

COURT FILE NUMBER 1639 of 2015
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE SASKATOON
PLAINTIFF GOLDEN OPPORTUNITIES FUND INC.
DEFENDANTS PHENOMENOME DISCOVERIES INC. and
PHENOMENOME LABORATORY SERVICES INC.

IN THE MATTER OF THE RECEIVERSHIP OF PHENOMENOME DISCOVERIES INC. AND
PHENOMENOME LABORATORY SERVICES INC.

NOTICE OF APPLICATION

**NOTICE TO ALL RESPONDENTS – ALL PERSONS NAMED ON THE SERVICE LIST FOR
THESE PROCEEDINGS ATTACHED AT SCHEDULE "A" HERETO (THE "SERVICE LIST")**

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below

Where: Court House, 520 Spadina Crescent
East, Saskatoon, Saskatchewan
S7K 3G7
Date: Friday, April 15, 2016
Time: 10:00 a.m.

Remedy claimed or sought:

1. FTI Consulting Canada Inc., in its capacity as court-appointed receiver and manager (the "**Receiver**") of Phenomenome Discoveries Inc. ("**PDI**") and Phenomenome Laboratory Services Inc. ("**PLSI**" and together with PDI, collectively, "**Phenomenome**"), seeks an order substantially in the form attached hereto as Schedule "**B**":
 - (a) abridging the time for service of this application and declaring that this motion is properly returnable today, if necessary, and further service of this Application, other than to those listed on the Service List is hereby dispensed with;

- (b) approving the sales procedures (the "**Sales Procedures**") as outlined in paragraphs 38 to 52 of the First Report of the Receiver (the "**First Report**") dated April 8, 2016;
- (c) approving the key employee retention plan as outlined in paragraphs 54 and 55 of the First Report (the "**KERP**") and authorizing the Receiver to do all such things as are reasonably necessary to implement the KERP including, without limitation, making payments to any persons identified as being key employees (the "**Key Employees**") who are entitled to receive payments pursuant to the KERP;
- (d) increasing the amount the Receiver is permitted to borrow pursuant to paragraph 23 of the Receivership Order granted by the Honourable Mr. Justice B.J. Scherman on February 25, 2016 (the "**Receivership Order**") from \$400,000 to \$3,000,000;
- (e) approving the actions, conduct and activities of the Receiver as outlined in the First Report;
- (f) approving the Receiver's Statement of Receipts and Disbursements for the period from February 25, 2016 to April 7, 2016 as set out in the First Report;
- (g) sealing the confidential appendix to the First Report; and
- (h) such further and other relief as counsel may request and this Honourable Court may deem appropriate.

Grounds for making this application:

2. The grounds upon which the Receiver relies in making the within Application are as follows:
 - (a) on February 25, 2016, Phenomenome became subject to these receivership proceedings pursuant to the Receivership Order and the Receiver was appointed over all of the assets, undertakings and properties of Phenomenome (the "**Property**");

- (b) pursuant to paragraph 6(k) of the Receivership Order, the Receiver is authorized to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any parts thereof and negotiating such terms and conditions of sale as the Receiver deems appropriate;
- (c) the Receiver is of the view that the proposed Sales Procedures expose Phenomenome's assets to the market for a reasonable time, is transparent and is designed to obtain the highest and best value for the Property in the circumstances;
- (d) the Receiver has determined that the KERP is necessary in order to retain the Key Employees. The Key Employees will receive payments in accordance with the terms and procedures provided for in the KERP;
- (e) the maximum amount that is estimated to be payable under the KERP is approximately \$199,980;
- (f) the Receiver has acted diligently since its appointment, and has undertaken those activities described in the First Report;
- (g) paragraph 23 of the Receivership Order permits the Receiver to borrow an outstanding principal amount not exceeding \$400,000;
- (h) an increase in the amount the Receiver is permitted to borrow from \$400,000 to \$3,000,000 is necessary in order to permit the Receiver to:
 - (i) continue its administration of the estate in an efficient and uninterrupted manner;
 - (ii) conduct the Sales Procedures; and
 - (iii) resolve the dispute between PDI and Med-Life Discoveries LP,all of which activities are being undertaken for the benefit of the estate;
- (i) as indicated in the cash flow forecast to September 30, 2016 attached to the First Report, the Receiver will require additional funding to carry out the activities described in the above sub-paragraphs; and
- (j) such further and other grounds as counsel for the Receiver may advise.

Material or evidence to be relied on:

3. The Receiver intends to rely upon the following materials:
 - (a) the Receivership Order, filed;
 - (b) the First Report, filed;
 - (c) the pleadings and proceedings herein; and
 - (d) such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

4. The Receiver will rely upon and refer to the following during the making of the Application:
 - (a) the provisions of the *Bankruptcy & Insolvency Act*, RSC 1985, c B-3, as amended.

DATED at Calgary, Alberta, this 8 day of April, 2016.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for FTI CONSULTING CANADA
INC.**

per:


Ryan Zahara,
counsel to FTI Consulting Canada Inc.

NOTICE

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of firm: Blake, Cassels & Graydon LLP
Lawyer in charge of file: Ryan Zahara
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File number: 81518/111

Name of firm: KMP Law North
Lawyer in charge of file: Ryan Pederson
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SCHEDULE "A"

SCHEDULE "A"

Q.B. No. 1639 of 2015

IN THE COURT OF QUEEN'S BENCH OF SASKATCHEWAN
JUDICIAL CENTRE OF SASKATOON

BETWEEN:

GOLDEN OPPORTUNITIES FUND INC.

Plaintiff
(Applicant)

- and -

PHENOMENOME DISCOVERIES INC. and PHENOMENOME LABORATORY SERVICES INC.

Defendant
(Respondent)

SERVICE LIST

(Updated as of April 8, 2016)

NAME, ADDRESS EMAIL ADDRESS AND FAX NUMBER	COUNSEL FOR (OR ON BEHALF OF)	TELEPHONE NUMBER
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SCHEDULE "B"

SCHEDULE "B"

COURT FILE NUMBER 1639 of 2015
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE SASKATOON
PLAINTIFF GOLDEN OPPORTUNITIES FUND INC.
DEFENDANTS PHENOMENOME DISCOVERIES INC. and
PHENOMENOME LABORATORY SERVICES INC.

IN THE MATTER OF THE RECEIVERSHIP OF PHENOMENOME DISCOVERIES INC. AND
PHENOMENOME LABORATORY SERVICES INC.

ORDER
(Approval of Sales Process, KERP and Receiver's Borrowing Charge)

Before the Honourable Justice G.A. Meschishnick in Chambers the 15 day of April, 2016.

Upon the application of Ryan Zahara, counsel on behalf of the receiver and manager, FTI Consulting Canada Inc. (the "**Receiver**"), and on hearing from Ryan Zahara on behalf of the Receiver, and on hearing from counsel on behalf of all other parties present, and on reading the Notice of Application on behalf of the Receiver filed on April 8, 2016, the First Report of the Receiver (the "**First Report**") filed on April 8, 2016, and the pleadings and proceedings herein;

The Court Orders:

SERVICE

1. Service of the Application and materials in support thereof is hereby abridged, if necessary, so that the Application is properly returnable today and further service of the Application upon any party not served is hereby dispensed with.

APPROVAL OF THE SALES PROCEDURES

2. The sales procedures (the "**Sales Procedures**") outlined in paragraphs 38 to 52 of the First Report are hereby approved and accepted and the Receiver is hereby authorized and directed to implement the Sales Procedures as described in the terms thereof and do all such things as are reasonably necessary to conduct and give full effect to the Sales Procedures.

SCHEDULE "B"

KEY EMPLOYEE RETENTION PLAN

3. The key employee retention plan described at paragraphs 54 and 55 of the First Report (the "KERP") is hereby approved and given full force and effect in accordance with its terms, and the Receiver is hereby directed to make the payments provided thereunder, when due.

INCREASE TO THE RECEIVER'S BORROWING CHARGE

4. The amount the Receiver is permitted to borrow pursuant to paragraph 23 of the Receivership Order, shall be hereby increased from \$400,000 to \$3,000,000.

MISCELLANEOUS

5. The actions, conduct and activities of the Receiver to date, as outlined in the First Report are hereby authorized and approved.

6. The Receiver's Interim Statement of Receipts and Disbursements for the period from February 25, 2016 to March 31, 2016 as set out in the First Report is hereby approved.

SEALING

7. The Confidential Appendix I to the First Report shall be sealed on the Court file.

ISSUED at the City of Saskatoon, in the Province of Saskatchewan, this 15 day of April, 2016.

Deputy Local Registrar

This Order was delivered by:

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Unit 3500, 855 2 Street SW
Calgary, AB T2P 4J8

Address for Service: As above
Lawyer: Ryan Zahara
Telephone: 403-260-9628
Facsimile: 403-260-9700

TO: Local Registrar, Judicial Centre of Saskatoon

AND TO: The plaintiff, Golden Opportunities Fund Inc.

AND TO: The defendant, Phenomenome Discoveries Inc.

AND TO: Those parties listed on the Service List attached to the Application as Schedule "A"