

In the matter of the Proposal of EXO U INC.

To all Creditors,

Given the composition of the list of creditors, the Proposal as well as the Trustee's report has not been translated to English. Accordingly, this document has been compiled as a summary, outlining the general terms of the Proposal as well as certain information relating to the financial situation of EXO U Inc. ("EXO U" or "Company").

Brief background

1. Since EXO U no longer had the necessary funding to maintain its operations, on February 10, 2017, its Board of Directors decided to file a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*. This decision came after extensive efforts were undertaken by EXO U in 2016 to find investors and/or acquirers for the Company. These efforts however, yielded no positive results.
2. As part of its mandate to act as Trustee, Richter Advisory Group Inc. ("Richter" or "Trustee") was asked by the Board of Directors to once again attempt to identify a purchaser for the technology of EXO U. An informal sales process was initiated, requesting that offers be submitted by no later than April 5, 2017.
3. Pursuant to this process, an offer was accepted by the Board of Directors and the Court authorization to sell the assets was obtained on May 30, 2017. This transaction has enabled the Company to file a viable Proposal to its creditors.

Proposal filed

4. The Proposal filed is a Liquidating Proposal. In essence, the Company disposes of its assets to the benefit of its creditors. Exo U's assets are summarized as follows :

**Exo U Inc.
Estimated Assets
For discussion purposes**

Research and development tax credits 2015 - secured in favor of Investissement Quebec	¹ \$	296,634
Intellectual property (as per offer - Can\$ equivalent)		402,000
Term deposit - secured in favor of Investissement Quebec		42,000
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	\$	740,634

¹ 2016 research and development credits not yet filed

5. EXO U's liabilities are summarized as follows:

Exo U Inc.

Estimated liabilities

For discussion purposes

Investissement Quebec loan secured by the tax credits	\$	380,000
Priority claim from the government		77,000
Unsecured creditors		249,000
	\$	706,000¹

¹ The amounts will however, fluctuate based upon the proofs of claim that will be filed by the creditors

6. Estimated dividend:

Exo U Inc

Estimated realization

For discussion purposes

	Credits not filed for 2016	Credits filed for 2016
Available funds for distribution to unsecured creditors		
Research and development tax credits 2015 - secured in favor of Investissement Quebec	\$ 296,634	\$ 296,634
Research and development tax credits 2016 - secured in favor of Investissement Quebec	-	170,000
Term deposit - secured in favor of Investissement Quebec	42,000	34,500
	338,634	501,134
Priority claim	(77,000)	(77,000)
Amount available to Investissement Quebec	261,634	424,134
Investissement Quebec loan secured by the tax credits	380,000	380,000
Unsecured portion of Investissement Quebec Loan	\$ (118,366)	\$ 44,134
Amount available to unsecured creditors		
Sale of intellectual property	\$ 402,000	\$ 402,000
Current obligations of the Company	(16,000)	(16,000)
Estimated cost of the Proposal	(100,000)	(100,000)
Surplus after payment of secured claim	-	44,134
Amount available for distribution	\$ 286,000	\$ 330,134
Estimated unsecured claims		
Unsecured creditors ²	\$ 248,845	\$ 248,845
Unsecured portion of secured debt	118,366	-
	\$ 367,211	\$ 248,845
Estimated dividend	77.88%	100%

¹ Report not yet filed. Cost to complete filing approximately 7 500 \$

² Subject to the filing of proofs of claim

7. Trustee recommendation:

Given the sales process that was followed and the significant dividend that will be generated by the disposal of the assets of EXO U, the Trustee recommends the acceptance of the Proposal as filed. In the event of a Bankruptcy, it is highly likely that the dividend would be substantially less.