

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

B E T W E E N:

INGALLS & SNYDER LLC

Applicant

- and -

THE MEDIPATTERN CORPORATION

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101
OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF SECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

SUPPLEMENTAL REPORT TO THE FIRST REPORT OF BDO CANADA LIMITED AS RECEIVER

July 12, 2013

INTRODUCTION AND BACKGROUND

1. The First Report of BDO Canada Limited as receiver (the "Receiver") of The Medipattern Corporation ("Medipattern") dated July 8, 2013 (the "First Report of the Receiver") was included in the motion record to be heard by this Court on July 15, 2013.
2. Paragraphs 40 to 41 of the First Report of the Receiver describe the suspension in trading of securities of Medipattern by the TSX Venture Exchange. On July 9, 2013, the Receiver received a notice dated July 9, 2013 (the "July 9 Notice") that an order had been made by the Director of the Ontario Securities Commission (the "Director") that all trading in the securities of Medipattern cease until such order is revoked by the Director. A copy of the July 9 Notice is attached hereto as Exhibit "A".
3. Paragraph 49 of the First Report of the Receiver described the unexecuted copy of the Purchase Agreement, which was attached as an exhibit to the First Report of the Receiver. Since the First Report of the Receiver, the Receiver and the Purchaser have finalized the Purchase Agreement, which was executed on July 11, 2013. An executed copy of the final Purchase Agreement is attached hereto as Exhibit "B".
4. As described in paragraph 55 of the First Report of the Receiver, the Receiver and Salient Imaging, Inc. ("Salient") agreed that in exchange for a Receiver's Certificate, Salient would provide funding to the Receiver in the amount of \$135,000, prior to the Court hearing of the motion for requesting the Approval and Vesting Order, to fund the estimated shortfall from payment of the remaining costs and priority claims. On July 11, 2013, the Receiver received \$135,000 from Salient and issued a Receiver's Certificate. This \$135,000 advance from Salient takes the place of, and serves the same purpose as, the originally contemplated cash portion of the purchase price, but with less risk to stakeholders as the funds have been received in advance of, rather than on, closing.
5. The Purchaser requested that the requested Approval and Vesting Order be subject to provisional execution. The Receiver asked the Purchaser to provide supporting reasons for this request. Attached hereto as Exhibit "C" is a copy of an email dated July 8, 2013 (the "July 8 Email"), received from a representative of the Purchaser. The July 8 Email explains that the business of Medipattern is subject to the regulatory authority

of the United States Food & Drug Administration (the "US FD&A"), and the Purchaser wishes to close the Sales Transaction immediately following the Court issuing the Approval and Vesting Order in order to provide a seamless transition of the business and to avoid any non-compliance with the US FD&A regulations as a result of any interruptions or delays.

All of the foregoing is respectfully submitted to this Honourable Court as of this 12th day of July, 2013.

BDO CANADA LIMITED

In its capacity as

Receiver of

The Medipattern Corporation

and not in its personal or corporate capacity

Per:



Ken Pearl, CPA, CA•CIRP, MBA
Vice President

Tab A



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

AND

**IN THE MATTER OF
THE MEDIPATTERN CORPORATION**

NOTICE OF TEMPORARY ORDER AND HEARING
(Subsection 127(9))

WHEREAS the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 26th day of June, 2013 (the "Temporary Order"), a copy of which is attached, that all trading in the securities of

THE MEDIPATTERN CORPORATION (the "Reporting Issuer")

whether direct or indirect, cease for a period of fifteen days from the date of the Temporary Order;

AND WHEREAS the Temporary Order was made because the Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law (collectively, the "Default"):

- a) interim financial statements for the nine-month period ended March 31, 2013;
- b) management's discussion and analysis relating to the interim financial statements for the nine-month period ended March 31, 2013;
- c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

AND WHEREAS the Temporary Order was made because the Director was of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS the Director may revoke the Temporary Order within the fifteen-day period if the Reporting Issuer remedies the Default to the satisfaction of the Director;

AND WHEREAS a true copy of this Notice of Temporary Order and Hearing was served this day on the Reporting Issuer at the address noted below;

TAKE NOTICE that, if the Default continues, a hearing will be held pursuant to section 127 of the Act (the "Hearing") to consider whether an order should be made under paragraph 2 of

subsection 127(1) of the Act that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease permanently or for such period as is specified in the order by reason of the continued Default;

AND FURTHER TAKE NOTICE that if the Reporting Issuer intends to attend at the Hearing, the Reporting Issuer is requested to notify the Director of the Reporting Issuer's intention to attend in writing, within seven days from the date of service of this Notice;

AND FURTHER TAKE NOTICE that if the Reporting Issuer notifies the Director that the Reporting Issuer intends to attend at the Hearing, the Hearing will be held before the Commission pursuant to section 127 of the Act at 20 Queen Street West, 17th Floor, Toronto, Ontario at a date and time to be determined within 15 days of the date of the Temporary Order;

AND FURTHER TAKE NOTICE that any party to a proceeding before the Commission may be represented by counsel at the Hearing;

AND FURTHER TAKE NOTICE that if the Reporting Issuer notifies the Director that it intends to be present at the Hearing and fails to attend the Hearing before the Commission, the Hearing may proceed without that party and such party will not receive further notice of the proceedings;

AND FURTHER TAKE NOTICE that if the Reporting Issuer fails to notify the Director that it intends to be present at the Hearing, then the Hearing will proceed before the Director without the Reporting Issuer pursuant to section 127 of the Act at 20 Queen Street West, 16th Floor commencing on 8th day of July, 2013 at 10:00 a.m., or as soon as possible after that time;

AND FURTHER TAKE NOTICE that the Director may extend the Temporary Order under subsection 127(7) of the Act until the Hearing is concluded or under 127(8) of the Act if satisfactory information is not provided to the Director within the fifteen day period.

DATED at Toronto this 26th day of June, 2013.

Ontario Securities Commission

"Sonny Randhawa"

Sonny Randhawa
Manager, Corporate Finance Branch

TO: The Secretary
The Medipattern Corporation
3080 Yonge Street, #4070
Toronto, Ontario
M4N 3N1
CC: CIBC Mellon Trust Company

Documentary evidence to be used at the hearing may be examined at the Commission's Offices, 16th Floor, 20 Queen Street West, Toronto, Ontario M5H 3S8 prior to the date of the hearing by appointment with Diana Gritton. Contact information is as follows:

Diana Gritton
Financial Examiner
Tel: (416) 204-8990
Fax: (416) 593-8252
Email: dgritton@osc.gov.on.ca



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

AND

**IN THE MATTER OF
THE MEDIPATTERN CORPORATION**

TEMPORARY ORDER
(Paragraphs 127(1)2 and subsection 127(5))

WHEREAS The Medipattern Corporation (the "Reporting Issuer") is a reporting issuer in Ontario;

AND WHEREAS the Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law:

- a) interim financial statements for the nine-month period ended March 31, 2013;
- b) management's discussion and analysis relating to the interim financial statements for the nine-month period ended March 31, 2013;
- c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

AND WHEREAS the Director is of the opinion that it is in the public interest to make an order that trading in the securities of the Reporting Issuer cease;

AND WHEREAS the Director is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease for a period of 15 days from the date of this order.

DATED at Toronto this 26th day of June, 2013.

Ontario Securities Commission

"Sonny Randhawa"

Sonny Randhawa
Manager, Corporate Finance Branch



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

AND

IN THE MATTER OF

THE MEDIPATTERN CORPORATION

NOTICE OF ORDER
(Paragraphs 127(1)2)

TAKE NOTICE that the Director made an order under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of

THE MEDIPATTERN CORPORATION

whether direct or indirect, cease until the order is revoked by the Director.

DATED at Toronto this 9th day of July, 2013.

Ontario Securities Commission

"Kathryn Daniels"

Kathryn Daniels
Deputy Director, Corporate Finance Branch

TO: The Secretary
The Medipattern Corporation
3080 Yonge Street, #4070
Toronto, Ontario
M4N 3N1

CC: CIBC Mellon Trust Company



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

AND

IN THE MATTER OF

THE MEDIPATTERN CORPORATION

ORDER
(Paragraphs 127(1)2)

WHEREAS on June 26, 2013,

THE MEDIPATTERN CORPORATION (the "Reporting Issuer")

and its transfer agent were notified that the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 26th day of June, 2013 that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease immediately for a period of fifteen days from the date of the order (the "Temporary Order");

AND WHEREAS the Temporary Order was made because the Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law (collectively, the "Default"):

- a) interim financial statements for the nine-month period ended March 31, 2013;
- b) management's discussion and analysis relating to the interim financial statements for the nine-month period ended March 31, 2013;
- c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

AND WHEREAS the Reporting Issuer and its transfer agent were notified that a hearing (the "Hearing") would be held to determine if it would be in the public interest to make an order under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease permanently or for such period as is specified in the order;

AND WHEREAS the Reporting Issuer was notified that if it intended to attend at the Hearing, the Reporting Issuer was requested to notify the Director of its intention to attend in writing, in which case the Hearing would be held before the Commission;

AND WHEREAS the Reporting Issuer was further notified that if it failed to notify the Director of its intention to be present at the Hearing, then the Hearing would be held before the Director without the Reporting Issuer present;

AND WHEREAS the Reporting Issuer having failed to notify the Director of its intention to attend at the Hearing, the Hearing was held before the Director on the 8th day of July, 2013;

AND UPON no one appearing at the Hearing on behalf of the Reporting Issuer;

AND UPON hearing the evidence of staff of the Ontario Securities Commission and the Director being satisfied that the Default continues;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease until further order by the Director.

DATED at Toronto this 9th day of July, 2013.

Ontario Securities Commission

"Kathryn Daniels"

Kathryn Daniels
Deputy Director, Corporate Finance Branch

Tab B

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is dated and effective as of the 11th day of July, 2013,

BETWEEN:

SALIENT IMAGING, INC.

(hereinafter called the “**Purchaser**”)

OF THE FIRST PART

- and -

BDO CANADA LIMITED, in its capacity as the Court-appointed receiver of the assets, undertakings and properties of The Medipattern Corporation and not in its personal capacity

(hereinafter called “**Receiver**”)

OF THE SECOND PART

WHEREAS the Receiver is the court-appointed receiver of the assets, properties and undertakings of The Medipattern Corporation (“**Medipattern**”) appointed pursuant to the order of the Court (as defined herein) dated May 7, 2013 (the “**Receivership Order**”), having previously been appointed as the interim receiver of Medipattern pursuant to an order of the Court dated April 25, 2013 (the “**Interim Receivership Order**”);

AND WHEREAS pursuant to paragraphs 4(k), (l) and (m) of the Receivership Order, the Receiver is authorized to sell the Purchased Assets (as defined herein) and apply for an order of the Court approving the sale of the Purchased Assets (or any part thereof) and vesting title to the Purchased Assets (or any part thereof) in and to a purchaser or purchasers;

AND WHEREAS the Purchaser wishes to purchase and the Receiver wishes to sell the Purchased Assets described herein upon the terms and conditions set out herein and subject to the approval of the terms hereof by the Court;

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) **"Accounts Receivable"** shall have the meaning ascribed thereto in Section 1.1(y)(vi) hereof;
- (b) **"Agreement"** means this Purchase and Sale Agreement when fully executed by the Purchaser and the Receiver together with all schedules hereto and all instruments supplemental hereto or in amendment or confirmation hereof;
- (c) **"Approval and Vesting Order"** means an order of the Court, substantially in the form annexed hereto as Schedule 1.1(a), (a) exempting the sale of the Purchased Assets from the provisions of the *Bulk Sales Act* (Ontario), (b) approving this Agreement, and (c) providing for the vesting of Medipattern's right, title and interest, if any, to the Purchased Assets in and to the Purchaser;
- (d) **"Business"** means the business of Medipattern, whether located at the Premises or otherwise, consisting of the development, creation, operation, maintenance and exploitation of the "mHealth M2", "Visualize Vascular" and "B-CAD" product/service offerings and the rights associated therewith, among other products and services provided by Medipattern as of Closing;
- (e) **"Business Day"** means a day other than a Saturday, Sunday, a statutory holiday in the Province of Ontario or any day on which the principal commercial banks located in the City of Toronto are not open for business during normal banking hours;
- (f) **"Claims"** means any claim (including any cross-claim or counterclaim, and whether past, present or future, and all insurance claims, benefits and rights thereunder to the extent arising from or related to Medipattern, the Business or the Purchased Assets), demand, investigation, chose in or cause of action, suit, default, assessment, litigation, third party action, arbitral proceeding or proceeding by or before any Person;
- (g) **"Closing"** means the completion of the sale to and purchase by the Purchaser of the Purchased Assets by the transfer and delivery of Closing Documents as contemplated herein;
- (h) **"Closing Date"** means the first Business Day after the granting of the Approval and Vesting Order approving this Agreement or on any other Business Day agreed to in writing by the Parties;

- (i) **“Closing Documents”** shall mean the documents referred to in this Agreement to be received by the Parties together with all other documentation which the Parties may reasonably require in order to consummate the purchase and sale transaction contemplated herein;
- (j) **“Closing Time”** means 10:00 a.m., Toronto time, on the Closing Date or such other time on such date as the Parties may agree as the time at which Closing shall take place;
- (k) **“Court”** means the Ontario Superior Court of Justice (Commercial List), sitting at Toronto;
- (l) **“Equipment”** means the machinery and equipment of Medipattern, if any, listed on Schedule 1.1(m) hereof and located at the Premises;
- (m) **“Excluded Assets”** means: (i) all rights to bank accounts in the name of the Company or the Receiver; (ii) all cash on hand and cash equivalents at the Closing Time; (iii) all tax refunds and tax loss carry-forwards; (iv) all leasehold improvements at the Premises that are not removable by Medipattern under the terms of the lease to the Premises; (v) the trailer parked at the MyTrak Health Systems Inc. premises including all inventory and other contents of such trailer; and (vi) all rights of Medipattern and the Receiver pursuant to this Agreement;
- (n) **“Governmental Authority”** means any nation, government, province, state, region, municipality or other political subdivision or any governmental and quasi-governmental authority, regulatory body, administrative tribunal, ministry, commission, board, agency or instrumentality or other public authority or person, domestic or foreign, exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government and includes any court of competent jurisdiction;
- (o) **“Ingalls”** has the meaning ascribed thereto in section 2.2(b) of this Agreement;
- (p) **“Interim Receivership Order”** has the meaning set out in the first recital to this Agreement;
- (q) **“Inventory”** means and includes all of the inventory of Medipattern, wherever situated, including without limitation, all finished goods, work in progress and raw materials;
- (r) **“Laws”** means and includes all applicable, lawful statutes, laws, by-laws, ordinances, codes, rules, regulations, standards, policies, judgments, orders, injunctions, decrees, directives, restrictions or obligations enacted by any Governmental Authority or having the force of law or decisions or rulings rendered by any Governmental Authority which are in force as at the date on which an event takes place;

- (s) **“Parties”** means the Receiver and Purchaser collectively, and **“Party”** means any one of them;
- (t) **“Permitted Encumbrances”** means the interest of the lessor in machinery, equipment, and vehicles leased by Medipattern for use in the Business;
- (u) **“Person”** means any individual, corporation, partnership, firm, joint venture, syndicate, Governmental Authority, trustee or trust or unincorporated association or any other form of entity or organization, and pronouns have a similarly extended meaning;
- (v) **“Premises”** means the primary leased premises in which Medipattern carries on its Business at 3080 Yonge Street, Suite 4070, Toronto, Ontario;
- (w) **“Priority Claims”** means (i) the Claims of any Governmental Authority pursuant to any applicable statute providing for priority to the Claims of secured creditors; and (ii) the Claims of any parties afforded priority over the Claims of secured creditors pursuant to the Receivership Order, including, without limitation, the Receiver’s Charge and the Receiver’s Borrowing Charge (both such terms as defined in the Receivership Order);
- (x) **“Purchase Price”** means amount set out in Section 2.2(a) of this Agreement;
- (y) **“Purchased Assets”** means all right, title, and interest of Medipattern, if any, in and to all of the assets, undertakings and properties of Medipattern of every kind and description, whether used in the Business or otherwise (other than the Excluded Assets), including, without limitation, the following:
 - (i) All machinery and equipment and all vehicles, tools, spare parts, handling equipment, furniture, fixtures, furnishings, supplies and accessories relating to or used in the Business carried on by Medipattern or otherwise owned or controlled by Medipattern;
 - (ii) All leases of machinery, equipment and other real or personal property relating to or used in the business carried on by Medipattern in respect of which Medipattern is lessee, including all rights of and benefits accruing to Medipattern thereunder;
 - (iii) The Inventory;
 - (iv) All pre-paid expenses and security or other deposits (including for water and other utilities) and all rights relating to prepaid expenses or deposits, claims for refunds and rights of offset in respect thereof;
 - (v) All production, shipping and packaging supplies relating to or used in the business carried on by Medipattern;

- (vi) All accounts receivable or other receivables, credits, debts owed to Medipattern, accounts (other than Medipattern's bank accounts) and claims, and all rights related thereto, for monetary amounts which are, or are accruing, due or owing to Medipattern on or prior to the Closing Date, including all claims and bills or other medium of exchange wherever located, including all funds receivable under research and development federal and provincial income tax credits to the extent permitted by Law or arising under insurance policies held by Medipattern (collectively, the "**Accounts Receivable**");
- (vii) All licenses, registrations, authorizations, permits and quotas required to carry on the business in its usual and ordinary course or otherwise held by Medipattern, including those involving FDA, ISO, QSR and related regulatory approvals and certifications;
- (viii) All copyrights, registered trade-marks, patent applications (whether granted, pending or otherwise) and other intellectual property, owned, licensed, used or made by Medipattern in connection with its Business, at whatever stage of development or completion;
- (ix) All computer equipment, operating systems, servers, software, tools and utilities, application software and databases including those providing accounting, inventory, and other management information systems of the Business or otherwise owned or controlled by Medipattern, all source code and object code, system documentation, instruction and use manuals, and any other written material pertaining to the foregoing, and all intellectual property rights applicable thereto, including all copyrights, licenses and proprietary information relating thereto;
- (x) The goodwill of the business, including the exclusive right in favor of the Purchaser to represent itself as carrying on the business in continuation of and in succession of Medipattern and use rights relative to the Medipattern name, and all records of sales, customer lists and supplier lists of or used in connection with the business, including inventory records, customer's inventory records, if any, accounts receivable records, records pertaining to customer's requirements, customer contracts, customer invoices, supplier's invoices and expense invoices, all telephone numbers, websites, and similar information, customer, client, vendor, dealer and supplier lists, lists of all products sold and all services performed by Medipattern in connection with the Business, lists of all pending orders and all related information, domain names, related website materials and artwork and marketing materials;
- (xi) All Claims;
- (xii) All data in Medipattern's possession or control with respect to Medipattern or the Business, including legacy book and historical

business, or otherwise contained or comprising any of the other Purchased Assets;

- (xiii) All of Medipattern's ownership interests in third parties;
 - (xiv) All litigation claims of Medipattern;
 - (xv) All contracts and contractual rights (including to present and future royalties, all dealer, representative, finder and similar agreements including all of Medipattern's rights therein (in each case to the extent assignable without the need for any third party consent));
 - (xvi) All algorithms related to B-CAD/Vascular iQ/Cadenza, research or whitepapers, device related materials or records; and
 - (xvii) All other real and personal property and assets owned or leased by Medipattern, if any, or to which it is entitled in connection with the Medipattern or the Business, including the books and records relating to Medipattern or the Business in the possession or control of Medipattern, in whatever form and whether held on electronic storage device or otherwise (the "**Records**"). The Records include all books, records, policies, personnel records, inspection records, procedures, manuals, process documentation and portfolio analysis and other documentation, forms (including maintenance and support records and audit records), system specifications, scripts, logs, programmer notes, databases, electronic mail records, backup tapes and other materials of any kind, whether in print or electronic form, of Medipattern relating to the operation and conduct of the Business or the operation, support and maintenance of Medipattern and the Business.
- (z) "**Purchaser Release**" has the meaning ascribed thereto in section 2.2(b) of this Agreement
- (aa) "**Receiver's Borrowing Certificates**" means certificates evidencing advances received by the Receiver pursuant to the Receiver's borrowing powers under the Interim Receivership Order (in its prior capacity as interim receiver) and/or the Receivership Order;
- (bb) "**Receivership Order**" has the meaning set out in the first recital to this Agreement;
- (cc) "**Trade-marks**" means registered and unregistered service marks, trademark licenses, trade-marks, trade names, brand names and logos owned by Medipattern together with all documents related thereto;
- (dd) "**Receiver's Closing Certificate**" means the certificate substantially in the form appended as Schedule "A" to the draft Approval and Vesting Order, as executed by the Receiver, confirming the Closing.

1.2 Schedules

The schedules which are attached to this Agreement are incorporated into this Agreement by reference and are deemed to be integral part hereof for all purposes. The following are the said schedules:

Schedule 1.1(c)	Approval and Vesting Order
Schedule 1.1(l)	Equipment
Schedule 2.2(c)	Purchase Price Allocation

1.3 Interpretative Concepts

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing gender include all genders, words importing persons include all Persons. In addition, in any provision, (i) "or" is not exclusive; (ii) "including" and "include" are not exclusive; (iii) an accounting term not otherwise defined has the meaning assigned to it in accordance with accounting principles that are generally accepted in Canada; (iv) any date specified for any action that is not a Business Day means the first Business Day after such date; and (vii) a reference to a corporation, limited liability company or partnership includes its successors and permitted assigns. References to Articles and Sections without identifying a specific agreement shall be deemed references to Articles and Sections of this Agreement.

1.4 Entire Agreement

This Agreement and schedules referred to herein together with the agreements and other documents to be delivered pursuant hereto constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, representations, warranties, statements, promises, information, arrangements, negotiations, discussions and understandings, whether oral or written, expressed or implied with respect to the subject matter hereof. None of the Parties shall be bound by or charged with nor do they regard as material any oral or written agreements, representations, warranties, statements, promises, information, arrangements, negotiations, discussions or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered on or before the Closing Date, pursuant to this Agreement.

1.5 Waiver

Any Party which is entitled to the benefit of this Agreement may and has the right to waive any term or condition hereof at any time on or prior to the Closing Time. No failure or delay by any Party to insist upon the strict performance of any of the covenants or obligations herein shall operate as a waiver thereof. No waiver of any of the provisions or conditions of this Agreement, whether in whole or in part, shall be deemed to or shall constitute a waiver of any other provisions or conditions, whether or not similar, nor shall such waiver constitute a continuing waiver. To be effective, all waivers must be in writing signed by the Party so waiving.

1.6 Amendments

No supplement, modification, amendment, waiver or termination to this Agreement or election made pursuant to this Agreement shall be binding upon the Parties unless agreed to by the Parties in writing.

1.7 Headings

The article and section headings contained in this Agreement are included solely for convenience of reference, are not intended to be full or accurate descriptions of the content hereof or to define, limit, amplify or describe the scope thereof and shall not be considered part of this Agreement or affect the construction or interpretation thereof.

1.8 Choice of Law and Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. The Parties agree that the courts of the Province of Ontario at Toronto shall have exclusive jurisdiction to determine all disputes and claims arising between the Parties to the extent arising out of this Agreement, whether as to interpretation, performance or otherwise, and the Parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario at Toronto with respect to the resolution of such matters.

1.9 Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful currency of Canada, and all amounts paid or to be paid or calculated pursuant to this Agreement are to be paid in lawful currency of Canada.

1.10 Invalidity

If any article or section of this Agreement is held to be void, invalid or unenforceable in whole or in part, in any respect by a court of competent jurisdiction, such illegality, invalidity or unenforceability shall not affect the legality, validity or enforceability of the remainder of the provisions hereof, such part shall be deemed to be separate and distinct, shall be independent and fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable part had never been inserted herein with the effect that the validity, legality or enforceability of the remaining provisions hereof or of any other document, agreement or instrument to be delivered pursuant to this Agreement shall not be affected or impaired thereby. The Parties do hereby agree that they would have signed this Agreement without such illegal, invalid or unenforceable part included herein and the remaining provisions of this Agreement shall continue in full force and effect.

1.11 Time of Essence

Time shall be of the essence of this Agreement in all respects.

ARTICLE 2 PURCHASE AND SALE

2.1 Sale of Purchased Assets

Subject to the terms and conditions of this Agreement and the Approval and Vesting Order, the Purchaser shall purchase and the Receiver shall sell to the Purchaser, as of and with effect from the Closing Time, all of the right, title and interest, if any, of Medipattern in and to the Purchased Assets for the Purchase Price, on the terms and conditions and at the times set out herein. The Purchased Assets shall be conveyed by the Receiver to the Purchaser pursuant to the Approval and Vesting Order.

2.2 Purchase Price

- (a) The Purchase Price for all of the Purchased Assets shall be \$500,000.
- (b) The Purchase Price shall be paid and satisfied by the Purchaser by a release of the following:
 - (i) the Purchaser's claim, as assignee of Ingalls & Snyder LLC et al (collectively, "**Ingalls**"), pursuant to the Receiver's Borrowing Certificate dated April 29, 2013, in the principal amount of \$75,000;
 - (ii) the Purchaser's claim pursuant to the Receiver's Borrowing Certificate to be issued to the Purchaser, on or before July 12, 2013, in the principal amount of \$135,000; and
 - (iii) a portion of the Purchaser's claim, as assignee of Ingalls, pursuant to the 6% Senior Secured Notes due June 30, 2013, issued by Medipattern to Ingalls, equal to \$290,000 minus the total amount of interest accrued on the Receiver's Borrowing Certificates, (collectively, the "**Purchaser Release**").
- (c) The Purchase Price shall be allocated among the Purchased Assets in the manner set out on Schedule 2.2(c).

2.3 Taxes

In addition to the Purchase Price, the Purchaser shall pay all applicable federal, provincial, state and municipal taxes, if any, exigible in connection with the its purchase of the Purchased Assets as contemplated herein. Such taxes shall be

payable by wire transfer, certified cheque or bank draft drawn on a Schedule I Canadian chartered bank at the Closing Time or on such later date as the same may be exigible. Alternatively, where applicable, the Purchaser shall furnish the Receiver with appropriate purchase exemption certificates and/or evidence of export together with an indemnity saving the Receiver harmless from any liability in respect of such taxes. Such exemption certificates shall be in the form required by the applicable Governmental Authority and, together with any evidence of export and the aforesaid indemnity, shall be in a form satisfactory to the Receiver.

ARTICLE 3 CLOSING

3.1 Place of Closing

The Closing shall take place on the Closing Date at the Closing Time at the offices of the Receiver's counsel or at such other place as may be agreed upon by the Parties.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Condition of Purchased Assets

The Purchaser confirms, acknowledges and agrees with the Receiver that, except as otherwise expressly provided for herein, there are no representations, warranties or conditions, statutory or otherwise, expressed or implied, with respect to the Purchased Assets including, without limiting the generality of the foregoing, any representations, warranties or conditions, either expressed or implied, as to title, encumbrances, descriptions, condition, fitness for any purpose, merchantability, quantity or quality thereof or in respect of any other matter or thing whatsoever. This Agreement is entered into on the basis that the Purchaser has relied entirely upon its own inspections and investigations of the Purchased Assets and the Purchaser acknowledges and agrees that the Purchased Assets are being conveyed to the Purchaser solely on an "as is, where is" basis. The Purchased Assets shall be and remain at their current locations, and the Receiver shall not have any responsibility or obligation to move the Purchased Assets to any other location. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or applied pursuant to the *Sale of Goods Act* (Ontario) (including section 13, 14, and 15) do not apply to the sale of the Purchased Assets and have been waived by the Purchaser. Except as may be expressly set out in this Agreement, no adjustment shall be allowed to the Purchaser for any changes in condition, quality, or quantity of the Purchased Assets to and including the Closing Time.

4.2 Receiver's Representations and Warranties

The Receiver hereby represents and warrants to the Purchaser as follows:

- (a) *Income Tax Act*: The Receiver is not now and on the Closing Date will not be a nonresident of Canada within the meaning of the *Income Tax Act* (Canada);

- (b) Encumbrances: The Receiver has done no act to dispose of or encumber any of the Purchased Assets other than by the issuance of Receiver's Borrowing Certificates to Ingalls, as previously disclosed to the Purchaser; and
- (c) HST Registration No.: Medipattern is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 866317985RT0001.

4.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Receiver as follows and acknowledges that the Receiver is relying upon such representations and warranties in entering into this Agreement and in completing the transactions contemplated herein:

- (a) Organization and Good Standing: The Purchaser is a corporation duly incorporated, organized and validly subsisting under the laws of the State of Delaware, United States of America.
- (b) Authority Relative to this Agreement: The Purchaser has all necessary corporate power, authority and capacity to perform its obligations hereunder. The execution and delivery of this Agreement has been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) Enforceability of Obligations: This Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against it in accordance with the terms hereof;
- (d) Absence of Conflicting Agreements: The Purchaser is not a party to, bound by or affected by or subject to any indenture, mortgage, lease, agreement, instrument, charter or by-law provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as result of the execution and delivery by it of this Agreement or the performance by it of any of the terms hereof;
- (e) Purchaser Status: Purchaser is a WTO investor for purposes of the *Investment Canada Act*;
- (f) Sufficient Funds: The Purchaser has taken assignment of the debt owing by the Medipattern and/or the Receiver to Ingalls which will satisfy the Purchase Price.

4.4 Survival of Representations and Warranties

All representations, warranties, statements, covenants and agreements made by the Parties herein shall survive the Closing Date for the period within which an action with respect to a breach thereof could be commenced in a court under the provisions of the *Limitations Act*, 2002 (Ontario), as amended from time to time.

4.5 Third Party Consents

Until such consent is obtained, nothing in this agreement shall constitute an assignment or attempted assignment of any rights of Medipattern which are not assignable without the consent of another person unless its written consent has been obtained. Upon receipt of such consent, the applicable rights shall be deemed to be assigned by this agreement without any further formality. The Receiver shall use commercially reasonable efforts to assist the Purchaser in obtaining the consent of any third party to any contract where such consent is required, provided that the parties acknowledge that the Purchaser shall have primary responsibility for obtaining such consent and shall diligently proceed to do so.

ARTICLE 5 CLOSING MATTERS

5.1 Receipt By Purchaser on Closing

On Closing, the Purchaser shall receive the following, all in a form satisfactory to the Purchaser and its counsel:

- (a) a copy of the Approval and Vesting Order;
- (b) the Receiver's Closing Certificate;
- (c) a certificate of the Receiver confirming that the Receiver's representations and warranties set out in Section 4.2 to be true at the Closing Time; and
- (d) such further and other documents as are required to be delivered by the Receiver pursuant to the terms of this Agreement or as may be required by the Purchaser's counsel, acting reasonably, in order to complete the transaction of purchase and sale contemplated herein in accordance with the terms of this Agreement.

5.2 Receipt by Receiver on Closing

On Closing, the Receiver shall receive the following, all in a form satisfactory to the Receiver and its counsel:

- (a) evidence of assignment to the Purchaser by Ingalls of the secured debt owing to it from Medipattern and the Receiver detailed in Subsections 2.2(b)(i) and 2.2(b)(iii);
- (b) the Purchaser Release pursuant to Section 2.2(b);
- (c) a tax indemnity pursuant to Section 2.3;
- (d) a certificate of the Purchaser confirming that the Purchaser's representations and warranties set out in Section 4.3 to be true at the Closing Time; and

- (e) such further and other documents as are required to be delivered by the Purchaser pursuant to the terms of this Agreement or as may be required by the Receiver counsel in order to complete the transaction of purchase and sale contemplated herein in accordance with the terms of this Agreement.

In addition to the above Closing deliveries, the Purchaser shall provide the Receiver, as soon as available after Closing, evidence of export of all tangible Purchased Assets, in form(s) satisfactory to the Receiver.

5.3 Closing Conditions

- (a) The Receiver's obligation to complete the sale transaction contemplated herein is conditional on an advance by the Purchaser to the Receiver of \$135,000 on or before July 12, 2013, to be accepted by the Receiver pursuant to its borrowing powers under the Receivership Order, in exchange for a Receiver's Borrowing Certificate, which advance represents the Receiver's reasonable estimate of the sum of, and will be used to satisfy: (i) the actual and anticipated expenditures and liabilities of the Receiver secured by the Receiver's Charge until the time of its discharge and termination as Receiver; and (ii) the amount of the Priority Claims (other than the amounts secured by the Receiver's Charge or the Receiver's Borrowing Charge) as of the Closing Date.
- (b) The purchase and sale transaction contemplated herein is acknowledged to be subject to the Approval and Vesting Order. If the Approval and Vesting Order is not obtained for any reason whatsoever on or before July 15, 2013, unless extended by the mutual agreement of the Parties, the within Agreement shall be at an end, and no Party shall have any further rights or obligations hereunder. The Receiver shall use reasonable efforts to obtain the Approval and Vesting Order expeditiously as reasonably possible after execution hereof.

5.4 Accounts Receivable

If the Receiver receives a payment on account of Accounts Receivable after the Closing Time, the Receiver shall pay such amount to the Purchaser.

ARTICLE 6 POST-CLOSING MATTERS

6.1 Further Assurances

The Parties, at any time and from time to time both before and after the Closing Date, upon the request of the other Party, shall with reasonable diligence, do all such things and provide all such further and other assurances as may reasonably be required to consummate the transactions contemplated hereby, and each Party shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further and other documents or instruments required by the other Party, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote or influence, do and perform or cause to be done or performed such further and other acts as

may be reasonably necessary or desirable to effect the purposes of this Agreement or to give full force and effect to it and to carry out the provisions thereof, whether before or after the Closing Date.

6.2 Removal of Purchased Assets

- (a) At its own cost and expense, the Purchaser will be responsible for the checkout, dismounting, dismantling and removal of the Purchased Assets from the Premises, which checkout, dismounting, dismantling and removal will be done with the care that a prudent tenant would use, by reputable and competent personnel, in a good and workmanlike manner, and in compliance with all laws. At its own cost and expense, the Purchaser will leave the Premises in an orderly, clean, sanitary and broom swept condition and will be required to remedy or repair any physical damage or other condition resulting from the checkout, dismounting, dismantling and removal of the Purchased Assets. The Purchaser will not be obligated to remove any Excluded Assets and will not be required to remedy any condition existing prior to the Closing.
- (b) The Vendor provides no warranty or condition, expressed or implied, as to the condition of the Premises. The Vendor will not be responsible for any personal injury sustained by any servant, agent, licensee, employee, invitee or customer of the Purchaser who may be on the Premises. All risks of any such injury are hereby assumed by the Purchaser.
- (c) As to its obligations provided in Subsection 6.2(a) and Subsection 6.2(b), the Purchaser hereby indemnifies and saves harmless the Receiver from and against all manner of claims, demands and liabilities of any nature whatsoever arising therefrom, including the access to and/or removal of the Purchased Assets from the Premises by the Purchaser and/or its employees and agents.

6.3 Access to Records

Subject only to restrictions imposed by Laws, the Receiver shall, prior to Closing Time, provide the Purchaser with access to the Records in possession or control of the Receiver. From and after the Closing Time, the Purchaser agrees to maintain the Records in its possession or control for a period of at least seven (7) years following the Closing Date and shall provide reasonable access to the Receiver to such records during normal business hours, subject to the Purchaser's safety and security protocols, as the Receiver may reasonably require in its capacity as Receiver.

ARTICLE 7 GENERAL MATTERS

7.1 Risk of Loss

The Purchased Assets shall be and remain at the risk of the Receiver until the Closing Time. If, prior to the Closing Time, all or any material part of the Purchased Assets are destroyed or damaged by fire or other casualty, the Receiver shall

immediately advise the Purchaser thereof and shall provide all available particulars. Thereafter the Purchaser shall be entitled to either complete the purchase and sale transaction with respect to the Purchased Assets not so damaged or destroyed and accept all proceeds of insurance payable to the Receiver in respect of such loss or damage or to terminate the transaction of purchase and sale contemplated herein. The Purchaser shall elect to complete or terminate the transaction, as aforesaid, by giving written notice of its election within five (5) Business Days after receipt from the Receiver of notice of the damage to the Purchased Assets and a copy of the insurance policy indemnifying against some or all of the anticipated loss. The Parties agree that the, for purposes of this Section 7.1, the term "material" means damage that, in the aggregate, reduces the value of the affected Purchased Asset or requires repairs to same, in either case in an amount greater than or equal to five thousand dollars (\$5,000).

7.2 Publicity

All public announcements concerning the transaction of purchase and sale contemplated hereby shall be jointly reviewed and approved by each of the Parties hereto, acting reasonably. Neither Party shall unilaterally make any announcement in respect of the purchase and sale transaction contemplated hereby except where required to do so by Law or pursuant to any application to the Court for approval of the transaction of purchase and sale contemplated herein.

7.3 Fees and Expenses

Each of the Parties shall bear all costs and expenses incurred by it in connection with this Agreement including the charges of their respective legal counsel, accountants, financial advisors and others, whether or not the transaction contemplated hereby is completed.

7.4 Counterparts

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement and, notwithstanding their date of execution, shall be deemed to be executed as of the date first written above. The Parties agree that electronic (including without limitation .pdf) or facsimile signatures of the Parties on this Agreement shall have the same force and effect as original signatures.

7.5 Notices

Any notice or other writing required or permitted to be given hereunder or for the purposes hereof to any Party shall be sufficiently given if delivered personally, if sent by prepaid registered mail or if transmitted by electronic transmission (including email transmission) or other form of recorded communication tested prior to transmission to such Party:

- (a) in the case of a notice to the Receiver at:

BDO Canada Limited in its capacity as Receiver of The Medipattern Corporation
123 Front Street West
Suite 1200
Toronto, Ontario
M5J 2M2

Attention: Ken Pearl
Phone: (416) 369-3063
Fax: (416) 865-0904
Email: kpearl@bdo.ca

and a copy to the Receiver's counsel to:

Aird & Berlis LLP
Brookfield Place, 181 Bay Street
Suite 1800, Box 754
Toronto, Ontario
M5J 2T9

Attention: Sam Babe
Phone: (416) 865-7718
Fax: (416) 863-1515
Email: sbabe@airdberlis.com

- (b) in the case of a notice to the Purchaser:

Salient Imaging, Inc.
c/o H. Shepard Boone
Ingalls & Snyder
61 Broadway, 31st Floor
New York, NY 1006
Fax: 212-269-0266
Email: sboone@ingalls.net

and a copy to the Purchaser's counsel to:

J.T. Boone
Member
Boone Law Firm, LLC
4854 Payson Terrace SE
Smyrna, GA 30080
Email: boone@boonelawfirmllc.com

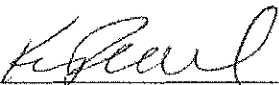
or at such other address as the Party to whom such notice is to be given shall have last notified the Party giving the same in the manner provided in this section 7.5. Any notice delivered to the Party to whom it is addressed as hereinbefore provided shall be deemed to have been given and received on the day it is so delivered at such address, provided it is delivered during normal business hours on a Business Day and further provided that if such day is not a Business Day or it is not delivered during normal business hours, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed as aforesaid shall be deemed to have given and received on the third clear Business Day next following the date of its mailing. Any notice transmitted by facsimile or email transmission or other form of recorded communication shall be deemed to have been given and received on the first Business Day after its transmission. Provided, if there is a mail stoppage or labour dispute or threatened labour dispute which has affected or could affect normal delivery by Canada Post, then such notice shall be effective only if actually delivered as aforesaid. The Parties agree that notices to their respective counsel are for informational purposes only and that failure to provide same in accordance with this Agreement shall not render such notice ineffective or constitute a breach of this Agreement.

7.6 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns. Nothing herein, expressed or implied, is intended to confer upon any Person, other than the Parties and their respective successors and permitted assigns, any rights, remedies or obligations or liabilities under or by reason of this Agreement. The Purchaser shall only assign this Agreement with the express prior written consent of the Receiver, which consent may be granted or withheld in the Receiver's sole discretion. The Receiver shall not assign all or any portion of this Agreement except to the extent authorized in the Approval and Vesting Order.

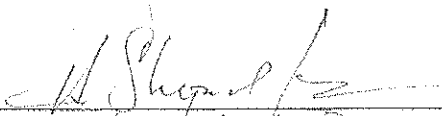
IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement under the hand of their duly authorized Officers on the day, month and year first written above.

**BDO CANADA LIMITED, in its capacity as
the Court-Appointed Receiver of the assets,
undertakings and properties of The
Medipattern Corporation and not in its
personal or corporate capacity**



Per: Ken Pearl, Vice President

SALIENT IMAGING, INC.



Per: W. SHEPARD BOODE
Position: DIRECTOR
I have authority to bind the Corporation

SCHEDULE 1.1(c)
APPROVAL AND VESTING ORDER

[see attached]

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

THE HONOURABLE)
JUSTICE)

MONDAY, THE 15th
DAY OF JULY, 2013

BETWEEN:

INGALLS & SNYDER LLC

Applicant

- and -

THE MEDIPATTERN CORPORATION

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited, in its capacity as the Court-appointed receiver (the “**Receiver**”), without security, of all of the undertaking, property and assets of The Medipattern Corporation (the “**Debtor**”) for an order, *inter alia*, approving the sale transaction

(the "**Transaction**") contemplated by a purchase and sale agreement (the "**Sale Agreement**") between the Receiver and Salient Imaging, Inc. (the "**Purchaser**") dated July 8, 2013 and appended to the First Report of the Receiver dated July 8, 2013 (the "**First Report**"), and vesting in the Purchaser 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 First Report of the Receiver, the affidavit of Ken Pearl sworn July 8, 2013 and the affidavit of Ken Rosenstein sworn July 8, 2013, and on hearing the submissions of counsel for the Receiver and counsel for the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Susy Moniz sworn July 8, 2013 filed:

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion 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 execution 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 Purchaser, including, without limitation, executing any required conveyances of registered intellectual property on behalf, and/or as authorized signatory, of the Debtor.
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 "A" hereto (the "**Receiver's Vesting Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, 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 Order of the Honourable Justice Wilton-Siegel dated April 25, 2013 or the Order of the Honourable Justice Wilton-Siegel dated May 7, 2013; (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 (all of which are collectively referred to as the “**Encumbrances**”).

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 Vesting 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 Vesting 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 Purchaser all human resources and payroll information in the Debtor’s records pertaining to the Debtor’s past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it.

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 Purchaser 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 AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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.

10. **THIS COURT ORDERS AND DIRECTS** that the relief granted by this Order is subject to provisional execution.

Schedule "A" – Form of Receiver's Vesting Certificate

Court File No. CV-13-10078-00CL

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

BETWEEN:

INGALLS & SNYDER LLC

Applicant

- and -

THE MEDIPATTERN CORPORATION

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47 OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF SECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

RECEIVER'S VESTING CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 7, 2013, BDO Canada Limited was appointed as the receiver (the "**Receiver**"), without security, of all of the undertaking, property and assets of The Medipattern Corporation (the "**Debtor**").

B. Pursuant to an Order of the Court dated July 15, 2013, the Court approved the purchase and sale agreement made as of July 8, 2013 (the “**Sale Agreement**”) between the Receiver and Salient Imaging, Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser 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 Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**BDO CANADA LIMITED,
in its capacity as Receiver of the undertaking,
property and assets of THE MEDIPATTERN
CORPORATION, and not in its personal or
corporate capacity**

Per: _____

Name: Ken Pearl

Title: Vice President

INGALLS & SNYDER LLC

Applicant

- and -

THE MEDIPATTERN CORPORATION

Respondent

Court File No. CV-13-10078-00CL

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

Proceedings commenced at Toronto

**APPROVAL AND VESTING
ORDER**

AIRD & BERLIS LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: (416) 865-7718
Fax: (416) 863-1515
E-mail: sbabe@airdberlis.com

Ian Aversa (LSUC # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
E-mail: iaversa@airdberlis.com

Lawyers for BDO Canada Limited

SCHEDULE 1.1(I)
EQUIPMENT

Item	Description	Quantity
1 Computer Monitors	Dell	27
2 Computer Hard Drives	Dell	26
3 Printers	HP	3
4 Printers	Brother	1
5 Printers	Lexmark	1
6 Work Stations	Brown	7
7 Board Room Table	Brown	1
8 Chairs	Black	15
9 Chairs	Grey	18
10 Sonocine Scanning Machine		1
11 Work stations	Brown wood	7
12 Work stations	Grey Metal	17
13 Large Monitors	Viewsonic	3
14 Filing Cabinets	Small	4
15 Filing Cabinets	Large	13
16 Book shelves	Wood	3

SCHEDULE 2.2(c)
PURCHASE PRICE ALLOCATION

Equipment:	\$1,000
Inventory:	\$1,000
Accounts Receivable and Claims:	\$1,000
Medipattern's intellectual property:	\$497,000
goodwill & other Purchased Assets:	\$0
Total:	\$500,000

14874994.8

Tab C

Subject:

FW: draft - comments?

From: Boone, Shep [<mailto:SBoone@ingalls.net>]

Sent: Monday, July 08, 2013 06:05 PM

To: Pearl, Ken

Subject: draft - comments?

Ken,

In order for Salient Imaging Inc. ("Salient" or "the Company") to be in regulatory compliance with US Food & Drug Administration ("US FDA") medical device registrations, patents, trademarks and certain commercial counterparties the Company must have clear right and title to all of the to be acquired assets contemplated under the Asset Purchase Agreement immediately upon receipt of the Approval and Vesting Order.

Further, all to be acquired US FDA medical device registrations and approvals, patents, trademarks and customer contracts must be seamlessly transitioned contemporaneously upon the closing of the Asset Purchase Agreement in order for them to remain valid and in effect.

It is Salient's intent to, immediately upon closing, apply to those certain regulatory agencies to effect the transfer of the required regulatory approvals, patents and trademarks needed to operate the business.

Without the ability to close on the Asset Purchase transaction immediately upon receiving the Approval and Vesting Order, Salient will lose its approvals with the US FDA and risk losing standing regarding the IP, patents and trademarks being acquired in this transaction. If this were to occur Salient would suffer irreparable damages.

Salient has been advised that an immediate closing of the Asset Purchase Agreement is the only manner in which it can operate the acquired assets going forward.

Regards,

Shep Boone
Salient Imaging Inc.

INGALLS & SNYDER LLC

Applicant

- and -

THE MEDIPATTERN CORPORATION

Respondent

Court File No. CV-13-10078-00CL

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

Proceedings commenced at Toronto

**SUPPLEMENTAL REPORT TO THE FIRST
REPORT OF THE RECEIVER**

AIRD & BERLIS LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: (416) 865-7718
Fax: (416) 863-1515
E-mail: sbabe@airdberlis.com

Ian Aversa (LSUC # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
E-mail: iaversa@airdberlis.com

Lawyers for BDO Canada Limited