

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

BETWEEN

BETH FREDEEN

Plaintiff

-and-

ARTEVO CORPORATION, IRENE BESSE and CHRISTOPHER TALBOT

Defendants

NOTICE OF MOTION

TAKE NOTICE that an application will be made on behalf of Alger & Associates Inc., the court-appointed receiver and manager (the "**Receiver**") of Artevo Corporation ("**Artevo**") before the Honourable Madam Justice J. Strekaf in Chambers at the Calgary Court Centre, 601-5th Street SW, in the City of Calgary, in the Province of Alberta, on Thursday, the 10th day of June, 2010, at the hour of half past one o'clock in the afternoon or so soon thereafter as counsel may be heard for an Order seeking the following relief:

1. Abridging the time for service of this application, if necessary, and dispensing with further service of this notice of motion, other than to those listed on the Service List attached as Schedule "A";
2. Approving the sale of 50% of the Class "A" common shares of SMIF Holdings Inc. and the accounts receivable due from SMIF Holdings Inc. (collectively, the "**Assets**") to 1518494 Alberta Ltd. ("**494**") on the terms set forth in the Invitation for Offers dated April 9, 2010 (the "**Terms and Conditions**"), and in accordance with sub-paragraphs 3(k) and 3(l) of the Receivership Order granted on December 18, 2009 by Madam Justice J. Strekaf (the "**Receivership Order**") in these proceedings;

3. Vesting in 494 all of Artevo's right title and interest, free and clear of all liens and encumbrances, in and to the Assets; and
4. Such further and other relief as this Honourable Court deems just.

AND FURTHER TAKE NOTICE THAT the grounds of this application are as follows:

- (a) on December 18, 2009 the Receiver was appointed by the Plaintiff as receiver over all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof of Artevo;
- (b) sub-paragraph 3(k) of the Receivership Order authorizes the Receiver to market any or all of the Property (as defined in the Receivership Order), including advertising and soliciting offers and negotiating such terms and conditions of sale as the Receiver deems appropriate;
- (c) the Receivership Order in sub-paragraph 3(l) authorizes the Receiver to, among other things, sell the Property out of the ordinary course of business with the approval of the Court where the purchase price exceeds \$500,000;
- (d) on April 9, 2010, the Receiver distributed the Invitation for Offers to prospective purchasers with a deadline of May 10, 2010 for the delivery of offers;
- (e) As of May 10, 2010, the Receiver had received three offers for the purchase of the Assets. The offer of 494 (the "Offer") was the highest offer received.
- (f) on May 11, 2010, 494 waived its conditions and on May 13, 2010 provided the \$110,000 cash deposit as contemplated by the Offer. The Offer is payable by way of a cash payment and the forgiveness of certain debt owing to holders of secured debentures issued pursuant to a Trust Indenture dated January 23, 2009;
- (g) the Offer also contained a number of conditions that had to be satisfied prior to the Offer becoming final, including, amongst others, approval of the assignment of certain of the debentures to 494 by certain of the debenture holders;

- (h) on May 13, 2010 the outstanding conditions contained in the Offer were lifted and the Offer became final, subject to the Receiver seeking and obtaining the approval of this Court; and
- (i) the purchase price contained in the Offer represents the best realizable value that could reasonably be obtained for the Assets in the present circumstances.

AND FURTHER TAKE NOTICE THAT the Applicant will refer to the following:

- (a) the First Report of the Receiver dated February 10, 2010, filed;
- (b) the Second Report of the Receiver dated February 26, 2010, filed;
- (c) the Fourth Report of the Receiver dated June 2, 2010, filed;
- (d) the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended;
- (e) the *Alberta Rules of Court*; and
- (f) such further and other materials as counsel for the Receiver may advise and this Honourable Court may permit.

DATED at the City of Calgary, in the Province of Alberta, this 3rd day of June, 2010.

BLAKE, CASSELS & GRAYDON LLP

Per: 

Kelly J. Bourassa

TO: Clerk of the Court

AND TO: Service List - see attached Schedule "A"

Schedule "A"

Action No. 0901-18773

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
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Plaintiff

- and -

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Defendant

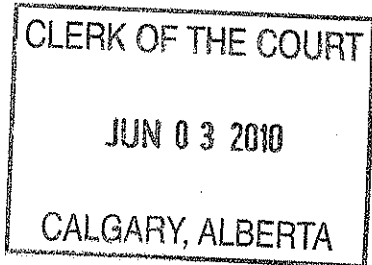
SERVICE LIST

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Action No.: 0901-18773
Bankruptcy No.:25-093965

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BETWEEN:

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-and-

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Defendants



NOTICE OF MOTION

BLAKE, CASSELS & GRAYDON LLP

Barristers and Solicitors
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