

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN

NUANCE PHARMA LTD.

Applicant

- and -

**1001138302 ONTARIO INC.
(formerly ANTIBE THERAPEUTICS INC., in receivership)**

Respondent

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
*COURTS OF JUSTICE ACT***

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INTRODUCTION AND BACKGROUND

1. This is the First Supplemental Report (the “**First Supplemental Report**”) to the Second Report of the Receiver dated January 15, 2025 (the “**Second Report**”) regarding the receivership proceeding (the “**Receivership**”) of 1001138302 Ontario Inc. (“**ResidualCo**”, and formerly Antibe Therapeutics Inc., in receivership, “**Antibe**”). Capitalized terms not otherwise defined or redefined herein have the meaning ascribed to them in the Second Report.
2. The Receiver served its Motion Record and the Second Report on January 15, 2025, for the motion returnable January 29, 2025 before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), seeking the following relief, *inter alia*:
 - (a) the Approval and Reverse Vesting Order; and
 - (b) the Ancillary Order approving:
 - (i) the Second Report and the activities, conduct, and decisions of the Receiver set out therein, and approving the fees and disbursements of the Receiver and TGF as set out in the Second Report and the fee affidavits appended thereto;
 - (ii) an interim distribution of funds to proven unsecured creditors (the “**Proven Claims**”) on a *pro rata* basis (the “**Interim Distribution**”, as redefined below for the purposes of this Motion), subject to certain sufficient holdbacks for costs to complete the administration of this Receivership and not-yet-proven Claims (collectively, the “**Unresolved Claims**”); and
 - (iii) an immediate distribution of US\$519 thousand (the “**Traceable Funds**”) plus accrued interest, converted to Canadian dollars at the prevailing foreign exchange rate on the date of transfer (the “**Nuance Distribution**”), to Nuance Pharma Ltd. (“**Nuance**”) as a permanent paydown and indefeasible repayment of the indebtedness and obligations secured by the Proprietary Claim.

3. On January 29, 2025, the Court granted the Approval and Reverse Vesting Order, and the Ancillary Order, save for the relief sought in respect of the Interim Distribution. In Justice Osborne's endorsement dated January 29, 2025 (the "**Endorsement**") and with respect to the Interim Distribution, His Honour directed that particularized information not available at that time regarding the Interim Distribution be provided to satisfy the Court that no creditors will be prejudiced, and that sufficient holdbacks or reserves are made for any Unresolved Claims and to complete administration of the Receivership.
4. Accordingly, the Receiver has prepared this First Supplemental Report setting out further information now available for the Court pursuant to the Endorsement regarding the proposed Interim Distribution and seeks approval of the proposed Order (the "**Interim Distribution Order**") authorizing the Interim Distribution.

TERMS OF REFERENCE AND DISCLAIMER

5. In preparing the First Supplemental Report, the Receiver has relied upon audited and unaudited financial information provided by the Company, including its books and records, financial information, and forecasts and analysis, information provided by Claimants (as defined in the Claims Procedure Order dated June 24, 2024), and discussions with various parties, including Claimants and former employees of, and advisors to, the Company (collectively, the "**Information**").
6. Except as otherwise described in the First Supplemental Report:
 - (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook (the "**Handbook**") and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information; and
 - (b) the Receiver has not examined or reviewed the financial forecasts or projections referred to in the First Supplemental Report in a manner that would

comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

7. Future-oriented financial information reported in or relied on in preparing the First Supplemental Report is based on assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
8. The Receiver has prepared the First Supplemental Report in connection with the stated purpose above. The First Supplemental Report should not be relied on for any other purpose.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

CLAIMS PROCEDURE

Overview of Proven Claims and Unresolved Claims

10. Since the date of the Second Report and subsequent to closing of the Transaction, the Receiver has continued its review and adjudication of the Claims. The quantum of Claims presented in the Second Report was based on the quantum of the Claims as filed by Claimants; however, the quantum of Claims presented herein represents either the accepted claim value of Proven Claims, or the filed Claim amount if an Unresolved Claim. Accordingly, the quantum of Claims presented within this First Supplemental Report will vary from the quantum of Claims presented in the Second Report.

11. The Proven Claims and Unresolved Claims are summarized in the following table:

Claim Amount (in 000's of Canadian Dollars)					
Claim Type	Trust \$	Preferred \$	Unsecured \$	Equity \$	Total \$
Arbitral Award - Proprietary Claim*	712				712
Proven Claims					
Arbitral Award - Unsecured Claim			33,521		33,521
Trade creditors			5,924		5,924
Employee related		2	2,916		2,918
Directors and Officers			81		81
Total Proven Claims	-	2	42,443	-	42,445
Unresolved Claims					
Trade creditors			68		68
Employee related			57		57
Shareholders				314	314
Total Unresolved Claims	-	-	125	314	438
Total	712	2	42,567	314	43,595

* The \$712 thousand Proprietary Claim represents the Traceable Funds amount converted to CAD at the applicable rate.

12. Pursuant to the Ancillary Order issued by the Honourable Justice Osborne on January 29, 2025, the Nuance Distribution was paid in full to Nuance in priority to the Claims of unsecured creditors.
13. The Proven Claims originally made against Antibe and now residing in ResidualCo following closing of the Transaction are comprised of the following:
- the unsecured balance of Nuance's Proven Claim regarding the Arbitral Award totaling approximately \$33.5 million;
 - twenty-nine (29) unsecured Proven Claims from trade creditors totaling approximately \$5.9 million;
 - twelve (12) employee-related unsecured Proven Claims totaling approximately \$2.9 million, including \$2 thousand of preferred Proven Claims; and
 - six (6) unsecured Proven Claims from Antibe's former directors and officers totaling approximately \$81 thousand.

14. In addition to the Proven Claims, there are twenty-two (22) Unresolved Claims totaling approximately \$438 thousand for which Notices of Revision or Disallowance have been issued; however, the dispute period pursuant to the Claims Procedure Order has not fully lapsed and such Unresolved Claims remain subject to finalization.
15. The Unresolved Claims are comprised of the following:
 - (a) one (1) Claim from a trade creditor totaling approximately \$68 thousand;
 - (b) two (2) employee-related Claims totaling approximately \$57 thousand; and
 - (c) nineteen (19) shareholder equity Claims totaling approximately \$314 thousand.

THE APPROVAL AND REVERSE VESTING ORDER

The Court-Approved Transaction

16. As described in the Second Report, the Receiver sought approval of the Transaction with Taro Pharmaceuticals Inc. (“**Taro**”). In accordance with the Approval and Reverse Vesting Order granted, the Receiver worked closely with Taro to successfully close the Transaction on March 17, 2025. A copy of the press release announcing successful completion of the Transaction is attached hereto as **Appendix “A”**.
17. Also, on March 17, 2025 upon closing of the Transaction, the Receiver delivered its Receiver’s Certificate and filed it with the Court.

RECEIPTS AND DISBURSEMENTS

18. The Receiver's interim statement of receipts and disbursements for the period from January 1, 2025 to March 24, 2025 is summarized below:

(in 000's)	Estate Accounts		Segregated		Total
	CAD \$	US \$	CAD \$	US \$	CAD \$*
Total Receipts	4,124	55	1	3	4,207
Operating Disbursements					
Payroll-related	(29)	(0)	-	-	(29)
Operating disbursements	(9)	(32)	-	-	(55)
GST/HST paid	(20)	-	-	-	(20)
Distribution	-	-	-	(539)	(772)
Total Operating Disbursements	(58)	(32)	-	(539)	(876)
Receivership Disbursements					
Professional fees	(149)	-	-	-	(149)
Total Receivership Disbursements	(149)	-	-	-	
Non-Operating Disbursements					
Foreign exchange gains / (losses)	-	-	-	-	(35)
Total Non-Operating Disbursements	-	-	-	-	(35)
Total Disbursements	(207)	(32)	-	(539)	(1,060)
Net Cash Flow	3,917	22	1	(536)	3,148
Opening Balance, January 1, 2025	9,738	4,400	277	537	17,119
Closing Balance, March 24, 2025	13,655	4,423	278	1	20,267

* US denominated transactions were translated to Canadian Dollars using the Bank of Canada exchange rate as at March 24, 2025.

19. Cash receipts totaling approximately \$4.2 million are comprised of: (i) cash receipts of CAD\$4.075 million in relation to the Transaction (in addition to the previously collected deposit of \$425 thousand) and (ii) earned interest income.
20. Payroll-related disbursements totaling approximately \$29 thousand include payroll payments to the final remaining employee of Antibe (terminated in March 2025), independent contractors, employee expense reimbursements, payroll tax remittances and employee health tax remittances.
21. Operating disbursements totaling approximately \$55 thousand include payments in respect of maintaining the Company's patent registrations, IT services, material storage services, and IT consulting services.

22. GST/HST disbursements totaling approximately \$20 thousand represents GST/HST paid on goods and services rendered in relation to the Receivership.
23. The Nuance Distribution totaling approximately \$772 thousand represents the distribution to Nuance in respect of the Traceable Funds. This distribution was issued pursuant to the Ancillary Order issued January 29, 2025.
24. Professional fees totaling approximately \$149 thousand represent the professional fees of the Receiver and its counsel, TGF.

OVERVIEW OF PROPOSED INTERIM DISTRIBUTION

25. The Receiver is seeking the Interim Distribution Order authorizing the Receiver to make the “**Interim Distribution**”, which for greater clarity consists of the following distributions: (i) a distribution to Claimants with Proven Claims and (ii) one or more additional distributions out of the Holdback Reserve (as defined below) to Claimants with Unresolved Claims that become Proven Claims, at such times as may be determined appropriate by the Receiver without further Order of this Honourable Court.
26. In effect, the Receiver is seeking the ability to issue the Interim Distribution to Claimants with Proven Claims and Claimants with Unresolved Claims upon such Unresolved Claims being determined to be Proven Claims. For clarity, the Receiver is not seeking approval for any further distributions in respect of Proven Claims at present. Should the Receiver determine a further and final distribution is appropriate, the Receiver will return to Court at that time.

Distribution and Holdbacks

27. Of the total cash on hand of approximately \$20.3 million, the Receiver is seeking the Interim Distribution Order that authorizes the Receiver to make an Interim Distribution of approximately \$17.8 million to unsecured creditors with Proven Claims, and establish a holdback reserve of approximately \$2.5 million (the “**Holdback Reserve**”) to be established and maintained by the Receiver.

Interim Distribution Summary	
CAD \$ in thousands	
Cash on hand	20,267
Proposed Interim Distribution - Priority Proven Claims	(2)
Proposed Interim Distribution - Unsecured Proven Claims	(17,765)
Total Holdback Reserve	2,500

28. The Holdback Reserve of approximately \$2.5 million is summarized in the table below:

Holdback Reserve Summary	
CAD \$ in thousands	
Holdback Reserve	
Reserve to complete the Receivership	1,750
Bankruptcy reserve	100
Unresolved Claims	500
Contingency	150
Total Holdback Reserve	2,500

29. The Holdback Reserve is comprised primarily of the following components:
- (a) estimated remaining costs to complete the administration of the Receivership including the following:
 - (i) payment of estimated operating expenses and accrued post-filing liabilities outstanding;
 - (ii) estimated and accrued professional fees to complete the administration of the Receivership; and
 - (iii) a contingency amount;

- (b) a holdback to account for Unresolved Claims of approximately \$500 thousand, should such Claims be determined to be Proven Claims. The holdback for Unresolved Claims represents the maximum exposure in respect of the Unresolved Claims.
30. The Receiver also seeks approval of further distributions from the Holdback Reserve at such time as is deemed appropriate by the Receiver, on account of any Unresolved Claims that, in accordance with the Claims Procedure Order, become Proven Claims. Such distributions also form part of the Interim Distribution for which the Receiver seeks approval at this time.

Overview of Unsecured Creditor Recoveries

31. With respect to the Proven Claims, the proposed Interim Distribution represents a recovery of 100% for the preferred unsecured Proven Claims of \$2 thousand, and a recovery of approximately 42% for the unsecured Proven Claims of \$42.4 million as outlined in the table below:

Interim Distribution Recoveries			
CAD \$ in thousands			
Type of Claim	Total Claims \$	Recoveries	
		%	\$
Preferred			
Proven	2	100%	2
Unresolved*	-	0%	-
Unsecured			
Proven	42,443	42%	17,765
Unresolved*	125	0%	-
Equity			
Proven	-	0%	-
Unresolved*	314	0%	-
Total	42,883	41%	17,767

* Unreserved Claims are accounted for in the Holdback Reserve.

Final Distribution for Proven Claims

32. The Holdback Reserve is based on an estimate for the professional fees required to complete the administrative steps in the Receivership, accrued and outstanding operating disbursements, a bankruptcy reserve, Unresolved Claims, and a contingency amount. Upon the completion of the administration of the Receivership, remaining cash on hand may be available for distribution after completion of all matters pertaining to the Receivership. The Receiver intends to return to court to seek approval of a final distribution following the completion of the administrative steps in the Receivership.

CONCLUSION AND RECOMMENDATION

33. For the reasons stated in this First Supplemental Report, the Receiver respectfully requests and recommends that this Honourable Court grant the Interim Distribution Order authorizing the Receiver to make the proposed Interim Distribution and to establish the Holdback Reserve.

The Receiver respectfully submits this, the First Supplemental Report, to the Court.

Dated this 26th day of March, 2025.

FTI Consulting Canada Inc.,

solely in its capacity as Court-appointed Receiver and Manager of
1001138302 Ontario Inc.,
and not in its personal or corporate capacity

Per: 

Jim Robinson
Senior Managing Director

APPENDIX “A”

Source: Antibe Therapeutics Inc.

March 18, 2025 13:31 ET

Antibe Announces Completion of Sale

TORONTO, March 18, 2025 (GLOBE NEWSWIRE) -- Antibe Therapeutics Inc. ("**Antibe**" or the "**Company**") announced that, in connection with its previously announced receivership proceedings, the Company completed a transaction (the "**Transaction**") on March 17, 2025 whereby Taro Pharmaceuticals Inc. (the "**Purchaser**") purchased all of the issued and outstanding common shares of the Company from FTI Consulting Inc. (the "**Receiver**"), in its capacity as court-appointed receiver and manager of the Company, pursuant to a transaction agreement (the "**Transaction Agreement**") dated January 15, 2025.

On January 29, 2025, the Superior Court of Justice (Commercial List) (the "**Court**") granted an order under section 101 of the *Courts of Justice Act* pursuant to which the Court, among other things, approved the Transaction Agreement and also (i) added 1001138302 Ontario Ltd. ("**Residual Co**") as part of the receivership proceedings; (ii) authorized the transfer and vesting of all of the right, title and interest of the Company in certain excluded assets and liabilities in Residual Co; (iii) authorized the Company to file articles of reorganization, if required; (iv) authorized and directed the Corporation to issue an aggregate of 100 newly issued common shares representing 100% of the issued and outstanding common shares of the Company to the Purchaser; and (v) authorized the termination and cancellation of all of the other equity interests of the Company for no consideration.

On March 6, 2025, an order was issued by the Ontario Securities Commission ("**OSC**") for the partial revocation of the failure-to-file cease trade order ("**FFCTO**") issued by the OSC on July 10, 2024 as a result of the Company's failure to file certain continuous disclosure documents. The Company has filed with the OSC an application for a full revocation of the FFCTO and an application to cease to be a reporting issuer in each of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan.

Additional information regarding the Company's receivership proceedings and the Transaction can be found on the Receiver's website at <http://cfcanada.fticonsulting.com/antibe/>.

Notice regarding forward-looking statements

This press release contains forward-looking information within the meaning of Canadian securities laws. Such forward-looking information includes, without limitation, statements relating to the Company's application for a full revocation of the FFCTO and to cease to be a reporting issuer in each of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan. Forward-looking information is subject to known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from those expressed or implied by the forward-looking information. Such risks include the failure of the Company to satisfy the securities regulatory requirements for obtaining the full revocation order and/or the cease to be a reporting issuer order. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that forward-looking information contained in this press release are made as of the date of this press release. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Contact:

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IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*

NUANCE PHARMA LTD.

AND

1001138302 ONTARIO INC.

(formerly Antibe Therapeutics Inc., in receivership)

Applicant

Respondent

Court File No.: CV-24-00719237-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**FIRST SUPPLEMENTAL REPORT TO THE SECOND
REPORT OF FTI CONSULTING CANADA INC., IN ITS
CAPACITY AS COURT-APPOINTED RECEIVER**

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