

CANADA

SUPERIOR COURT  
(Commercial Division)

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL  
No.: 500-11-038490-104

(Sitting as a designated court pursuant to the  
*Companies' Creditors' Arrangement Act*)

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IN THE MATTER OF THE PLAN OF  
ARRANGEMENT AND COMPROMISE OF:

CONJUCHEM BIOTECHNOLOGIES INC.

Petitioner

-and-

RSM RICHTER INC.

Monitor

<p>MOTION FOR A THIRD EXTENSION OF THE INITIAL ORDER (Section 11.02 of the <i>Companies' Creditors Arrangement Act</i> ("CCAA"))</p>
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TO THE HONOURABLE CHANTAL CORRIVEAU, J.S.C., THE PETITIONER  
RESPECTFULLY SUBMITS AS FOLLOWS:

**I. PROCEEDINGS UP TO THIS THIRD EXTENSION**

1. On February 26, 2010, this Court issued an order (the "Initial Order") pursuant to section 11.02 of the CCAA in respect of ConjuChem Biotechnologies Inc. ("ConjuChem").
2. The Initial Order established March 19, 2010 as the "Stay Termination Date" (as defined therein) and subsequent orders of this court have currently extended the Stay Termination Date to May 21, 2010.
3. Following the issuance of the Initial Order and pursuant to the SI Process, as defined in the Initial Order, ConjuChem and the Monitor received a letter of intention (the "LOI") on behalf of a group of investors (the "Investors") describing their intention to recapitalize ConjuChem and finance a distribution to creditors under a Plan of Reorganization and Compromise to be submitted to its creditors.
4. Further to the LOI, ConjuChem and Bloom Burton & Co. on behalf of the Investors agreed to the terms of a Subscription Agreement under the terms of which the Investors shall provide ConjuChem with the funds required to fund the

distributions to creditors under its proposed Plan of Reorganization and Compromise (which was filed on May 17, 2010 as Exhibit R-2 to ConjuChem's *Motion for an order setting the procedures with respect to the convening and conduct of a meeting of creditors*) and other expenses and ongoing operations.

5. On May 17, 2010, this Court authorized ConjuChem to convene a meeting of its creditors on June 11, 2010 to consider and vote on the Plan, as morefully appears from the Creditors Meeting Order of this Court dated May 17, 2010.
6. ConjuChem has discussed the Plan with some of its major stakeholders, namely:
  - Ahab Capital Management, Inc. (“**AHAB**”);
  - Franklin Templeton Investments (“**Franklin**”);
  - Athyrium Capital Management (“**Athyrium**”); and
  - Baker Brothers Investments (“**Baker**”).
7. Those Stakeholders, hereinafter referred to as the Debentureholders, hold or represent holders who hold approximately the following principal amounts of Convertible Debentures:
  - AHAB: \$2,000,000;
  - Franklin: \$1,500,000;
  - Athyrium: \$12,000,000; and
  - Baker: \$3,520,000.

which represent approximately 95% in value of the Convertible Debentures and approximately 86% of ConjuChem's total pre-filing liabilities.

8. The Debentureholders have indicated that they support the extension of the Stay Termination Date sought herein in order to convene and hold the creditors meeting.
9. As appears from the updated Weekly Cash Flow Projections to July 2, 2010, filed herewith as exhibit **R-1**, ConjuChem is able to meet its obligation during such period and none of ConjuChem's creditors will suffer any real prejudice as a result of an extension of the Stay Termination Date up to and including June 30, 2010.
10. ConjuChem believes that the extension of the Stay Termination Date as requested herein is to the benefit of all of its stakeholders.
11. The Monitor has indicated that it will be filing the Monitor's Third Report which shall support the present motion.

12. Since the issuance of the Initial Order, ConjuChem has acted and continues to act in good faith, with due diligence and towards the implementation of its Plan which will preserve the business of ConjuChem and maximize value for all of its stakeholders.

**II. PURPOSE OF THE MOTION**

13. Accordingly, Petitioner hereby seeks an order from this Court extending the Stay Termination Date, up to and including June 30, 2010 which date shall then be the new Stay Termination Date, the whole subject to all other terms of the Initial Order.
14. During that extension, ConjuChem intends to hold its creditors meeting on June 11, 2010, seek the court's sanction of the Plan on June 15, 2010 and implement the Plan as soon as possible thereafter and before June 30, 2010.

**III. GENERAL**

15. Petitioner has served the present motion following the formalities provided for in the Initial Order to all parties who filed a Notice of Appearance in this file and to the Debentureholders.
16. Petitioner respectfully submits that the notices given of the presentation of the present motion are adequate and sufficient.
17. The present motion is well founded in fact and in law.

**WHEREFORE MAY IT PLEASE THIS HONOURABLE COURT TO:**

18. **GRANT** the present motion;
19. **DECLARE** that the notices given of the presentation of the present motion are adequate and sufficient;
20. **ORDER** that the Stay Termination Date as defined in the Initial Order, is extended by this Court up to and including June 30, 2010;
21. **DECLARE** that the Initial Order shall be otherwise unchanged;
22. **ORDER** the provisional execution of the Order notwithstanding any appeal without the necessity of furnishing any security;

**THE WHOLE WITHOUT COSTS** save and except in case of contestation.

Montreal, this 19<sup>th</sup> day of May, 2010

*McCarthy Tétrault LLP*

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**MCCARTHY TÉTRAULT LLP**

Attorneys for Petitioner  
ConjuChem Biotechnologies Inc.

CANADA

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Petitioner

-and-

RSM RICHTER INC.

Monitor

**AFFIDAVIT**  
*(Motion for a Third extension of the Initial Order)*

I, the undersigned, Mark Perrin, Chief Executive Officer of ConjuChem Biotechnologies Inc., doing business at 225 Avenue President-Kennedy, suite 3950, in the city of Montréal, Province of Québec, H2X 3Y8, do solemnly declare as follows:

1. I am a duly authorized representative of ConjuChem Biotechnologies Inc. ("ConjuChem");
2. All the facts alleged in the *Motion for a Third extension of the Initial Order* are true.

AND I HAVE SIGNED



MARK PERRIN

SOLEMNLY DECLARED before me,  
this 19<sup>th</sup> day of May 2010

  
Commissioner of Oath for the District of Montréal



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IN THE MATTER OF THE PLAN OF  
ARRANGEMENT AND COMPROMISE OF:

CONJUCHEM BIOTECHNOLOGIES INC.

Petitioner

-and-

RSM RICHTER INC.

Monitor

NOTICE OF PRESENTATION  
*(Motion for a Third extension of the Initial Order)*

TO: **Mr. Gilles Robillard**  
**RSM Richter Inc.**  
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GRobillard@rsmrichter.com

**Me Denis St-Onge**  
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**Me Richard Proulx**  
**Direction du contentieux**  
**Autorité des marchés financiers**  
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**Me Hubert Sibre**  
**Davis LLP**  
1501 avenue McGill College  
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Counsel to: Novozymes, Biopharma DK A/S  
Novozymes, Biopharma UK Ltd  
hsibre@davis.ca

**Me Jean C. Fontaine**  
**Stikeman Elliott LLP**  
1155 René-Lévesque Blvd. West  
Montréal, Québec H3B 3V2  
Counsel to Athyrium Capital Management  
jfontaine@stikeman.com

**Ahab Capital Management, Inc.**  
**Attention: Mark Fischer**  
**Attention: Jonathan Gallen**  
299 Park Ave.,  
New York, NY 10171  
mf@ahabcap.com  
jg@ahabcap.com

**Franklin Templeton Investments**  
**Attention: Evan McCulloch**  
One Franklin Parkway 920/4  
San Mateo, CA 94403  
evan.mcculloch@frk.com

**Athyrium Capital Management**  
**Attention: Laurent D. Hermouet, CFA**  
**Attention: Jeffrey A. Ferrell**  
126 East 56<sup>th</sup> Street, 4<sup>th</sup> Floor  
New York, NY 10022  
lhermouet@athyriumcap.com  
jferrell@athyriumcap.com

**Baker Brothers Investments**  
**Attention: Felix J. Baker, PhD**  
667 Madison Avenue, 21<sup>st</sup> Floor  
New York, NY 10065  
fbaker@bbinvestments.com

**Neil Gilligan**  
neilgilligan@gmail.com

**Me Sylvain Rigaud**  
**Ogilvy Renault S.E.N.C.R.L., s.r.l.**  
1, Place Ville-Marie, Bureau 2500  
Montréal, Québec H3B 1R1  
srigaud@ogilvyrenault.com

**Computershare Trust Company of Canada**  
**Attention: Me Louis-Philippe Marineau**  
1500, rue University  
Bureau 700  
Montréal, Québec H3A 3S8  
louis-philippe.marineau@computershare.com

**CDS Clearing and Depository Services Inc.**  
**Attention: Merv Lye**  
**Attention: Ginette Cyr**  
**Attention: Loretta Verelli**  
85, rue Richmond Ouest  
Toronto, Ontario M5H 2C9  
mlye@cds.ca  
gcyr@cds.ca  
lverelli@cds.ca

**TAKE NOTICE** that the *Motion for a Third extension of the Initial Order* will be presented before the Honorable Chantal Corriveau, J.S.C., sitting as a designated judge pursuant to the *Companies' Creditors' Arrangement Act*, at the Montreal courthouse, located at 1 Notre-Dame Street East, Montreal, Quebec, H2Y 1B6, on **May 21, 2010, in room 15:07 at 9:00**, or as soon thereafter as counsel may be heard.

**DO GOVERN YOURSELVES ACCORDINGLY.**

Montreal, this 19<sup>th</sup> day of May, 2010

  
**MCCARTHY TÉTRAULT LLP**

Attorneys for Petitioner  
ConjuChem Biotechnologies Inc.

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SUPERIOR COURT  
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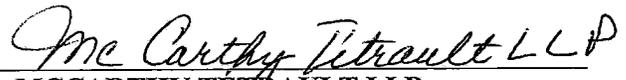
RSM RICHTER INC.

Monitor

<p>LIST OF EXHIBIT <i>(Motion for a Third extension of the Initial Order)</i></p>
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EXHIBIT R- 1: Updated Weekly Cash Flow Projections to July 2, 2010.

Montreal, this 19<sup>th</sup> day of May, 2010

  
MCCARTHY TÉTRAULT LLP

Attorneys for Petitioner  
ConjuChem Biotechnologies Inc.

No. 500-11-038490-104  
SUPERIOR COURT - COMMERCIAL DIVISION  
(IN BANKRUPTCY AND INSOLVENCY)  
PROVINCE OF QUÉBEC  
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Monitor

MOTION FOR A THIRD EXTENSION OF THE  
INITIAL ORDER  
(Sections 11.02 of the "CCAA")

**EXHIBIT R-1**

Mtre Sylvain A. Vaclair/nf / 199797-420164

BC0847

**McCarthy Tétrault LLP**

Avocats • Agents de brevets et marques de commerce  
Barristers & Solicitors • Patent & Trade-mark Agents

Suite 2500  
1000 De La Gauchetière Street West  
Montréal (Québec) H3B 0A2  
Tel.: 514 397-4100  
Fax: 514 875-6246

Appendix "2"

ConjuChem Biotechnologies Inc.  
Cash Flow Projections  
For the 7 weeks ended July 2, 2010

Week Ended	21-May-10	28-May-10	04-Jun-10	11-Jun-10	18-Jun-10	25-Jun-10	02-Jul-10	Total
<b>Cash Receipts</b>								
GST/QST Receivable	-	-	-	-	-	-	-	-
R&D Tax Credits Receivable	-	-	-	-	-	-	-	-
Withholding tax receivable	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Cash Disbursements</b>								
<b>Research</b>								
Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Maintenance contract	-	-	-	-	-	-	-	-
<b>Development</b>								
Manufacturing	-	-	-	-	-	-	-	-
Regulatory	-	-	-	-	-	-	-	-
Clinical Insurance	-	-	-	-	-	-	-	-
<b>Operating &amp; Overhead Expenses</b>								
Wages & levies	-	86,500	-	85,000	-	86,500	-	258,000
Director's Fees	-	44,000	-	-	-	-	-	44,000
Rent	-	-	36,000	-	-	-	36,000	72,000
Municipal and School Tax:								
Insurance	-	22,000	-	-	-	20,000	-	20,000
Administration	-	2,500	4,000	500	5,000	2,500	4,000	46,000
Investor Relations	-	-	12,000	-	-	-	12,000	18,500
Housing and Airfare	1,500	1,500	13,000	1,500	1,500	1,500	1,500	24,000
Interest on debentures	-	-	-	-	-	-	-	22,000
<b>Professional Fees</b>								
Legal - Gowlings	-	-	50,000	-	-	50,000	-	100,000
Legal - McCarthy	-	-	50,000	-	-	50,000	-	100,000
Legal - Patent Fees	-	250,000	-	-	-	55,000	-	305,000
Consultant - RSM	-	-	50,000	-	-	50,000	-	100,000
Auditors - E&Y	-	18,000	-	-	-	-	-	18,000
PWC	-	10,000	-	-	-	-	-	10,000
<b>Total Disbursements</b>	<b>2,500</b>	<b>435,500</b>	<b>216,000</b>	<b>88,000</b>	<b>7,500</b>	<b>338,500</b>	<b>54,500</b>	<b>1,144,500</b>
<b>Opening Cash and Investments</b>	<b>2,143,197</b>	<b>2,140,697</b>	<b>1,705,197</b>	<b>1,489,197</b>	<b>1,401,197</b>	<b>1,393,697</b>	<b>1,055,197</b>	<b>2,143,197</b>
<b>(-) Net Cash Flow</b>	<b>(2,500)</b>	<b>(435,500)</b>	<b>(216,000)</b>	<b>(88,000)</b>	<b>(7,500)</b>	<b>(338,500)</b>	<b>(54,500)</b>	<b>(1,144,500)</b>
<b>Closing Cash and Investments</b>	<b>2,140,697</b>	<b>1,705,197</b>	<b>1,489,197</b>	<b>1,401,197</b>	<b>1,393,697</b>	<b>1,055,197</b>	<b>1,000,697</b>	<b>998,697</b>

The above cash flow projections are based on the same assumptions presented in Appendix 2 to the Report of RSM Richter Inc., in its capacity as the Proposed Monitor of the Petitioner, prepared in support of the Petition for the issuance of an Initial Order and in Exhibit P-3 to the Petition for the issuance of an Initial Order.

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**MOTION FOR A THIRD EXTENSION OF THE  
INITIAL ORDER, AFFIDAVIT, NOTICE OF  
PRESENTATION, LIST OF EXHIBIT**  
(Sections 11.02 of the "CCAA")

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**ORIGINAL**

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Mtre Sylvain A. Vaclair/nf / 199797-420164

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BC0847

**McCarthy Tétrault LLP**

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