

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)

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

CONJUCHEM BIOTECHNOLOGIES INC.

Petitioner

-and-

RSM RICHTER INC.

Monitor

<p>MOTION FOR A FIRST EXTENSION OF THE INITIAL ORDER (Section 11.02 of the <i>Companies' Creditors Arrangement Act</i> ("CCAA"))</p>
--

TO THE HONOURABLE CHANTAL CORRIVEAU, J.S.C., THE PETITIONER
RESPECTFULLY SUBMITS AS FOLLOWS:

I. PROCEEDINGS UP TO THIS FIRST 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**") (the "**Petitioner**").
2. The Initial Order established March 19, 2010 as the "**Stay Termination Date**" (as defined therein).
3. Following the issuance of the Initial Order, RSM Richter Inc. (the "**Monitor**"), acting in its capacity as monitor of Petitioner and pursuant to the Sale or Investment Process ("**SI Process**"), as defined in the Initial Order, sent an investment opportunity information document to a targeted group of approximately 200 financial and strategic investors who could potentially be interested to purchase the assets of or invest in ConjuChem.
4. Petitioner has also retained the services of Bloom Burton & Co. ("**Bloom**"), a leading Canadian healthcare investment banking firm to assist ConjuChem and the Monitor in the context of the SI Process.

5. Although as of the end of business on March 15, 2010, ConjuChem and the Monitor have received expressions of interest from certain parties including one major pharmaceutical company for some specific assets, ConjuChem and the Monitor have not yet received any expressions of interest that could lead to a transaction with respect to all or substantially all of ConjuChem's assets or a material investment in ConjuChem.
6. However, ConjuChem has discussed the SI Process 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.
8. The Debentureholders have indicated that they fully support ConjuChem's view that the SI Process should be continued and the Initial Order extended for thirty (30) days in order to:
 - 8.1 allow the Monitor and Bloom to more fully canvass the market; and
 - 8.2 allow the Debentureholders, individually or in groups, to consider whether to invest in ConjuChem, by a conversion of debt or otherwise, sponsor a Plan of arrangement or acquire all or some of ConjuChem's assets.
9. As appears from the updated Weekly Cash Flow Projections to May 28, 2010, filed herewith as exhibit **R-1**, none of ConjuChem's creditors will suffer any real prejudice as a result of an extension of the Initial Order for a period of thirty (30) days.
10. ConjuChem believes that an extension of the Initial Order for a period of thirty (30) days is to the benefit of all of its stakeholders.

11. The Monitor has indicated that it will be filing the Monitor's First 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 a potential transaction which can 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 April 19, 2010 which date shall then be the new Stay Termination Date, the whole subject to all other terms of the Initial Order.

III. GENERAL

14. 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.
15. Petitioner respectfully submits that the notices given of the presentation of the present motion are adequate and sufficient.
16. The present motion is well founded in fact and in law.

WHEREFORE MAY IT PLEASE THIS HONOURABLE COURT TO:

17. **GRANT** the present motion;
18. **DECLARE** that the notices given of the presentation of the present motion are adequate and sufficient;
19. **ORDER** that the Stay Termination Date as defined in the Initial Order, is extended by this Court up to and including April 19, 2010;
20. **DECLARE** that the Initial Order shall be otherwise unchanged;
21. **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 18th day of March, 2010


MCCARTHY TÉTRAULT LLP

Attorneys for Petitioner
ConjuChem Biotechnologies Inc.

No. 500-11-038490-104
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**MOTION FOR A FIRST EXTENSION OF THE
INITIAL ORDER
(SECTIONS 11.02 OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT ("CCAA"))**

ORIGINAL

Mtre Sylvain A. Vauclair/nf / 199797-420164

BC0847

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AFFIDAVIT

Mtre Sylvain A. Vaclair/nf / 199797-420164

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<p>AFFIDAVIT <i>(Motion for a first extension of the Initial Order)</i></p>

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 first extension of the Initial Order* are true.

AND I HAVE SIGNED

MARK PERRIN

SOLEMNLY DECLARED before me,
this 18th day of March 2010

Commissioner of Oath for the District of Montreal

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NOTICE OF PRESENTATION

Mtre Sylvain A. Vauclair/nf / 199797-420164

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

TO: **Mr. Gilles Robillard**
RSM Richter Inc.
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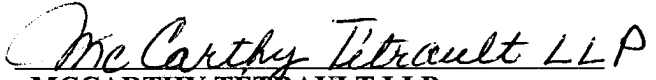
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Baker Brothers Investments
Attention: Felix J. Baker, PhD
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New York, NY 10065
fbaker@bbinvestments.com

TAKE NOTICE that the *Motion for a first 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 **March 19, 2010**, in room **16.12** at **9:30**, or as soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, this 18th day of March, 2010


MCCARTHY TETRAULT LLP
Attorneys for Petitioner
ConjuChem Biotechnologies Inc.

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LIST OF EXHIBIT

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LIST OF EXHIBIT
(Motion for a first extension of the Initial Order)

EXHIBIT R- 1: Updated Weekly Cash Flow Projections to May 28, 2010.

Montreal, this 18th day of March, 2010


MCCARTHY TÉTRAUT LLP
Attorneys for Petitioner
ConjuChem Biotechnologies Inc.

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EXHIBIT R-1

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ConjuChem Biotechnologies Inc.
Cash Flow Projections
For the 11 weeks ended May 28, 2010

Week Ended	19-Mar-10	26-Mar-10	02-Apr-10	09-Apr-10	16-Apr-10	23-Apr-10	30-Apr-10	07-May-10	14-May-10	21-May-10	28-May-10	Total
Cash Receipts												
GST/QST Receivable	-	-	-	-	-	-	-	-	-	-	-	-
R&D Tax Credits Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Withholding tax receivable	-	-	-	-	-	-	-	-	-	-	-	-
Cash Disbursements												
Research												
Supplies	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	11,000
Development												
Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-
Clinical Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Operating & Overhead Expenses												
Wages & levies	84,000	-	84,500	-	84,000	-	84,500	-	84,000	-	84,500	505,500
Director's Fees	35,000	-	35,000	-	-	-	-	35,000	-	-	-	105,000
Rent	-	1,417	-	-	-	20,000	-	-	-	-	-	21,417
Municipal and School Tax	-	-	-	-	2,000	-	-	-	-	-	-	2,000
Insurance	1,000	9,750	2,500	4,000	500	5,000	2,500	4,000	500	5,000	2,500	37,250
Administration	-	12,000	-	12,000	-	-	-	12,000	-	-	-	36,000
Investor Relations	1,500	1,500	13,000	1,500	1,500	1,500	1,500	13,000	1,500	1,500	1,500	39,500
Housing and Airfare	-	-	-	-	-	-	-	-	-	-	-	-
Interest on debentures	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees												
Legal - Growlings	-	-	-	50,000	-	-	-	30,000	-	-	-	80,000
Legal - McCarthy	10,000	-	-	50,000	-	-	-	30,000	-	-	-	90,000
Legal - Patent Fees	-	160,000	-	-	65,000	-	270,000	-	5,000	-	300,000	800,000
Consultant - RSM	-	-	-	50,000	-	-	-	30,000	-	-	-	80,000
Auditors - E&Y	-	8,500	18,000	-	-	-	-	-	-	-	-	26,500
PWC	-	10,000	-	10,000	-	-	-	-	-	-	-	20,000
Total Disbursements	132,500	204,167	154,000	178,500	154,000	27,500	359,500	155,000	92,000	7,500	389,500	1,854,167
Opening Cash and Investments	3,721,395	3,588,895	3,384,728	3,230,728	3,052,228	2,898,228	2,870,728	2,511,228	2,356,228	2,264,228	2,256,728	3,721,395
(-) Net Cash Flow	(132,500)	(204,167)	(154,000)	(178,500)	(154,000)	(27,500)	(359,500)	(155,000)	(92,000)	(7,500)	(389,500)	(1,854,167)
Closing Cash and Investments	3,588,895	3,384,728	3,230,728	3,052,228	2,898,228	2,870,728	2,511,228	2,356,228	2,264,228	2,256,728	1,867,228	1,867,228