

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No. 500-
DATE: December 23, 2015

PRESIDING : CHANTAL FLAMAND Registrar

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:

SENSIO TECHNOLOGIES INC.

Debtor/Petitioner

-and-

DELOITTE RESTRUCTURING INC.

TRUSTEE

ORDER

ON READING Sensio Technologies Inc. (the "**Petitioner**")'s *Motion for the Issuance of an Order Approving and Ratifying the Sale of Certain Assets, an Interim Financing and Certain Priority Charges* pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**") and the exhibits, the affidavit of Mr. Éric Choquette filed in support thereof (the "**Motion**"), relying upon the submissions of the counsels to the Petitioner and being advised that the interested parties were given prior notice of the presentation of the Motion;

GIVEN the filing by the Petitioner of a *Notice of Intention to Make a Proposal* under the BIA;

GIVEN the provisions of the BIA;

WHEREFORE, THE COURT:

1. **GRANTS** the Motion.

Service

2. **DECLARES** that sufficient prior notice of the presentation of this Motion has been given by the Petitioner to interested parties who are likely to be affected by the charges created herein.

Approval of the Transactions

3. **ORDERS AND DECLARES** that the transactions (the "**Transactions**") set forth in the *Letter of Intent* (the "**LOI**") and the definitive agreement attached thereto, filed *under seal* as **Exhibit P-2** in support of the Motion, are hereby approved, and the execution by the Petitioner of a definitive asset purchase agreement in respect of assets further described in **Schedule "A"** hereto (the "**Purchased Assets**") is hereby authorized and approved, with such non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to but only with the consent of the Company and of Deloitte Restructuring Inc. (the "**Trustee**").
4. **AUTHORIZES** the Petitioner and 3D^N, LLC, the purchaser under the LOI (the "**Purchaser**"), to perform all acts, sign all documents and take any necessary action to execute any agreement, contract, deed, provision, transaction or undertaking stipulated in the LOI and any other ancillary document which could be required or useful to give full and complete effect thereto.
5. **ORDERS and DECLARES** that this Order shall constitute the only authorization required by the Petitioner to proceed with the Transactions and that no shareholder or regulatory approval, if applicable, shall be required in connection therewith.
6. **ORDERS and DECLARES** that upon the issuance of a Trustee's certificate substantially in the form appended as **Schedule "B"** hereto (the "**Certificate**"), all rights, title and interest in and to the Purchased Assets shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, security interests (whether contractual, statutory or otherwise), liens, charges, hypothecs, mortgages, pledges, deemed trusts, assignments, judgments, executions, writs of seizure or execution, notices of sale, options, adverse claims, levies, rights of first refusal or other pre-emptive rights in favour of third parties, restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including without limiting the generality of the foregoing all charges, security interests or charges evidenced by registration, publication or filing pursuant to any applicable legislation providing for a security interest in personal or movable property, and, for greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Purchased Assets be expunged and discharged as against the Purchased Assets, in each case effective as of the applicable time and date of the Certificate.
7. **ORDERS** that upon the issuance of the Certificate, the Petitioner shall also be authorized to take all such steps as may be necessary to effect the discharge of all Encumbrances registered against the Purchased Assets, including filing such financing change statements or other required documents at the applicable registry, as may be necessary, from any registration filed against the Petitioner in such registry, provided that the Petitioner shall not be authorized to effect any discharge that would have the effect of releasing any collateral other than the Purchased Assets, and the Petitioner shall be authorized to take any further steps by way of further application to this Court.
8. **ORDERS and DIRECTS** the Trustee to file with the Court a copy of the Certificate, forthwith after issuance thereof.
9. **ORDERS** that the Petitioner shall be entitled to use net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**") in order to reimburse the Bridge Loan (as

defined hereunder), to fund its on-going operations well as the Sale Process (as defined in the Motion).

10. **ORDERS** that notwithstanding:

- a) the pendency of these proceedings;
- b) any petition for a receiving order now or hereafter issued pursuant to the BIA and any order issued pursuant to any such petition; or
- c) the provisions of any federal or provincial legislation;

the vesting of the Purchased Assets contemplated in this Order, as well as the execution of the LOI pursuant to this Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, as against the Petitioner, the Purchaser Trustee.

11. **ORDERS** that the Petitioner or the Trustee shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.
12. **ORDERS** that the LOI (Exhibit P-4) and the Cash-Flow Forecast (Exhibit P-3) be kept confidential and under seal until further order of this Court.
13. **ORDERS** that for its remaining Property (as defined hereunder), the Petitioner shall be entitled to interest or solicit one or several potential buyers for all or any part of such assets, including, without limitation, by carrying out, with the assistance of the Trustee, a public call for tenders, a sale process in which an offer is submitted as a "*stalking horse*", or private solicitations, in order to dispose of such property;

Interim Financing

14. **ORDERS** that the Petitioner be and is hereby authorized to borrow, repay and reborrow from Mr. Nicholas Routhier (the "**Interim Lender**") such amounts from time to time as Petitioner may consider necessary or desirable, up to a maximum principal amount of \$100,000 outstanding at any time (the "**Bridge Loan**"), on the terms and conditions as set forth in the Loan Agreement filed as Exhibit P-5 in support of the Motion (the "**Loan Agreement**"), to fund the ongoing expenditures of Petitioner, including the Sale Process, and to pay such other amounts as are permitted by this Order and by the Loan Agreement, the terms of which are hereby ratified;
15. **ORDERS** that Petitioner is hereby authorized to execute and deliver such other documents, as may be required by the Interim Lender in connection with the Bridge Loan and the Loan Agreement (collectively the "**Interim Financing Documents**"), including the hypothec executed by the Company in favour of the Interim Lender (the "**Hypothec**") (Exhibit P-6), which terms are hereby ratified by this Court, and **ORDERS** that the Petitioner is hereby authorized to perform all of its obligations under the Interim Financing Documents;
16. **ORDERS** that Petitioner shall pay to the Interim Lender, when due, all amounts owing under the Loan Agreement and shall perform all of its other obligations to the Interim

Lender pursuant to the Loan Agreement, the Interim Financing Documents and this Order;

17. **DECLARES** that all of the Petitioner's present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof, including the proceeds resulting from the sale of the Purchased Assets (collectively, the "**Property**") is hereby subject to a charge and security for an aggregate amount of \$125,000 (such charge and security is referred to herein as the "**Interim Lender Charge**") in favour of the Interim Lender as security for all of the Petitioner's obligations under or in connection with the Loan Agreement and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs 29 and 30 of this Order;
18. **ORDERS** that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to any proposal or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected creditor in these proceedings and in any such proposal;
19. **ORDERS** that the Interim Lender may:
 - a) notwithstanding any other provision of the Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents, including the Hypothec, in all jurisdictions where it deems it is appropriate; and
 - b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to Petitioner if the Petitioner fails to meet the provisions of the Loan Agreement and the Interim Financing Documents;
20. **ORDERS** that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the "**Notice Period**") of a default thereunder to the Petitioner, the Trustee and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA;
21. **ORDERS** that subject to further order of this Court, no order shall be made varying, rescinding, or otherwise affecting paragraphs 14 to 20 hereof unless either (a) a notice of a motion for such order is served on the Interim Lender by the moving party within seven (7) days after that party was served with this Order or (b) the Interim Lender applies for or consents to such order.

Key Employee Contracts

22. **ORDERS** that the terms and conditions of the Key Employee Contracts (as defined in the Motion), Exhibit P-7, are hereby ratified and that the Petitioner is authorized to perform its obligation thereunder, including making all payments required in accordance with the terms thereof and **DECLARES** that the Key Employee Contracts contain sensitive and confidential information and shall be sealed in the court file in this proceedings and segregated from, and not form part of, the public record.

23. **ORDERS** that the employees eligible under the Key Employee Contracts shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$111,000 (the "**KERP Charge**"), as security for the payment of the shortfall between the amounts owed under the Key Employee Contracts and any payment or distribution made or expected to be made under a proposal to be filed in the context of these proceedings or any other insolvency or liquidation proceedings filed by the Petitioner. The KERP Charge shall have the priority set out in paragraphs 29 and 30 of this Order.

Directors' and Officers' Indemnification and Charge

24. **ORDERS** that the Petitioner shall indemnify its directors and officers (collectively, the "**Directors**") from all claims relating to any obligations or liabilities they may incur by reason of or in relation to their capacity as directors or officers of the Petitioner for accrued and unpaid/unremitted sales taxes, wages and vacation not already covered by section 81.3 of the BIA, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 64.1(4) BIA.
25. **ORDERS** that the Petitioner's directors shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$25,000 (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 5 of this Order as it relates to obligations and liabilities that such directors or officers may incur as directors or officers of the Petitioner. The Directors' Charge shall have the priority set out in paragraphs 29 and 30 of this Order.
26. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph 24 of this Order.

Administration Charge

27. **ORDERS** that Petitioner shall pay the reasonable fees and disbursements of the Trustee, the Trustee's legal counsel and the Petitioner's legal counsel (collectively, the "**Professionals**"), which are directly related to these proceedings, including the Sale Process, as defined in the Motion, whether incurred before or after the Order (collectively, the "**Professional Fees**"), and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
28. **DECLARES** that the Professionals shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$150,000 (the "**Administration Charge**"), as a security for the payment of the Professional Fees. The Administration Charge shall have the priority set out in paragraphs 29 and 30 of this Order.

Priorities and General Provisions Relating to Charges

29. **DECLARES** that the priorities of the Interim Lender Charge, the KERP Charge, the Administration Charge and the Directors' Charge (collectively, the "**Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, Administration Charge;
 - (b) second, the Interim Lender Charge;
 - (c) third, the Directors' Charge; and
 - (d) fourth, the KERP Charge.
30. **DECLARES** that each of the Charges shall rank in priority to any and all other Encumbrances affecting the Property.
31. **ORDERS** that, except as otherwise expressly provided for herein, the Petitioner shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Petitioner obtains the prior written consent of the Trustee and the prior approval of the Court.
32. **DECLARES** that each of the Charges shall attach, as of the date hereof, to all present and future Property of the Petitioner, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
33. **DECLARES** that the Charges and the rights and remedies of the beneficiaries of such Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Petitioner (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the creation of any of the Charges shall not create or be deemed to constitute a breach by the Petitioner of any Third Party Agreement to which it is a party; and
 - (b) any of the beneficiaries of the Charges shall not have liability to any person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the Charges.

34. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Petitioner pursuant to the Order and the granting of the Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
35. **DECLARES** that the Charges shall be valid and enforceable as against all Property of the Petitioner and against all persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioner, for all purposes.

General

36. **DECLARES** that the Petitioner and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Petitioner shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
37. **DECLARES** that, unless otherwise provided herein, under the BIA, or ordered by this Court, no document, order or other material need be served on any person in respect of these proceedings, unless such person has served a notice of appearance on the solicitors for the Petitioner and the Trustee and has filed such notice with this Court, or appears on the service list prepared by the Trustee or its attorneys, save and except when an order is sought against a person not previously involved in these proceedings;
38. **DECLARES** that the Petitioner or the Trustee 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 on notice only to each other.
39. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
40. **DECLARES** that the Trustee, with the prior consent of the Petitioner, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the U.S. Bankruptcy Code, for which the Trustee shall be the foreign representative of the Petitioner. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Trustee as may be deemed necessary or appropriate for that purpose.
41. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or

administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

42. **ORDERS** the provisional execution of the Order notwithstanding any appeal.

Signe: CHANTAL FLAMAND

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Registraire

SCHEDULE "A"
DESCRIPTION OF THE PURCHASED ASSETS

All right, title and interest in all patents and patent applications listed or described below, including, without limitation, the right to sue for and recover damages in respect of past acts of infringement thereof:

3D ^N Reference #	Country Name	Serial #	Publication #	Patent #	Status
G01250AU	Australia	2003227151	2003227151		Abandoned
G01250CA1	Canada	2380105	2,380,105		Abandoned
G01250CA2	Canada	2481423	2,481,423		Allowed
G01250CN1	China	03808028.1	1647546	1647546	Issued
G01250CN2	China	201210361273.X	102905149	102905149	Issued
G01250CN3	China	201110043036.4	102098529		Published
G01250CN4	China	201510582062.2			Pending
G01250DE	Germany	60345274.4		60345274	Issued
G01250DE2	Germany	60345279.5		60345279	Issued
G01250EP	EPO	3746205.8	1495642		Abandoned
G01250EP1	EPO	9159209.7	2083574	2083574	Issued
G01250EP3	EPO	10158655	2211558		Published
G01250EP2	EPO	10158653.5	2211557	2211557	Issued
G01250FR	France	9159209.7	2083574	2083574	Issued
G01250FR2	France	10158653.5	2211557	2211557	Issued
G01250GB	UK	9159209.7	2083574	2083574	Issued
G01250GB2	UK	10158653.5	2211557	2211557	Issued
G01250HK	Hong Kong	13107924.1	1180860		Published
G01250HK1	Hong Kong	10111398.3	1145110	1145110	Issued
G01250IN1	India	2211/CHENP/2004	2211/CHENP/2004	242873	Issued
G01250JP1	Japan	2003-585449	2005-522958	5230892	Issued
G01250JP2	Japan	2010-044392	2010-161794	5421821	Issued
G01250JP3	Japan	2013-040017	2013-153475A	5663617	Issued
G01250US1	US	10/409,073	2003-0223499	7,580,463	Issued
G01250US2	US	10/960,058	2005-0117637	7,693,221	Issued
G01250US3	US	12/406,078	2009-0219382	8,804,842	Issued
G01250US4	US	12/691,786	2010-0171814	8,384,766	Issued
G01250US5	US	12/718,081			Abandoned
G01250US6	US	12/764,071	2010-0188482	7,844,001	Issued
G01250US7	US	12/955,140	2011-0187821	8,743,177	Issued
G01250US8	US	14/455,042	2014-0347455		Published
G01250WO	WIPO	PCT/CA2003/000524	WO/2003/088682		Nat Phase

Plus:

- (i) all patents and patent applications owned by Sensio Technologies Inc. (the "**Seller**") or any affiliate of Seller to, from or through which any patent or patent application listed Schedule claims priority;
- (ii) all patents and patent applications owned by Seller or any affiliate of Seller that claim priority to, from or through any existing or abandoned patents or patent applications to, from or through which any patent or patent application listed or described in this Schedule A; and
- (iii) all patents and patent applications owned by Seller or any affiliate of Seller deriving from or having substantially the same specifications as any patent or patent application owned by Seller or any affiliate of Seller that claim priority to, from or through any existing or abandoned patents or patent applications to, from or through which any patent or patent application listed or described in this Schedule A, and any inventions disclosed in any such patent or patent application including all patents and patent applications owned by Seller or any affiliate of Seller claiming priority to, from or through, any such patent or patent application;

in each such case including all:

- (1) patents, patent applications, provisional applications, continuation applications, continuation-in-part applications, divisional applications, reissue patents, reexamination patents, design patents, design patent applications and patent extensions thereof owned by Seller or any affiliate of Seller relating to or having the substantially the same specifications as any patent or patent application listed or described in this Schedule A, any applications owned by Seller or any affiliate of Seller claiming priority to, from or through, any of the foregoing and all counterparts thereof; and
- (2) foreign patents, foreign patent applications, foreign counterparts including utility models and the like owned by Seller or any affiliate of Seller claiming priority to, from or through, or having the substantially the same specifications as any of the foregoing.

SCHEDULE "B"
DRAFT CERTIFICATE OF THE TRUSTEE

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)

No. : 500-11

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF:

SENSIO TECHNOLOGIES INC., a legal person
incorporated under the laws of Canada, having its
registered office at 1751 Rue Richardson, in the city
and district of Montréal, Province of Quebec, H3K
1G6.

Petitioner

-and-

DELOITTE RESTRUCTURING INC., a legal person
incorporated under the laws of Canada, having its
registered office at 1190, Avenue des Canadiens-de-
Montréal in the city and district of Montréal, Province
of Quebec, H3B 0M7.

Trustee

CERTIFICATE OF THE TRUSTEE

RECITALS:

WHEREAS on December 23, 2015, the Petitioner, Sensio Technologies Inc. (the "**Petitioner**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to the *Bankruptcy and Insolvency Act* (the "**Act**");

WHEREAS Deloitte Restructuring Inc. (the "**Trustee**") was appointed as **Trustee** to the NOI; and

WHEREAS on December ●, 2015 the Superior Court of Quebec (the "**Court**") issued an Order (the "**Order**") thereby, *inter alia*, authorizing and approving the execution by the Petitioner of a *Letter of Intent* (the "**LOI**") by and between the Petitioner, as vendor (the "**Vendor**") and 3D^N, LLC, as purchaser (the "**Purchaser**"), copy of which was filed in the Court record, as well as all of the transactions contemplated therein (the "**Transactions**") with such alterations, changes, amendments, deletions or additions thereto, as may be agreed to with the consent of the Trustee.

WHEREAS the Order contemplates the issuance of this Certificate of the Trustee once the (a) a definitive purchase agreement, if deemed necessary, has been executed and delivered; and (b) the purchase price set forth in the LOI (the "**Purchase Price**") has been paid by the Purchaser; and (c) and all the conditions to the closing of the Transactions have been satisfied or waived by the parties thereto.

THE TRUSTEE CERTIFIES THAT IT HAS BEEN ADVISED BY THE VENDOR AND THE PURCHASER AS TO THE FOLLOWING:

- (a) a definitive purchase agreement has been executed and delivered;
- (b) the Purchase Price payable upon the closing of the Transactions and all applicable taxes have been paid; and
- (c) all conditions to the closing of the Transactions have been satisfied or waived by the parties thereto.

This Certificate was issued by the Trustee at ____ [TIME] on _____ [DATE].

DELOITTE RESTRUCTURING INC., in its capacity as trustee to the Notice of Intention to Make a Proposal of Sensio Technologies Inc., and not in its personal capacity.

Name: _____

Title: _____
