

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE

BETWEEN:

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THURSDAY, THE 19TH

DAY OF OCTOBER, 2017

COVINGTON FUND II INC.

Applicant

and

AXELA INC.

Respondent

APPROVAL AND VESTING ORDER

THIS APPLICATION, made by the Applicant and supported by Link & Associates Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Axela Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between Axela Inc., the Debtor, and (i) Angle Biosciences Inc. and (ii) Angle Europe Limited, as Purchasers (Angle Biosciences Inc. and Angle Europe Limited being hereinafter collectively referred to as the "Purchasers") dated the 4th day of October, 2017 and appended to the Pre-Receivership Report as a Confidential Supplemental Report of the Receiver dated the 11th day of October, 2017 (the "Report"), and vesting in the Purchasers the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, the Applicant and Respondent, counsel for the Purchasers present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of K.Engelhardt sworn the 12 day of October, 2017 filed and on reading the consent of Indell Corporation, landlord of the premises at 50 Ronson Drive, Toronto, Ontario (the "Premises"):

1. THIS COURT ORDERS that the time for service of the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the completion of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchasers, in accordance with the Sale Agreement.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule 1 hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to:

- (a) the Intellectual Property Rights (as defined in the Sale Agreement) shall vest absolutely in Angle Europe Limited;
- (b) the Accounts Receivable, Inventory, Contracts, Fixed Assets, the leasehold interest of the Debtor in the Premises, the Rights of Action, the Equipment Leases, the Goodwill and the Records and all other assets of the Debtor (other than the Intellectual Property Rights and the Excluded Assets), as all of those terms are defined in the Sale Agreement, shall vest absolutely in Angle Biosciences Inc.

free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Receivership Order of this Court dated October 19, 2017; (ii) all charges, security interests or claims evidenced by registrations pursuant to the Personal Property Security Act (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule 2 hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule 3) and, for greater certainty, this Court orders that all of

the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchasers all human resources and payroll information in the Company's records pertaining to the Debtor's past and current Employees. The Purchasers shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the Bankruptcy and Insolvency Act (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other

applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS that, subject to any further order of this Court, the Confidential Supplemental Report to the Pre Receivership Report of the Receiver shall be sealed by this Court, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and that the sealed envelope shall only be opened 45 days following the filing of the Receiver's Certificate as required in this Order.

9. 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 Receiver and its 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 Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in blue ink, appearing to read "Conway", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 19 2017

PER / PAR: 

Schedule 1 - to the Approval and Vesting Order

Form of Receiver's Certificate

Court File No. CV-17-583069-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

COVINGTON FUND II INC.

Applicant

and

AXELA INC.

Respondent

CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated October 19, 2017, Link & Associates Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Axela Inc. (the "Debtor").

B. Pursuant to an Order of the Court dated October 19, 2017, the Court approved the agreement of purchase and sale made as of October 4, 2017 (the "Sale Agreement") between the Debtor [and completed by this Receiver] and ANGLE BIOSCIENCES INC., a company incorporated under the laws of British Columbia, (hereinafter called "Angle Canada", or individually, a "Purchaser") and ANGLE EUROPE LIMITED, a company incorporated under the laws of England and Wales, (hereinafter called "Angle Europe", or individually, a "Purchaser", collectively, the "Purchasers") and provided for the vesting in the Purchasers of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchasers of a certificate confirming (i) that the conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers; and (ii) Closing of the Transaction has occurred in accordance with the Sale Agreement, with the express understanding that the Purchase Price remains payable on the Payment Date.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER AND THE PURCHASERS EACH CERTIFY the following:

1. The conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers.
2. Closing of the Transaction has occurred in accordance with the Sale Agreement, with the express understanding that the Purchase Price remains payable on the Payment Date.

This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

LINK & ASSOCIATES INC., solely in its capacity as the proposed Court appointed Receiver of Axela Inc. and not in any other capacity and with no personal or corporate liability

Per: _____

Name: _____

Title: _____

This Certificate was delivered by the Purchasers at _____ [TIME] on _____ [DATE]

ANGLE BIOSCIENCES INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/We have the authority to bind the
corporation

ANGLE EUROPE LIMITED

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/We have the authority to bind the
corporation

Schedule 2 - to the Approval and Vesting Order

Claims to be deleted and expunged

Currency Date: October 17, 2017

**AXELA INC.
(formerly known as Axela Biosensors Inc.)**

Searches conducted against:

Axela Inc.
Axela Biosensors Inc.

Results of Personal Property Security Act (Ontario) Search

**1. 20170526 1312 1590 4577 (5 years)
(File No. 728046108)**

Debtor: Axela Inc.
50 Ronson Drive, Ste 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Consumer Goods, Inventory, Equipment, Accounts, Other, Motor Vehicle
Description: General Security Agreement – all assets including after acquired

**2. 20150928 1156 1862 8444 (5 years)
(File No. 710319258)**

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

**3. 20150825 1121 1862 6145 (5 years)
(File No. 709287795)**

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

**4. 20150716 1428 1862 3454 (5 years)
(File No. 708103755)**

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8

Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

5. 20150617 1453 1862 0968 (5 years)
(File No. 707192901)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other

6. 20150410 1519 1862 5603 (5 years)
(File No. 705024036)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other

7. 20150223 1134 1862 2041 (5 years)
(File No. 703763505)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

8. 20141218 0923 1862 7578 (5 years)
(File No. 702441855)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

9. 20141113 0931 1862 4962 (5 years)
(File No. 701526447)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

10. 20141017 0925 1862 3089 (5 years)
(File No. 700762491)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.

Collateral: 87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Inventory, Equipment, Accounts, Other, Motor Vehicle

11. 20140826 1507 1862 9248 (5 years)
(File No. 699256332)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

12. 20140708 1554 1862 5931 (5 years)
(File No. 697817151)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

13. 20140603 1100 1862 3191 (5 years)
(File No. 696717234)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

14. 20140428 1440 1862 0425 (5 years)
(File No. 695589075)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

15. 20140328 1403 1862 8368 (5 years)
(File No. 694768482)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

16. 20131209 1102 1862 0835 (5 years)
(File No. 692456049)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

17. 20131024 1612 1862 7455 (5 years)
(File No. 691313724)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

18. 20130822 1003 1862 2547 (5 years)
(File No. 689665419)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

19. 20130625 1034 1862 8369 (5 years)
(File No. 688039596)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

20. 20130417 0914 1862 3352 (5 years)
(File No. 686129328)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

21. 20130118 1411 1862 6765 (5 years)
(File No. 684190431)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle

22. 20120917 1049 1862 8093 (5 years)
(File No. 681479541)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Renewal: 20170302 1453 1590 8856 (3 years)

23. 20120705 0948 1862 2788 (5 years)
(File No. 679692123)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Renewal: 20170302 1453 1590 8855 (3 years)

24. 20120619 1351 1862 1484 (5 years)
(File No. 679288806)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Renewal: 20170302 1453 1590 8854 (3 years)

25. 20120316 1443 1862 4233 (5 years)
(File No. 676887669)

Debtor: Axela Inc.
50 Ronson Drive, Suite 105, Toronto, ON M9W 1B3
Secured: Covington Fund II Inc.
87 Front Street East, Suite 400, Toronto, ON M5E 1B8
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Renewal: 20170302 1453 1590 8853 (3 years)

26. 20070405 1645 1590 2798 (3 years)
(File No. 634111506)

Debtor: Axela Biosensors Inc.
480 University Avenue, Suite 910, Toronto, ON M5G 1V2
Secured: Comerica Bank
Royal Bank Plaza, Suite 2210, South Tower, P.O. Box 61, Toronto, ON M5J 2J2
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Amendment: 20080128 1436 1862 3746
Reason: To change the debtor's name

Debtor: Axela Inc.
Renewal: 20100310 1513 1862 7764 (5 years)
Renewal: 20141027 1722 5064 5474 (5 years)

27. 20070125 1352 1862 8619 (5 years)
(File No. 632384793)

Debtor: Axela Biosensors Inc.
480 University Avenue, Suite 910, Toronto, ON M5G 1V2
Secured: The Vengrowth Advanced Life Sciences Fund Inc.
105 Adelaide Street West, Suite 1000, Toronto, ON M5H 1P9
Collateral: Inventory, Equipment, Accounts, Other, Motor Vehicle
Amendment: 20080128 1436 1862 3745
Reason: To change the debtor's name
Debtor: Axela Inc.
Amendment: 20101109 1451 1793 2248
Reason: To amend the reference debtor's address.
Debtor: Axela Inc.
50 Ronson Drive, Toronto, ON M9W 1B3
Assignment: 20111220 1124 1590 3393
Assignor: The Vengrowth Advanced Life Sciences Fund Inc.
Assignee: Covington Fund II Inc.
c/o Covington Capital Corporation, 87 Front St. East, Suite 400, Toronto, ON
M5E 1B8
Renewal: 20120120 1702 1462 6798 (1 year)
Renewal: 20120124 1049 1590 5160 (5 years)
Renewal: 20130124 1109 1793 6328 (1 year)

Schedule 3 - to the Approval and Vesting Order
Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property
(unaffected by the Approval and Vesting Order)

- NIL -

COVINGTON FUND II INC.
Applicant

-AND- AXELA INC.
Respondent

Court File No. CV-17-583069-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

APPROVAL AND VESTING ORDER

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Fax: (416) 865-6636

Lawyers for the Applicant,
Covington Fund II Inc.

RCP-E 4C (May 1, 2016)