposal.

Yours very truly,

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

TAB 2A

APPENDIX "A"

DODICK LANDAU

September 4, 2020

CREDITOR PACKAGE

To the Creditors of Healthchain Inc., ("Healthchain" or the "Company")

Please be advised that on August 26, 2020, Dodick Landau Inc., in its capacity as Proposal Trustee (the "Proposal Trustee") of the Estate of Healthchain Inc., filed with the Official Receiver a proposal in the name, and on behalf, of Healthchain Inc. (the "Proposal").

The reason you are receiving this letter and the enclosed creditor information ("Creditor Package") is because Healthchain Inc. advised the Proposal Trustee that you are a creditor of Healthchain and may be eligible to vote in the Proposal. The purpose of the Creditor Package is to provide you with the information you require to evaluate, and vote on, the Proposal.

Enclosed in this Creditor Package are the following documents:

- 1) Notice of Proposal to Creditors;
- 2) Proposal;
- 3) Trustee's Report on Proposal;
- 4) Statement of Affairs;
- 5) Proof of Claim form with instructions;
- 6) Proxy;
- 7) Voting Letter

Two Meetings of the Creditors to consider the Proposal will be held on Monday, September 14, 2020. The meeting time for unsecured creditors will be at 11:00 a.m. The meeting time for secured creditors will be at 12:00 p.m. Due to physical distancing requirements, both meetings will be held by video conference. Please email brenda.mcknight@dodick.ca to notify us of your intention to attend the Meeting of Creditors. You will then receive an email on the day prior to the meeting giving you a link for the meeting.

In order to be eligible to attend and vote at the meeting of creditors, creditors must have filed with the Proposal Trustee before the meeting, a proof of claim form signed and witnessed as required and accompanied by a statement of account (Schedule "A").

As the meeting is being held by video conferencing, creditors should submit their Proof of Claim form, proxy if required and voting letter in advance of the meeting. The required forms are included in this package.

DODICK LANDAU


Any creditor who wishes to vote by video conference at the Meeting of Creditors may do so, however, due to the forum in which this meeting is being held, patience is required as the trustee must verify the identity of each person voting. A Proof of Claim with Schedule "A" must still be submitted in advance of the meeting.

Completed proofs of claim, and other documents may be returned to the Trustee to the attention of Brenda McKnight by fax (416-649-7725) or electronic mail (brenda.mcknight@dodick.ca). Should you need further assistance, you may contact our office by telephone at 416-645-0542. Claims will be accepted for the purpose of attending the meeting and voting, up to 11:00 a.m. on September 14, 2020.

To access further information pertaining to the Healthchain Inc. proceedings, including an electronic copy of the Creditor Package, please visit the Trustee's website (<http://dodick.ca/public-documents/>).

DODICK LANDAU INC.,
Proposal Trustee of the estate of Healthchain Inc.
and not in its personal or
corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT

NOTICE OF PROPOSAL

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

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)

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

Take notice that Healthchain Inc. of the City of Toronto, in the Province of Ontario had lodged with us a proposal under the Bankruptcy and Insolvency Act.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

General meetings of the creditors will be held on the 14th day of September, 2020. Meetings will be held by Zoom videoconference. There will be two Creditor Meetings that will take place on September 14, 2020, as follows:

- 1) Unsecured Creditors Meeting – 11:00 a.m.
- 2) Secured Creditors Meeting – 12:00 p.m.

To attend, please register by email to brenda.mcknight@dodick.ca. You will receive a link on the day prior to the meeting.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with us prior to commencement of the meeting.

Dated at the city of Toronto in the Province of Ontario, this 3rd day of September, 2020.

Dodick Landau Inc. – Licensed Insolvency Trustee



4646 Dufferin St., Suite 6
Toronto, ON M3H 5S4
Phone: (416) 645-0542 Fax: (416) 649-7725

PROPOSAL

Court File No. 31-2646144
Estate No. 31-2646144

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

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

**PROPOSAL
(August 25, 2020)**

HEALTHCHAIN INC. hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

**PART I
INTERPRETATION**

Definitions

1. In this Proposal:

- (a) "Accredited Investor" means an Accredited Investor as defined in National Instrument 45-106;
- (b) "Act" means the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended.
- (c) "Administration Charge Order" means the Order of the Court approving the administration charge, dated May 7, 2020;
- (d) "Administrative Fees and Expenses" means the fees and expenses of the Trustee and its counsel incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Proposal Payment, and the legal fees and expenses incurred by the Trustee and the Company before and following execution, acceptance and approval of this Proposal, and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
- (e) "Affected Creditors" means those Creditors of the Company forming the sole class of creditors, as defined in Part III of this Proposal;

- (f) **“Approval Order”** means an order of the Court approving this Proposal, to be granted pursuant to the provisions of the Act, the appeal period having expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (g) **“Business Day”** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (h) **“Certificate of Full Performance”** means the certificate that the Trustee issues to the Company and to the Official Receiver pursuant to Section 65.3 of the Act;
- (i) **“Claim”** means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (j) **“Company”** means HealthChain Inc.;
- (k) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (l) **“Court Approval Date”** means the date on which the Approval Order is issued;
- (m) **“Creditor”** means any Person having a Claim;
- (n) **“Creditors Meeting”** means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (o) **“Crown Claims”** means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by section 60(1.1) of the Act;
- (p) **“Date of Filing”** means February 28, 2020, being the date on which the Company filed the NOI;
- (q) **“DIP Lender”** means REDDS Technology Fund I L.P. pursuant to the Order of Koehnen J. dated May 7, 2020;

- (r) **"DIP Lender's Claim"** means the claim of the DIP Lender in respect of amounts advanced pursuant to the charge as set out in the Order of Koehnen J. dated May 7, 2020;
- (s) **"Employee Preferred Claim"** means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (t) **"Effective Date"** means 10 calendar days from the date of the Approval Order, unless the Approval Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;
- (u) **"Event of Default"** has the meaning given to it in Part VIII of this Proposal;
- (v) **"Inspectors"** means the inspectors appointed pursuant to Part X of this Proposal;
- (w) **"Levy"** means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (x) **"Levy Payment Fund"** means the amount up to \$5,000 advanced by the DIP Lender to the Company prior to the Effective Date to pay in cash the Levy imposed in respect of the Shares.
- (y) **"Maturity Date"** means the date on which all payments to the Creditors have been made, all Shares have been issued under this Proposal, and the Certificate of Full Performance has been issued by the Trustee to the Company, provided that no Event of Default has occurred that has not been cured or waived;
- (z) **"NOI"** means the Notice of Intention to Make a Proposal filed by the Company on February 28, 2020;
- (aa) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (bb) **"Post-Filing Crown Claims"** means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (cc) **"Post-Filing Goods and Services"** means the goods supplied, services rendered, and other consideration given or provided to the Company on or after the Date of Filing;

- (dd) **"Pre-Filing Crown Claims"** means all Crown Claims that were outstanding as at the Date of Filing;
- (ee) **"Preferred Claim"** means any claim that is afforded priority under Section 136(1) of the Act;
- (ff) **"Preferred Creditor"** means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (gg) **"Proposal"** means this proposal dated August 25, 2020, together with any amendments or additions thereto;
- (hh) **"Proposal Period"** means the period between the Court Approval Date and the Maturity Date;
- (ii) **"Proven"** as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor's right of appeal to Court, the Court's determination of that Claim or any applicable appeal periods having expired and no appeal having been made;
- (ij) **"Secured Claim"** means any Claim by a Secured Creditor, excluding the Crown Claims;
- (kk) **"Secured Creditor"** means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim, but excludes the Canada Revenue Agency to the extent of its Crown Claims;
- (ll) **"Shares"** means fully participating common shares in the share capital of the Company;
- (mm) **"Trustee"** means Dodick Landau Inc. solely in its capacity as proposal trustee of the Company;
- (nn) **"Unanimous Shareholder's Agreement"** means the agreement in substantially the same form and substance as appended hereto as Schedule "B".
- (oo) **"Unsecured Claim"** means the value of any Proven Claim in respect of which no Security is held; and
- (pp) **"Unsecured Creditors"** means those Persons with Claims in respect of which no security is held, and which is not afforded priority under Section 136(1) of the Act.

- (qq) "Unsecured Payment Fund" means, an amount up to \$10,000 advanced by the DIP Lender to the Company prior to the Effective Date to pay the Proven Claims of Unsecured Creditors.

Headings

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next day that is a Business Day.

Accounting Principles

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

PART II PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of Proposal

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the Proposal than would result from a bankruptcy of the Company.

Effect of Proposal

7. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

8. Upon implementation of all elements of this Proposal, and the filing of the Certificate of Full Performance by the Trustee, all Claims against the Company and its directors shall be fully, finally and completely satisfied.

**PART III
CLASSIFICATION OF CREDITORS**

9. For the purpose of this Proposal, the Creditors of the Company shall be comprised of two classes:
- a) The DIP Lender in respect of the DIP Lender's Claim; and
 - b) Creditors having Proven Preferred Claims and Unsecured Claims, which, for greater certainty, shall include Preferred Creditors entitled to vote pursuant to the Act and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims.

**PART IV
SECURED CREDITORS**

10. There are no Secured Creditors with outstanding claims against the Company other than the DIP Lender. The DIP Lender's Claim shall be treated in accordance with Part V.

**PART V
TREATMENT OF VARIOUS CLAIMS,
FUNDING OF PROPOSAL AND DISTRIBUTION**

Crown Claims

11. The Company covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Date of Filing of a kind that could be subject to a demand under: (i) Subsection 224(1.2) of the ITA; (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to s. 224(1.2) of the *ITA* 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, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. This payment of Crown Claims (if any) will be made in addition to the payments from the Unsecured Payment Fund.
12. The Company does not owe any amount to the Canada Revenue Agency for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing.

Preferred Claims

13. Proven Preferred Claims, including Employee Preferred Claims, if any, shall be paid without interest, out of the Proposal Payment, in priority to Proven Unsecured Claims.
14. The Company does not owe any amounts to employees.

Conversion to Equity

15. For the purposes of this Proposal, the valuation of all the issued and outstanding Shares of the Company shall be deemed to be \$100,000 as at the Effective Date and all issuances of Shares to Creditors shall be in full satisfaction of such indebtedness, at a subscription price and stated capital value equal to the outstanding indebtedness of the Company to the unsecured creditors, on the basis of 1 Share for each \$1 of indebtedness.
16. For illustrative purposes, the appendix attached as Schedule "A" describes the proposed *pro rata* distribution of Shares to the known Creditors of the Company.

DIP Lender's Claim

17. The DIP Lender shall receive Shares in full and final satisfaction of the outstanding DIP Lender's Claim in accordance with Paragraph 15 . . .

Unsecured Creditors

18. Unsecured Creditors who are Accredited Investors shall receive Shares in full and final satisfaction of their Proven Claims. On the Effective Date, the Company shall issue Shares to Unsecured Creditors who have executed a form representing to the Proposal Trustee that they are Accredited Investors.
19. Unsecured Creditors who are not Accredited Investors, 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 Subparagraph 19 shall not exceed 25% of the value of any Unsecured Creditors' Proven Claim.
20. Shares acquired pursuant to this Proposal shall be subject to a Unanimous Shareholder's Agreement in the form appended hereto as Schedule "B". No creditor shall be entitled to acquire shares without becoming party to the Unanimous Shareholder's Agreement.

Distributions

21. All distributions made pursuant to this Proposal shall be without interest or penalty and subject to deduction for the Levy and the Proposal Trustee shall remit in cash

the amount of the Levy to the Superintendent of Bankruptcy contemporaneously with the distributions to the Unsecured Creditors.

22. Subject to the terms and conditions of this Proposal, and the payment of the Levy (as applicable), payments shall be distributed by the Proposal Trustee in the following order of priority:
- (a) first, to pay Administrative Fees and Expenses;
 - (b) second, to Proven Employee Preferred Claims and the Claims of Preferred Creditors;
 - (c) third, to Unsecured Creditors receiving cash payments in accordance with Paragraph 19 of this Proposal.

Amendments to Agreements

23. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

24. For purposes of this Proposal, each Creditor holding a Claim will receive the treatment provided for in this Proposal on account of such Claim.

PART VI POST-FILING OBLIGATIONS

Payment of Post-Filing Goods & Services

25. During the Proposal Period, all Post-Filing Goods and Services, if any, shall be paid in full in the ordinary course of business by the Company.

Post-Filing Crown Claims

26. During the Proposal Period, the Company shall remit all Post-Filing Crown Claims, if any, as and when due.

Administrative Fees and Expenses

27. Payment of all proper Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in the bankruptcy, if any, will be made in priority to all claims, including Crown Claims, if any. The Proposal Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Proposal Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS

Levy

28. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee. Where the Levy applies to issuances of Shares, payment of the Levy shall be in cash in lieu of Shares and shall be made from the Levy Payment Fund.

Payment of Fees and Expenses

29. The Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in a bankruptcy, if any, shall be paid in priority to the Crown Claims, the Claims of Preferred Creditors, and the Claims of Unsecured Creditors. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

Preferred Claims

30. As per Part V of this Proposal, all Proven Preferred Claims and Proven Employee Preferred Claims (if any) are to be paid without interest in full priority to all Claims of the Unsecured Creditors including, without limitation, any entitlement of the Unsecured Creditors to the payments to be made under Part V of this Proposal.

PART VIII BOARD OF DIRECTORS AND NEW MANAGEMENT

31. On the Effective Date, the current Board of Directors of the Company shall be terminated and the following individuals appointed as Directors of the Company:
- (a) Ronald Shon
 - (b) Nicholas Zamora

- (c) Dennis Giokas
32. Within ten (10) days of the Effective Date, the Board of Directors shall call a meeting to, among other things, appoint and approve compensation for new management of the Company, including but not limited to:
- (a) Nicholas Zamora as CEO;
 - (b) Adam Cole as Technology Advisor;
 - (c) Daniel Renton as Chief Revenue Officer;
 - (d) Rohan D'Souza as CTO;
 - (e) Dr. Marion Lyver as Advisor; and
 - (f) Ian Chalmers as Advisor.

PART IX EVENTS OF DEFAULT

33. The following will constitute an Events of Default for purposes of section 63 of the Act and otherwise under this Proposal:
- (a) the breach or failure by the Company to observe and perform any other covenant and provision of this Proposal which is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Trustee.

PART X TRUSTEE

34. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
35. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

PART XI INSPECTORS

Appointment of Inspectors

36. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one (1) or more, but not exceeding five (5) Inspectors in total.

Powers of Inspectors

37. The Inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the dates the Proposal Payment is due under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal; and
 - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.
38. The Proposal Trustee may, in accordance with the Act, apply to the Court regarding any decision, direction or act of the Inspectors and the Court may confirm, reverse, or modify the decision, direction or act and make such order as it thinks just.
39. The authority and term of office of the Inspectors will terminate upon the issuance of the Certificate of Full Performance.

**PART XII
CONDITIONS PRECEDENT**

Creditor Approval

40. The Trustee shall call a meeting of the Affected Creditors of the Company to seek creditor approval for the Proposal in the requisite majority in number and value of the classes, as set out in the Act, of each of the classes of creditors described in this Proposal. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under section 57 of the Act and the Company shall be deemed bankrupt.

Court Approval

41. In the event the Proposal is approved by the Affected Creditors the Trustee shall, within 5 days of such approval, apply to the Court for a hearing to seek the Approval Order in the form acceptable to the Trustee. The performance of this Proposal by the Company shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approve the Proposal, the Company shall be deemed bankrupt.

PART XIII RELEASES

42. As at 12:01 a.m. the Maturity Date, the Company, shall be released and discharged from any and all Claims. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.
43. As of 12:01 a.m. the Maturity Date, each and every present and former officer and director of the Company shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of the Company where such persons are by law liable in their capacity as directors for the payment of such obligations, provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.

PART XIV MISCELLANEOUS

Preferential Payments

44. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing unless the Company becomes bankrupt before the terms of the Proposal are fully performed. The releases contemplated in Part XII of this Proposal include releases from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

Consents, Waivers and Agreements

45. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

46. The Company and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

47. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein and a Certificate of Full Performance is issued by the Trustee to the Company and the Office of the Superintendent of Bankruptcy.

Binding Effect

48. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

**PART XV
ANNULMENT OF PROPOSAL**

49. If this Proposal is annulled by an order of the Court, all payments and issuances of Shares on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

**PART XVI
AMENDMENTS**

50. The Company may propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at the City of Toronto, in the Province of Ontario, as of this 25th day of August 2020.

HealthChain Inc.

Ronald Shon

Per: Ronald Shon (Aug 25, 2020 13:58 PDT)

Name: Ronald Shon

Title: Director

SCHEDULE "A"

PROPOSED SHARE DISTRIBUTION

HealthChain Inc.

Distribution of Shareholdings to Unsecured Creditors Post-Proposal

Prepared by Management on August 24, 2020

	<u>Amount</u>	<u>%</u>
<u>Known Unsecured Creditors:</u>		
REDDs Capital	\$ 1,000,000	24.48%
Ontario Centres of Excellence	125,000	3.06%
Anatoly Langer	250,000	6.12%
Tony Lacavara (Globalive)	50,000	1.22%
Said Khour	50,000	1.22%
Charlotte Schwartz	50,000	1.22%
Faskens	14,654	0.36%
Jeffrey Sleep	17,755	0.43%
Andrew Shinewald	17,755	0.43%
Total	\$ 1,575,164	38.56%

Note 1: This model is provided for illustrative purposes only. The final share issuance is dependent on the actual amount of each creditor's proven claim.

Note 2: The unsecured creditors of Healthchain Inc. will receive a total of 1,575,164 shares upon implementation of the Proposal. New management will be appointed by the Board pursuant to this Proposal and will be granted shares as compensation. The anticipated total share holdings of the unsecured creditor pool upon the appointment of new management will be approximately 38.56% of the total issued and outstanding shares of the corporation with each creditor's proportionate share holding as set out in this illustration.

SCHEDULE "B"
UNANIMOUS SHAREHOLDER'S AGREEMENT

HealthChain Inc.

FIRST AMENDED & RESTATED SHAREHOLDERS' AGREEMENT

(• of •, 20•)

THIS FIRST AMENDED & RESTATED AGREEMENT is made on •, 20•.

BETWEEN:

**HealthChain Inc., a corporation incorporated under the laws of the Province of
Ontario**

(the "Corporation")

and -

Those Persons listed on Schedule A attached hereto

and -

**Those additional persons who may become a party to this Agreement upon
execution of an Assumption Agreement**

WHEREAS the Corporation was incorporated under the OBCA on March 24, 2017;

AND WHEREAS the authorized capital of the Corporation consists of an unlimited number of • Shares;

AND WHEREAS as of the date hereof, there are issued and outstanding 1,575,164 Shares, with such Shares being held by those persons listed on Schedule A attached hereto (the "Shareholders");

AND WHEREAS the Corporation and the Shareholders have entered into this Agreement to establish their respective rights and obligations in respect of the issued and unissued shares of the Corporation, the management and conduct of its business and various other matters hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the agreements contained in this Agreement and other valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings, respectively:

"Agreement" means this first amended and restated agreement and all schedules attached hereto and any and all amendments made hereto by written agreement among the parties hereto;

"Annual Business Plan" has the meaning ascribed in Section 4.1;

"Arm's Length" has the meaning ascribed to such term by the ITA;

"Articles" means the Articles of Incorporation of the Corporation as may be amended or restated from time to time;

"Business" has the meaning ascribed thereto in Section 4.1;

"Business Day" means any day other than Saturday, Sunday or a day on which the federal government offices are closed in Ontario;

"Bylaws" means the bylaws of the Corporation from time to time in force and effect;

"Corporation" means HealthChain Inc. and shall include, for all purposes (unless the context otherwise reasonably excludes), any Subsidiary of the Corporation;

"Directors", "Board of Directors" and "Board" means the persons who are, from time to time, duly elected as directors of the Corporation;

"Fair Market Value" means the highest cash price in terms of money which would be obtained as at the date specified in the applicable Section hereof if all the Shareholders of the Corporation sold all of their respective Common Shares in an open and unrestricted market without compulsion to a willing and knowledgeable purchaser acting at arms' length and where in determining such Fair Market Value: (1) the value of each Common Share is based on the value of all of the Common Shares (on a fully diluted basis); (2) no diminution or accretion in value is attributed to any majority or minority interest; (3) the value of any insurance on the life of any shareholder or employee and the proceeds of such insurance shall be excluded so long as such shareholder or employee is alive; (4) the value of all intangible and unrecorded assets is included;

"Initial Public Offering" means a fully-marketed initial public offering of securities, or a reverse take-over or other transaction or transactions, either of which results in the Shares becoming publicly traded on a recognized North American stock exchange contemporaneously with the closing of such transaction.

"ITA" means the Income Tax Act (Canada);

"OBCA" means the Business Corporations Act (Ontario);

"Person" means an individual, partnership, limited liability partnership, corporation, trust, unincorporated association, joint venture, governmental agency or other entity;

"Related Parties" means Shareholders and Persons related to Shareholders as the term "related" is defined by the ITA or applicable securities regulatory authorities; and **"Related Party"** shall mean any one of such parties;

"Shares" means the common shares and/or any other class(es) of shares in the capital of the Corporation authorized to be issued pursuant to the Articles;

"Shareholders" means collectively all share owners and any person to whom a Shareholder transfers any Shares in accordance with the terms of this Agreement and **"Shareholder"** means, individually, any one of them;

"Subsidiary" means a corporation controlled by the Corporation from time to time, as the term "control" is defined by the OBCA.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction and interpretation of this Agreement.

1.3 Construction

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and neuter.

1.4 Applicable law

This Agreement shall be construed and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.5 Severability

Each provision of this Agreement is intended to be severable. If any provision hereof is illegal or invalid, such provision shall be deemed to be severed and deleted herefrom and such illegality and invalidity shall not affect the validity or enforceability of the remainder hereof.

1.6 Currency

All references to dollars in this Agreement shall be to Canadian dollars.

1.7 Entire agreement

This Agreement constitutes the entire agreement among the parties hereto with regard to the subject matter hereof and supersedes all prior shareholders agreements (unanimous or otherwise), understandings, representations or warranties, negotiations and discussions, whether oral or written, among the parties hereto with respect thereto.

1.8 Amendment

No amendment of this Agreement shall be binding unless (i) made in writing and signed by all Shareholders or (ii) approved at a duly convened Shareholder meeting, in each case by the approval of at least fifty one (51%) of the total issued Shares.

1.9 Waiver

No waiver by any party hereto of any breach of any of the provisions of this Agreement shall take effect or be binding upon such party unless in writing and signed by such party. Unless otherwise provided therein, such waiver shall not limit or affect the rights of such party with respect to any other breach.

1.10 Time of essence

Time shall be of the essence of this Agreement.

1.11 Further acts

The Shareholders agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

1.12 Accounting principles

References in this Agreement to generally accepted accounting principles shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants (CICA), or any successor institute, applicable as of the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.13 Gender and number

Any reference in this Agreement to gender shall include all genders, and words importing the singular number only shall include the plural and vice versa.

1.14 Cross reference

Any definitions which refer to another agreement shall retain their meaning notwithstanding the termination of such agreement unless the context otherwise requires.

1.15 Schedules

The following schedules are incorporated hereinafter and are deemed to be a material component of this Agreement.

- Schedule A* - List of Shareholders (as of ●, 2020)
Schedule B - Assumption Agreement

ARTICLE 2 TERM OF AGREEMENT

2.1 Term

This Agreement shall come into force and effect on the date hereof and shall terminate on the earliest of:

- (a) the date this Agreement is terminated by written agreement of all of the Shareholders;
- (b) the date upon which there shall occur an Initial Public Offering; or
- (c) the date upon which there is only one Shareholder.

ARTICLE 3 IMPLEMENTATION OF AGREEMENT

3.1 Shareholder Covenants

Each of the Shareholders covenants and agrees that he shall vote or cause to be voted the Shares owned by him/her/it to accomplish and give effect to the terms and conditions of this Agreement. At the request of a Shareholder, the Corporation shall call and hold a meeting of its Shareholders as soon as is practicable for the purpose of passing resolutions necessary to give effect to the terms and conditions of this Agreement unless it obtains a written resolution signed by such number of its Shareholders as is necessary to give effect to same.

3.2 Conflict

The Shareholders acknowledge and agree that as of the date hereof conflicts may exist between this Agreement and the Articles and the Bylaws. Each of the Shareholders agrees to vote or cause to be voted the Shares owned by him/her/it so as to cause the Articles or the Bylaws to be amended to resolve each such conflict and any other conflicts in favour of the provisions of this Agreement.

3.3 Covenants by the Corporation

The Corporation consents to the terms of this Agreement and hereby covenants with each

of the Shareholders that it will at all times during the term of this Agreement be governed by the terms and provisions hereof in carrying on its business and affairs, and shall duly comply with, perform or otherwise satisfy all representations, warranties, covenants on its part to be complied with, performed or otherwise satisfied. Each of the Shareholders shall vote or cause to be voted their respective Shares to cause the Corporation to fulfil its foregoing covenant.

ARTICLE 4 CORPORATION'S BUSINESS AND PURPOSE

4.1 Business and Purpose

The business (the "Business") of the Corporation is and shall be the development, customization, enhancement, marketing, licensing, leasing and/or sale of healthcare software products, communication and notification services and all related support and consulting services.

ARTICLE 5 DIRECTORS AND SHAREHOLDERS

5.1 Number of Directors

Unless changed by resolution of the Shareholders, the Corporation shall have up to seven (7) Directors who shall be nominated and elected as provided for in Section Error! Reference source not found..

5.2 Nomination and Election of Directors

The current Board is comprised of Nicholas Zamora, Dennis Giokas and Ron Shon.

Each year, the names of the nominees to be proposed as Directors shall be set forth in proxy information prepared by the Corporation in connection with such Shareholder meeting. A majority of votes cast in favour of each year's slate of directors shall be required to approve such slate.

5.3 Indemnity and Insurance

- (a) Indemnity: The Corporation hereby indemnifies each Director and his or her heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative proceeding to which he or she is made a party by reason of being or having been a director of the Corporation provided (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and (ii) in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

- (b) **Insurance:** The Corporation will endeavour to secure director and officer liability insurance once annual gross sales exceed the \$500,000 level or as may be determined by the Directors.

5.4 Term of Office

The term of office of a Director shall commence on the date of that individual's election to the Board and shall terminate at the close of the next following annual meeting of the Shareholders, or until their successors are elected or at any time prior thereto if the Shareholder nominating a Director replaces such Director in accordance with Section 5.2. A Director may serve multiple terms.

5.5 Powers and Duties of Directors

Subject to the OBCA and the provisions hereof, the Directors shall manage or supervise the Corporation's Business except as such authority may be delegated by the Directors from time to time, and in exercising such authority the Directors and their delegates shall conduct the Corporation's Business or cause it to be conducted in all material respects in accordance with the Annual Business Plan unless the Shareholders shall otherwise agree in writing.

5.6 Exercise of Authority

- (a) **Frequency of Meetings:** The Board shall meet no less than quarterly in each year.
- (b) **Quorum:** Unless otherwise agreed to in writing by all of the Directors, a quorum of any meeting of the Board shall consist of a majority of Board members.
- (c) **Notice:** Unless all of the Directors are present (except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or those absent waive notice, no meeting of Directors shall be validly convened unless forty-eight (48) hours advance e-mail or written notice thereof is given in accordance with the provisions of the Bylaws.
- (d) **Content of Notice:** No resolution with respect to any matter may be put to any meeting of the Board unless the notice of the meeting contains reasonable detail of the matter or unless all of the Directors either are present and do not object to the matter being put to the meeting or otherwise waive the provisions of this subsection 5.6(d).
- (e) **Audit Committee:** Until otherwise changed by resolution of the Board, the Corporation's Board of Directors shall serve as a de facto Audit Committee with the responsibility of approving the financial statements of the Corporation. In order

to be effective, all decisions of the Audit Committee shall be made by a unanimous vote of its members (in meeting or in writing). Following approval by the Audit Committee (if a separate committee than the Board), financial statements of the Corporation shall be presented to the Board for final approval.

5.7 Reimbursement of Directors Expenses

All Directors are entitled to reimbursement of reasonable expenses incurred in attending each meeting, upon presentation of receipts thereof.

5.8 Extraordinary Matters

Except as otherwise provided in this Agreement, the following matters shall require two-thirds approval of the Board given at a meeting duly called for such purpose in addition to any requirements required by the OBCA:

- (a) the purchase or redemption by the Corporation of any Shares other than as expressly provided in this Agreement, or the declaration, payment or setting aside for payment of any dividend, the distribution of any surplus or earnings, the return of any capital, the repayment or retirement of any indebtedness of the Corporation to any Related Party, or any other payment or distribution of assets of the Corporation to any Related Party;
- (b) any change to the authorized capital structure or amendment to the rights, restrictions, conditions and limitations attaching to any class of share, or any other amendment of the Articles or Bylaws of the Corporation;
- (c) the sale, assignment, transfer, license or conveyance of in any manner whatsoever of any intellectual property of the Corporation out of the ordinary course of business (having regard to the extent of the grant of rights, including the duration of the license, territory, and royalty payments);
- (d) the amalgamation, consolidation, merger of, or the entering into of any agreement to amalgamate, consolidate or merge, the Corporation with any corporation, partnership, joint venture or firm, or the continuance or corporate reorganization of the Corporation of any kind, the incorporation or acquisition of any corporation that would be an Affiliate of the Corporation, or the purchase of any securities of any Person out of the ordinary course of business;
- (e) the making of any loans to, the giving of any guarantee, indemnity or security for the debts of, the giving of any financial assistance to or the making of any investment in, any other Person, other than the giving of trade credit, or the acquisition or investment in any securities;
- (f) the borrowing of any money (other than normal bank operating debt) or any renewal or replacement of any existing lease or term financing, or the mortgaging of real property by the Corporation;

- (g) any transactions with an Affiliate other than transactions in the ordinary course of business with a subsidiary of the Corporation;
- (h) the taking or institution of any proceedings for the winding up, reorganization or dissolution of the Corporation or any of its Affiliates or the making of an assignment for the benefit of any creditors of the Corporation or of any of its Affiliates, the acknowledging of the insolvency of the Corporation or of any of its Affiliates, or the consenting to the appointment of a receiver, receiver-manager, monitor or other person acting in a similar capacity by any secured creditor of the Corporation or of any of its Affiliates;
- (i) any change in the fiscal year end of the Corporation;
- (j) the issuance or allotment by the Corporation of securities or the granting of any right, option or privilege to acquire any securities (except pursuant to an employee incentive plan duly approved by the Board as specified herein), or an Initial Public Offering;
- (k) any change in the Business, including the purchase, establishment or acquisition in any manner of a new business undertaking;
- (l) any change to the business direction or focus as described in the Annual Business Plan of the Corporation.
- (m) the entering into of any contract outside the normal course of business of the Corporation;
- (n) the appointment or removal of any firm of chartered accountants to act as auditor;
- (o) the implementation of an employee stock option or stock purchase plan, the granting of stock options or stock appreciation rights or any similar incentives to employees;
- (p) the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation, or any removal, destruction, lease, transfer, assignment, sale or other disposition of any such assets out of the ordinary course of business which is not contemplated by the duly approved Annual Business Plan and which sale, lease, exchange or other disposition is for a sale price in excess of \$50,000 per individual item or in excess of \$100,000 for all items in any fiscal year;
- (q) the creation, termination or delegation of powers to a committee of the Board (except as specifically provided herein);
- (r) the entering into of any commercial transactions with the directors, officers, Shareholders or other Persons not dealing at arm's length with the Corporation; and

- (s) any transfer of Shares to any Person which becomes a party to this Agreement and which does not engage, and is not affiliated with any Person which is engaged, in a business which competes directly with the Corporation.

5.9 Meetings of Shareholders

- (a) The quorum for the transaction of business at any meeting of the Shareholders shall be two persons present in person or by proxy holding at least fifty percent (50%) of the Shares entitled to vote at the meeting. No meeting shall continue with the transaction of business in the absence of a quorum.
- (b) Subject to Section 5.8, all questions before the Shareholders shall be decided by a majority of those voting. The chairman of the meeting of the Shareholders shall be decided by a majority of those voting.
- (c) A meeting of Shareholders may be called by the Board upon giving at least ten (10) days written notice of a meeting of Shareholders, such notice to provide sufficient notice of the items of business to be conducted.
- (d) Notwithstanding the provisions of subsection 5.9(a), if proper notice of a meeting of the Shareholders is given and a quorum of Shareholders is not present, then a meeting of the Shareholders may thereafter be held on 14 days written notice of the second meeting to transact the business set forth in the original notice and, subject to the Bylaws and the Act, any Shareholders present at that meeting shall constitute a quorum for the transaction of the business set out in the original notice in respect of that meeting and such business may be transacted by a majority of voting Shares of Shareholders in attendance at the meeting.

5.10 Key Person Insurance

The Corporation covenants with the Shareholders that it will consider a "key person life insurance" policy should one (or more) individual(s) be deemed by the Board to be critical to the success of the Corporation. The Corporation would be the beneficiary of such a policy, and it would partially offset the negative impact from the loss of services of one or more key contributors to the Corporation.

ARTICLE 6 FINANCIAL AND ACCOUNTING PRACTICES

6.1 Financial Information

The Corporation shall deliver to each Shareholder within 90 days of the financial year end of the Corporation one copy of its annual financial statements, which shall be prepared on a consolidated basis, including the balance sheet and statements of income, retained earnings and changes in financial position, together with all supporting schedules. Such financial statements shall be signed by an authorized officer of the Corporation. The Corporation shall furnish to each of the Shareholders the annual consolidated financial statements together with a certificate signed

by the chief financial officer of the Corporation or another senior officer satisfactory to the Board to the effect that such annual financial statements have been prepared in accordance with generally accepted accounting principles and present fairly the financial position of the Corporation at the date thereof and to the effect that the Corporation is not in breach of any of the covenants or representations and warranties contained herein, or, if such is not the case, detailed particulars of all breaches of covenants or representations and warranties, together in either case with reasonably detailed evidence of compliance with all financial covenants contained herein.

6.2 Maintain Books

The Corporation shall maintain accurate and complete books and records of all transactions, receipts, expenses, assets and liabilities of the Corporation in accordance with generally accepted accounting principles, consistently applied as approved and adopted by the Board.

6.3 Review of Books

The Shareholders agree that each of the Shareholders shall, at their own expense unless otherwise agreed by the Shareholders, be entitled to appoint a representative, agent or designee to review, on reasonable notice, all books, documents and records of the Corporation and shall be entitled to make copies thereof for their own purposes. The Shareholders and their respective representatives, agents and designees shall have the right to discuss at any time with management personnel of the Corporation, such matters pertaining to the financial position, operations, investments and financings of the Corporation as may be of interest to the Shareholders, or such representative, agent or designee from time to time.

6.4 Fiscal Year

The fiscal year of the Corporation shall end on the • day of • each year, or such other date as is agreed to by the Board.

ARTICLE 7 SALE AND ISSUANCE OF SHARES

7.1 Sale, Issue and Transfer Restrictions

- (a) Except as otherwise set forth in this Agreement, none of the Shareholders may sell, grant an option to sell, encumber, pledge or create a security interest in or otherwise deal with any of his Shares in the Corporation or any of his/her/its shares or other legal or beneficial interest in another Shareholder, provided however, that any Shareholder shall be entitled to transfer Shares to a spouse or other family member living in the same household, any corporation controlled by the Shareholder or a family trust of which the Shareholder is a beneficiary or trustee, provided the transferee agrees to be bound by this Agreement.

- (b) No proposed dealing with any Shares (including the issuance thereof) in violation of this Agreement shall be valid and the Corporation shall not record or transfer any of the Shares dealt with in violation of this Agreement in the records of the Corporation nor shall any voting rights attached to such Shares be exercised, nor shall any dividends be paid on such Shares during the period of such violation. Such disqualification shall be in addition to and not in lieu of any other remedies to enforce the provisions of this Agreement.
- (c) Notwithstanding anything else herein contained, no Shares may be transferred without Board approval pursuant to Section 5.8(s).
- (d) Every transfer of all or a portion of the Shares held by a Shareholder and any issuance of Shares by the Corporation, in addition to restrictions set out in the Articles and Section 5.8(j), shall be subject to the condition that the proposed transferee, or holder, if not already bound by this Agreement, shall first enter into an assumption agreement ("Assumption Agreement") in the form attached hereto as Schedule B. For greater certainty, but without limiting the foregoing, each of the Shareholders shall be bound by the provisions of this Agreement in respect of any Shares which may be acquired by such Shareholder after the date hereof in accordance with the provisions of this Agreement and any Assumption Agreement.

7.2 Offer

Subject to Section 7.4 hereof, if at any time a Shareholder or group of Shareholders, acting in concert (hereinafter collectively referred to as the "Selling Shareholder"), desires to sell to a third party with whom the Selling Shareholder is dealing at Arm's Length all (but not less than all) of the Shares of the Selling Shareholder, the Selling Shareholder shall obtain from the third party a bona fide offer in writing which offer shall be irrevocable for a period of sixty (60) days (hereinafter in this Section 7.2 and Sections 7.3, 7.4 and 7.5 referred to as the "Offer") which it is ready and willing to accept, to purchase such Shares for the amount thereof set forth in the Offer by cash or certified cheque and shall give notice in writing to the other Shareholders (in Sections 7.2, 7.3, 7.4 and 7.5, the "Other Shareholders") of the receipt of the Offer within 10 days thereof together with a copy thereof. The Offer may but need not also provide for the purchase of indebtedness owed by the Corporation to the Selling Shareholder.

7.3 Tag-Along and Purchase Rights

If it is not a Selling Shareholder under Section 7.2, then each other Shareholder (the "Participating Shareholder") shall have the right, subject to the provisions of Section 7.4 hereof, to elect by notice in writing to the Selling Shareholder, within 30 days from the date of receipt of a copy of the Offer to require the third party, as a condition precedent to any sale of the Shares by the Selling Shareholder, to amend the Offer to provide for the purchase of that number of Shares which are the subject matter of the Offer such that each of the Selling Shareholder and each Participating Shareholder shall sell from their respective holdings of Shares a fraction of the number of Shares which are the subject matter of the offer, which fractions shall have as their numerators, in the case of Selling Shareholder, the number of Shares held by the Selling Shareholder, and in the case of the Participating Shareholder, the number of Shares held by the

Participating Shareholder, and the denominator of both such fractions shall be the sum of the number of Shares held by the Selling Shareholder and each Participating Shareholder, for the same price per Share, and at the same time and on the same terms and conditions as contained in the Offer, in which case the Participating Shareholder shall become a "Selling Shareholder" for purposes of this Article 7.

7.4 Right of First Refusal

Except in the case where Section 7.6 shall apply, each Shareholder that is not a Selling Shareholder shall have the irrevocable right, exercisable by written notice given to the Selling Shareholder within 30 days after the giving of the notice by the Selling Shareholder, to purchase all but not less than all of the Shares of the Selling Shareholder or, if a Shareholder has exercised his/her or its option set forth in Section 7.3, the number of Shares of the initial Selling Shareholder and of the Participating Shareholder which are the subject matter of the Offer (in either case, the "Selling Shareholders' Shares"), and, if provided for in the Offer, indebtedness owed by the Corporation to each Selling Shareholder on the terms and conditions and for the amount set forth in the Offer by cash or certified cheque pro rata in proportion to their respective holdings of Shares (or in such other proportions as they may agree among themselves).

In the event that one or more of the Shareholders elects to purchase his, her or its pro rata proportion of the Selling Shareholders' Shares and, if applicable, indebtedness owed to the Selling Shareholder and one or more of the Shareholders declines to elect to so purchase, the Shareholder(s) electing to so purchase shall have the further right and option, exercisable by notice in writing within 5 days of being notified by the Selling Shareholder that one or more of the Shareholders has declined to so purchase, to purchase the remaining Selling Shareholders' Shares and, if applicable, indebtedness owed to the Selling Shareholder on the same terms and conditions and for the amount set forth in the Offer by cash or certified cheque pro rata in proportion to their respective holdings of Shares of such Shareholders (or in such other proportions as they may agree among themselves). The foregoing procedure shall be repeated as often as is necessary until either one or more of the Shareholders have elected to acquire all of the Selling Shareholders' Shares and, if applicable, the indebtedness owed to the Selling Shareholder or until there remain Selling Shareholders' Shares which no Shareholder has elected to purchase.

Where one or more of the Shareholders have elected to purchase all of the Selling Shareholders' Shares, the Offer of the Shareholders so electing for the Shares and, if applicable, the indebtedness owed to the Selling Shareholder shall be completed in accordance with its terms. If there shall remain Selling Shareholders' Shares which no other Shareholder has elected to purchase, notwithstanding that one or more Shareholders has elected to purchase Selling Shareholders' Shares pursuant to this Section 7.4, the right of any Shareholders to acquire the Selling Shareholders' Shares and, if applicable, the indebtedness owed to the Selling Shareholder shall be null and void and the provisions of Section 7.5 shall apply.

7.5 Sale of Shares - Right of First Refusal Not Exercised

If following compliance with Section 7.4, there shall remain Selling Shareholders' Shares which no other Shareholder has elected to purchase, the Selling Shareholder may accept the Offer and complete the transaction with the said third party in accordance with the terms and conditions

of such third party's Offer and the Shareholders hereby agree to take all steps and proceedings required to have such third party entered on the books of the Corporation as a shareholder and, if applicable, as a debt holder of the Corporation, provided that if the sale of such Shares to the third party is not completed within 180 days after the giving of the notice by the Selling Shareholder to the Other Shareholders pursuant to Section 7.2, the provisions of Article 7 shall again apply to any proposed sale of Shares. The Selling Shareholder is hereby irrevocably appointed the agent and attorney of the Shareholders and each of them for the purposes of effecting registration of the third party as a Shareholder of the Corporation. The Board of Directors or the Shareholders (including the Selling Shareholder), as the case may be, before consenting to the transfer of the purchased Shares to the third party, shall require proof that the sale took place in accordance with the third party's Offer and the Board of Directors shall refuse the recording of the transfer of the purchased Shares which may have been sold otherwise than in accordance with the provisions of such Offer and of this Agreement.

7.6 Drag-Along Rights

If one or more of the Shareholder(s) receives a bona fide offer (hereinafter in this Section 7.6 referred to as the "Take-Over Bid"), from a third party dealing at Arm's length with the recipient for all, but not less than all of the outstanding Shares of the Corporation and which such Shareholder(s) wish to accept, such recipient Shareholder(s) shall forthwith advise all of the holders of Shares of the Corporation of such Take-Over Bid. If the holders of Shares of the Corporation holding not less than fifty percent (50%) of the total number of issued and outstanding Shares wish to accept such Take-Over Bid, the recipient Shareholder(s) shall have the right to require the other Shareholders, on 10 days notice in writing to such other Shareholders, to sell all of the Shares held by them to the third party pursuant to the terms of the Take-Over Bid for the amount and on the same terms as set forth in the Take-Over Bid. The Corporation is hereby irrevocably appointed the agent and attorney of all the Shareholders and each of them for the purposes of effecting registration of the third party as a Shareholder and, if applicable, debt holder of the Corporation in completing the sale of the Shares of such other Shareholders to the third party in accordance with this Section 7.6.

Each Shareholder agrees that neither he nor any Related Person will, directly or indirectly, enter into any collateral agreement, commitment or undertaking which would have the effect, directly or indirectly, of providing additional consideration to such Shareholder or any Related Person of such Shareholder for any Shares of the Corporation sold by such Shareholder which is not available to other Shareholders on a sale of its Shares of the Corporation pursuant to this Section.

7.7 Rights of Purchaser

Any purchaser of Shares from any Shareholder in accordance with the provisions of this Agreement shall be entitled to all of the benefits accruing to such Shareholder hereunder and shall be subject to the obligations of such Shareholder hereunder.

**ARTICLE 8
REPRESENTATIONS AND WARRANTIES**

8.1 General

Each Shareholder hereby represents and warrants to each other Shareholder and that such Shareholder:

- (a) is neither a party to nor bound by any agreement regarding the ownership of his Shares, other than this Agreement or an agreement to effect a transfer of Shares in accordance with the terms of this Agreement;
- (b) is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, charter or bylaw provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution and delivery by such Shareholder of this Agreement or the performance by such Shareholder of any of the terms hereof; and
- (c) owns his Shares beneficially and as of record with good and marketable title thereto free and clear of all legal rights and encumbrances.

8.2 The Corporation

The Corporation hereby represents and warrants to each Shareholder that, as at the date of this Agreement:

- (a) the Corporation is a taxable Ontario corporation within the meaning of the ITA;
- (b) the Corporation carries on no business other than the Business;
- (c) not less than 90% of the fair market value of the property of the Corporation is attributable to property used in the Business;
- (d) the recitals to this Agreement are true and correct.

**ARTICLE 9
ADDITIONAL CAPITAL**

9.1 Related Party Loans

Unless the Board of Directors otherwise consent, all loans from any Related Party shall be made on commercially reasonable terms and conditions.

9.2 Future Financings, Pre-Emptive Rights

If the Corporation requires additional capital by way of debt or equity, it shall first advise the Shareholders of its requirements in writing, including a term sheet outlining the terms and

conditions on which it is prepared to issue such debt or equity and the target closing date (which shall not be less than 14 days following the date of delivery of such notice). Upon receiving such notice, each Shareholder shall have fourteen (14) days within which to notify the Corporation if it wishes to provide the required financing on such terms and conditions.

During that time, the Corporation shall provide to the Shareholders, at their request, all such information as they may reasonably require to make their determination. In the event more than one Shareholder wishes to accept the terms of the financing, they shall participate pro rata based on the respective number of Shares held by such Shareholder (or in such other proportion as they may agree to). In the event that any or all Shareholders fail to give notice within the prescribed time period as aforesaid, or agree to purchase only a portion of such debt or equity, the Corporation shall be free to pursue obtaining the remaining portion of such debt or equity financing with other Persons on terms no less favourable to the Corporation or more favourable to such Persons than those set forth in the term sheet provided to the Shareholders.

9.3 Exceptions to Pre-emptive Rights

Notwithstanding Section 9.2 hereof, no Shareholder shall have any rights thereunder in respect of:

- (a) the issue of any options or Shares pursuant to a stock option plan for employees and other persons approved by the Board in accordance with Section Error! Reference source not found. hereof;
- (b) shares issued pursuant to the exercise of conversion privileges, options or rights previously granted by the Corporation in accordance with Section 9.2;
- (c) an Initial Public Offering.

9.4 Employee Incentive Plan

In addition to the requirements of Section 5.8(o), any employee stock option or stock purchase plan, or other plan providing employee incentives which base their value on the Shares, shall require the approval of the Board of Directors if:

- (a) more than 10% of the current number of Shares (on a fully diluted basis), including phantom shares, stock appreciation rights and other similar incentives, if any) can be issued under such plan or plans; and
- (b) more than 25% of the total number of Shares allocated under such plan(s) can be issued in any one calendar year.

ARTICLE 10 GENERAL MATTERS

10.1 No Agency or Partnership

Nothing contained in this Agreement shall make or constitute any party the representative,

agent, principal or partner of any other party and it is understood that no party has the capacity to make commitments of any kind whatsoever or incur obligations or liabilities binding upon any other party.

10.2 Notice

Any notice or communication required or permitted under this Agreement shall be in writing and shall be sent by facsimile transmission or by personal delivery and shall be deemed to have been duly made when actually received or delivered. Any party may by written notice to the others, change the address or facsimile number to which transmissions and deliveries shall thereafter be made. Until changed, the address and facsimile number of each of the parties hereto shall be maintained at the head office of the Corporation.

10.3 Deemed Date of Delivery

Any notice given in accordance with the provisions of this Agreement shall be deemed to have been received by the party to which it was addressed on the day of personal delivery, email or other electronic transmission.

10.4 Endorsement of Share Certificates

Any and all certificates representing Shares now or hereafter beneficially owned by the Shareholders during the term of this Agreement shall have endorsed thereon, in bold type, the following legend:

"The securities evidenced by this certificate are subject to the terms of; and disposition and transfer of such securities is restricted in accordance with, the provisions of the first amended and restated shareholders' agreement dated as of ●, 20● (or subsequent revision thereof) made between the Corporation and its Shareholders. A copy of the said agreement, together with all amendments and supplements thereto, is available for inspection from the Secretary of the Corporation on request and without charge at its registered office."

10.5 Assignment

Neither this Agreement nor any rights or obligations hereunder are assignable by the parties hereto without the prior written consent of the Shareholders, subject to the rights of Shareholders to sell their Shares pursuant to the terms of this Agreement and provided that the purchaser of such Shares agrees to be bound hereby. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal personal representatives, successors and permitted assigns.

10.6 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. This Agreement may be executed and delivered by any party by electronic signature.

10.7 Publicity

Any Shareholder of the Corporation shall have the right to disclose to whomsoever in any manner its ownership of shares in the capital of the Corporation and the debt owing by the Corporation to that Shareholder.

The remainder of this page is intentionally left blank.

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

HEALTHCHAIN INC.

Per: _____
Name: ●
Title: ●

I have authority bind the corporation.

Per: _____
Name: ●
Title: ●

_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●

SCHEDULE A

List of Shareholders (as of ●, 20●)

<u>Shareholder Name</u>	<u>Number of Shares</u>
REDDs Technology Fund I L.P.	1,000,000
Ontario Centres of Excellence	125,000
Anatoly Langer	250,000
Tony Lacavara (Globalive)	50,000
Said Khour	50,000
Charlotte Schwartz	50,000
Faskens Martineau DuMoulin LLP	14,654
Jeffrey Sleep	17,775
Andrew Shinewald	<u>17,775</u>
Total	1,575,164

**SCHEDULE B
SHAREHOLDER ASSUMPTION AGREEMENT**

THIS AGREEMENT is made the _____ day of _____, 20●,

BETWEEN:

(herein referred to as the "New Shareholder")

Address of New Shareholder

OF THE FIRST PART

- and -

HEALTHCHAIN INC., a corporation duly incorporated
pursuant to the laws of Ontario

(herein referred to as the "Corporation")

OF THE SECOND PART

WHEREAS:

The Corporation and certain of its shareholder(s) are parties to an amended and restated shareholders' agreement made as of ●, 20● (herein referred to as the "Shareholder Agreement").

- (a) Pursuant to the Shareholder Agreement, there can be no issue of any Shares of the Corporation to the New Shareholder unless the New Shareholder first enters into an Assumption Agreement.
- (b) The New Shareholder desires to receive Shares of the Corporation and the Corporation desires to issue Shares of the Corporation to the New Shareholder.
- (c) The New Shareholder desires to observe and be bound by the terms of the Shareholder Agreement so that the provisions thereof will govern his/her rights and obligations in relation to the parties thereto.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree each with the other as follows:

Recitals

The New Shareholder acknowledges and declares that the foregoing recitals, insofar as they relate to such party, are true and correct.

Covenant to be Bound

The New Shareholder covenants and agrees to be bound by the terms of the Shareholder Agreement in the same manner as if he/she had been an original party thereto.

Jurisdiction

This Assumption 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.

Meanings

Terms used in the Shareholder Agreement shall have the same meaning as used therein when used herein.

The remainder of this page is intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have duly executed this Assumption Agreement as of the date first above written.

HEALTHCHAIN INC.

By:

Name:
Title: Authorized Signing Officer

I have authority to bind the corporation.

**[if individual
[insert legal name of new shareholder]**

Witness

Name:

**[if NOT individual
[insert legal name of new shareholder]**

By:

Name:
Title: Authorized Signing Officer

I have authority to bind the corporation.

REPORT ON PROPOSAL

Court File No. 31-2646144
Estate File No. 31-2646144

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

REPORT OF TRUSTEE ON PROPOSAL

September 4, 2020

INTRODUCTION

1. On February 28, 2020 (the "Date of Filing"), Healthchain Inc. ("Healthchain" or the "Company") filed with the Official Receiver a Notice of Intention to Make a Proposal ("NOI") to its creditors and named Dodick Landau Inc. ("DLI") as Proposal Trustee (the "Proposal Trustee"). Enclosed as Appendix "A" is a copy of the Certificate of Filing of the Notice of Intention to Make a Proposal.
 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 their professional fees and disbursements 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 Bankruptcy and Insolvency Act ("BIA or the "Act"), 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.
- Enclosed as Appendix "B" is a copy of the March Order .
3. On May 7, 2020 ("May Order") the Court granted an order which, among other things,:

- i) provided HealthChain 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 up to, and including, June 26, 2020; and
- ii) authorized HealthChain to borrow for the Company's working capital requirements and other general corporate purposes up to \$200,000 under a debtor-in-possession credit facility (the "DIP Loan") from REDDS Technology Fund I LP (the "DIP Lender") and the DIP Lender was granted a charge over the current and future assets of the Debtor as security for the borrowings.

A copy of the May Order and Endorsement is attached as Appendix "C".

4. On June 25 and August 7, 2020, the Court granted orders ("June and August Orders") which provided Healthchain with two further extensions of time for filing a proposal, which extended the stay of proceedings granted in the May Order to August 10 and 26, 2020, respectively. The June and August Orders and Endorsements are attached as Appendices "D" and "E", respectively.
5. On August 25, 2020, pursuant to section 62 of the BIA, HealthChain filed a proposal with the Official Receiver (the "Proposal").
6. The purpose of this report ("Report") is to provide information to the creditors of Healthchain (the "Creditors") to assist in their evaluation of the Proposal.
7. The Proposal has been developed to effect a restructuring of the indebtedness of the Company in the manner contemplated herein, and as permitted by the Act, with the expectation that all Creditors will derive a greater benefit from the restructuring and the continued operation of the business and affairs of the Company than would result from a bankruptcy of the Company.
8. Meetings of the Creditors to consider the Proposal will be held via teleconference, on September 14, 2020 at 11:00 a.m. and 12:00 p.m. Details relating to the filing of claims, and other documents, prior to the meeting of the creditors, are outlined in this report and will be mailed to each known creditor of Healthchain, or their duly appointed representative.

DISCLAIMER

9. 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 Company's

management ("Management"), Creditors 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 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.
10. 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.
11. The capitalized terms not defined in this report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. While this Report summarizes key aspects of the Proposal, Creditors are advised to carefully read the Proposal in full. Should there be any discrepancy between the summary contained in this Report and the Proposal, the Proposal shall govern.
12. Unless otherwise stated, all monetary amounts contained herein are in Canadian dollars.

BACKGROUND

Operations

13. HealthChain is incorporated under the Ontario *Business Corporations Act*. Prior to the Date of Filing, its head office was located at 200 - 34 King Street East, Toronto, Ontario M5C 2X8. This physical office has since been closed and HealthChain now operates virtually. HealthChain was in the business of developing and marketing prescription medicine management software, based on blockchain and artificial intelligence technologies ("Business").

Financial Results

14. HealthChain's internally prepared unaudited financial statements indicate that for its only fiscal year, which ended July 2019, it incurred operating losses of approximately \$776,000. The Company was in a start up phase and its operations were being financed by its SAFE Investors, who are discussed further herein.

CAUSES OF FINANCIAL DIFFICULTIES

15. On or about October 2019, HealthChain's management terminated the employment of all or substantially all of the employees of HealthChain as a result of severe liquidity issues.
16. The Company had only one active customer at the time, and only nominal revenue was being earned. As a result, HealthChain had insufficient funds and no employees to operate, develop or market its blockchain technology for medical practice and had effectively ceased operations.
17. The Company's liquidity issues also gave rise to a dispute among the shareholders, specifically between the management group and certain SAFE Investors.
18. The Company's liquidity issues coupled with the shareholder dispute ultimately led the Company to file the NOI on the Date of Filing to prevent irreparable harm to its Business.

Secured and Unsecured Debt

Secured Creditors

19. As at the Date of Filing, HealthChain had one secured creditor, FCS Advisors LLC ("FCS Advisors"). Subsequent to the Date of Filing, 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 other than the DIP Lender that is owed approximately \$50,000 as at the date of this Report.

Crown Claims

20. At the Date of Filing, the Company was not indebted to CRA for any employee source deductions and, as of the date of this Report, the Company is current in remitting post-filing employee source deductions.

Employee Preferred Claims

21. As of the Date of Filing, there are no amounts owing on account of Employee Preferred Claims.

Unsecured Trade Creditors

22. 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"), entered into with the Company.
23. The Proposal Trustee understands that the terms of all 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).
24. As a result of the occurrence of a Dissolution Event, HealthChain owes an aggregate of approximately \$1.3 million to SAFE Investors ("SAFE Debt"). 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.
25. The unsecured indebtedness is owed to approximately nine known Unsecured Creditors the majority of whom are expected to execute the required documentation representing to the Proposal Trustee that they are Accredited Investors.

THE PROPOSAL

Classes

26. For the purpose of this Proposal, the Creditors of the Company are comprised of two classes: (i) the DIP Lender in respect of the DIP Lender's Claim ("Secured Class"); and (ii) Creditors having Preferred Claims and Unsecured Claims (the "Unsecured Class").

27. For greater certainty, the Creditors entitled to vote in the Unsecured Class consist of the SAFE Debt holders, unsecured trade creditors (i.e., creditors holding claims without priority under the BIA), Preferred Creditors pursuant to the BIA, and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Priority Claims.
28. For greater certainty, the Creditors entitled to vote in the Secured Class is the DIP Lender and any other creditor holding a security interest as against the assets of Healthchain, if any. According to Management, the secured indebtedness owing to FCS Advisors has been repaid in full and there are no other secured creditors.

Treatment of Claims

29. Crown Priority Claims are all proven pre-filing claims of CRA, or any province, contemplated by section 60(1.1) of the BIA, consisting of unremitted source deductions. Crown Priority Claims will be paid in full and shall be paid by the Company from operating funds paid to the Proposal Trustee and remitted by the Proposal Trustee to CRA, or the province, as applicable, within six (6) months of the Court Approval Date. As described above, there are no known Crown Priority Claims.
30. Preferred Claims, including Employee Preferred Claims, if any, shall be paid in full, without interest, in priority to Unsecured Claims out of the Unsecured Payment Fund discussed further herein.
31. The DIP Lender shall receive Shares in full and final satisfaction of the DIP Lender's Claim.
32. Unsecured Creditors, who are Accredited Investors, shall receive Shares in full satisfaction of their Proven Claims. On the Effective Date, the Company shall issue Shares to those Unsecured Creditors who have executed a form representing to the Proposal Trustee that they are Accredited Investors. Shares acquired pursuant to this Proposal shall be subject to the Unanimous Shareholder's Agreement in the form appended as Appendix B to the Proposal. No creditor shall be entitled to receive shares without becoming party to the Unanimous Shareholder's Agreement. Should all known Unsecured Creditors be considered Accredited Investors, in total the Unsecured Creditors will receive 1,575,164 shares upon implementation of the Proposal. Unsecured Creditors total shareholdings will constitute approximately 38.56% of the total issued and outstanding shares of the Company with each Unsecured Creditors' proportionate share holdings as set out in Appendix A to the Proposal.
33. Any Unsecured Creditors who are not Accredited Investors shall receive their respective *pro rata* portion of the Unsecured Payment Fund, which is an amount up to \$10,000, based upon the proportion their Claim represents of the total dollar value of the Claims being paid out of the

Unsecured Payment Fund, provided that any payments shall not exceed 25% of the value of any Unsecured Creditors' Proven claim.

34. After approval of the Proposal, on the Maturity Date as defined in the Proposal, the Company, shall be released and discharged from any and all Claims. Also, after approval of the Proposal, on the Maturity Date, each and every present and former officer and director of the Company shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of the Company where such persons are by law liable in their capacity as directors for the payment of such obligations.
35. As required under the Act, these releases in the Proposal provide that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act. These releases shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.

Funding the Proposal

36. The Unsecured Payment Fund will be advanced by the DIP lender to the Company, which will remit it to the Proposal Trustee prior to the Effective Date, to pay the Proven Claims of Unsecured Creditors, who are not Accredited Investors.

Distribution

37. All distributions are subject to the Superintendent's Levy in accordance with the BIA. The Proposal Trustee shall remit the Levy in cash, in lieu of Shares, to the Superintendent contemporaneously with the distributions to the Unsecured Creditors. The Levy will be advanced by the DIP Lender to the Company, which will remit it to the Proposal Trustee prior to the Effective Date. The Levy's cash value is calculated based on the Company's deemed value for the shares of \$100,000.
38. Subject to the terms and conditions of this Proposal, and the payment of the Levy, the cash payments and shares shall be distributed by the Proposal Trustee in the following order of priority:
- i) *Administrative Fees and Expenses* - To fund all administrative fees and expenses of the Proposal Trustee, including the legal fees of the Proposal Trustee and the Company.
 - ii) *Proven Claims of Employee Preferred Creditors and Preferred Creditors* - To pay all Proven Preferred Claims, if any.
 - iii) *Proven Claims of Unsecured Creditors* - To pay Unsecured Creditors with Proven Claims.

Board of Directors and New Management

39. On the Effective Date, the Proposal provides for the current Board of Directors of the Company to be terminated and the following individuals will be appointed as Directors of the Company: (a) Ronald Shon; (b) Nicholas Zamora; and (c) Dennis Giokas.
40. Within 10 days of the Effective Date, the Board of Directors shall call a meeting, to, among other things, appoint and approve compensation for the new management of the Company.

OVERVIEW OF HEALTHCHAIN'S WEEKLY CASH FLOW FORECAST

41. HealthChain, with the assistance of the Proposal Trustee, has prepared a cash flow forecast for the period from August 1, 2020 to October 2, 2020 ("Cash Flow Forecast"). A copy of the Cash Flow Forecast is attached hereto as Appendix "F" to this Report. The Cash Flow Forecast has been prepared by Management of HealthChain in support of its insolvency proceedings, using probable and hypothetical assumptions set out in notes 1 to 9 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over the 9-week forecast period in Canadian dollars. An updated cash flow has not yet been prepared.
42. The Cash Flow Forecast projects that HealthChain will require the continued financing from its DIP Lender to pay its projected expenses during the Proposal proceeding.
43. 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 certain of the management and employees of HealthChain. 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 Healthchain for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
44. Based on the Proposal Trustee's review, 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 HealthChain 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.
45. 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 Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast.
46. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

LIQUIDATION ANALYSIS / ESTIMATED RECOVERY IN BANKRUPTCY

Liquidation Analysis

47. In the event that the Proposal is not accepted by the DIP Lender and Unsecured Creditors and HealthChain is deemed bankrupt, the following liquidation analysis represents the estimated value of HealthChain's assets should its assets be liquidated.
48. The Proposal Trustee has relied on representations of the Company in determining the estimated liquidation value of the assets. The liquidation analysis was prepared at a point in time, being September 1, 2020. In the event that the Company were to become bankrupt, the realizable value of the assets at that time may be different than presented hereafter and will ultimately depend on the realizable value of the software application.

**Summary of Estimated Liquidation Value
As at September 1, 2020
(000's)**

	Notes	Total
Receipts		
Cash		-
Software application	1	80,000
Total Receipts		80,000
Disbursements		
Carrying Costs	2	23,595
Total Disbursements		23,595
Net Cash Flow from Liquidation		\$ 56,405

Notes:

1. *The realizable value for the software application is based on an internal valuation prepared by Management in July 2019.*
2. *The carrying costs include the cost of maintaining the IT cloud server and certain software application services as well as insurance for a three-month period while the software application would be marketed for sale in a liquidation.*

Estimated Recovery – Bankruptcy vs. Proposal Scenario

49. The following chart (which is rounded to the nearest thousands' of dollars) sets out the expected recovery to the DIP Lender and the Unsecured Creditors under a Bankruptcy/Liquidation scenario and the Proposal scenario. As can be seen below, the net estimated recovery to:
- i) DIP Lender in a bankruptcy scenario is approximately 69% versus approximately 100% under the Proposal scenario
 - ii) Unsecured Creditors in a bankruptcy scenario is NIL versus approximately 3% under the Proposal scenario.

Estimated Recovery in a Liquidation Scenario		Estimated Recovery in a Proposal Scenario	
Liquidation Value of Assets (based on a liquidation as calculated above)	58	Deemed value of Shares of the Company (note 1)	100
Less: Employee Preferred Claims (note 2)	-	Less: Employee Preferred Claims (note 2)	n/a
Less: Estimated Professional fees and expenses (note 3)	(25)	Less: Estimated Professional fees and expenses (note 3)	NIL
Less: Superintendent's Levy (note 4)	(2)	Less: Superintendent's Levy (note 4)	(5)
Net amount available for DIP Lender	28	Net amount available for DIP Lender	95
Estimated Claim for DIP Lender	50	Estimated Claim for DIP Lender	50
Shortfall for DIP Lender	(21)	Net amount available for Unsecured Creditors after repayment of DIP Lender	45
Estimated Recovery to the DIP Lender	58%	Estimated Recovery to the DIP Lender	100%
Estimated Claims of Unsecured Creditors	1,575	Estimated Claims of Unsecured Creditors	1,575
Estimated Recovery to Unsecured Creditors	NIL	Estimated Recovery to Unsecured Creditors	3%

Notes:

1. For the purposes of the above analysis the deemed value of the Shares of HealthChain are \$100,000. The expectation is that should the Company's business plan be successful the value of the Shares received by the Unsecured Creditors in the Proposal will increase creating a further recovery to the Unsecured Creditors on their Claims beyond the 3% estimated above. For the purposes of the above analysis it was assumed that all nine known Unsecured Creditors will be Accredited Investors.
2. For the purposes of the above analysis it was assumed that no amounts are owing for Employee Preferred Claims.
3. This amount represents a provision for the estimated professional fees triggered by the bankruptcy proceedings. In the case of a proposal, professional fees include administering the proposal before and after Court approval.
4. The Superintendent's Levy is applicable to payments made to Secured, Preferred and Unsecured Creditors and is calculated as 5% of each payment. A Levy of \$5,000 will be paid to the Superintendent in cash in the case of the proposal scenario.

CREDITORS' MEETING/VOTING PROCEDURE AND CLASSES OF CREDITORS

Creditors' Meetings/Voting Procedure

50. The primary purpose of the Creditors' Meetings is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, at least two-thirds (66.67%) of each creditor in the unsecured creditor class by dollar value, and more than 50% of each creditor class by number, must vote in favour of the Proposal at the unsecured creditors' meeting either in person,

by proxy or by mailing a voting letter to the Proposal Trustee in advance of the meeting. Only Creditors who actually vote are counted for the purpose of determining whether the necessary thresholds have been reached.

51. To be eligible to vote on the Proposal, Creditors must have filed with the Proposal Trustee, before the meetings, a secured or unsecured proof of claim form, as applicable, signed and witnessed as required and accompanied by a statement of account or affidavit in support of the claim. Those Creditors who do not intend to have a personal representative at the meetings, to be held on September 14, 2020 at 11:00 a.m. for unsecured creditors, and at 12:00 p.m. for secured creditors, may complete and submit the voting letter which is enclosed in the creditor package prior to the meetings indicating their vote for or against the acceptance of the Proposal. The Proposal Trustee has also enclosed a form of proxy should a Creditor wish to appoint a proxy to represent them at the meeting. If the Proposal is not accepted by the required majorities of the unsecured creditor class, the Company will be deemed bankrupt.
52. If the Proposal is accepted by the required statutory majorities referenced above, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court provides such approval ("Approval Order"), the Proposal will be binding on all Creditors and such Creditors, and their respective heirs, executors, administrators, successors and assigns, shall have no further Claim against the Company other than for the distributions provided in the Proposal.

Class of Creditors

53. For purposes of considering, and voting on, the Proposal, and receiving a distribution pursuant to the Proposal, the Creditors are grouped into two (2) classes, the Secured Claim Class and the Unsecured Claim Class.
54. The Proposal does not compromise or otherwise affect certain creditor claims, specifically:
- a) claims for goods and/or services delivered to the Company on or after the Date of Filing, February 28, 2020, including Administrative Fees and Expenses;
 - b) Crown Priority Claims; and
 - c) Employee Preferred Creditors.
55. Distributions to Creditors will be made as described in the "Distribution" section of this Report.

ALTERNATIVES TO THE PROPOSAL

56. At the Creditors' Meeting, the Creditors are being asked by the Proposal Trustee to choose between two alternatives, namely accepting the Proposal, or rejecting the Proposal, which would result in HealthChain being deemed bankrupt.
57. For the reasons described above, the Proposal Trustee is of the view that the Proposal Scenario will produce a more favourable and certain result for the Creditors of HealthChain than would a liquidation in a bankruptcy.

CONDUCT OF HEALTHCHAIN

Preference Transactions and Transfers at Undervalue

58. The Proposal contemplates that Sections 95-101 of the BIA shall not apply in connection with this Proposal and, as a result, the Proposal Trustee shall have no responsibility, liability or authority whatsoever in connection herewith. Accordingly, the Proposal Trustee has not undertaken a detailed review for possible preference transactions or transfers at undervalue.
59. If the Company was to become bankrupt, and either preference transactions or transfers at undervalue did exist, it is possible that some of these transactions could be found to be void through Court proceedings. The Proposal Trustee is not aware of any such transactions existing.

Conduct Post-Filing

60. Pursuant to Section 50(10) of the BIA, the Proposal Trustee is required to monitor the affairs of the Company until the Proposal is approved by the Court.
61. During the NOI Period, the Company worked diligently with the Proposal Trustee to prepare its Proposal, as well as to manage costs and continue operations. HealthChain is working diligently to complete the Proposal. HealthChain continues to operate its business and meeting its liquidity needs, with financing from the DIP Lender, in order to be able to successfully implement the Proposal.

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

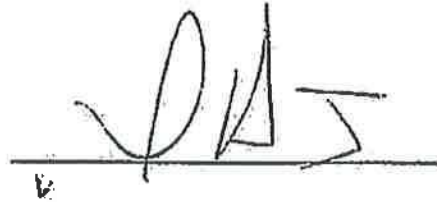
in this Order shall derogate from the protections afforded the Proposal Trustee by the BIA or any applicable legislation.

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 in black ink, consisting of stylized letters, is written above a horizontal line. The signature appears to be 'DAS'.

**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
Tel: 416.304.7002

Sharon Kour - LSO No. 58328D
skour@btlegal.ca
Tel: 416.304.6517

Fax: 416.362.8410

Lawyers for HealthChain Inc.

APPENDIX "C"

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 7 TH
)	
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, Dodiek 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

- (e) 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 Koehnert 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

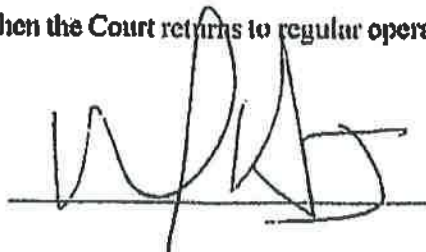
15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms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

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 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
(Extension of Time to File Proposal and DIP Financing)**

WEISZ FELL KOUR LLP
100 King Street West, Suite 5000
Toronto, ON M5X 1C9

Caitlin Fell
LSO No. 60091H
cfell@wfkllaw.ca
Tel: 416.613.8282

Sharon Kour
LSO No. 58328D
skour@wfkllaw.ca
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for HealthChain Inc.

Court File Number: 31-2625184

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Re Healthchain Inc

Plaintiff(s)

AND

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
Ms. Row for Healthchain		
S. Schwetz for his C. Schwetz an unsecured creditor		

- Order Direction for Registrar (No formal order need be taken out)
 Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
 Adjourned to: _____
 Time Table approved (as follows):

Healthchain has filed a Notice and seeks a DIP of \$200,000. No one opposes the DIP. There are no secured creditors. The DIP lender is the largest unsecured creditor of Healthchain. The trustee supports the DIP. The DIP is a modest \$200,000 with a 2% commitment fee and reasonable interest.

July 7 2020
Date

[Signature]
Judge's Signature

Additional Pages 1

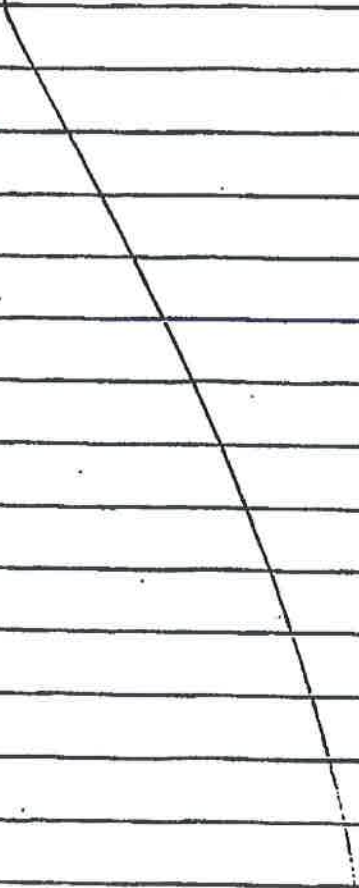
Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

In the oral interview of time
to file a proposal as requested
there is no objection to the
request



Judges Initials *DU*

APPENDIX "D"

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 25 TH
)	
JUSTICE KOEHNEN)	DAY OF JUNE, 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)**

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"), was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Ronald Shon sworn June 22, 2020, and, on hearing the submissions of counsel for the Company, Dodick Landau Inc., in its capacity as Proposal Trustee (the "Proposal Trustee"), no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Christopher McGoey sworn June 22, 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 Receiver be and is hereby extended to August 10, 2020.

ORDER EFFECTIVE IMMEDIATELY

3. Given the inability to enter Court Orders at this time, this Order is in effect immediately and is not required to be entered.

_____ *PAJ*

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF HEALTHCHAIN INC.**

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

Proceedings commenced at Toronto

**ORDER
(Extension of Time to File Proposal)**

WEISZ FELL KOUR LLP
100 King Street West, Suite 5600
Toronto, ON M5X 1C9

Caitlin Fell
LSO No. 60091H
cfell@wfkaw.ca
Tel: 416.613.8282

Sharon Kour
LSO No. 58328D
skour@wfkaw.ca
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for HealthChain Inc.

Thursday, June 25, 2020 at 8:47:03 AM Eastern Daylight Time

Subject: Re: Notice of Intention to Make a Proposal of HealthChain Inc. [Court File No. 31-2623988]
Date: Thursday, June 25, 2020 at 8:40:54 AM Eastern Daylight Time
From: Koehnen, Mr. Justice Markus (SCJ)
To: Christel Paul
CC: JUS-G-MAG-CSD-Toronto-SCJ Commercial List, Sharon Kour, Caitlin Fell, Christopher McGoey
Attachments: image001.png, Healthchain order 20200625.pdf

This email constitutes my endorsement arising out of today's video hearing and should be placed into the court file together with the attached order.

The request to extend the time for filing a proposal for 45 days is unopposed and is supported by the Proposal Trustee. The debtor is in the process of negotiating contracts that may help it make a proposal. Without the contracts, no proposal appears possible. The debtor appears to be acting in good faith and should be afforded additional time to try to create value for all stakeholders.

Justice Markus Koehnen
 Ontario Superior Court of Justice
 361 University Ave.
 Toronto, Ont.
 MSG 1T3
 416-327-5284

From: Christel Paul <cpaul@wfkllaw.ca>
Sent: Tuesday, June 23, 2020 9:54 AM
To: Koehnen, Mr. Justice Markus (SCJ) <Markus.Koehnen@scj-csj.ca>
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List <MAG.CSD.To.SCICom@ontario.ca>; Sharon Kour <skour@wfkllaw.ca>; Caitlin Fell <cfell@wfkllaw.ca>; Christopher McGoey <cmcgoey@wfkllaw.ca>
Subject: Notice of Intention to Make a Proposal of HealthChain Inc. [Court File No. 31-2623988]

Good morning Your Honour,

Please find attached (I) the Second Report of Dodick Landau Inc., in its capacity as Proposal Trustee; and, (II) the Motion Record of HealthChain Inc., returnable this Thursday, June 25th at 8:30 am.

Also, for your records, please find attached an unsworn Affidavit of Service.

Kind regards,
 Christel



Web | wfkllaw.ca

Christel Paul
 Executive Assistant | Weisz Fell Kour LLP
 T | 416.613.8280
 F | 416.613.8290
 E | cpaul@wfkllaw.ca

APPENDIX "E"

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

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

THE HONOURABLE MR.)	FRIDAY, THE 7 TH
)	
JUSTICE KOEHNEN)	DAY OF AUGUST, 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)**

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"), was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Ronald Shon sworn August 5, 2020, and, on hearing the submissions of counsel for the Company, Dodick Landau Inc., in its capacity as Proposal Trustee (the "Proposal Trustee"), no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Connie Deng sworn August 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 Receiver be and is hereby extended to August 26, 2020.

ORDER EFFECTIVE IMMEDIATELY

3. Given the inability to enter Court Orders at this time, this Order is effective immediately.

PAT

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF HEALTHCHAIN INC.**

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

Proceedings commenced at Toronto

**ORDER
(Extension of Time to File Proposal)**

**WEISZ FELL KOUR LLP
100 King Street West, Suite 5600
Toronto, ON M5X 1C9**

**Caitlin Fell
LSO No. 60091H
cfell@wfkllaw.ca
Tel: 416.613.8282**

**Sharon Kour
LSO No. 58328D
skour@wfkllaw.ca
Tel: 416.613.8283**

Fax: 416.613.8290

Lawyers for HealthChain Inc.

From: Koehnen, Mr. Justice Markus (SCJ)
To: Christopher McGoey; JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Cc: Caitlin Feil; Sharon Kour
Subject: Re: Notice of Intention to Make a Proposal of HealthChain Inc. [Court File No. 31-2623988]
Date: August 7, 2020 12:22:24 PM

This is my supplementary endorsement to the endorsement below. The reference to an extension of 12 days should refer to 16 days.

Justice Markus Koehnen
 Ontario Superior Court of Justice
 361 University Ave.
 Toronto, Ont.
 M5G 1T3
 416-327-5284

From: Koehnen, Mr. Justice Markus (SCJ) <Markus.Koehnen@scj-csj.ca>
Sent: August 7, 2020 9:39 AM
To: Christopher McGoey <cmcgoey@wfkaw.ca>; Sharon Kour <skour@wfkaw.ca>; Caitlin Feil <cfell@wfkaw.ca>; JUS-G-MAG-CSD-Toronto-SCJ Commercial List <MAG.CSD.To.SCICom@ontario.ca>
Cc: Christel Paul <cpaul@wfkaw.ca>; Connie Deng <cdeng@wfkaw.ca>; Santos, Divina Valdes (MAG) <DivinaValdes.Santos@ontario.ca>
Subject: RE: Notice of Intention to Make a Proposal of HealthChain Inc. [Court File No. 31-2623988]

This email constitutes my endorsement arising out of today's hearing and should be placed into the court file.

HealthChain seeks an unopposed extension of the time to file a proposal for 12 days to complete negotiations that would help prepare a proposal. I am satisfied that the request is ade in good failh.

I have attached the signed order.

Justice Markus Koehnen
 Ontario Superior Court of Justice
 361 University Ave.
 Toronto, Ont.
 M5G 1T3
 416-327-5284

APPENDIX "F"

Healthchain Inc.
Weekly Cash Flow Forecast
For the Period of August 1, 2020 to October 2, 2020

Week Ending	Notes	07-Aug-20 1	14-Aug-20 2	21-Aug-20 3	28-Aug-20 4	04-Sep-20 5	11-Sep-20 6	18-Sep-20 7	25-Sep-20 8	02-Oct-20 9	TOTAL
Receipts	2	-	-	44,392	-	-	-	-	-	-	44,392
Disbursements											
Direct Costs	3	(7,000)	-	-	-	(7,000)	-	-	-	(1,000)	(15,000)
Human Resources	4	-	-	-	(22,000)	-	-	-	-	-	(22,000)
Occupancy Costs	5	(865)	-	-	-	(865)	-	-	-	(865)	(2,595)
Professional Fees	6	(15,000)	(15,000)	-	-	(12,000)	-	(5,000)	-	(10,000)	(57,000)
Total Disbursements		(22,865)	(15,000)	-	(22,000)	(19,865)	-	(5,000)	-	(11,865)	(96,595)
Net Cash Flow		(22,865)	(15,000)	44,392	(22,000)	(19,865)	-	(5,000)	-	(11,865)	(52,203)
Bank Balance											
Opening Bank Balance	7	-	(22,865)	(37,865)	6,527	(15,473)	(35,338)	(35,338)	(40,338)	(40,338)	-
Add: Net Cash Flow		(22,865)	(15,000)	44,392	(22,000)	(19,865)	-	(5,000)	-	(11,865)	(52,203)
Closing Bank Balance		(22,865)	(37,865)	6,527	(15,473)	(35,338)	(35,338)	(40,338)	(40,338)	(52,203)	(52,203)
DIP Loan											
Opening DIP Loan Balance	8	(40,048)	(62,913)	(77,913)	(33,521)	(55,521)	(75,386)	(75,386)	(80,386)	(80,386)	(40,048)
Add: DIP loan	9	(22,865)	(15,000)	44,392	(22,000)	(19,865)	-	(5,000)	-	(11,865)	(52,203)
Closing DIP Loan Balance		(62,913)	(77,913)	(33,521)	(55,521)	(75,386)	(75,386)	(80,386)	(80,386)	(92,251)	(92,251)

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 August 1, 2020 to October 2, 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 while it completes its restructuring.

Receipts:

2. HealthChain is in the business of developing and marketing electronic medication management software, principally based on blockchain and artificial intelligence technologies. There are no sales receipts forecast in the Period. Receipts are comprised of an HST refund.

Disbursements:

3. Direct costs represents the cost of the IT server and certain application services that are payable monthly.
4. Human resources are estimated to commence once contracts are entered into with key executives the Company is in the process of hiring. These individuals are expected to commence working beyond the Period and will only be getting paid once contracts are signed with new customers and the Company is earning revenue. Approximately \$22,000 of the tax refund referenced above was paid to the CEO for his assistance during the restructuring proceeding.
5. Occupancy costs are for estimated insurance costs to be paid on a monthly basis. Currently, all work is done from the owner’s homes and no rent is being paid.
6. Professional fees include fees for Proposal Trustee and the Company’s legal counsel for the Period. It also includes corporate legal fees and costs associated with drafting of new Company contracts.
7. The opening cash balance as of August 1, 2020 is nil.
8. Financing of the business is expected to continue 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 \$92,000 will be required to be advanced by the DIP Lender in the Period.

STATEMENT OF AFFAIRS

District of: Ontario
 Division No. 09 - Toronto
 Court No. 31-2623968
 Estate No. 31-2623988

Original Amended

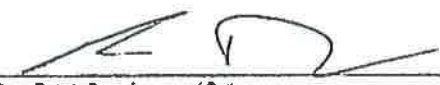
Form 78
 Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)
 In the matter of the proposal of
 Healthchain Inc.
 of the city of Toronto, in the Province of Ontario

To the debtor:
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 26th day of August 2020. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	1,575,164.00	1. Inventory	0.00
Balance of secured claims as per list "B"	0.00	2. Trade fixtures, etc.	0.00
Total unsecured creditors	1,575,164.00	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	0.00	Good	0.00
3. Preferred creditors as per list "C"	0.00	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D"		Bad	0.00
estimated to be claimable for	0.00	Estimated to produce	0.00
Total liabilities	1,575,164.00	4. Bills of exchange, promissory note, etc., as per list "F"	0.00
Surplus	NIL	5. Deposits in financial institutions	0.00
		6. Cash	0.00
		7. Livestock	0.00
		8. Machinery, equipment and plant	0.00
		9. Real property or removable as per list "G"	0.00
		10. Furniture	0.00
		11. RISKS: TRIFs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	0.00
		15. Other property, as per list "H"	43,000.00
		If debtor is a corporation, add:	
		Amount of subscribed capital	0.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	0.00
		Estimated to produce	0.00
		Total assets	43,000.00
		Deficiency	1,532,164.00

I, Ren Shen, of the city of Toronto in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 26th day of August 2020 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
 before me at the city of Toronto in the Province of Ontario, on this 26th day of August 2020.


 Ren Dodick, Commissioner of Oaths
 For the Province of Ontario
 Expires July 20, 2023


 Ren Shen

Ren Dodick, a Commissioner, etc.
 Province of Ontario, for Dodick
 Landau Inc. and Dodick Landau
 Partnership, Expires July 20, 2023

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

FORM 78 - Continued

List 'A'
Unsecured Creditors

Healthchain Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	Arashly Linger	259 Yorkland Road, Suite 200 North York ON M2J 0B5	250,000.00	0.00	250,000.00
2	Andrew Shinesford	c/o Amjay Software Solutions Inc. 3080 Yonge Street, Suite 6080 Toronto ON M4N 3N1	17,755.00	0.00	17,755.00
3	Charlotte Schwartz	..	50,000.00	0.00	50,000.00
4	Fosken Mariseau DuMoulin LLP 1433727 & 1434030	333 Bay Street, Suite 2100 Toronto ON M5H 2T6	14,654.00	0.00	14,654.00
5	Globafive Capital Inc.	48 Yonge Street, Suite 1260 Toronto ON M5E 1G6	50,000.00	0.00	50,000.00
6	Jeffrey Steep	c/o Amjay Software Solutions Inc. 3080 Yonge Street, Suite 6080 Toronto ON M4N 3N1	17,755.00	0.00	17,755.00
7	Ontario Centre of Excellence	325 Front Street West, Suite 380 Toronto ON M5V 2Y1	125,000.00	0.00	125,000.00
8	REDOS Technology Fund 1, L.P.	16381 Scientific Way Irvine CA 92618 USA	500,000.00	0.00	500,000.00
9	REDOS Venture Investment Partners, LLC	16381 Scientific Way Irvine CA 92618 USA	500,000.00	0.00	500,000.00
10	Said El Khour	..	50,000.00	0.00	50,000.00
		...			
		Total:	1,575,164.00	0.00	1,575,164.00

28-Aug-2020

Date


 Ron Stein

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

FORM 78 - Continued

List "B"
 Secured Creditors

Healthchain Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
			Total:			0.00	0.00	0.00

25-Aug-2020

Date



Ron Shan

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

FORM 78 -- Continued

Part C
 Preferred Creditors for Wages, Rent, etc.

Healthcare Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
Total:					0.00	0.00	0.00

26-Aug-2020
 Date


 Ron Shea

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

FORM 78 - Continued

List "D"
 Contingent or Other Liabilities

Healthcash Inc.

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

26-Aug-2020

Date



Ron Shen

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

FORM 78 - Continued

List "E"
 Debts Due to the Debtor
 Healthchain Inc.

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledger or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
			Total:	0.00 0.00 0.00			0.00	

26-Aug-2020

Date



Ron Shen

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

FORM 76 - Continued

List 'F'

Bills of Exchange, Promissory Notes, Lien Notes, Chattel
 Mortgages, etc., Available as Assets

Healthchain Inc.

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
Total:				0.00		0.00	

28-Aug-2010

Date



Ron Shen

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

FORM 78 - Continued

List "G"
 Real Property or Immovables Owned by Debtor
 HealthChain Inc.

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

26-Aug-2020
 Date



Ron Shen

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

FORM 78 -- Continued

U/M
 Property

Healthchain Inc.

FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade			0.00	0.00
(b) Trade futures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand			0.00	0.00
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant			0.00	0.00
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Software	0.00	43,000.00
			Total:	43,000.00

26-Aug-2020

Date


 Ron Shon

Court No. 31-2623988

Estate No. 31-2623988

**In the matter of the proposal of
Healthchain Inc.
of the city of Toronto, in the Province of Ontario**

**Form 78 (BII C-12)
Statement of affairs (Business bankruptcy)**

Dodick Landau Inc. - Licensed Insolvency Trustee

**4846 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 736-4357 Fax: (416) 649-7725**

PROOF OF CLAIM WITH INSTRUCTIONS

Dodick Landau Inc.
 4646 Dufferin St., Suite 6
 Toronto ON M3H 5S4
 Phone: (416) 645-0542 Fax: (416) 649-7725
 E-mail: brenda.mcknight@dodick.ca

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

FORM 31
 Proof of Claim
 (Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
 and Paragraphs 51(1)(e) and 66.14(b) of the Act)

in the matter of the proposal of
 Healthchain Inc.
 of the city of Toronto, in the Province of Ontario

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of Healthchain Inc. of the city of Toronto in the Province of Ontario and the claim of
 _____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the
 province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____,
 creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 26th day of August 2020, and still is, indebted to the creditor in the sum of
 \$ _____ as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any
 counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in
 support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
 (Check appropriate description.)

Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ _____, I do not claim a right to a priority.
 (Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
 (Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,
 and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
 (Attach a copy of sales agreement and delivery receipts.)

FORM 31 — Concluded

- E. CLAIM BY WAGE EARNER OF \$ _____
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____.
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____.
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____.
- G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)
 That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: *(Provide details of payments, credits and transfers at undervalue.)*

7. *(Applicable only in the case of the bankruptcy of an individual.)*

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____.

 Witness

 Creditor

Phone Number: _____
 Fax Number : _____
 E-mail Address : _____

NOTE If an affidavit is attached, it must have been made before a person qualified to take affidavits.
WARNINGS A trustee may, pursuant to subsection 126(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.
 Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

APPENDIX A

CHECKLIST FOR PROOF OF CLAIM

This checklist is provided to assist you in preparing the proof of claim form and, if appropriate, the proxy form in a complete and accurate manner. Please check each requirement.

GENERAL

- The signature of a witness is required.
- The document must be signed by the individual completing the declaration.
- Provide the complete address where all notices or correspondence are to be forwarded along with your phone number, fax number and email address where appropriate.

Notes:

- It is permissible to file a proof of claim by fax.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors is at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote by an authorized agent or mandatary at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate box or boxes at the bottom of the proof of claim form, you may request that the trustee advise you of any material change in the financial situation of the bankrupt or the amount the bankrupt is required to pay into the bankruptcy, and a copy of the trustee's report on the discharge of the bankrupt.

PARAGRAPH 1

- Creditor must state full and complete legal name of the individual, company or firm.
- If the individual completing the proof of claim is a representative of the creditor, the individual's position or title must be identified.

PARAGRAPH 3

- The amount owing must be set out in paragraph 3.
- A detailed statement of account must be attached to the proof of claim and marked "Schedule A" and must show the date, number and amount of all invoices or charges, together with the date, number and amount of all credits or payments. The amount on the statement of account must correspond to the amount indicated on the proof of claim.

PARAGRAPH 4**Notes:**

- Paragraph A applies to *ordinary unsecured claims*. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to section 136 of the Act.
- Paragraph B applies to *lessor claims* in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- Paragraph C applies to *secured claims*. Please indicate the dollar value of the security and attach copies of the security document. In addition, please attach copies of the security registration documents, where appropriate.
- Paragraph D applies to *inventory claims of farmers, fishermen and aquaculturists*. Please note that such claims apply only to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreements and delivery slips.
- Paragraph E applies to *claims by wage earners*. Please note that such claims apply only for unpaid wages owed upon the bankruptcy of an employer or when the employer becomes subject to a receivership.

- Paragraph F applies to *claims by employees for unpaid amounts regarding pension plans*. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- Paragraph G applies to *claims against directors*. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- Paragraph H applies to *claims of customers of a bankrupt securities firm*. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.

PARAGRAPH 5

- All claimants must indicate whether or not they are related to the debtor, as defined in section 4 of the Act, or dealt with the debtor in a non-arm's-length manner.

PARAGRAPH 6

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - (a) within the three (3) months preceding the initial bankruptcy event (including the bankruptcy or the proposal);
 - (b) within the twelve (12) months preceding the initial bankruptcy event (including the bankruptcy or the proposal) in the case where the claimant and the debtor were not dealing at arm's length.

- PROXYHOLDER -

NOTE

The Act permits a proof of claim to be made by a duly authorized representative of a creditor but, in the absence of a properly executed proxy, does not give such an individual the power to vote at the first meeting of creditors nor to act as the proxyholder of the creditors.

GENERAL

- In order for duly authorized persons to have a right to vote, they must themselves be creditors or be the holders of a properly executed proxy. The name of the creditor must appear in the proxy.

Notes:

- A creditor may vote either in person or by proxyholder.
- A proxy may be filed at any time prior to a vote at a meeting of creditors.
- A proxy can be filed with the trustee in person, by mail or by any form of telecommunication.
- A proxy does not have to be under the seal of a corporation unless required by its incorporating documents or its bylaws.
- The individual designated in a proxy cannot be substituted unless the proxy provides for a power of substitution.
- Bankrupts/debtors may not be appointed as proxyholders to vote at any meeting of their creditors.
- The trustee may be appointed as a proxyholder for any creditor.
- A corporation cannot be designated as a proxyholder.

PROXY

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

FORM 36
 Proxy
 (Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

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

I, _____, of _____, a creditor in the above matter, hereby
 appoint _____, of _____, to be
 my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
 power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

 Witness

 Individual Creditor

 Witness

 Name of Corporate Creditor

Per _____
 Name and Title of Signing Officer

Return To:

Dodick Landau Inc. - Licensed Insolvency Trustee

 4646 Dufferin St., Suite 6
 Toronto ON M3H 5S4
 Phone: (416) 645-0542 Fax: (416) 649-7725
 E-mail: brenda.mcknight@dodick.ca

VOTING LETTER

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

FORM 37

Voting Letter
 (Paragraph 5(1)(f) of the Act)

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

I, _____, creditor (or I, _____, representative
 of _____, creditor), of _____, a creditor in the above matter
 for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
 Healthchain Inc., to record my vote _____ (for or against) the acceptance of the proposal as made
 on the _____ day of _____.

Dated at _____, this _____ day of _____.

 Witness

 Individual Creditor

 Witness

 Name of Corporate Creditor

Per _____

 Name and Title of Signing Officer

Return To:
 Dodick Landau Inc. - Licensed Insolvency Trustee
 Per:

 Rahn Dodick - Licensed Insolvency Trustee
 4646 Dufferin St., Suite 6
 Toronto ON M3H 5S4
 Phone: (416) 645-0542 Fax: (416) 649-7725
 E-mail: brenda.mcknight@dodick.ca

TAB 2B

APPENDIX "B"

FIRST MEETING OF UNSECURED CREDITORS

**COURT FILE NO.: 31-2623988
ESTATE NO.: 31-2623988**

**HEALTHCHAIN INC.
("HEALTHCHAIN" or the "Company")**

**MINUTES OF FIRST MEETING OF UNSECURED CREDITORS
(the "Meeting")**

DATE, TIME AND LOCATION

Date: September 14, 2020
Time: 11:00 a.m.
Location: By Zoom videoconference
Chair: Rahn Dodick - Dodick Landau Inc. (the "Trustee")
**Secretary
And Scrutineer:** Brenda McKnight – Dodick Landau Inc.

QUORUM

The Chair established that a quorum existed.

CALL TO ORDER

The Chair declared the Meeting legally constituted and called the Meeting to order. The Attendance Sheet is attached as Exhibit "A".

NOTICE OF MEETING

1. The Chair tabled, for inclusion in the minutes, the form Notice of Bankruptcy, Statement of Affairs, Proof of Claim, Proxy and Checklist and the Affidavit of Mailing, all attached as Exhibit "B" to these minutes.

DISCUSSION

2. The Trustee went over the terms of the proposal and invited questions to follow. The trustee outlined that if the proposal is not accepted by the creditors, an automatic bankruptcy will occur.
3. The Trustee reported on attendance, 6 unsecured creditors are present, in person or by proxy for a value of \$1,387,285.50 in unsecured claims.
4. Shezman Rajan spoke, asking to vote later. The trustee outlined the requirement for filing a Proof of Claim in advance of the meeting, therefore a vote would not be available to her.

VOTING RESULTS

5. Four unsecured creditors representing 66.67% of the unsecured creditors in number have voted for the resolution approving the proposal.
\$1,350,000.00 or 97.31% of unsecured creditors have voted for the resolution approving the proposal.
Two unsecured creditors representing 33.33% of unsecured creditors in number have voted against the resolution approving the proposal.
\$37,285.50 of unsecured creditors claims representing 2.69% of the total value of unsecured creditor claims have voted against the resolution approving the proposal.

APPOINTMENT OF INSPECTORS

6. There were no Inspectors appointed.

TERMINATION OF MEETING

7. As there was no further business brought before the Meeting, the Meeting was terminated.

Dated at Toronto, Ontario, this 14th day of September, 2020.

A handwritten signature in black ink, appearing to read 'R. Dodick', written over a horizontal line.

Per: Rahn Dodick, Chair

**Dodick Landau Inc.
Acting as Proposal Trustee for the Proposal of
Healthchain inc.
and not in its personal or corporate capacity.**

EXHIBIT "C"

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

Voting Summary

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

Insolvency Date: 26-Aug-2020
 Estate Number: 31-2623988

Result of Voting

Class	Total #		Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result		
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
1	6	4	2	1,350,000.00	37,285.50	66.67	33.33	97.31	2.69	App.	App.

List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
1	Anatoly Langer	U		250,000.00	Proxy	For
1	Andrew Shinewald	U		18,642.75	In Person	Against
1	Charlotte Schwartz	U		50,000.00	Proxy	For
1	Jeffrey Sleep	U		18,642.75	In Person	Against
1	REDDS Technology Fund I	U		1,000,000.00	Letter	For
1	Said El-Khoury	U		50,000.00	In Person	For

FIRST MEETING OF SECURED CREDITORS

COURT FILE NO.: 31-2623988

ESTATE NO.: 31-2623988

**HEALTHCHAIN INC.
("HEALTHCHAIN" or the "Company")**

**MINUTES OF FIRST MEETING OF SECURED CREDITORS
(the "Meeting")**

DATE, TIME AND LOCATION

Date: September 14, 2020

Time: 12:00 p.m.

Location: By Zoom videoconference

**Chair, Secretary
Scrutineer: Rahn Dodick - Dodick Landau Inc. (the "Trustee")**

QUORUM

The Chair established that a quorum existed.

CALL TO ORDER

The Chair declared the Meeting of the secured creditors was legally constituted and called the Meeting to order. The Attendance Sheet is attached as Exhibit "A".

NOTICE OF MEETING

1. The Chair tabled, for inclusion in the minutes, the form Notice of Bankruptcy, Statement of Affairs, Proof of Claim, Proxy and Checklist and the Affidavit of Mailing, all attached as Exhibit "B" to these minutes.

DISCUSSION

2. The Trustee went over the terms of the proposal and invited questions to follow. The trustee outlined that if the proposal is not accepted by the creditors, an automatic bankruptcy will occur.
3. The Trustee reported on attendance, 1 secured creditor was present, in person or by proxy for a value of \$40,047.65 in unsecured claims.

VOTING RESULTS

4. One secured creditor representing 100.00% of the secured creditors in number has voted for the resolution approving the proposal.
\$40,047.65 or 100.00% of secured creditors have voted for the resolution approving the proposal.
A copy of the Voting Summary is attached as Exhibit "C".

APPOINTMENT OF INSPECTORS

5. There were no Inspectors appointed.

TERMINATION OF MEETING

6. As there was no further business brought before the Meeting, the Meeting was terminated.

Dated at Toronto, Ontario, this 14th day of September, 2020.

A handwritten signature in black ink, appearing to read 'R D', is written above a horizontal line.

Per: Rahn Dodick, Chair

**Dodick Landau Inc.
Acting as Proposal Trustee for the Proposal of
Healthchain Inc.
and not in its personal or corporate capacity.**

EXHIBIT "C"

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

Voting Summary

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

Insolvency Date: 26-Aug-2020
 Estate Number: 31-2623988

Result of Voting

Class	Total #		Dollar Value of Claims		Percentage by Votes		Percentage by Value		Result		
	Votes	Yes	No	Yes	No	Yes	No	Yes	No	By Votes	By Value
	6	4	2	1,350,000.00	37,285.50	66.67	33.33	97.31	2.69	App.	App.
2	1	1	0	40,047.65	0.00	100.00	0.00	100.00	0.00	App.	App.

List of creditors

Class	Creditor Name	Type	Account #	\$ Admitted for Voting	Voted By	Vote
	Anatoly Langer	U		250,000.00	Proxy	For
	Andrew Shinewald	U		18,642.75	In Person	Against
	Charlotte Schwartz	U		50,000.00	Proxy	For
	Jeffrey Sleep	U		18,642.75	In Person	Against
	REDDS Technology Fund I	U		1,000,000.00	Letter	For
	Said El-Khoury	U		50,000.00	In Person	For
2	REDDS Technology Fund I	S		40,047.65	In Person	For

TAB 2C

APPENDIX "C"

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

Affidavit of Mailing

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

I, Brenda McKnight, of the Trustee's office of Dodick Landau Inc., 4646 Dufferin St., Suite 6, Toronto, ON, M3H 5S4, hereby make oath (or solemnly affirm) and say:

That on the 29th day of September 2020, I did cause to be sent by E-mail and prepaid ordinary mail to everyone on the attached mailing list and by e-file to the Office of the Superintendent of Bankruptcy, whose names and addresses appear on the paper writing marked exhibit "A" annexed hereto, a copy of: Notice of hearing of application for court approval of proposal.

And that, on the 29th day of September 2020, I e-mailed to the debtor.

B. McKnight

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

SWORN (or SOLEMNLY DECLARED) before me in the city of Toronto in the Province of Ontario, this 29th day of September 2020.

Rahn Dodick

Rahn Dodick, Commissioner of Oaths
 For the Province of Ontario
 Expires July 20, 2023

Rahn Dodick, a Commissioner, etc.
 Province of Ontario, for Dodick
 Landau Inc. and Dodick Landau
 Partnership, Expires July 20, 2023

Creditor Mailing List

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

This is Form A to the Affidavit
of Brocknight
Sworn to on the 28th day
of September 2020
[Signature]
A Commissioner, etc.

Creditor Type	Name	Attention	Address	Claim
Secured	REDDS Technology Fund I <i>email</i>	Ronald Shon	820 - 925 West Vancouver BC V6C3L2 Fax: (604) 683-5636 rshon@rediscapital.com	1,000,000.00
Unsecured	Anatoly Langer <i>email</i>		259 Yorkland Road, Suite 200 North York ON M2J 0B5 langer@chrc.net	250,000.00
	Andrew Shinewald <i>email</i>		c/o Amjay Software Solutions Inc. 3080 Yonge Street, Suite 6060 Toronto ON M4N 3N1 aeshinewald@gmail.com	17,755.00
	Charlotte Schwartz <i>email</i>		100 Dunlop Road Toronto ON M5P 2T8 eschwartz37@gmail.com	50,000.00
	Fasken Martineau DuMoulin LLP <i>email</i>		1433727 & 1434030 333 Bay Street, Suite 2400 Toronto ON M5H 2T6 akypri@fasken.com	14,654.00
	Globalive Capital Inc. <i>email</i>		48 Yonge Street, Suite 1200 Toronto ON M5E 1G6 Simon.Lockie@globalive.com	50,000.00
	Jeffrey Sleep <i>email</i>		c/o Amjay Software Solutions Inc. 3080 Yonge Street, Suite 6060 Toronto ON M4N 3N1 jeffery.sleep@hotmail.com	17,755.00
	Ontario Centre of Excellence <i>mail</i>		325 Front Street West, Suite 300 Toronto ON M5V 2Y1	125,000.00
	REDDS Technology Fund I <i>email</i>	Ronald Shon	820 - 925 West Georgia Street Vancouver BC V6C3L2 Fax: (604) 683-5636 rshon@rediscapital.com	1,000,000.00
	Said El-Khouiri <i>email</i>		6548 Waterdown Street Greely ON K4P 0E7 said_khouiri@yahoo.com	50,000.00

DODICK LANDAU

Brenda McKnight
<brenda.mcknight@dodick.ca>

Healthchain Inc. - Notice of Hearing of Application for Court Approval of Proposal.

1 message

Brenda McKnight
<brenda.mcknight@dodick.ca>

Tue, Sep 29, 2020 at
9:56 AM

Bcc: Ron Shon <rshon@shongroup.com>, rshon@reddscapital.com, Anatoly Langer <langer@chrc.net>, Andrew Shinewald <aeshinewald@gmail.com>, cschwartz37@gmail.com, akypri@fasken.com, SimonLockie@globalive.com, jeffery sleep <jeffery.sleep@hotmail.com>, Said Khouri <said_khouri@yahoo.ca>, Rahn Dodick <rahn.dodick@dodick.ca>

Good morning:

Attached please find Form 40.1 - Notice of Hearing of Application for Court Approval of Proposal.

This process will be held on October 14, 2020
VIRTUALLY.

There is no requirement to attend. If however you wish to attend, please advise our office as soon as possible. We will advise legal counsel who will set this up and provide you with the information required for attendance.

Kind regards,

Brenda McKnight
Estate Administrator
Dodick Landau Inc.
416-645-0542



**Form 40.1_Ntc Hearing of Application for Court
Approval.pdf**
102K

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

FORM 40.1
Notice of Hearing of Application for Court Approval of Proposal
(Paragraph 58(b) of the Act)

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

In Superior Court of Justice - Toronto.

In the matter of the proposal of Healthchain Inc., a debtor.

Take notice that an application will be made to the court, at 330 University Avenue, 9th Floor, Toronto, Ontario, on the 14th day of October 2020, at 10:00 AM, to approve the proposal of Healthchain Inc., accepted by the creditors at a meeting held on the 14th day of September 2020.

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

Dodick Landau Inc. - Licensed Insolvency Trustee



4646 Dufferin St., Suite 6
Toronto ON M3H 5S4
Phone: (416) 736-4357 Fax: (416) 649-7725

TAB 3

PROPOSAL

Court File No. 31-2646144
Estate No. 31-2646144

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

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

**PROPOSAL
(August 25, 2020)**

HEALTHCHAIN INC. hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

**PART I
INTERPRETATION**

Definitions

1. In this Proposal:

- (a) "Accredited Investor" means an Accredited Investor as defined in National Instrument 45-106;
- (b) "Act" means the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended.
- (c) "Administration Charge Order" means the Order of the Court approving the administration charge, dated May 7, 2020;
- (d) "Administrative Fees and Expenses" means the fees and expenses of the Trustee and its counsel incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Proposal Payment, and the legal fees and expenses incurred by the Trustee and the Company before and following execution, acceptance and approval of this Proposal, and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
- (e) "Affected Creditors" means those Creditors of the Company forming the sole class of creditors, as defined in Part III of this Proposal;

- (f) **"Approval Order"** means an order of the Court approving this Proposal, to be granted pursuant to the provisions of the Act, the appeal period having expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (g) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (h) **"Certificate of Full Performance"** means the certificate that the Trustee issues to the Company and to the Official Receiver pursuant to Section 65.3 of the Act;
- (i) **"Claim"** means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (j) **"Company"** means HealthChain Inc.;
- (k) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (l) **"Court Approval Date"** means the date on which the Approval Order is issued;
- (m) **"Creditor"** means any Person having a Claim;
- (n) **"Creditors Meeting"** means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (o) **"Crown Claims"** means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by section 60(1.1) of the Act;
- (p) **"Date of Filing"** means February 28, 2020, being the date on which the Company filed the NOI;
- (q) **"DIP Lender"** means REDDS Technology Fund I L.P. pursuant to the Order of Koehnen J. dated May 7, 2020;

- (r) **"DIP Lender's Claim"** means the claim of the DIP Lender in respect of amounts advanced pursuant to the charge as set out in the Order of Koehnen J. dated May 7, 2020;
- (s) **"Employee Preferred Claim"** means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (t) **"Effective Date"** means 10 calendar days from the date of the Approval Order, unless the Approval Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;
- (u) **"Event of Default"** has the meaning given to it in Part VIII of this Proposal;
- (v) **"Inspectors"** means the inspectors appointed pursuant to Part X of this Proposal;
- (w) **"Levy"** means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (x) **"Levy Payment Fund"** means the amount up to \$5,000 advanced by the DIP Lender to the Company prior to the Effective Date to pay in cash the Levy imposed in respect of the Shares.
- (y) **"Maturity Date"** means the date on which all payments to the Creditors have been made, all Shares have been issued under this Proposal, and the Certificate of Full Performance has been issued by the Trustee to the Company, provided that no Event of Default has occurred that has not been cured or waived;
- (z) **"NOI"** means the Notice of Intention to Make a Proposal filed by the Company on February 28, 2020;
- (aa) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (bb) **"Post-Filing Crown Claims"** means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (cc) **"Post-Filing Goods and Services"** means the goods supplied, services rendered, and other consideration given or provided to the Company on or after the Date of Filing;

- (dd) **"Pre-Filing Crown Claims"** means all Crown Claims that were outstanding as at the Date of Filing;
- (ee) **"Preferred Claim"** means any claim that is afforded priority under Section 136(1) of the Act;
- (ff) **"Preferred Creditor"** means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (gg) **"Proposal"** means this proposal dated August 25, 2020, together with any amendments or additions thereto;
- (hh) **"Proposal Period"** means the period between the Court Approval Date and the Maturity Date;
- (ii) **"Proven"** as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor's right of appeal to Court, the Court's determination of that Claim or any applicable appeal periods having expired and no appeal having been made;
- (jj) **"Secured Claim"** means any Claim by a Secured Creditor, excluding the Crown Claims;
- (kk) **"Secured Creditor"** means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim, but excludes the Canada Revenue Agency to the extent of its Crown Claims;
- (ll) **"Shares"** means fully participating common shares in the share capital of the Company;
- (mm) **"Trustee"** means Dodick Landau Inc. solely in its capacity as proposal trustee of the Company;
- (nn) **"Unanimous Shareholder's Agreement"** means the agreement in substantially the same form and substance as appended hereto as Schedule "B".
- (oo) **"Unsecured Claim"** means the value of any Proven Claim in respect of which no Security is held; and
- (pp) **"Unsecured Creditors"** means those Persons with Claims in respect of which no security is held, and which is not afforded priority under Section 136(1) of the Act.

- (qq) **“Unsecured Payment Fund”** means, an amount up to \$10,000 advanced by the DIP Lender to the Company prior to the Effective Date to pay the Proven Claims of Unsecured Creditors.

Headings

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next day that is a Business Day.

Accounting Principles

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

PART II PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of Proposal

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the Proposal than would result from a bankruptcy of the Company.

Effect of Proposal

7. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

8. Upon implementation of all elements of this Proposal, and the filing of the Certificate of Full Performance by the Trustee, all Claims against the Company and its directors shall be fully, finally and completely satisfied.

**PART III
CLASSIFICATION OF CREDITORS**

9. For the purpose of this Proposal, the Creditors of the Company shall be comprised of two classes:
- a) The DIP Lender in respect of the DIP Lender's Claim; and
 - b) Creditors having Proven Preferred Claims and Unsecured Claims, which, for greater certainty, shall include Preferred Creditors entitled to vote pursuant to the Act and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims.

**PART IV
SECURED CREDITORS**

10. There are no Secured Creditors with outstanding claims against the Company other than the DIP Lender. The DIP Lender's Claim shall be treated in accordance with Part V.

**PART V
TREATMENT OF VARIOUS CLAIMS,
FUNDING OF PROPOSAL AND DISTRIBUTION**

Crown Claims

11. The Company covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Date of Filing of a kind that could be subject to a demand under: (i) Subsection 224(1.2) of the ITA; (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to s. 224(1.2) of the *ITA* 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, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. This payment of Crown Claims (if any) will be made in addition to the payments from the Unsecured Payment Fund.
12. The Company does not owe any amount to the Canada Revenue Agency for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing.

Preferred Claims

13. Proven Preferred Claims, including Employee Preferred Claims, if any, shall be paid without interest, out of the Proposal Payment, in priority to Proven Unsecured Claims.
14. The Company does not owe any amounts to employees.

Conversion to Equity

15. For the purposes of this Proposal, the valuation of all the issued and outstanding Shares of the Company shall be deemed to be \$100,000 as at the Effective Date and all issuances of Shares to Creditors shall be in full satisfaction of such indebtedness, at a subscription price and stated capital value equal to the outstanding indebtedness of the Company to the unsecured creditors, on the basis of 1 Share for each \$1 of indebtedness.
16. For illustrative purposes, the appendix attached as Schedule "A" describes the proposed *pro rata* distribution of Shares to the known Creditors of the Company.

DIP Lender's Claim

17. The DIP Lender shall receive Shares in full and final satisfaction of the outstanding DIP Lender's Claim in accordance with Paragraph 15.

Unsecured Creditors

18. Unsecured Creditors who are Accredited Investors shall receive Shares in full and final satisfaction of their Proven Claims. On the Effective Date, the Company shall issue Shares to Unsecured Creditors who have executed a form representing to the Proposal Trustee that they are Accredited Investors.
19. Unsecured Creditors who are not Accredited Investors, 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 Subparagraph 19 shall not exceed 25% of the value of any Unsecured Creditors' Proven Claim.
20. Shares acquired pursuant to this Proposal shall be subject to a Unanimous Shareholder's Agreement in the form appended hereto as Schedule "B". No creditor shall be entitled to acquire shares without becoming party to the Unanimous Shareholder's Agreement.

Distributions

21. All distributions made pursuant to this Proposal shall be without interest or penalty and subject to deduction for the Levy and the Proposal Trustee shall remit in cash

the amount of the Levy to the Superintendent of Bankruptcy contemporaneously with the distributions to the Unsecured Creditors.

22. Subject to the terms and conditions of this Proposal, and the payment of the Levy (as applicable), payments shall be distributed by the Proposal Trustee in the following order of priority:
- (a) first, to pay Administrative Fees and Expenses;
 - (b) second, to Proven Employee Preferred Claims and the Claims of Preferred Creditors;
 - (c) third, to Unsecured Creditors receiving cash payments in accordance with Paragraph 19 of this Proposal.

Amendments to Agreements

23. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

24. For purposes of this Proposal, each Creditor holding a Claim will receive the treatment provided for in this Proposal on account of such Claim.

PART VI POST-FILING OBLIGATIONS

Payment of Post-Filing Goods & Services

25. During the Proposal Period, all Post-Filing Goods and Services, if any, shall be paid in full in the ordinary course of business by the Company.

Post-Filing Crown Claims

26. During the Proposal Period, the Company shall remit all Post-Filing Crown Claims, if any, as and when due.

Administrative Fees and Expenses

27. Payment of all proper Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in the bankruptcy, if any, will be made in priority to all claims, including Crown Claims, if any. The Proposal Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Proposal Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS

Levy

28. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee. Where the Levy applies to issuances of Shares, payment of the Levy shall be in cash in lieu of Shares and shall be made from the Levy Payment Fund.

Payment of Fees and Expenses

29. The Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in a bankruptcy, if any, shall be paid in priority to the Crown Claims, the Claims of Preferred Creditors, and the Claims of Unsecured Creditors. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

Preferred Claims

30. As per Part V of this Proposal, all Proven Preferred Claims and Proven Employee Preferred Claims (if any) are to be paid without interest in full priority to all Claims of the Unsecured Creditors including, without limitation, any entitlement of the Unsecured Creditors to the payments to be made under Part V of this Proposal.

PART VIII BOARD OF DIRECTORS AND NEW MANAGEMENT

31. On the Effective Date, the current Board of Directors of the Company shall be terminated and the following individuals appointed as Directors of the Company:
- (a) Ronald Shon
 - (b) Nicholas Zamora

- (c) Dennis Giokas
32. Within ten (10) days of the Effective Date, the Board of Directors shall call a meeting to, among other things, appoint and approve compensation for new management of the Company, including but not limited to:
- (a) Nicholas Zamora as CEO;
 - (b) Adam Cole as Technology Advisor;
 - (c) Daniel Renton as Chief Revenue Officer;
 - (d) Rohan D'Souza as CTO;
 - (e) Dr. Marion Lyver as Advisor; and
 - (f) Ian Chalmers as Advisor.

PART IX EVENTS OF DEFAULT

33. The following will constitute an Events of Default for purposes of section 63 of the Act and otherwise under this Proposal:
- (a) the breach or failure by the Company to observe and perform any other covenant and provision of this Proposal which is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Trustee.

PART X TRUSTEE

34. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
35. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

PART XI INSPECTORS

Appointment of Inspectors

36. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one (1) or more, but not exceeding five (5) Inspectors in total.

Powers of Inspectors

37. The Inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the dates the Proposal Payment is due under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal; and
 - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.
38. The Proposal Trustee may, in accordance with the Act, apply to the Court regarding any decision, direction or act of the Inspectors and the Court may confirm, reverse, or modify the decision, direction or act and make such order as it thinks just.
39. The authority and term of office of the Inspectors will terminate upon the issuance of the Certificate of Full Performance.

**PART XII
CONDITIONS PRECEDENT**

Creditor Approval

40. The Trustee shall call a meeting of the Affected Creditors of the Company to seek creditor approval for the Proposal in the requisite majority in number and value of the classes, as set out in the Act, of each of the classes of creditors described in this Proposal. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under section 57 of the Act and the Company shall be deemed bankrupt.

Court Approval

41. In the event the Proposal is approved by the Affected Creditors the Trustee shall, within 5 days of such approval, apply to the Court for a hearing to seek the Approval Order in the form acceptable to the Trustee. The performance of this Proposal by the Company shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approve the Proposal, the Company shall be deemed bankrupt.

PART XIII RELEASES

42. As at 12:01 a.m. the Maturity Date, the Company, shall be released and discharged from any and all Claims. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.
43. As of 12:01 a.m. the Maturity Date, each and every present and former officer and director of the Company shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of the Company where such persons are by law liable in their capacity as directors for the payment of such obligations, provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.

PART XIV MISCELLANEOUS

Preferential Payments

44. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing unless the Company becomes bankrupt before the terms of the Proposal are fully performed. The releases contemplated in Part XII of this Proposal include releases from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

Consents, Waivers and Agreements

45. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

46. The Company and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

47. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein and a Certificate of Full Performance is issued by the Trustee to the Company and the Office of the Superintendent of Bankruptcy.

Binding Effect

48. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

**PART XV
ANNULMENT OF PROPOSAL**

49. If this Proposal is annulled by an order of the Court, all payments and issuances of Shares on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

**PART XVI
AMENDMENTS**

50. The Company may propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at the City of Toronto, in the Province of Ontario, as of this 25th day of August 2020.

HealthChain Inc.

Ronald Shon

Per: Ronald Shon (Aug 25, 2020 13:58 PDT)

Name: Ronald Shon

Title: Director

SCHEDULE "A"

PROPOSED SHARE DISTRIBUTION

HealthChain Inc.

Distribution of Shareholdings to Unsecured Creditors Post-Proposal

Prepared by Management on August 24, 2020

	<u>Amount</u>	<u>%</u>
<u>Known Unsecured Creditors:</u>		
REDDs Capital	\$ 1,000,000	24.48%
Ontario Centres of Excellence	125,000	3.06%
Anatoly Langer	250,000	6.12%
Tony Lacavara (Globalive)	50,000	1.22%
Said Khour	50,000	1.22%
Charlotte Schwartz	50,000	1.22%
Faskens	14,654	0.36%
Jeffrey Sleep	17,755	0.43%
Andrew Shinewald	17,755	0.43%
Total	\$ 1,575,164	38.56%

Note 1: This model is provided for illustrative purposes only. The final share issuance is dependent on the actual amount of each creditor's proven claim.

Note 2: The unsecured creditors of Healthchain Inc. will receive a total of 1,575,164 shares upon implementation of the Proposal. New management will be appointed by the Board pursuant to this Proposal and will be granted shares as compensation. The anticipated total share holdings of the unsecured creditor pool upon the appointment of new management will be approximately 38.56% of the total issued and outstanding shares of the corporation with each creditor's proportionate share holding as set out in this illustration.

SCHEDULE "B"
UNANIMOUS SHAREHOLDER'S AGREEMENT

HealthChain Inc.

FIRST AMENDED & RESTATED SHAREHOLDERS' AGREEMENT

(• of •, 20•)

THIS FIRST AMENDED & RESTATED AGREEMENT is made on ●, 20●.

BETWEEN:

**HealthChain Inc., a corporation incorporated under the laws of the Province of
Ontario**

(the "Corporation")

and -

Those Persons listed on Schedule A attached hereto

and -

**Those additional persons who may become a party to this Agreement upon
execution of an Assumption Agreement**

WHEREAS the Corporation was incorporated under the OBCA on March 24, 2017;

AND WHEREAS the authorized capital of the Corporation consists of an unlimited number of ● Shares;

AND WHEREAS as of the date hereof, there are issued and outstanding 1,575,164 Shares, with such Shares being held by those persons listed on Schedule A attached hereto (the "Shareholders");

AND WHEREAS the Corporation and the Shareholders have entered into this Agreement to establish their respective rights and obligations in respect of the issued and unissued shares of the Corporation, the management and conduct of its business and various other matters hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the agreements contained in this Agreement and other valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings, respectively:

"Agreement" means this first amended and restated agreement and all schedules attached hereto and any and all amendments made hereto by written agreement among the parties hereto;

"Annual Business Plan" has the meaning ascribed in Section 4.1;

"Arm's Length" has the meaning ascribed to such term by the ITA;

"Articles" means the Articles of Incorporation of the Corporation as may be amended or restated from time to time;

"Business" has the meaning ascribed thereto in Section 4.1;

"Business Day" means any day other than Saturday, Sunday or a day on which the federal government offices are closed in Ontario;

"Bylaws" means the bylaws of the Corporation from time to time in force and effect;

"Corporation" means HealthChain Inc. and shall include, for all purposes (unless the context otherwise reasonably excludes), any Subsidiary of the Corporation;

"Directors", "Board of Directors" and "Board" means the persons who are, from time to time, duly elected as directors of the Corporation;

"Fair Market Value" means the highest cash price in terms of money which would be obtained as at the date specified in the applicable Section hereof if all the Shareholders of the Corporation sold all of their respective Common Shares in an open and unrestricted market without compulsion to a willing and knowledgeable purchaser acting at arms' length and where in determining such Fair Market Value: (1) the value of each Common Share is based on the value of all of the Common Shares (on a fully diluted basis); (2) no diminution or accretion in value is attributed to any majority or minority interest; (3) the value of any insurance on the life of any shareholder or employee and the proceeds of such insurance shall be excluded so long as such shareholder or employee is alive; (4) the value of all intangible and unrecorded assets is included;

"Initial Public Offering" means a fully-marketed initial public offering of securities, or a reverse take-over or other transaction or transactions, either of which results in the Shares becoming publicly traded on a recognized North American stock exchange contemporaneously with the closing of such transaction.

"ITA" means the Income Tax Act (Canada);

"OBCA" means the Business Corporations Act (Ontario);

"Person" means an individual, partnership, limited liability partnership, corporation, trust, unincorporated association, joint venture, governmental agency or other entity;

"Related Parties" means Shareholders and Persons related to Shareholders as the term "related" is defined by the ITA or applicable securities regulatory authorities; and **"Related Party"** shall mean any one of such parties;

"Shares" means the common shares and/or any other class(es) of shares in the capital of the Corporation authorized to be issued pursuant to the Articles;

"Shareholders" means collectively all share owners and any person to whom a Shareholder transfers any Shares in accordance with the terms of this Agreement and **"Shareholder"** means, individually, any one of them;

"Subsidiary" means a corporation controlled by the Corporation from time to time, as the term "control" is defined by the OBCA.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction and interpretation of this Agreement.

1.3 Construction

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and neuter.

1.4 Applicable law

This Agreement shall be construed and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.5 Severability

Each provision of this Agreement is intended to be severable. If any provision hereof is illegal or invalid, such provision shall be deemed to be severed and deleted herefrom and such illegality and invalidity shall not affect the validity or enforceability of the remainder hereof.

1.6 Currency

All references to dollars in this Agreement shall be to Canadian dollars.

1.7 Entire agreement

This Agreement constitutes the entire agreement among the parties hereto with regard to the subject matter hereof and supersedes all prior shareholders agreements (unanimous or otherwise), understandings, representations or warranties, negotiations and discussions, whether oral or written, among the parties hereto with respect thereto.

1.8 Amendment

No amendment of this Agreement shall be binding unless (i) made in writing and signed by all Shareholders or (ii) approved at a duly convened Shareholder meeting, in each case by the approval of at least fifty one (51%) of the total issued Shares.

1.9 Waiver

No waiver by any party hereto of any breach of any of the provisions of this Agreement shall take effect or be binding upon such party unless in writing and signed by such party. Unless otherwise provided therein, such waiver shall not limit or affect the rights of such party with respect to any other breach.

1.10 Time of essence

Time shall be of the essence of this Agreement.

1.11 Further acts

The Shareholders agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

1.12 Accounting principles

References in this Agreement to generally accepted accounting principles shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants (CICA), or any successor institute, applicable as of the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.13 Gender and number

Any reference in this Agreement to gender shall include all genders, and words importing the singular number only shall include the plural and vice versa.

1.14 Cross reference

Any definitions which refer to another agreement shall retain their meaning notwithstanding the termination of such agreement unless the context otherwise requires.

1.15 Schedules

The following schedules are incorporated hereinafter and are deemed to be a material component of this Agreement.

- Schedule A* - List of Shareholders (as of •, 2020)
Schedule B - Assumption Agreement

ARTICLE 2 TERM OF AGREEMENT

2.1 Term

This Agreement shall come into force and effect on the date hereof and shall terminate on the earliest of:

- (a) the date this Agreement is terminated by written agreement of all of the Shareholders;
- (b) the date upon which there shall occur an Initial Public Offering; or
- (c) the date upon which there is only one Shareholder.

ARTICLE 3 IMPLEMENTATION OF AGREEMENT

3.1 Shareholder Covenants

Each of the Shareholders covenants and agrees that he shall vote or cause to be voted the Shares owned by him/her/it to accomplish and give effect to the terms and conditions of this Agreement. At the request of a Shareholder, the Corporation shall call and hold a meeting of its Shareholders as soon as is practicable for the purpose of passing resolutions necessary to give effect to the terms and conditions of this Agreement unless it obtains a written resolution signed by such number of its Shareholders as is necessary to give effect to same.

3.2 Conflict

The Shareholders acknowledge and agree that as of the date hereof conflicts may exist between this Agreement and the Articles and the Bylaws. Each of the Shareholders agrees to vote or cause to be voted the Shares owned by him/her/it so as to cause the Articles or the Bylaws to be amended to resolve each such conflict and any other conflicts in favour of the provisions of this Agreement.

3.3 Covenants by the Corporation

The Corporation consents to the terms of this Agreement and hereby covenants with each

of the Shareholders that it will at all times during the term of this Agreement be governed by the terms and provisions hereof in carrying on its business and affairs, and shall duly comply with, perform or otherwise satisfy all representations, warranties, covenants on its part to be complied with, performed or otherwise satisfied. Each of the Shareholders shall vote or cause to be voted their respective Shares to cause the Corporation to fulfil its foregoing covenant.

ARTICLE 4 CORPORATION'S BUSINESS AND PURPOSE

4.1 Business and Purpose

The business (the "Business") of the Corporation is and shall be the development, customization, enhancement, marketing, licensing, leasing and/or sale of healthcare software products, communication and notification services and all related support and consulting services.

ARTICLE 5 DIRECTORS AND SHAREHOLDERS

5.1 Number of Directors

Unless changed by resolution of the Shareholders, the Corporation shall have up to seven (7) Directors who shall be nominated and elected as provided for in Section **Error! Reference source not found.**

5.2 Nomination and Election of Directors

The current Board is comprised of Nicholas Zamora, Dennis Giokas and Ron Shon.

Each year, the names of the nominees to be proposed as Directors shall be set forth in proxy information prepared by the Corporation in connection with such Shareholder meeting. A majority of votes cast in favour of each year's slate of directors shall be required to approve such slate.

5.3 Indemnity and Insurance

- (a) **Indemnity:** The Corporation hereby indemnifies each Director and his or her heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative proceeding to which he or she is made a party by reason of being or having been a director of the Corporation provided (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and (ii) in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

- (b) **Insurance:** The Corporation will endeavour to secure director and officer liability insurance once annual gross sales exceed the \$500,000 level or as may be determined by the Directors.

5.4 Term of Office

The term of office of a Director shall commence on the date of that individual's election to the Board and shall terminate at the close of the next following annual meeting of the Shareholders, or until their successors are elected or at any time prior thereto if the Shareholder nominating a Director replaces such Director in accordance with Section 5.2. A Director may serve multiple terms.

5.5 Powers and Duties of Directors

Subject to the OBCA and the provisions hereof, the Directors shall manage or supervise the Corporation's Business except as such authority may be delegated by the Directors from time to time, and in exercising such authority the Directors and their delegates shall conduct the Corporation's Business or cause it to be conducted in all material respects in accordance with the Annual Business Plan unless the Shareholders shall otherwise agree in writing.

5.6 Exercise of Authority

- (a) **Frequency of Meetings:** The Board shall meet no less than quarterly in each year.
- (b) **Quorum:** Unless otherwise agreed to in writing by all of the Directors, a quorum of any meeting of the Board shall consist of a majority of Board members.
- (c) **Notice:** Unless all of the Directors are present (except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or those absent waive notice, no meeting of Directors shall be validly convened unless forty-eight (48) hours advance e-mail or written notice thereof is given in accordance with the provisions of the Bylaws.
- (d) **Content of Notice:** No resolution with respect to any matter may be put to any meeting of the Board unless the notice of the meeting contains reasonable detail of the matter or unless all of the Directors either are present and do not object to the matter being put to the meeting or otherwise waive the provisions of this subsection 5.6(d).
- (e) **Audit Committee:** Until otherwise changed by resolution of the Board, the Corporation's Board of Directors shall serve as a de facto Audit Committee with the responsibility of approving the financial statements of the Corporation. In order

to be effective, all decisions of the Audit Committee shall be made by a unanimous vote of its members (in meeting or in writing). Following approval by the Audit Committee (if a separate committee than the Board), financial statements of the Corporation shall be presented to the Board for final approval.

5.7 Reimbursement of Directors Expenses

All Directors are entitled to reimbursement of reasonable expenses incurred in attending each meeting, upon presentation of receipts thereof.

5.8 Extraordinary Matters

Except as otherwise provided in this Agreement, the following matters shall require two-thirds approval of the Board given at a meeting duly called for such purpose in addition to any requirements required by the OBCA:

- (a) the purchase or redemption by the Corporation of any Shares other than as expressly provided in this Agreement, or the declaration, payment or setting aside for payment of any dividend, the distribution of any surplus or earnings, the return of any capital, the repayment or retirement of any indebtedness of the Corporation to any Related Party, or any other payment or distribution of assets of the Corporation to any Related Party;
- (b) any change to the authorized capital structure or amendment to the rights, restrictions, conditions and limitations attaching to any class of share, or any other amendment of the Articles or Bylaws of the Corporation;
- (c) the sale, assignment, transfer, license or conveyance of in any manner whatsoever of any intellectual property of the Corporation out of the ordinary course of business (having regard to the extent of the grant of rights, including the duration of the license, territory, and royalty payments);
- (d) the amalgamation, consolidation, merger of, or the entering into of any agreement to amalgamate, consolidate or merge, the Corporation with any corporation, partnership, joint venture or firm, or the continuance or corporate reorganization of the Corporation of any kind, the incorporation or acquisition of any corporation that would be an Affiliate of the Corporation, or the purchase of any securities of any Person out of the ordinary course of business;
- (e) the making of any loans to, the giving of any guarantee, indemnity or security for the debts of, the giving of any financial assistance to or the making of any investment in, any other Person, other than the giving of trade credit, or the acquisition or investment in any securities;
- (f) the borrowing of any money (other than normal bank operating debt) or any renewal or replacement of any existing lease or term financing, or the mortgaging of real property by the Corporation;

- (g) any transactions with an Affiliate other than transactions in the ordinary course of business with a subsidiary of the Corporation;
- (h) the taking or institution of any proceedings for the winding up, reorganization or dissolution of the Corporation or any of its Affiliates or the making of an assignment for the benefit of any creditors of the Corporation or of any of its Affiliates, the acknowledging of the insolvency of the Corporation or of any of its Affiliates, or the consenting to the appointment of a receiver, receiver-manager, monitor or other person acting in a similar capacity by any secured creditor of the Corporation or of any of its Affiliates;
- (i) any change in the fiscal year end of the Corporation;
- (j) the issuance or allotment by the Corporation of securities or the granting of any right, option or privilege to acquire any securities (except pursuant to an employee incentive plan duly approved by the Board as specified herein), or an Initial Public Offering;
- (k) any change in the Business, including the purchase, establishment or acquisition in any manner of a new business undertaking;
- (l) any change to the business direction or focus as described in the Annual Business Plan of the Corporation.
- (m) the entering into of any contract outside the normal course of business of the Corporation;
- (n) the appointment or removal of any firm of chartered accountants to act as auditor;
- (o) the implementation of an employee stock option or stock purchase plan, the granting of stock options or stock appreciation rights or any similar incentives to employees;
- (p) the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation, or any removal, destruction, lease, transfer, assignment, sale or other disposition of any such assets out of the ordinary course of business which is not contemplated by the duly approved Annual Business Plan and which sale, lease, exchange or other disposition is for a sale price in excess of \$50,000 per individual item or in excess of \$100,000 for all items in any fiscal year;
- (q) the creation, termination or delegation of powers to a committee of the Board (except as specifically provided herein);
- (r) the entering into of any commercial transactions with the directors, officers, Shareholders or other Persons not dealing at arm's length with the Corporation; and

- (s) any transfer of Shares to any Person which becomes a party to this Agreement and which does not engage, and is not affiliated with any Person which is engaged, in a business which competes directly with the Corporation.

5.9 Meetings of Shareholders

- (a) The quorum for the transaction of business at any meeting of the Shareholders shall be two persons present in person or by proxy holding at least fifty percent (50%) of the Shares entitled to vote at the meeting. No meeting shall continue with the transaction of business in the absence of a quorum.
- (b) Subject to Section 5.8, all questions before the Shareholders shall be decided by a majority of those voting. The chairman of the meeting of the Shareholders shall be decided by a majority of those voting.
- (c) A meeting of Shareholders may be called by the Board upon giving at least ten (10) days written notice of a meeting of Shareholders, such notice to provide sufficient notice of the items of business to be conducted.
- (d) Notwithstanding the provisions of subsection 5.9(a), if proper notice of a meeting of the Shareholders is given and a quorum of Shareholders is not present, then a meeting of the Shareholders may thereafter be held on 14 days written notice of the second meeting to transact the business set forth in the original notice and, subject to the Bylaws and the Act, any Shareholders present at that meeting shall constitute a quorum for the transaction of the business set out in the original notice in respect of that meeting and such business may be transacted by a majority of voting Shares of Shareholders in attendance at the meeting.

5.10 Key Person Insurance

The Corporation covenants with the Shareholders that it will consider a "key person life insurance" policy should one (or more) individual(s) be deemed by the Board to be critical to the success of the Corporation. The Corporation would be the beneficiary of such a policy, and it would partially offset the negative impact from the loss of services of one or more key contributors to the Corporation.

ARTICLE 6 FINANCIAL AND ACCOUNTING PRACTICES

6.1 Financial Information

The Corporation shall deliver to each Shareholder within 90 days of the financial year end of the Corporation one copy of its annual financial statements, which shall be prepared on a consolidated basis, including the balance sheet and statements of income, retained earnings and changes in financial position, together with all supporting schedules. Such financial statements shall be signed by an authorized officer of the Corporation. The Corporation shall furnish to each of the Shareholders the annual consolidated financial statements together with a certificate signed

by the chief financial officer of the Corporation or another senior officer satisfactory to the Board to the effect that such annual financial statements have been prepared in accordance with generally accepted accounting principles and present fairly the financial position of the Corporation at the date thereof and to the effect that the Corporation is not in breach of any of the covenants or representations and warranties contained herein, or, if such is not the case, detailed particulars of all breaches of covenants or representations and warranties, together in either case with reasonably detailed evidence of compliance with all financial covenants contained herein.

6.2 Maintain Books

The Corporation shall maintain accurate and complete books and records of all transactions, receipts, expenses, assets and liabilities of the Corporation in accordance with generally accepted accounting principles, consistently applied as approved and adopted by the Board.

6.3 Review of Books

The Shareholders agree that each of the Shareholders shall, at their own expense unless otherwise agreed by the Shareholders, be entitled to appoint a representative, agent or designee to review, on reasonable notice, all books, documents and records of the Corporation and shall be entitled to make copies thereof for their own purposes. The Shareholders and their respective representatives, agents and designees shall have the right to discuss at any time with management personnel of the Corporation, such matters pertaining to the financial position, operations, investments and financings of the Corporation as may be of interest to the Shareholders, or such representative, agent or designee from time to time.

6.4 Fiscal Year

The fiscal year of the Corporation shall end on the • day of • each year, or such other date as is agreed to by the Board.

ARTICLE 7 SALE AND ISSUANCE OF SHARES

7.1 Sale, Issue and Transfer Restrictions

- (a) Except as otherwise set forth in this Agreement, none of the Shareholders may sell, grant an option to sell, encumber, pledge or create a security interest in or otherwise deal with any of his Shares in the Corporation or any of his/her/its shares or other legal or beneficial interest in another Shareholder, provided however, that any Shareholder shall be entitled to transfer Shares to a spouse or other family member living in the same household, any corporation controlled by the Shareholder or a family trust of which the Shareholder is a beneficiary or trustee, provided the transferee agrees to be bound by this Agreement.

- (b) No proposed dealing with any Shares (including the issuance thereof) in violation of this Agreement shall be valid and the Corporation shall not record or transfer any of the Shares dealt with in violation of this Agreement in the records of the Corporation nor shall any voting rights attached to such Shares be exercised, nor shall any dividends be paid on such Shares during the period of such violation. Such disqualification shall be in addition to and not in lieu of any other remedies to enforce the provisions of this Agreement.
- (c) Notwithstanding anything else herein contained, no Shares may be transferred without Board approval pursuant to Section 5.8(s).
- (d) Every transfer of all or a portion of the Shares held by a Shareholder and any issuance of Shares by the Corporation, in addition to restrictions set out in the Articles and Section 5.8(j), shall be subject to the condition that the proposed transferee, or holder, if not already bound by this Agreement, shall first enter into an assumption agreement ("Assumption Agreement") in the form attached hereto as Schedule B. For greater certainty, but without limiting the foregoing, each of the Shareholders shall be bound by the provisions of this Agreement in respect of any Shares which may be acquired by such Shareholder after the date hereof in accordance with the provisions of this Agreement and any Assumption Agreement.

7.2 Offer

Subject to Section 7.4 hereof, if at any time a Shareholder or group of Shareholders, acting in concert (hereinafter collectively referred to as the "Selling Shareholder"), desires to sell to a third party with whom the Selling Shareholder is dealing at Arm's Length all (but not less than all) of the Shares of the Selling Shareholder, the Selling Shareholder shall obtain from the third party a bona fide offer in writing which offer shall be irrevocable for a period of sixty (60) days (hereinafter in this Section 7.2 and Sections 7.3, 7.4 and 7.5 referred to as the "Offer") which it is ready and willing to accept, to purchase such Shares for the amount thereof set forth in the Offer by cash or certified cheque and shall give notice in writing to the other Shareholders (in Sections 7.2, 7.3, 7.4 and 7.5, the "Other Shareholders") of the receipt of the Offer within 10 days thereof together with a copy thereof. The Offer may but need not also provide for the purchase of indebtedness owed by the Corporation to the Selling Shareholder.

7.3 Tag-Along and Purchase Rights

If it is not a Selling Shareholder under Section 7.2, then each other Shareholder (the "Participating Shareholder") shall have the right, subject to the provisions of Section 7.4 hereof, to elect by notice in writing to the Selling Shareholder, within 30 days from the date of receipt of a copy of the Offer to require the third party, as a condition precedent to any sale of the Shares by the Selling Shareholder, to amend the Offer to provide for the purchase of that number of Shares which are the subject matter of the Offer such that each of the Selling Shareholder and each Participating Shareholder shall sell from their respective holdings of Shares a fraction of the number of Shares which are the subject matter of the offer, which fractions shall have as their numerators, in the case of Selling Shareholder, the number of Shares held by the Selling Shareholder, and in the case of the Participating Shareholder, the number of Shares held by the

Participating Shareholder, and the denominator of both such fractions shall be the sum of the number of Shares held by the Selling Shareholder and each Participating Shareholder, for the same price per Share, and at the same time and on the same terms and conditions as contained in the Offer, in which case the Participating Shareholder shall become a "Selling Shareholder" for purposes of this Article 7.

7.4 Right of First Refusal

Except in the case where Section 7.6 shall apply, each Shareholder that is not a Selling Shareholder shall have the irrevocable right, exercisable by written notice given to the Selling Shareholder within 30 days after the giving of the notice by the Selling Shareholder, to purchase all but not less than all of the Shares of the Selling Shareholder or, if a Shareholder has exercised his/her or its option set forth in Section 7.3, the number of Shares of the initial Selling Shareholder and of the Participating Shareholder which are the subject matter of the Offer (in either case, the "Selling Shareholders' Shares"), and, if provided for in the Offer, indebtedness owed by the Corporation to each Selling Shareholder on the terms and conditions and for the amount set forth in the Offer by cash or certified cheque pro rata in proportion to their respective holdings of Shares (or in such other proportions as they may agree among themselves).

In the event that one or more of the Shareholders elects to purchase his, her or its pro rata proportion of the Selling Shareholders' Shares and, if applicable, indebtedness owed to the Selling Shareholder and one or more of the Shareholders declines to elect to so purchase, the Shareholder(s) electing to so purchase shall have the further right and option, exercisable by notice in writing within 5 days of being notified by the Selling Shareholder that one or more of the Shareholders has declined to so purchase, to purchase the remaining Selling Shareholders' Shares and, if applicable, indebtedness owed to the Selling Shareholder on the same terms and conditions and for the amount set forth in the Offer by cash or certified cheque pro rata in proportion to their respective holdings of Shares of such Shareholders (or in such other proportions as they may agree among themselves). The foregoing procedure shall be repeated as often as is necessary until either one or more of the Shareholders have elected to acquire all of the Selling Shareholders' Shares and, if applicable, the indebtedness owed to the Selling Shareholder or until there remain Selling Shareholders' Shares which no Shareholder has elected to purchase.

Where one or more of the Shareholders have elected to purchase all of the Selling Shareholders' Shares, the Offer of the Shareholders so electing for the Shares and, if applicable, the indebtedness owed to the Selling Shareholder shall be completed in accordance with its terms. If there shall remain Selling Shareholders' Shares which no other Shareholder has elected to purchase, notwithstanding that one or more Shareholders has elected to purchase Selling Shareholders' Shares pursuant to this Section 7.4, the right of any Shareholders to acquire the Selling Shareholders' Shares and, if applicable, the indebtedness owed to the Selling Shareholder shall be null and void and the provisions of Section 7.5 shall apply.

7.5 Sale of Shares - Right of First Refusal Not Exercised

If following compliance with Section 7.4, there shall remain Selling Shareholders' Shares which no other Shareholder has elected to purchase, the Selling Shareholder may accept the Offer and complete the transaction with the said third party in accordance with the terms and conditions

of such third party's Offer and the Shareholders hereby agree to take all steps and proceedings required to have such third party entered on the books of the Corporation as a shareholder and, if applicable, as a debt holder of the Corporation, provided that if the sale of such Shares to the third party is not completed within 180 days after the giving of the notice by the Selling Shareholder to the Other Shareholders pursuant to Section 7.2, the provisions of Article 7 shall again apply to any proposed sale of Shares. The Selling Shareholder is hereby irrevocably appointed the agent and attorney of the Shareholders and each of them for the purposes of effecting registration of the third party as a Shareholder of the Corporation. The Board of Directors or the Shareholders (including the Selling Shareholder), as the case may be, before consenting to the transfer of the purchased Shares to the third party, shall require proof that the sale took place in accordance with the third party's Offer and the Board of Directors shall refuse the recording of the transfer of the purchased Shares which may have been sold otherwise than in accordance with the provisions of such Offer and of this Agreement.

7.6 Drag-Along Rights

If one or more of the Shareholder(s) receives a bona fide offer (hereinafter in this Section 7.6 referred to as the "Take-Over Bid"), from a third party dealing at Arm's length with the recipient for all, but not less than all of the outstanding Shares of the Corporation and which such Shareholder(s) wish to accept, such recipient Shareholder(s) shall forthwith advise all of the holders of Shares of the Corporation of such Take-Over Bid. If the holders of Shares of the Corporation holding not less than fifty percent (50%) of the total number of issued and outstanding Shares wish to accept such Take-Over Bid, the recipient Shareholder(s) shall have the right to require the other Shareholders, on 10 days notice in writing to such other Shareholders, to sell all of the Shares held by them to the third party pursuant to the terms of the Take-Over Bid for the amount and on the same terms as set forth in the Take-Over Bid. The Corporation is hereby irrevocably appointed the agent and attorney of all the Shareholders and each of them for the purposes of effecting registration of the third party as a Shareholder and, if applicable, debt holder of the Corporation in completing the sale of the Shares of such other Shareholders to the third party in accordance with this Section 7.6.

Each Shareholder agrees that neither he nor any Related Person will, directly or indirectly, enter into any collateral agreement, commitment or undertaking which would have the effect, directly or indirectly, of providing additional consideration to such Shareholder or any Related Person of such Shareholder for any Shares of the Corporation sold by such Shareholder which is not available to other Shareholders on a sale of its Shares of the Corporation pursuant to this Section.

7.7 Rights of Purchaser

Any purchaser of Shares from any Shareholder in accordance with the provisions of this Agreement shall be entitled to all of the benefits accruing to such Shareholder hereunder and shall be subject to the obligations of such Shareholder hereunder.

**ARTICLE 8
REPRESENTATIONS AND WARRANTIES**

8.1 General

Each Shareholder hereby represents and warrants to each other Shareholder and that such Shareholder:

- (a) is neither a party to nor bound by any agreement regarding the ownership of his Shares, other than this Agreement or an agreement to effect a transfer of Shares in accordance with the terms of this Agreement;
- (b) is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, charter or bylaw provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution and delivery by such Shareholder of this Agreement or the performance by such Shareholder of any of the terms hereof; and
- (c) owns his Shares beneficially and as of record with good and marketable title thereto free and clear of all legal rights and encumbrances.

8.2 The Corporation

The Corporation hereby represents and warrants to each Shareholder that, as at the date of this Agreement:

- (a) the Corporation is a taxable Ontario corporation within the meaning of the ITA;
- (b) the Corporation carries on no business other than the Business;
- (c) not less than 90% of the fair market value of the property of the Corporation is attributable to property used in the Business;
- (d) the recitals to this Agreement are true and correct.

**ARTICLE 9
ADDITIONAL CAPITAL**

9.1 Related Party Loans

Unless the Board of Directors otherwise consent, all loans from any Related Party shall be made on commercially reasonable terms and conditions.

9.2 Future Financings, Pre-Emptive Rights

If the Corporation requires additional capital by way of debt or equity, it shall first advise the Shareholders of its requirements in writing, including a term sheet outlining the terms and

conditions on which it is prepared to issue such debt or equity and the target closing date (which shall not be less than 14 days following the date of delivery of such notice). Upon receiving such notice, each Shareholder shall have fourteen (14) days within which to notify the Corporation if it wishes to provide the required financing on such terms and conditions.

During that time, the Corporation shall provide to the Shareholders, at their request, all such information as they may reasonably require to make their determination. In the event more than one Shareholder wishes to accept the terms of the financing, they shall participate pro rata based on the respective number of Shares held by such Shareholder (or in such other proportion as they may agree to). In the event that any or all Shareholders fail to give notice within the prescribed time period as aforesaid, or agree to purchase only a portion of such debt or equity, the Corporation shall be free to pursue obtaining the remaining portion of such debt or equity financing with other Persons on terms no less favourable to the Corporation or more favourable to such Persons than those set forth in the term sheet provided to the Shareholders.

9.3 Exceptions to Pre-emptive Rights

Notwithstanding Section 9.2 hereof, no Shareholder shall have any rights thereunder in respect of:

- (a) the issue of any options or Shares pursuant to a stock option plan for employees and other persons approved by the Board in accordance with Section Error! Reference source not found. hereof;
- (b) shares issued pursuant to the exercise of conversion privileges, options or rights previously granted by the Corporation in accordance with Section 9.2;
- (c) an Initial Public Offering.

9.4 Employee Incentive Plan

In addition to the requirements of Section 5.8(o), any employee stock option or stock purchase plan, or other plan providing employee incentives which base their value on the Shares, shall require the approval of the Board of Directors if:

- (a) more than 10% of the current number of Shares (on a fully diluted basis), including phantom shares, stock appreciation rights and other similar incentives, if any) can be issued under such plan or plans; and
- (b) more than 25% of the total number of Shares allocated under such plan(s) can be issued in any one calendar year.

ARTICLE 10 GENERAL MATTERS

10.1 No Agency or Partnership

Nothing contained in this Agreement shall make or constitute any party the representative,

agent, principal or partner of any other party and it is understood that no party has the capacity to make commitments of any kind whatsoever or incur obligations or liabilities binding upon any other party.

10.2 Notice

Any notice or communication required or permitted under this Agreement shall be in writing and shall be sent by facsimile transmission or by personal delivery and shall be deemed to have been duly made when actually received or delivered. Any party may by written notice to the others, change the address or facsimile number to which transmissions and deliveries shall thereafter be made. Until changed, the address and facsimile number of each of the parties hereto shall be maintained at the head office of the Corporation.

10.3 Deemed Date of Delivery

Any notice given in accordance with the provisions of this Agreement shall be deemed to have been received by the party to which it was addressed on the day of personal delivery, email or other electronic transmission.

10.4 Endorsement of Share Certificates

Any and all certificates representing Shares now or hereafter beneficially owned by the Shareholders during the term of this Agreement shall have endorsed thereon, in bold type, the following legend:

"The securities evidenced by this certificate are subject to the terms of; and disposition and transfer of such securities is restricted in accordance with, the provisions of the first amended and restated shareholders' agreement dated as of ●, 20● (or subsequent revision thereof) made between the Corporation and its Shareholders. A copy of the said agreement, together with all amendments and supplements thereto, is available for inspection from the Secretary of the Corporation on request and without charge at its registered office."

10.5 Assignment

Neither this Agreement nor any rights or obligations hereunder are assignable by the parties hereto without the prior written consent of the Shareholders, subject to the rights of Shareholders to sell their Shares pursuant to the terms of this Agreement and provided that the purchaser of such Shares agrees to be bound hereby. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal personal representatives, successors and permitted assigns.

10.6 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. This Agreement may be executed and delivered by any party by electronic signature.

10.7 Publicity

Any Shareholder of the Corporation shall have the right to disclose to whomsoever in any manner its ownership of shares in the capital of the Corporation and the debt owing by the Corporation to that Shareholder.

The remainder of this page is intentionally left blank.

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

HEALTHCHAIN INC.

Per: _____
Name: ●
Title: ●

I have authority bind the corporation.

Per: _____
Name: ●
Title: ●

_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●

SCHEDULE A

List of Shareholders (as of ●, 20●)

<u>Shareholder Name</u>	<u>Number of Shares</u>
REDDs Technology Fund I L.P.	1,000,000
Ontario Centres of Excellence	125,000
Anatoly Langer	250,000
Tony Lacavara (Globalive)	50,000
Said Khour	50,000
Charlotte Schwartz	50,000
Faskens Martineau DuMoulin LLP	14,654
Jeffrey Sleep	17,775
Andrew Shinewald	<u>17,775</u>
Total	1,575,164

**SCHEDULE B
SHAREHOLDER ASSUMPTION AGREEMENT**

THIS AGREEMENT is made the _____ day of _____, 20●,

BETWEEN:

(herein referred to as the "New Shareholder")

Address of New Shareholder

OF THE FIRST PART

- and -

HEALTHCHAIN INC., a corporation duly incorporated
pursuant to the laws of Ontario

(herein referred to as the "Corporation")

OF THE SECOND PART

WHEREAS:

The Corporation and certain of its shareholder(s) are parties to an amended and restated shareholders' agreement made as of ●, 20● (herein referred to as the "Shareholder Agreement").

- (a) Pursuant to the Shareholder Agreement, there can be no issue of any Shares of the Corporation to the New Shareholder unless the New Shareholder first enters into an Assumption Agreement.
- (b) The New Shareholder desires to receive Shares of the Corporation and the Corporation desires to issue Shares of the Corporation to the New Shareholder.
- (c) The New Shareholder desires to observe and be bound by the terms of the Shareholder Agreement so that the provisions thereof will govern his/her rights and obligations in relation to the parties thereto.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree each with the other as follows:

Recitals

The New Shareholder acknowledges and declares that the foregoing recitals, insofar as they relate to such party, are true and correct.

Covenant to be Bound

The New Shareholder covenants and agrees to be bound by the terms of the Shareholder Agreement in the same manner as if he/she had been an original party thereto.

Jurisdiction

This Assumption 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.

Meanings

Terms used in the Shareholder Agreement shall have the same meaning as used therein when used herein.

The remainder of this page is intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have duly executed this Assumption Agreement as of the date first above written.

HEALTHCHAIN INC.

By:

Name:

Title: Authorized Signing Officer

I have authority to bind the corporation.

[if individual

[insert legal name of new shareholder]

Witness

Name:

[if NOT individual

[insert legal name of new shareholder]

By:

Name:

Title: Authorized Signing Officer

I have authority to bind the corporation.

TAB 4

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

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

THE HONOURABLE)	WEDNESDAY, THE 14th
)	
JUSTICE DIETRICH)	DAY OF OCTOBER, 2020

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

Applicant

ORDER
(Approving Proposal)

THIS MOTION, made by Dodick Landau Inc., the trustee (in such capacity, the “**Proposal Trustee**”) in the proposal (the “**Proposal**”) of Healthchain Inc. (“**Healthchain**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) was heard this day by video conference due to the COVID-19 crisis.

ON READING the Report on the Proposal of the Proposal Trustee dated October 1, 2020 (the “**Report**”), including the Exhibits thereto, and on hearing the submissions of counsel for the Proposal Trustee, counsel for Healthchain, and counsel for those other parties listed on the Counsel Slip, no one appearing for any other person on the Service List, although properly served as appears from the Affidavit of Service of ◊, sworn ◊, filed,

SERVICE

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

APPROVAL OF PROPOSAL

2. **THIS COURT ORDERS** that defined terms not otherwise defined herein shall have the meanings attributed to them in the Proposal.

3. **THIS COURT ORDERS AND DECLARES** that the Proposal, as set out at **Tab 3** to the Motion Record of the Trustee and **Appendix "A"** to the Report and Annexed hereto as **Schedule "A"**, is hereby approved.

4. **THIS COURT ORDERS AND DECLARES** that, pursuant to paragraph 43 of the Proposal, on the Maturity Date, each and every present and former officer and director of Healthchain shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of Healthchain where such persons are by law liable in the capacity as directors for the payment of such obligations, provided that nothing herein shall release or discharge any director or officer of Healthchain from any claims coming within the exceptions set out in s.50(14) of the BIA and set out in the Proposal.

5. **THIS COURT ORDERS AND DECLARES** that Sections 95 to 101 of the BIA shall not apply to any dealings by Healthchain at any time prior to the Date of Filing. The Releases contemplated by the Proposal included releases from all claims, actions and remedies available under sections 95-101 of the BIA, providing that directors of Healthchain shall not be released from any claims coming within the exceptions set out in s.50(14) of the BIA.

APPROVAL OF REPORT ON PROPOSAL

6. **THIS COURT ORDERS** that the Report, and the conduct and activities of the Proposal Trustee as set out therein, be and are hereby approved.

DISCHARGE OF ENHANCED POWERS OF TRUSTEE AND CHARGES

7. **THIS COURT ORDERS** that upon the filing of the Certificate of Full Completion of Proposal on the Maturity Date, the Proposal Trustee shall be discharged from all of the enhanced powers granted to the Proposal Trustee by the Order of Koehnen, J. dated March 5, 2020 (the “**Enhanced Powers Order**”), and that the Administration Charge granted under the Enhanced Powers Order and the DIP Lenders Charge granted by the Order of Koehnen, J. dated May 7, 2020 will also be discharged from the Property of Healthchain on the same date.

Schedule "A"

Proposal of Healthchain Inc.

Court File No. 31-2646144
Estate No. 31-2646144

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

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

**PROPOSAL
(August 25, 2020)**

HEALTHCHAIN INC. hereby submits the following Proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

**PART I
INTERPRETATION**

Definitions

1. In this Proposal:

- (a) "Accredited Investor" means an Accredited Investor as defined in National Instrument 45-106;
- (b) "Act" means the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended.
- (c) "Administration Charge Order" means the Order of the Court approving the administration charge, dated May 7, 2020;
- (d) "Administrative Fees and Expenses" means the fees and expenses of the Trustee and its counsel incidental to the NOI and the preparation and facilitation of the Proposal and any amendments thereto, including, without limitation, fees incurred by the Trustee in the administration of the Proposal Payment, and the legal fees and expenses incurred by the Trustee and the Company before and following execution, acceptance and approval of this Proposal, and in connection with the NOI and the preparation of this Proposal, as well as advice to the Company in connection therewith;
- (e) "Affected Creditors" means those Creditors of the Company forming the sole class of creditors, as defined in Part III of this Proposal;

- (f) **"Approval Order"** means an order of the Court approving this Proposal, to be granted pursuant to the provisions of the Act, the appeal period having expired, and no appeal having been filed or any appeal therefrom having been dismissed and such dismissal having become final;
- (g) **"Business Day"** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (h) **"Certificate of Full Performance"** means the certificate that the Trustee issues to the Company and to the Official Receiver pursuant to Section 65.3 of the Act;
- (i) **"Claim"** means any right of any Person with indebtedness, liability or obligation of any kind against the Company which indebtedness, liability or obligation is in existence at the Date of Filing, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by surety or otherwise and whether or not such a right is executory in nature including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause, chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or at the time of Date of Filing;
- (j) **"Company"** means HealthChain Inc.;
- (k) **"Court"** means the Ontario Superior Court of Justice (Commercial List);
- (l) **"Court Approval Date"** means the date on which the Approval Order is issued;
- (m) **"Creditor"** means any Person having a Claim;
- (n) **"Creditors Meeting"** means the meeting of the Affected Creditors called for the purpose of considering and voting upon this Proposal;
- (o) **"Crown Claims"** means Claims of Her Majesty in right of Canada or any province of all amounts of a kind contemplated by section 60(1.1) of the Act;
- (p) **"Date of Filing"** means February 28, 2020, being the date on which the Company filed the NOI;
- (q) **"DIP Lender"** means REDDS Technology Fund I L.P. pursuant to the Order of Koehnen J. dated May 7, 2020;

- (r) **"DIP Lender's Claim"** means the claim of the DIP Lender in respect of amounts advanced pursuant to the charge as set out in the Order of Koehnen J. dated May 7, 2020;
- (s) **"Employee Preferred Claim"** means a Claim by a current or former employee of the Company, or such portion of such Claim, that would be payable in priority under Subsection 136(1) of the Act;
- (t) **"Effective Date"** means 10 calendar days from the date of the Approval Order, unless the Approval Order is appealed, in which case the Effective Date means the later of: (i) one Business Day after the full and final determination of the appeal; and (ii) the expiry of any further appeal periods;
- (u) **"Event of Default"** has the meaning given to it in Part VIII of this Proposal;
- (v) **"Inspectors"** means the inspectors appointed pursuant to Part X of this Proposal;
- (w) **"Levy"** means the levy imposed by the Superintendent of Bankruptcy under the Act;
- (x) **"Levy Payment Fund"** means the amount up to \$5,000 advanced by the DIP Lender to the Company prior to the Effective Date to pay in cash the Levy imposed in respect of the Shares.
- (y) **"Maturity Date"** means the date on which all payments to the Creditors have been made, all Shares have been issued under this Proposal, and the Certificate of Full Performance has been issued by the Trustee to the Company, provided that no Event of Default has occurred that has not been cured or waived;
- (z) **"NOI"** means the Notice of Intention to Make a Proposal filed by the Company on February 28, 2020;
- (aa) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (bb) **"Post-Filing Crown Claims"** means all Crown Claims that became due or shall become due on or after the Date of Filing;
- (cc) **"Post-Filing Goods and Services"** means the goods supplied, services rendered, and other consideration given or provided to the Company on or after the Date of Filing;

- (dd) **“Pre-Filing Crown Claims”** means all Crown Claims that were outstanding as at the Date of Filing;
- (ee) **“Preferred Claim”** means any claim that is afforded priority under Section 136(1) of the Act;
- (ff) **“Preferred Creditor”** means any Unsecured Creditor holding a Preferred Claim, solely in respect to that Preferred Claim;
- (gg) **“Proposal”** means this proposal dated August 25, 2020, together with any amendments or additions thereto;
- (hh) **“Proposal Period”** means the period between the Court Approval Date and the Maturity Date;
- (ii) **“Proven”** as used in relation to any Claim means such Claim as finally accepted or determined by the Trustee in accordance with the provisions of the Act and this Proposal, subject to the Creditor’s right of appeal to Court, the Court’s determination of that Claim or any applicable appeal periods having expired and no appeal having been made;
- (jj) **“Secured Claim”** means any Claim by a Secured Creditor, excluding the Crown Claims;
- (kk) **“Secured Creditor”** means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Company or any part thereof as security for a Claim, but excludes the Canada Revenue Agency to the extent of its Crown Claims;
- (ll) **“Shares”** means fully participating common shares in the share capital of the Company;
- (mm) **“Trustee”** means Dodick Landau Inc. solely in its capacity as proposal trustee of the Company;
- (nn) **“Unanimous Shareholder’s Agreement”** means the agreement in substantially the same form and substance as appended hereto as Schedule “B”.
- (oo) **“Unsecured Claim”** means the value of any Proven Claim in respect of which no Security is held; and
- (pp) **“Unsecured Creditors”** means those Persons with Claims in respect of which no security is held, and which is not afforded priority under Section 136(1) of the Act.

- (qq) "Unsecured Payment Fund" means, an amount up to \$10,000 advanced by the DIP Lender to the Company prior to the Effective Date to pay the Proven Claims of Unsecured Creditors.

Headings

2. The division of this Proposal into parts, paragraphs and subparagraphs, and the insertion of headings herein, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Number, etc.

3. In this Proposal, where the context requires, a word importing the singular includes the plural and vice versa, and a word importing gender includes the masculine, feminine and neuter genders.

Date for Action

4. In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next day that is a Business Day.

Accounting Principles

5. Accounting terms not otherwise defined in this Proposal have the meanings assigned to them in accordance with generally accepted Canadian accounting principles.

PART II PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of Proposal

6. The purpose of this Proposal is to effect a restructuring of the indebtedness of the Company in the manner contemplated herein and as permitted by the Act in the expectation that all Creditors will derive a greater benefit from the Proposal than would result from a bankruptcy of the Company.

Effect of Proposal

7. During the Proposal Period, and provided that an Event of Default has not occurred and is continuing hereunder, all Creditors will be stayed from commencing or continuing any proceeding or remedy against the Corporation or any of its property or assets in respect of a Claim including, without limitation, any proceeding or remedy to recover payment of any monies, to recover or enforce any judgment against the Company in respect of a Claim or to commence any formal proceedings against it other than as provided for under this Proposal.

8. Upon implementation of all elements of this Proposal, and the filing of the Certificate of Full Performance by the Trustee, all Claims against the Company and its directors shall be fully, finally and completely satisfied.

**PART III
CLASSIFICATION OF CREDITORS**

9. For the purpose of this Proposal, the Creditors of the Company shall be comprised of two classes:
- a) The DIP Lender in respect of the DIP Lender's Claim; and
 - b) Creditors having Proven Preferred Claims and Unsecured Claims, which, for greater certainty, shall include Preferred Creditors entitled to vote pursuant to the Act and claims of Her Majesty in right of Canada and any province for all amounts other than Crown Claims.

**PART IV
SECURED CREDITORS**

10. There are no Secured Creditors with outstanding claims against the Company other than the DIP Lender. The DIP Lender's Claim shall be treated in accordance with Part V.

**PART V
TREATMENT OF VARIOUS CLAIMS,
FUNDING OF PROPOSAL AND DISTRIBUTION**

Crown Claims

11. The Company covenants and agrees to, within six months after the Effective Date, pay in full all amounts that were outstanding at the Date of Filing of a kind that could be subject to a demand under: (i) Subsection 224(1.2) of the ITA; (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to s. 224(1.2) of the ITA 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, penalty or other amounts; or (iii) under any substantially similar provision of provincial legislation, including all amounts contemplated by Section 60(1.1) of the Act. This payment of Crown Claims (if any) will be made in addition to the payments from the Unsecured Payment Fund.
12. The Company does not owe any amount to the Canada Revenue Agency for employee source deductions withheld but not remitted, including related penalties and interest calculated up to the Date of Filing.

Preferred Claims

13. Proven Preferred Claims, including Employee Preferred Claims, if any, shall be paid without interest, out of the Proposal Payment, in priority to Proven Unsecured Claims.
14. The Company does not owe any amounts to employees.

Conversion to Equity

15. For the purposes of this Proposal, the valuation of all the issued and outstanding Shares of the Company shall be deemed to be \$100,000 as at the Effective Date and all issuances of Shares to Creditors shall be in full satisfaction of such indebtedness, at a subscription price and stated capital value equal to the outstanding indebtedness of the Company to the unsecured creditors, on the basis of 1 Share for each \$1 of indebtedness.
16. For illustrative purposes, the appendix attached as Schedule "A" describes the proposed *pro rata* distribution of Shares to the known Creditors of the Company.

DIP Lender's Claim

17. The DIP Lender shall receive Shares in full and final satisfaction of the outstanding DIP Lender's Claim in accordance with Paragraph 15.

Unsecured Creditors

18. Unsecured Creditors who are Accredited Investors shall receive Shares in full and final satisfaction of their Proven Claims. On the Effective Date, the Company shall issue Shares to Unsecured Creditors who have executed a form representing to the Proposal Trustee that they are Accredited Investors.
19. Unsecured Creditors who are not Accredited Investors, 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 Subparagraph 19 shall not exceed 25% of the value of any Unsecured Creditors' Proven Claim.
20. Shares acquired pursuant to this Proposal shall be subject to a Unanimous Shareholder's Agreement in the form appended hereto as Schedule "B". No creditor shall be entitled to acquire shares without becoming party to the Unanimous Shareholder's Agreement.

Distributions

21. All distributions made pursuant to this Proposal shall be without interest or penalty and subject to deduction for the Levy and the Proposal Trustee shall remit in cash

the amount of the Levy to the Superintendent of Bankruptcy contemporaneously with the distributions to the Unsecured Creditors.

22. Subject to the terms and conditions of this Proposal, and the payment of the Levy (as applicable), payments shall be distributed by the Proposal Trustee in the following order of priority:
- (a) first, to pay Administrative Fees and Expenses;
 - (b) second, to Proven Employee Preferred Claims and the Claims of Preferred Creditors;
 - (c) third, to Unsecured Creditors receiving cash payments in accordance with Paragraph 19 of this Proposal.

Amendments to Agreements

23. Notwithstanding the terms and conditions of all agreements or other arrangements with Creditors entered into before the Date of Filing, provided that no Event of Default has occurred and is continuing hereunder, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern. All Creditors will provide such acknowledgements, agreements, discharges or other documentation as may be necessary to give effect to the intent of this Proposal.

Treatment of Claims

24. For purposes of this Proposal, each Creditor holding a Claim will receive the treatment provided for in this Proposal on account of such Claim.

PART VI POST-FILING OBLIGATIONS

Payment of Post-Filing Goods & Services

25. During the Proposal Period, all Post-Filing Goods and Services, if any, shall be paid in full in the ordinary course of business by the Company.

Post-Filing Crown Claims

26. During the Proposal Period, the Company shall remit all Post-Filing Crown Claims, if any, as and when due.

Administrative Fees and Expenses

27. Payment of all proper Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in the bankruptcy, if any, will be made in priority to all claims, including Crown Claims, if any. The Proposal Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Proposal Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

PART VII LEVY, MANDATORY PAYMENTS AND PREFERRED CLAIMS

Levy

28. The Levy, if applicable, shall be deducted by the Trustee from payments to creditors by the Trustee. Where the Levy applies to issuances of Shares, payment of the Levy shall be in cash in lieu of Shares and shall be made from the Levy Payment Fund.

Payment of Fees and Expenses

29. The Administrative Fees and Expenses, on and incidental to the proceedings arising out of the Proposal, or in a bankruptcy, if any, shall be paid in priority to the Crown Claims, the Claims of Preferred Creditors, and the Claims of Unsecured Creditors. The Trustee will be at liberty to withdraw and pay such Administrative Fees and Expenses at any time and from time-to-time subject to final approval by the Registrar in Bankruptcy upon completion of the Proposal. The Trustee's disbursements will be charged in addition to its fees based on the actual costs incurred and/or as allowed by tariff.

Preferred Claims

30. As per Part V of this Proposal, all Proven Preferred Claims and Proven Employee Preferred Claims (if any) are to be paid without interest in full priority to all Claims of the Unsecured Creditors including, without limitation, any entitlement of the Unsecured Creditors to the payments to be made under Part V of this Proposal.

PART VIII BOARD OF DIRECTORS AND NEW MANAGEMENT

31. On the Effective Date, the current Board of Directors of the Company shall be terminated and the following individuals appointed as Directors of the Company:
- (a) Ronald Shon
 - (b) Nicholas Zamora

- (c) Dennis Giokas
32. Within ten (10) days of the Effective Date, the Board of Directors shall call a meeting to, among other things, appoint and approve compensation for new management of the Company, including but not limited to:
- (a) Nicholas Zamora as CEO;
 - (b) Adam Cole as Technology Advisor;
 - (c) Daniel Renton as Chief Revenue Officer;
 - (d) Rohan D'Souza as CTO;
 - (e) Dr. Marion Lyver as Advisor; and
 - (f) Ian Chalmers as Advisor.

PART IX EVENTS OF DEFAULT

33. The following will constitute an Events of Default for purposes of section 63 of the Act and otherwise under this Proposal:
- (a) the breach or failure by the Company to observe and perform any other covenant and provision of this Proposal which is not remedied within thirty (30) days after written notice thereof has been given to the Company by the Trustee.

PART X TRUSTEE

34. The Trustee is acting solely in its capacity as proposal trustee under the Act and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with this Proposal or in connection with the business or liabilities of the Company.
35. Any payments made by the Trustee to Creditors hereunder shall be made by the Trustee net of any levies payable or due under the Act.

PART XI INSPECTORS

Appointment of Inspectors

36. At the Creditors Meeting, the Affected Creditors will be entitled to appoint one (1) or more, but not exceeding five (5) Inspectors in total.

Powers of Inspectors

37. The Inspectors, by way of majority, will have the following powers, but will have no personal liability to the Company or other Creditors:
- (a) the power to extend the dates the Proposal Payment is due under this Proposal;
 - (b) the power to waive any default in the performance of any provision of this Proposal; and
 - (c) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.
38. The Proposal Trustee may, in accordance with the Act, apply to the Court regarding any decision, direction or act of the Inspectors and the Court may confirm, reverse, or modify the decision, direction or act and make such order as it thinks just.
39. The authority and term of office of the Inspectors will terminate upon the issuance of the Certificate of Full Performance.

PART XII CONDITIONS PRECEDENT

Creditor Approval

40. The Trustee shall call a meeting of the Affected Creditors of the Company to seek creditor approval for the Proposal in the requisite majority in number and value of the classes, as set out in the Act, of each of the classes of creditors described in this Proposal. The performance of this Proposal by the Company shall be conditional upon approval of the Affected Creditors. If the Affected Creditors do not approve the Proposal, the Trustee shall report on the result of the vote as required under section 57 of the Act and the Company shall be deemed bankrupt.

Court Approval

41. In the event the Proposal is approved by the Affected Creditors the Trustee shall, within 5 days of such approval, apply to the Court for a hearing to seek the Approval Order in the form acceptable to the Trustee. The performance of this Proposal by the Company shall be conditional upon the issuance of the Approval Order. In the event that the Court does not approve the Proposal, the Company shall be deemed bankrupt.

PART XIII RELEASES

42. As at 12:01 a.m. the Maturity Date, the Company, shall be released and discharged from any and all Claims. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.
43. As of 12:01 a.m. the Maturity Date, each and every present and former officer and director of the Company shall be released from claims against them that arose before the Date of Filing and that relate to the obligations of the Company where such persons are by law liable in their capacity as directors for the payment of such obligations, provided that nothing herein shall release or discharge any director or officer of the Company from any claims coming within the exceptions set out in section 50(14) of the Act. This release shall have no force or effect if the Company becomes bankrupt before the terms of the Proposal are fully performed.

PART XIV MISCELLANEOUS

Preferential Payments

44. Sections 95 to 101 of the Act shall not apply to any dealings by the Company at any time prior to the Date of Filing unless the Company becomes bankrupt before the terms of the Proposal are fully performed. The releases contemplated in Part XII of this Proposal include releases from all claims, actions, or remedies available to Creditors or others pursuant to Sections 95 to 101 of the Act, provided that nothing herein shall release any director of the Company from any claims coming within the exceptions set out in Section 50(14) of the Act.

Consents, Waivers and Agreements

45. On the Effective Date, all Creditors will be deemed to have consented and agreed to all of the provisions of this Proposal in its entirety. For greater certainty, each such Creditor will be deemed to have waived any default by the Company in any provision, express or implied, in any agreement existing between the Creditor and the Company that has occurred on or prior to the Date of Filing, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Further Actions

46. The Company and the Creditors will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal and to give effect to the transactions contemplated hereby.

Performance

47. All obligations of the Company under this Proposal will commence as of the Effective Date. All obligations of the Company under this Proposal will be fully performed for the purposes of Section 65.3 of the Act only upon the Company having made the payments to the Trustee provided for herein and a Certificate of Full Performance is issued by the Trustee to the Company and the Office of the Superintendent of Bankruptcy.

Binding Effect

48. The provisions of this Proposal will be binding on the Creditors and the Company, and their respective heirs, executors, administrators, successors and assigns, upon issuance of the Approval Order after all appeal periods have expired.

**PART XV
ANNULMENT OF PROPOSAL**

49. If this Proposal is annulled by an order of the Court, all payments and issuances of Shares on account of Claims made pursuant to the terms of this Proposal will reduce the Claims of Creditors.

**PART XVI
AMENDMENTS**

50. The Company may propose amendments to the Proposal at any time prior to the conclusion of the Creditors Meeting provided that any such amendment does not reduce the rights and benefits given to the Creditors pursuant to the Proposal before such amendment and that any and all amendments shall be deemed to be a part of and incorporated into the Proposal.

DATED at the City of Toronto, in the Province of Ontario, as of this 25th day of August 2020.

HealthChain Inc.

Ronald Shon

Per: Ronald Shon (Aug 25, 2020 13:58 PDT)

Name: Ronald Shon

Title: Director

SCHEDULE "A"

PROPOSED SHARE DISTRIBUTION

HealthChain Inc.

Distribution of Shareholdings to Unsecured Creditors Post-Proposal

Prepared by Management on August 24, 2020

	<u>Amount</u>	<u>%</u>
<u>Known Unsecured Creditors:</u>		
REDDs Capital	\$ 1,000,000	24.48%
Ontario Centres of Excellence	125,000	3.06%
Anatoly Langer	250,000	6.12%
Tony Lacavara (Globalive)	50,000	1.22%
Said Khour	50,000	1.22%
Charlotte Schwartz	50,000	1.22%
Faskens	14,654	0.36%
Jeffrey Sleep	17,755	0.43%
Andrew Shinewald	17,755	0.43%
Total	\$ 1,575,164	38.56%

Note 1: This model is provided for illustrative purposes only. The final share issuance is dependent on the actual amount of each creditor's proven claim.

Note 2: The unsecured creditors of Healthchain Inc. will receive a total of 1,575,164 shares upon implementation of the Proposal. New management will be appointed by the Board pursuant to this Proposal and will be granted shares as compensation. The anticipated total share holdings of the unsecured creditor pool upon the appointment of new management will be approximately 38.56% of the total issued and outstanding shares of the corporation with each creditor's proportionate share holding as set out in this illustration.

SCHEDULE "B"
UNANIMOUS SHAREHOLDER'S AGREEMENT

HealthChain Inc.

FIRST AMENDED & RESTATED SHAREHOLDERS' AGREEMENT

(• of •, 20•)

THIS FIRST AMENDED & RESTATED AGREEMENT is made on ●, 20●.

BETWEEN:

Ontario HealthChain Inc., a corporation incorporated under the laws of the Province of
(the "Corporation")

and -

Those Persons listed on Schedule A attached hereto

and -

Those additional persons who may become a party to this Agreement upon execution of an Assumption Agreement

WHEREAS the Corporation was incorporated under the OBCA on March 24, 2017;

AND WHEREAS the authorized capital of the Corporation consists of an unlimited number of ● Shares;

AND WHEREAS as of the date hereof, there are issued and outstanding 1,575,164 Shares, with such Shares being held by those persons listed on Schedule A attached hereto (the "Shareholders");

AND WHEREAS the Corporation and the Shareholders have entered into this Agreement to establish their respective rights and obligations in respect of the issued and unissued shares of the Corporation, the management and conduct of its business and various other matters hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the agreements contained in this Agreement and other valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings, respectively:

"Agreement" means this first amended and restated agreement and all schedules attached hereto and any and all amendments made hereto by written agreement among the parties hereto;

"Annual Business Plan" has the meaning ascribed in Section 4.1;

"Arm's Length" has the meaning ascribed to such term by the ITA;

"Articles" means the Articles of Incorporation of the Corporation as may be amended or restated from time to time;

"Business" has the meaning ascribed thereto in Section 4.1;

"Business Day" means any day other than Saturday, Sunday or a day on which the federal government offices are closed in Ontario;

"Bylaws" means the bylaws of the Corporation from time to time in force and effect;

"Corporation" means HealthChain Inc. and shall include, for all purposes (unless the context otherwise reasonably excludes), any Subsidiary of the Corporation;

"Directors", "Board of Directors" and "Board" means the persons who are, from time to time, duly elected as directors of the Corporation;

"Fair Market Value" means the highest cash price in terms of money which would be obtained as at the date specified in the applicable Section hereof if all the Shareholders of the Corporation sold all of their respective Common Shares in an open and unrestricted market without compulsion to a willing and knowledgeable purchaser acting at arms' length and where in determining such Fair Market Value: (1) the value of each Common Share is based on the value of all of the Common Shares (on a fully diluted basis); (2) no diminution or accretion in value is attributed to any majority or minority interest; (3) the value of any insurance on the life of any shareholder or employee and the proceeds of such insurance shall be excluded so long as such shareholder or employee is alive; (4) the value of all intangible and unrecorded assets is included;

"Initial Public Offering" means a fully-marketed initial public offering of securities, or a reverse take-over or other transaction or transactions, either of which results in the Shares becoming publicly traded on a recognized North American stock exchange contemporaneously with the closing of such transaction.

"ITA" means the Income Tax Act (Canada);

"OBCA" means the Business Corporations Act (Ontario);

"Person" means an individual, partnership, limited liability partnership, corporation, trust, unincorporated association, joint venture, governmental agency or other entity;

"Related Parties" means Shareholders and Persons related to Shareholders as the term "related" is defined by the ITA or applicable securities regulatory authorities; and **"Related Party"** shall mean any one of such parties;

"Shares" means the common shares and/or any other class(es) of shares in the capital of the Corporation authorized to be issued pursuant to the Articles;

"Shareholders" means collectively all share owners and any person to whom a Shareholder transfers any Shares in accordance with the terms of this Agreement and **"Shareholder"** means, individually, any one of them;

"Subsidiary" means a corporation controlled by the Corporation from time to time, as the term "control" is defined by the OBCA.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction and interpretation of this Agreement.

1.3 Construction

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender and neuter.

1.4 Applicable law

This Agreement shall be construed and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

1.5 Severability

Each provision of this Agreement is intended to be severable. If any provision hereof is illegal or invalid, such provision shall be deemed to be severed and deleted herefrom and such illegality and invalidity shall not affect the validity or enforceability of the remainder hereof.

1.6 Currency

All references to dollars in this Agreement shall be to Canadian dollars.

1.7 Entire agreement

This Agreement constitutes the entire agreement among the parties hereto with regard to the subject matter hereof and supersedes all prior shareholders agreements (unanimous or otherwise), understandings, representations or warranties, negotiations and discussions, whether oral or written, among the parties hereto with respect thereto.

1.8 Amendment

No amendment of this Agreement shall be binding unless (i) made in writing and signed by all Shareholders or (ii) approved at a duly convened Shareholder meeting, in each case by the approval of at least fifty one (51%) of the total issued Shares.

1.9 Waiver

No waiver by any party hereto of any breach of any of the provisions of this Agreement shall take effect or be binding upon such party unless in writing and signed by such party. Unless otherwise provided therein, such waiver shall not limit or affect the rights of such party with respect to any other breach.

1.10 Time of essence

Time shall be of the essence of this Agreement.

1.11 Further acts

The Shareholders agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.

1.12 Accounting principles

References in this Agreement to generally accepted accounting principles shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants (CICA), or any successor institute, applicable as of the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.13 Gender and number

Any reference in this Agreement to gender shall include all genders, and words importing the singular number only shall include the plural and vice versa.

1.14 Cross reference

Any definitions which refer to another agreement shall retain their meaning notwithstanding the termination of such agreement unless the context otherwise requires.

1.15 Schedules

The following schedules are incorporated hereinafter and are deemed to be a material component of this Agreement.

- Schedule A* - List of Shareholders (as of ●, 2020)
Schedule B - Assumption Agreement

ARTICLE 2 TERM OF AGREEMENT

2.1 Term

This Agreement shall come into force and effect on the date hereof and shall terminate on the earliest of:

- (a) the date this Agreement is terminated by written agreement of all of the Shareholders;
- (b) the date upon which there shall occur an Initial Public Offering; or
- (c) the date upon which there is only one Shareholder.

ARTICLE 3 IMPLEMENTATION OF AGREEMENT

3.1 Shareholder Covenants

Each of the Shareholders covenants and agrees that he shall vote or cause to be voted the Shares owned by him/her/it to accomplish and give effect to the terms and conditions of this Agreement. At the request of a Shareholder, the Corporation shall call and hold a meeting of its Shareholders as soon as is practicable for the purpose of passing resolutions necessary to give effect to the terms and conditions of this Agreement unless it obtains a written resolution signed by such number of its Shareholders as is necessary to give effect to same.

3.2 Conflict

The Shareholders acknowledge and agree that as of the date hereof conflicts may exist between this Agreement and the Articles and the Bylaws. Each of the Shareholders agrees to vote or cause to be voted the Shares owned by him/her/it so as to cause the Articles or the Bylaws to be amended to resolve each such conflict and any other conflicts in favour of the provisions of this Agreement.

3.3 Covenants by the Corporation

The Corporation consents to the terms of this Agreement and hereby covenants with each

of the Shareholders that it will at all times during the term of this Agreement be governed by the terms and provisions hereof in carrying on its business and affairs, and shall duly comply with, perform or otherwise satisfy all representations, warranties, covenants on its part to be complied with, performed or otherwise satisfied. Each of the Shareholders shall vote or cause to be voted their respective Shares to cause the Corporation to fulfil its foregoing covenant.

ARTICLE 4 CORPORATION'S BUSINESS AND PURPOSE

4.1 Business and Purpose

The business (the "Business") of the Corporation is and shall be the development, customization, enhancement, marketing, licensing, leasing and/or sale of healthcare software products, communication and notification services and all related support and consulting services.

ARTICLE 5 DIRECTORS AND SHAREHOLDERS

5.1 Number of Directors

Unless changed by resolution of the Shareholders, the Corporation shall have up to seven (7) Directors who shall be nominated and elected as provided for in Section **Error! Reference source not found.**

5.2 Nomination and Election of Directors

The current Board is comprised of Nicholas Zamora, Dennis Giokas and Ron Shon.

Each year, the names of the nominees to be proposed as Directors shall be set forth in proxy information prepared by the Corporation in connection with such Shareholder meeting. A majority of votes cast in favour of each year's slate of directors shall be required to approve such slate.

5.3 Indemnity and Insurance

- (a) **Indemnity:** The Corporation hereby indemnifies each Director and his or her heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative proceeding to which he or she is made a party by reason of being or having been a director of the Corporation provided (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and (ii) in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

- (b) **Insurance**: The Corporation will endeavour to secure director and officer liability insurance once annual gross sales exceed the \$500,000 level or as may be determined by the Directors.

5.4 Term of Office

The term of office of a Director shall commence on the date of that individual's election to the Board and shall terminate at the close of the next following annual meeting of the Shareholders, or until their successors are elected or at any time prior thereto if the Shareholder nominating a Director replaces such Director in accordance with Section 5.2. A Director may serve multiple terms.

5.5 Powers and Duties of Directors

Subject to the OBCA and the provisions hereof, the Directors shall manage or supervise the Corporation's Business except as such authority may be delegated by the Directors from time to time, and in exercising such authority the Directors and their delegates shall conduct the Corporation's Business or cause it to be conducted in all material respects in accordance with the Annual Business Plan unless the Shareholders shall otherwise agree in writing.

5.6 Exercise of Authority

- (a) **Frequency of Meetings**: The Board shall meet no less than quarterly in each year.
- (b) **Quorum**: Unless otherwise agreed to in writing by all of the Directors, a quorum of any meeting of the Board shall consist of a majority of Board members.
- (c) **Notice**: Unless all of the Directors are present (except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or those absent waive notice, no meeting of Directors shall be validly convened unless forty-eight (48) hours advance e-mail or written notice thereof is given in accordance with the provisions of the Bylaws.
- (d) **Content of Notice**: No resolution with respect to any matter may be put to any meeting of the Board unless the notice of the meeting contains reasonable detail of the matter or unless all of the Directors either are present and do not object to the matter being put to the meeting or otherwise waive the provisions of this subsection 5.6(d).
- (e) **Audit Committee**: Until otherwise changed by resolution of the Board, the Corporation's Board of Directors shall serve as a de facto Audit Committee with the responsibility of approving the financial statements of the Corporation. In order

to be effective, all decisions of the Audit Committee shall be made by a unanimous vote of its members (in meeting or in writing). Following approval by the Audit Committee (if a separate committee than the Board), financial statements of the Corporation shall be presented to the Board for final approval.

5.7 Reimbursement of Directors Expenses

All Directors are entitled to reimbursement of reasonable expenses incurred in attending each meeting, upon presentation of receipts thereof.

5.8 Extraordinary Matters

Except as otherwise provided in this Agreement, the following matters shall require two-thirds approval of the Board given at a meeting duly called for such purpose in addition to any requirements required by the OBCA:

- (a) the purchase or redemption by the Corporation of any Shares other than as expressly provided in this Agreement, or the declaration, payment or setting aside for payment of any dividend, the distribution of any surplus or earnings, the return of any capital, the repayment or retirement of any indebtedness of the Corporation to any Related Party, or any other payment or distribution of assets of the Corporation to any Related Party;
- (b) any change to the authorized capital structure or amendment to the rights, restrictions, conditions and limitations attaching to any class of share, or any other amendment of the Articles or Bylaws of the Corporation;
- (c) the sale, assignment, transfer, license or conveyance of in any manner whatsoever of any intellectual property of the Corporation out of the ordinary course of business (having regard to the extent of the grant of rights, including the duration of the license, territory, and royalty payments);
- (d) the amalgamation, consolidation, merger of, or the entering into of any agreement to amalgamate, consolidate or merge, the Corporation with any corporation, partnership, joint venture or firm, or the continuance or corporate reorganization of the Corporation of any kind, the incorporation or acquisition of any corporation that would be an Affiliate of the Corporation, or the purchase of any securities of any Person out of the ordinary course of business;
- (e) the making of any loans to, the giving of any guarantee, indemnity or security for the debts of, the giving of any financial assistance to or the making of any investment in, any other Person, other than the giving of trade credit, or the acquisition or investment in any securities;
- (f) the borrowing of any money (other than normal bank operating debt) or any renewal or replacement of any existing lease or term financing, or the mortgaging of real property by the Corporation;

- (g) any transactions with an Affiliate other than transactions in the ordinary course of business with a subsidiary of the Corporation;
- (h) the taking or institution of any proceedings for the winding up, reorganization or dissolution of the Corporation or any of its Affiliates or the making of an assignment for the benefit of any creditors of the Corporation or of any of its Affiliates, the acknowledging of the insolvency of the Corporation or of any of its Affiliates, or the consenting to the appointment of a receiver, receiver-manager, monitor or other person acting in a similar capacity by any secured creditor of the Corporation or of any of its Affiliates;
- (i) any change in the fiscal year end of the Corporation;
- (j) the issuance or allotment by the Corporation of securities or the granting of any right, option or privilege to acquire any securities (except pursuant to an employee incentive plan duly approved by the Board as specified herein), or an Initial Public Offering;
- (k) any change in the Business, including the purchase, establishment or acquisition in any manner of a new business undertaking;
- (l) any change to the business direction or focus as described in the Annual Business Plan of the Corporation.
- (m) the entering into of any contract outside the normal course of business of the Corporation;
- (n) the appointment or removal of any firm of chartered accountants to act as auditor;
- (o) the implementation of an employee stock option or stock purchase plan, the granting of stock options or stock appreciation rights or any similar incentives to employees;
- (p) the sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation, or any removal, destruction, lease, transfer, assignment, sale or other disposition of any such assets out of the ordinary course of business which is not contemplated by the duly approved Annual Business Plan and which sale, lease, exchange or other disposition is for a sale price in excess of \$50,000 per individual item or in excess of \$100,000 for all items in any fiscal year;
- (q) the creation, termination or delegation of powers to a committee of the Board (except as specifically provided herein);
- (r) the entering into of any commercial transactions with the directors, officers, Shareholders or other Persons not dealing at arm's length with the Corporation; and

- (s) any transfer of Shares to any Person which becomes a party to this Agreement and which does not engage, and is not affiliated with any Person which is engaged, in a business which competes directly with the Corporation.

5.9 Meetings of Shareholders

- (a) The quorum for the transaction of business at any meeting of the Shareholders shall be two persons present in person or by proxy holding at least fifty percent (50%) of the Shares entitled to vote at the meeting. No meeting shall continue with the transaction of business in the absence of a quorum.
- (b) Subject to Section 5.8, all questions before the Shareholders shall be decided by a majority of those voting. The chairman of the meeting of the Shareholders shall be decided by a majority of those voting.
- (c) A meeting of Shareholders may be called by the Board upon giving at least ten (10) days written notice of a meeting of Shareholders, such notice to provide sufficient notice of the items of business to be conducted.
- (d) Notwithstanding the provisions of subsection 5.9(a), if proper notice of a meeting of the Shareholders is given and a quorum of Shareholders is not present, then a meeting of the Shareholders may thereafter be held on 14 days written notice of the second meeting to transact the business set forth in the original notice and, subject to the Bylaws and the Act, any Shareholders present at that meeting shall constitute a quorum for the transaction of the business set out in the original notice in respect of that meeting and such business may be transacted by a majority of voting Shares of Shareholders in attendance at the meeting.

5.10 Key Person Insurance

The Corporation covenants with the Shareholders that it will consider a "key person life insurance" policy should one (or more) individual(s) be deemed by the Board to be critical to the success of the Corporation. The Corporation would be the beneficiary of such a policy, and it would partially offset the negative impact from the loss of services of one or more key contributors to the Corporation.

ARTICLE 6 FINANCIAL AND ACCOUNTING PRACTICES

6.1 Financial Information

The Corporation shall deliver to each Shareholder within 90 days of the financial year end of the Corporation one copy of its annual financial statements, which shall be prepared on a consolidated basis, including the balance sheet and statements of income, retained earnings and changes in financial position, together with all supporting schedules. Such financial statements shall be signed by an authorized officer of the Corporation. The Corporation shall furnish to each of the Shareholders the annual consolidated financial statements together with a certificate signed

by the chief financial officer of the Corporation or another senior officer satisfactory to the Board to the effect that such annual financial statements have been prepared in accordance with generally accepted accounting principles and present fairly the financial position of the Corporation at the date thereof and to the effect that the Corporation is not in breach of any of the covenants or representations and warranties contained herein, or, if such is not the case, detailed particulars of all breaches of covenants or representations and warranties, together in either case with reasonably detailed evidence of compliance with all financial covenants contained herein.

6.2 Maintain Books

The Corporation shall maintain accurate and complete books and records of all transactions, receipts, expenses, assets and liabilities of the Corporation in accordance with generally accepted accounting principles, consistently applied as approved and adopted by the Board.

6.3 Review of Books

The Shareholders agree that each of the Shareholders shall, at their own expense unless otherwise agreed by the Shareholders, be entitled to appoint a representative, agent or designee to review, on reasonable notice, all books, documents and records of the Corporation and shall be entitled to make copies thereof for their own purposes. The Shareholders and their respective representatives, agents and designees shall have the right to discuss at any time with management personnel of the Corporation, such matters pertaining to the financial position, operations, investments and financings of the Corporation as may be of interest to the Shareholders, or such representative, agent or designee from time to time.

6.4 Fiscal Year

The fiscal year of the Corporation shall end on the • day of • each year, or such other date as is agreed to by the Board.

ARTICLE 7 SALE AND ISSUANCE OF SHARES

7.1 Sale, Issue and Transfer Restrictions

- (a) Except as otherwise set forth in this Agreement, none of the Shareholders may sell, grant an option to sell, encumber, pledge or create a security interest in or otherwise deal with any of his Shares in the Corporation or any of his/her/its shares or other legal or beneficial interest in another Shareholder, provided however, that any Shareholder shall be entitled to transfer Shares to a spouse or other family member living in the same household, any corporation controlled by the Shareholder or a family trust of which the Shareholder is a beneficiary or trustee, provided the transferee agrees to be bound by this Agreement.

- (b) No proposed dealing with any Shares (including the issuance thereof) in violation of this Agreement shall be valid and the Corporation shall not record or transfer any of the Shares dealt with in violation of this Agreement in the records of the Corporation nor shall any voting rights attached to such Shares be exercised, nor shall any dividends be paid on such Shares during the period of such violation. Such disqualification shall be in addition to and not in lieu of any other remedies to enforce the provisions of this Agreement.
- (c) Notwithstanding anything else herein contained, no Shares may be transferred without Board approval pursuant to Section 5.8(s).
- (d) Every transfer of all or a portion of the Shares held by a Shareholder and any issuance of Shares by the Corporation, in addition to restrictions set out in the Articles and Section 5.8(j), shall be subject to the condition that the proposed transferee, or holder, if not already bound by this Agreement, shall first enter into an assumption agreement ("Assumption Agreement") in the form attached hereto as Schedule B. For greater certainty, but without limiting the foregoing, each of the Shareholders shall be bound by the provisions of this Agreement in respect of any Shares which may be acquired by such Shareholder after the date hereof in accordance with the provisions of this Agreement and any Assumption Agreement.

7.2 Offer

Subject to Section 7.4 hereof, if at any time a Shareholder or group of Shareholders, acting in concert (hereinafter collectively referred to as the "Selling Shareholder"), desires to sell to a third party with whom the Selling Shareholder is dealing at Arm's Length all (but not less than all) of the Shares of the Selling Shareholder, the Selling Shareholder shall obtain from the third party a bona fide offer in writing which offer shall be irrevocable for a period of sixty (60) days (hereinafter in this Section 7.2 and Sections 7.3, 7.4 and 7.5 referred to as the "Offer") which it is ready and willing to accept, to purchase such Shares for the amount thereof set forth in the Offer by cash or certified cheque and shall give notice in writing to the other Shareholders (in Sections 7.2, 7.3, 7.4 and 7.5, the "Other Shareholders") of the receipt of the Offer within 10 days thereof together with a copy thereof. The Offer may but need not also provide for the purchase of indebtedness owed by the Corporation to the Selling Shareholder.

7.3 Tag-Along and Purchase Rights

If it is not a Selling Shareholder under Section 7.2, then each other Shareholder (the "Participating Shareholder") shall have the right, subject to the provisions of Section 7.4 hereof, to elect by notice in writing to the Selling Shareholder, within 30 days from the date of receipt of a copy of the Offer to require the third party, as a condition precedent to any sale of the Shares by the Selling Shareholder, to amend the Offer to provide for the purchase of that number of Shares which are the subject matter of the Offer such that each of the Selling Shareholder and each Participating Shareholder shall sell from their respective holdings of Shares a fraction of the number of Shares which are the subject matter of the offer, which fractions shall have as their numerators, in the case of Selling Shareholder, the number of Shares held by the Selling Shareholder, and in the case of the Participating Shareholder, the number of Shares held by the

Participating Shareholder, and the denominator of both such fractions shall be the sum of the number of Shares held by the Selling Shareholder and each Participating Shareholder, for the same price per Share, and at the same time and on the same terms and conditions as contained in the Offer, in which case the Participating Shareholder shall become a "Selling Shareholder" for purposes of this Article 7.

7.4 Right of First Refusal

Except in the case where Section 7.6 shall apply, each Shareholder that is not a Selling Shareholder shall have the irrevocable right, exercisable by written notice given to the Selling Shareholder within 30 days after the giving of the notice by the Selling Shareholder, to purchase all but not less than all of the Shares of the Selling Shareholder or, if a Shareholder has exercised his/her or its option set forth in Section 7.3, the number of Shares of the initial Selling Shareholder and of the Participating Shareholder which are the subject matter of the Offer (in either case, the "Selling Shareholders' Shares"), and, if provided for in the Offer, indebtedness owed by the Corporation to each Selling Shareholder on the terms and conditions and for the amount set forth in the Offer by cash or certified cheque pro rata in proportion to their respective holdings of Shares (or in such other proportions as they may agree among themselves).

In the event that one or more of the Shareholders elects to purchase his, her or its pro rata proportion of the Selling Shareholders' Shares and, if applicable, indebtedness owed to the Selling Shareholder and one or more of the Shareholders declines to elect to so purchase, the Shareholder(s) electing to so purchase shall have the further right and option, exercisable by notice in writing within 5 days of being notified by the Selling Shareholder that one or more of the Shareholders has declined to so purchase, to purchase the remaining Selling Shareholders' Shares and, if applicable, indebtedness owed to the Selling Shareholder on the same terms and conditions and for the amount set forth in the Offer by cash or certified cheque pro rata in proportion to their respective holdings of Shares of such Shareholders (or in such other proportions as they may agree among themselves). The foregoing procedure shall be repeated as often as is necessary until either one or more of the Shareholders have elected to acquire all of the Selling Shareholders' Shares and, if applicable, the indebtedness owed to the Selling Shareholder or until there remain Selling Shareholders' Shares which no Shareholder has elected to purchase.

Where one or more of the Shareholders have elected to purchase all of the Selling Shareholders' Shares, the Offer of the Shareholders so electing for the Shares and, if applicable, the indebtedness owed to the Selling Shareholder shall be completed in accordance with its terms. If there shall remain Selling Shareholders' Shares which no other Shareholder has elected to purchase, notwithstanding that one or more Shareholders has elected to purchase Selling Shareholders Shares pursuant to this Section 7.4, the right of any Shareholders to acquire the Selling Shareholders' Shares and, if applicable, the indebtedness owed to the Selling Shareholder shall be null and void and the provisions of Section 7.5 shall apply.

7.5 Sale of Shares - Right of First Refusal Not Exercised

If following compliance with Section 7.4, there shall remain Selling Shareholders' Shares which no other Shareholder has elected to purchase, the Selling Shareholder may accept the Offer and complete the transaction with the said third party in accordance with the terms and conditions

of such third party's Offer and the Shareholders hereby agree to take all steps and proceedings required to have such third party entered on the books of the Corporation as a shareholder and, if applicable, as a debt holder of the Corporation, provided that if the sale of such Shares to the third party is not completed within 180 days after the giving of the notice by the Selling Shareholder to the Other Shareholders pursuant to Section 7.2, the provisions of Article 7 shall again apply to any proposed sale of Shares. The Selling Shareholder is hereby irrevocably appointed the agent and attorney of the Shareholders and each of them for the purposes of effecting registration of the third party as a Shareholder of the Corporation. The Board of Directors or the Shareholders (including the Selling Shareholder), as the case may be, before consenting to the transfer of the purchased Shares to the third party, shall require proof that the sale took place in accordance with the third party's Offer and the Board of Directors shall refuse the recording of the transfer of the purchased Shares which may have been sold otherwise than in accordance with the provisions of such Offer and of this Agreement.

7.6 Drag-Along Rights

If one or more of the Shareholder(s) receives a bona fide offer (hereinafter in this Section 7.6 referred to as the "Take-Over Bid"), from a third party dealing at Arm's length with the recipient for all, but not less than all of the outstanding Shares of the Corporation and which such Shareholder(s) wish to accept, such recipient Shareholder(s) shall forthwith advise all of the holders of Shares of the Corporation of such Take-Over Bid. If the holders of Shares of the Corporation holding not less than fifty percent (50%) of the total number of issued and outstanding Shares wish to accept such Take-Over Bid, the recipient Shareholder(s) shall have the right to require the other Shareholders, on 10 days notice in writing to such other Shareholders, to sell all of the Shares held by them to the third party pursuant to the terms of the Take-Over Bid for the amount and on the same terms as set forth in the Take-Over Bid. The Corporation is hereby irrevocably appointed the agent and attorney of all the Shareholders and each of them for the purposes of effecting registration of the third party as a Shareholder and, if applicable, debt holder of the Corporation in completing the sale of the Shares of such other Shareholders to the third party in accordance with this Section 7.6.

Each Shareholder agrees that neither he nor any Related Person will, directly or indirectly, enter into any collateral agreement, commitment or undertaking which would have the effect, directly or indirectly, of providing additional consideration to such Shareholder or any Related Person of such Shareholder for any Shares of the Corporation sold by such Shareholder which is not available to other Shareholders on a sale of its Shares of the Corporation pursuant to this Section.

7.7 Rights of Purchaser

Any purchaser of Shares from any Shareholder in accordance with the provisions of this Agreement shall be entitled to all of the benefits accruing to such Shareholder hereunder and shall be subject to the obligations of such Shareholder hereunder.

**ARTICLE 8
REPRESENTATIONS AND WARRANTIES**

8.1 General

Each Shareholder hereby represents and warrants to each other Shareholder and that such Shareholder:

- (a) is neither a party to nor bound by any agreement regarding the ownership of his Shares, other than this Agreement or an agreement to effect a transfer of Shares in accordance with the terms of this Agreement;
- (b) is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, charter or bylaw provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of the execution and delivery by such Shareholder of this Agreement or the performance by such Shareholder of any of the terms hereof; and
- (c) owns his Shares beneficially and as of record with good and marketable title thereto free and clear of all legal rights and encumbrances.

8.2 The Corporation

The Corporation hereby represents and warrants to each Shareholder that, as at the date of this Agreement:

- (a) the Corporation is a taxable Ontario corporation within the meaning of the ITA;
- (b) the Corporation carries on no business other than the Business;
- (c) not less than 90% of the fair market value of the property of the Corporation is attributable to property used in the Business;
- (d) the recitals to this Agreement are true and correct.

**ARTICLE 9
ADDITIONAL CAPITAL**

9.1 Related Party Loans

Unless the Board of Directors otherwise consent, all loans from any Related Party shall be made on commercially reasonable terms and conditions.

9.2 Future Financings, Pre-Emptive Rights

If the Corporation requires additional capital by way of debt or equity, it shall first advise the Shareholders of its requirements in writing, including a term sheet outlining the terms and

conditions on which it is prepared to issue such debt or equity and the target closing date (which shall not be less than 14 days following the date of delivery of such notice). Upon receiving such notice, each Shareholder shall have fourteen (14) days within which to notify the Corporation if it wishes to provide the required financing on such terms and conditions.

During that time, the Corporation shall provide to the Shareholders, at their request, all such information as they may reasonably require to make their determination. In the event more than one Shareholder wishes to accept the terms of the financing, they shall participate pro rata based on the respective number of Shares held by such Shareholder (or in such other proportion as they may agree to). In the event that any or all Shareholders fail to give notice within the prescribed time period as aforesaid, or agree to purchase only a portion of such debt or equity, the Corporation shall be free to pursue obtaining the remaining portion of such debt or equity financing with other Persons on terms no less favourable to the Corporation or more favourable to such Persons than those set forth in the term sheet provided to the Shareholders.

9.3 Exceptions to Pre-emptive Rights

Notwithstanding Section 9.2 hereof, no Shareholder shall have any rights thereunder in respect of:

- (a) the issue of any options or Shares pursuant to a stock option plan for employees and other persons approved by the Board in accordance with Section Error! Reference source not found. hereof;
- (b) shares issued pursuant to the exercise of conversion privileges, options or rights previously granted by the Corporation in accordance with Section 9.2;
- (c) an Initial Public Offering.

9.4 Employee Incentive Plan

In addition to the requirements of Section 5.8(o), any employee stock option or stock purchase plan, or other plan providing employee incentives which base their value on the Shares, shall require the approval of the Board of Directors if:

- (a) more than 10% of the current number of Shares (on a fully diluted basis), including phantom shares, stock appreciation rights and other similar incentives, if any) can be issued under such plan or plans; and
- (b) more than 25% of the total number of Shares allocated under such plan(s) can be issued in any one calendar year.

ARTICLE 10 GENERAL MATTERS

10.1 No Agency or Partnership

Nothing contained in this Agreement shall make or constitute any party the representative,

agent, principal or partner of any other party and it is understood that no party has the capacity to make commitments of any kind whatsoever or incur obligations or liabilities binding upon any other party.

10.2 Notice

Any notice or communication required or permitted under this Agreement shall be in writing and shall be sent by facsimile transmission or by personal delivery and shall be deemed to have been duly made when actually received or delivered. Any party may by written notice to the others, change the address or facsimile number to which transmissions and deliveries shall thereafter be made. Until changed, the address and facsimile number of each of the parties hereto shall be maintained at the head office of the Corporation.

10.3 Deemed Date of Delivery

Any notice given in accordance with the provisions of this Agreement shall be deemed to have been received by the party to which it was addressed on the day of personal delivery, email or other electronic transmission.

10.4 Endorsement of Share Certificates

Any and all certificates representing Shares now or hereafter beneficially owned by the Shareholders during the term of this Agreement shall have endorsed thereon, in bold type, the following legend:

"The securities evidenced by this certificate are subject to the terms of; and disposition and transfer of such securities is restricted in accordance with, the provisions of the first amended and restated shareholders' agreement dated as of ●, 20● (or subsequent revision thereof) made between the Corporation and its Shareholders. A copy of the said agreement, together with all amendments and supplements thereto, is available for inspection from the Secretary of the Corporation on request and without charge at its registered office."

10.5 Assignment

Neither this Agreement nor any rights or obligations hereunder are assignable by the parties hereto without the prior written consent of the Shareholders, subject to the rights of Shareholders to sell their Shares pursuant to the terms of this Agreement and provided that the purchaser of such Shares agrees to be bound hereby. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal personal representatives, successors and permitted assigns.

10.6 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. This Agreement may be executed and delivered by any party by electronic signature.

10.7 Publicity

Any Shareholder of the Corporation **shall have** the right to disclose to whomsoever in any manner its ownership of shares in the **capital of the** Corporation and the debt owing by the Corporation to that Shareholder.

The remainder of this page is intentionally left blank.

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

HEALTHCHAIN INC.

Per: _____
Name: ●
Title: ●

I have authority bind the corporation.

Per: _____
Name: ●
Title: ●

_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●
_____	_____
Witness	●

SCHEDULE A

List of Shareholders (as of ●, 20●)

<u>Shareholder Name</u>	<u>Number of Shares</u>
REDDs Technology Fund I L.P.	1,000,000
Ontario Centres of Excellence	125,000
Anatoly Langer	250,000
Tony Lacavara (Globalive)	50,000
Said Khour	50,000
Charlotte Schwartz	50,000
Faskens Martineau DuMoulin LLP	14,654
Jeffrey Sleep	17,775
Andrew Shinewald	<u>17,775</u>
Total	1,575,164

**SCHEDULE B
SHAREHOLDER ASSUMPTION AGREEMENT**

THIS AGREEMENT is made the _____ day of _____, 20●,

B E T W E E N:

(herein referred to as the "New Shareholder")

Address of New Shareholder

OF THE FIRST PART

- and -

HEALTHCHAIN INC., a corporation duly incorporated
pursuant to the laws of Ontario

(herein referred to as the "Corporation")

OF THE SECOND PART

WHEREAS:

The Corporation and certain of its shareholder(s) are parties to an amended and restated shareholders' agreement made as of ●, 20● (herein referred to as the "Shareholder Agreement").

- (a) Pursuant to the Shareholder Agreement, there can be no issue of any Shares of the Corporation to the New Shareholder unless the New Shareholder first enters into an Assumption Agreement.
- (b) The New Shareholder desires to receive Shares of the Corporation and the Corporation desires to issue Shares of the Corporation to the New Shareholder.
- (c) The New Shareholder desires to observe and be bound by the terms of the Shareholder Agreement so that the provisions thereof will govern his/her rights and obligations in relation to the parties thereto.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree each with the other as follows:

Recitals

The New Shareholder acknowledges and declares that the foregoing recitals, insofar as they relate to such party, are true and correct.

Covenant to be Bound

The New Shareholder covenants and agrees to be bound by the terms of the Shareholder Agreement in the same manner as if he/she had been an original party thereto.

Jurisdiction

This Assumption 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.

Meanings

Terms used in the Shareholder Agreement shall have the same meaning as used therein when used herein.

The remainder of this page is intentionally left blank.

IN WITNESS WHEREOF, the parties hereto have duly executed this Assumption Agreement as of the date first above written.

HEALTHCHAIN INC.

By:

Name:
Title: Authorized Signing Officer

I have authority to bind the corporation.

**[if individual
(insert legal name of new shareholder)]**

Witness

Name:

**[if NOT individual
(insert legal name of new shareholder)]**

By:

Name:
Title: Authorized Signing Officer

I have authority to bind the corporation.

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

IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
In Bankruptcy and Insolvency
(COMMERCIAL LIST)**

(PROCEEDING COMMENCED AT TORONTO)

**ORDER
(Approving Proposal)**

PALLET VALO LLP
Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario L5B 1M5

ALEX ILCHENKO, C.S. (LSO #33944Q)
ailchenko@pallettvalo.com

MONTY DHALI WAL (LSO # 65124N)
mdhaliwal@pallettvalo.com

Tel: (905) 273-3300
Fax: (905) 273-6920

Lawyers for Dodick Landau Inc., Proposal Trustee
for Healthchain Inc.

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

MOTION RECORD OF THE TRUSTEE

PALLET VALO LLP

Lawyers & Trade-Mark Agents
77 City Centre Drive, West Tower
Suite 300
Mississauga, Ontario
L5B 1M5

ALEX ILCHENKO, C.S. (LSO #33944Q)

ailchenko@pallettvalo.com

MONTY DHALI WAL (LSO # 65124N)

mdhaliwal@pallettvalo.com

Tel: (905) 273-3300

Fax: (905) 273-6920

Lawyers for Dodick Landau Inc., Proposal Trustee for
Healthchain Inc.