

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

SUPERIOR COURT
Commercial Division
The Companies' Creditors Arrangement Act

File: No: 500-11-038490-104

Montreal, June 15, 2010

Present: The Honourable Justice Chantal Corriveau,
J.S.C.

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS
AMENDED:**

CONJUCHEM BIOTECHNOLOGIES INC.

Petitioner

and

RSM RICHTER INC.

Monitor

**SANCTION ORDER OF THE AMENDED AND RESTATED PLAN OF
REORGANIZATION AND COMPROMISE OF
CONJUCHEM BIOTECHNOLOGIES INC.**

SEEING the Motion to sanction Petitioner's amended and restated Plan of reorganization and compromise and other relief pursuant to Sections 6, 9 and 10 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "**Motion**") and, Section 191 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, the affidavit of Mark Perrin filed in support thereof, the Amended and Restated Plan of Reorganization and Compromise of ConjuChem Biotechnologies Inc. filed as

Exhibit R-1 thereto, the Monitor's Report dated June 14, 2010 and the submissions of counsels present at the hearing;

WHEREFORE, THE COURT:

- [1] **GRANTS** Petitioner's motion;
- [2] **DECLARES** that the notices given of the presentation of the present Motion are proper and sufficient, and in accordance with the Order granted by this Court on May 17, 2010 concerning the procedure for the convening and conduct of a meeting of creditors (the "Meeting Order");
- [3] **ORDERS** that any capitalized terms not otherwise defined herein shall have the meaning described thereto in the ConjuChem Plan (as defined below) or in the Meeting Order as the case may be;
- [4] **DECLARES** that there has been proper and sufficient service and notice of the Meeting Materials to all Affected Creditors, and that the Creditors' Meeting was duly convened, held and conducted in conformity with the Companies' Creditors Arrangement Act, R.S.C., 1985, C-36, as amended (the "CCAA") and all other orders of this Court;
- [5] **DECLARES** that:
 - (a) the Amended and Restated Plan of Reorganization and Compromise dated June 10, 2010 (the "**ConjuChem Plan**") of ConjuChem Biotechnologies Inc., (the "**Petitioner**") has been approved by the Required Majorities of Affected Creditors of the Petitioner in conformity with the CCAA and the CBCA (as defined below);
 - (b) the Petitioner has complied with the provisions of the CCAA and the Orders of the Court made in the CCAA Proceedings in all respects; and
 - (c) the ConjuChem Plan, the releases and the transactions contemplated thereby are fair and reasonable, and in the best interests of the Petitioner, the Affected Creditors and the other stakeholders of the Petitioner;
- [6] **ORDERS** that the ConjuChem Plan (including the compromises, arrangements and releases set out herein and the transactions and reorganization described in Section 5 of the ConjuChem Plan) is sanctioned and approved pursuant to Section 6 of the CCAA and Section 191 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "**CBCA**") and, as at the Effective Time, will be effective and will ensure to the benefit of and be binding upon the Petitioner, the Affected Creditors, the Subscribers and all other Persons stipulated in the ConjuChem Plan;

- [7] **DECLARES** that the Petitioner and the Monitor are authorized and directed to take all steps and actions necessary to implement the ConjuChem Plan, and such steps and actions are hereby approved;
- [8] **DECLARES** that the articles of ConjuChem will be amended as set out in the Articles of Reorganization (attached as Schedule "A" to the ConjuChem Plan) effective as of the Effective Date, and the Articles of Reorganization are approved;
- [9] **DECLARES** that all Other Equity Securities are of no further force or effect as of the Effective Date and that all such Other Equity Securities are cancelled and any agreement, contract, plan, indenture, deed, certificate or other document or instrument having created or governing such Other Equity Securities shall be terminated as at such time;
- [10] **DECLARES** that upon the Effective Time, all Proven Claims determined or to be determined in accordance with the Claims Process Order and the Meeting Order shall be final and binding on the Petitioner and all Affected Creditors;
- [11] **DECLARES** that the Petitioner and the Disbursing Agent are authorized and directed to make all distributions and payments contemplated in the ConjuChem Plan in accordance with its terms;
- [12] **DECLARES** that, subject to the performance by the Petitioner of its obligations under the ConjuChem Plan, all contracts, leases, agreements and other arrangements to which the Petitioner is a party and that have not been terminated or repudiated pursuant to the Initial Order will be and remain in full force and effect, unamended, as at the Effective Time, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
- (a) any event that occurred on or prior to the Effective Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Petitioner);
 - (b) the insolvency of the Petitioner or the fact that the Petitioner sought or obtained relief under the CCAA or the CBCA;
 - (c) any compromises or arrangements effected pursuant to the ConjuChem Plan or any action taken or transaction effected pursuant to the ConjuChem Plan; or

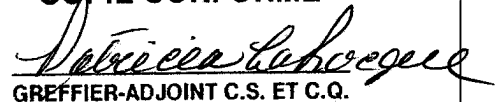
- (d) any change in the control of the Petitioner or any assignment of any such contract, lease, agreement or other arrangement arising from the implementation of the ConjuChem Plan;
- [13] **DECLARES** that no formal valuations of Existing Company Shares or meetings, votes or approvals of holders of Existing Company Shares or Other Equity Securities, including minority shareholder approval, are required under any applicable Laws, including Regulation 61-101 respecting protection of minority security holders in special transactions, in connection with the ConjuChem Plan and the transactions described in Section 5.1 or the adoption or filing of the Articles of Reorganization (attached as Schedule "A" to the ConjuChem Plan);
- [14] **CONFIRMS** the releases contemplated by Sections 5.2(1) and 5.2(2) of the ConjuChem Plan and **DECLARES** that said releases constitute good faith compromises and settlements of the matters covered thereby, such compromises and settlements are made in exchange for consideration and are in the best interests of the Petitioner and its stakeholders, are fair, equitable, reasonable, and are integral elements of the restructuring and resolution of these proceedings in accordance with the ConjuChem Plan.
- [15] **PRECLUDES** the prosecution, whether directly, derivatively or otherwise, of any claim obligation, suit, judgment, damage, demand, debit, right, cause of action, liability or interest released, discharged or terminated pursuant to the ConjuChem Plan;
- [16] **ORDERS** that all CCAA Charges will be released and discharged as of the Effective Time;
- [17] **ORDERS** that once the Monitor has received the Distribution Amount in accordance with Section 6.5 of the ConjuChem Plan, the Monitor shall file into the Court record a Certificate confirming same and confirming the Effective Date;
- [18] **DECLARES** that any of the Petitioner or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order to be granted by this Court on notice only to each other;
- [19] **DECLARES** that the Order to be granted shall have full force and effect in all provinces in and territories in Canada, in the United States of America and elsewhere;
- [20] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada or any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and in any court or administrative body elsewhere, to act in aid of and to be a complimentary to the Order to be granted by this Court in carrying out its terms, including, without limitation, the registration of the Order to be granted by this Court in any office of public record by any such court or administrative body or by any Person affected by the Order to be granted by this Court;

- [21] **ORDERS** the provisional execution of the Order to be granted by this Court notwithstanding any appeal without the necessity of furnishing any security;
- [22] **THE WHOLE** without costs.



Honourable Chantal Corriveau, J.S.C.

COPIE CONFORME



GREFFIER-ADJOINT C.S. ET C.Q.