

4. The director(s) are: (cont'd.)

<u>First name, Initials and surname</u>	<u>Residence address</u>	<u>Resident Canadian</u>
William J. Gastle	R. R. #2 Hillsburgh, Ontario N0B 1Z0	Yes
James A. Long	47 Skipper Lane Oakville, Ontario L6L 5X6	Yes
Richard Charles Wilfred Mauran	Flat A 47 Eaton Place London, England	No
Nicholas R. Paul	37 James Court Leamington, Ontario N8H 4T9	Yes
John Warren Nevil Thomas	110 Sandringham Drive Downsview, Ontario M3H 1C9	Yes
Stephen L. Wright	210 Virginia Avenue Phoenixville, Pennsylvania 19460 U.S.A.	No

5. A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 175(4) of the Business Corporations Act on the date set out below. A) Les actionnaires de chaque compagnie qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 175(4) de la Loi sur les compagnies à la date mentionnée ci-dessous.

Check A or B Cocher A ou B

- B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 176 of the Business Corporations Act on the date set out below. The articles of amalgamation in substance contain the provisions of the articles of incorporation of B) Les administrateurs de chaque compagnie qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 176 de la Loi sur les compagnies à la date mentionnée ci-dessous. Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

Not applicable.

and are more particularly set out in these articles. et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations <i>Dénomination sociale des compagnies qui fusionnent</i>	Ontario Corporation Number <i>Numéro de la compagnie en Ontario</i>	Date of Adoption/Approval <i>Date d'adoption ou d'approbation</i>
Autocrown Corporation Limited	444541	September 27, 1990
Microbix Biosystems Inc.	395960	August 20, 1990

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation exercise. *Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.*

None.

7. The classes and any maximum number of shares that the corporation is authorized to issue. *Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

- (a) an unlimited number of a class of preferred shares, issuable in series; and
- (b) an unlimited number of a class of common shares.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which is to be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:

Preferred Shares - The directors' authority with respect to the Preferred Shares and the rights, privileges, conditions and restrictions attaching to the Preferred Shares as a class is as follows:

1. The directors of the Corporation may at any time and from time to time issue Preferred Shares in one or more series, the shares of each series (a) entitling the holders thereof to dividends (if any) at such rate or rates, in such amount or amounts, determined in such manner and with such dates of payment; (b) being redeemable (if at all) or purchasable at such time or times, at such price or prices and on such terms and conditions; (c) entitling the holders thereof to the benefit of such sinking or other retirement fund or funds (if any); (d) entitling the holders thereof to the benefit of such retraction rights (if any) by the Corporation; (e) having such designation; (f) carrying such voting rights (if any); (g) entitling the holders thereof to the benefit of such conversion rights (if any); (h) having such other rights, privileges, restrictions and conditions attaching thereto; and (i) being in such number or unlimited as to number, all as shall be determined and fixed by resolution of the directors passed prior to the issue thereof but no Preferred Shares of any series shall be issued before the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of such series and all Preferred Shares of every series shall have attached thereto provisions as follows:

a. If any amount:

- (1) of cumulative dividends, whether or not declared, or declared non-cumulative dividends, or
- (2) payable on return of capital in the event of the liquidation, dissolution or winding up of the Corporation,

in respect of any series of Preferred Shares is not paid in full, the shares of such series shall participate ratably with the shares of all other series of Preferred Shares in respect of,

- (3) all accumulated cumulative dividends, whether or not declared, and all declared non-cumulative dividends, or
- (4) all amounts payable on return of capital in the event of the liquidation, dissolution or winding up of the Corporation,

as the case may be;

b. The Preferred Shares shall be entitled to preference over the Common Shares and over any other shares in the capital of the Corporation ranking junior to the Preferred Shares with respect to any payment of dividends and return of capital; and

- c. No rights, privileges, restrictions or conditions attaching to any series of Preferred Shares shall confer upon such series a priority with respect to (i) dividends, or (ii) return of capital in the event of liquidation, dissolution or winding up of the Corporation over the shares of any other series or Preferred Shares that are then outstanding.

The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class may be repealed, altered, modified, amended or amplified but only with the approval of the holders of Preferred Shares given as hereinafter specified.

Any amendment to the articles of the Corporation to delete or vary any right, privilege, restriction or condition attaching to the Preferred Shares or to create preferred shares ranking in priority to or on a parity with the Preferred Shares shall be authorized by special resolution of the holders of the Preferred Shares voting separately as a class and the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders.

Common Shares - The rights privileges, restrictions and conditions attaching to the Common Shares are as follows:

- A. the holders of the Common Shares shall be entitled to one vote for each such share so held by them at all meetings of shareholders except meetings at which only holders of another class of shares are entitled to vote; and
- B. subject to the provisions attaching to any other class of shares or any series of any other class of shares, the holders of the Common Shares shall be entitled to receive dividends declared by the Corporation and the property of the Corporation upon dissolution.

9. The issue, transfer or ownership of shares is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

NONE

10. Other provisions, (if any):

Autres dispositions, s'il y a lieu.

Subject to the provisions of the Act, the board of directors of the Corporation may from time to time borrow moneys in such amounts and on such terms as it deems expedient and charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immoveable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.

11. The statements required by subsection 177(2) of the Business Corporations Act are attached as Schedule "A".

Les déclarations exigées aux termes du paragraphe 177 (2) de la Loi sur les compagnies constituent l'annexe "A".

12. A copy of the amalgamation agreement or directors resolutions (as the case may be) is/are attached as Schedule "B".

Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe "B".

Names of the amalgamating corporations and signatures and descriptions of office of their proper officers.

Dénomination sociale des compagnies qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.

AUTCROWN CORPORATION LIMITED

by:



John Warren Nevil Thomas
President/Secretary

MICROBIX BIOSYSTEMS INC.

by:



James A. Long
Director

SCHEDULE "A"

CANADA)	IN THE MATTER OF the amalgamation
PROVINCE OF ONTARIO)	of Autocrown Corporation Limited and
)	Microbix Biosystems Inc.
)	

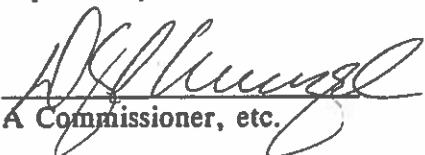
STATUTORY DECLARATION OF DIRECTOR

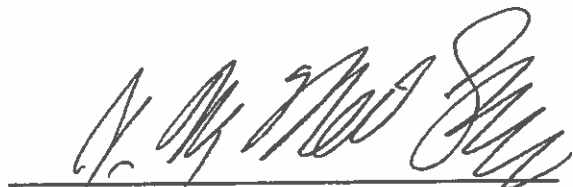
I, J. W. Nevil Thomas, of the City of North York in the Municipality of Metropolitan Toronto DO SOLEMNLY DECLARE that:

1. This Declaration is made pursuant to subsection 177(2) of the Business Corporations Act, 1982 (the "Act").
2. I am President, Secretary and a director of Autocrown Corporation Limited and as such have knowledge of its affairs.
3. I have conducted such examinations of the books and records of Autocrown Corporation Limited and Microbix Biosystems Inc. (the "Amalgamating Corporations") as I have considered necessary in order to make the statements hereinafter set forth.
4. There are reasonable grounds for believing that:
 - a. each of the Amalgamating Corporations is and the corporation to be formed by their amalgamation will be able to pay its liabilities as they become due;
 - b. the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes; and
 - c. no creditor of any of the Amalgamating Corporations will be prejudiced by the amalgamation.

AND I make this solemn Declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Declared before me at the)
 City of Toronto in the)
 Municipality of Metropolitan)
 Toronto this 27th day of)
 September, 1990.)


 A Commissioner, etc.)


 J. W. Nevil Thomas

CANADA
PROVINCE OF ONTARIO

) IN THE MATTER OF the amalgamation
) of Autocrown Corporation Limited and
) Microbix Biosystems Inc.
)

STATUTORY DECLARATION OF DIRECTOR

I, James A. Long, of the Town of Oakville in the Regional Municipality of Halton, DO SOLEMNLY DECLARE that:

1. This Declaration is made pursuant to subsection 177(2) of the Business Corporations Act, 1982 (the "Act").
2. I am a director of Microbix Biosystems Inc. and as such have knowledge of its affairs.
3. I have conducted such examinations of the books and records of Autocrown Corporation Limited and Microbix Biosystems Inc. (the "Amalgamating Corporations") as I have considered necessary in order to make the statements hereinafter set forth.
4. There are reasonable grounds for believing that:
 - a. each of the Amalgamating Corporations is and the corporation to be formed by their amalgamation will be able to pay its liabilities as they become due;
 - b. the realizable value of such amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes; and
 - c. no creditor of any of the Amalgamating Corporations will be prejudiced by the amalgamation.

AND I make this solemn Declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Declared before me at the)
City of Toronto in the)
Municipality of Metropolitan)
Toronto this 27th day of)
September, 1990.)
)
)
)
)
)
)

A Commissioner, etc.



James A. Long

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made as of the 21 day of August, 1990

B E T W E E N:

AUTOCROWN CORPORATION LIMITED, a corporation subject to the provisions of the Ontario Business Corporations Act, 1982

(hereafter called "Autocrown")

- and -

MICROBIX BIOSYSTEMS INC., a corporation also subject to the provisions of the said Act,

(hereinafter called "Microbix")

WHEREAS the authorized capital of Autocrown consists of a class of 66,593, 5% non-cumulative convertible preference shares, a class of 145,500 5½% - 10½% Cumulative Redeemable Preference shares, a Class of 4,000,000 Class B non-voting special shares and a class of 4,000,000 common shares; and

WHEREAS the issued capital of Autocrown consists solely of 6,545, 5% non-cumulative convertible preference shares, 142,736, 5½% - 10½% Cumulative Redeemable Preference shares, 1,196,992 Class B non-voting special shares and 1,566,874 common shares; and

WHEREAS no other shares of Autocrown have been allotted or are subject to issuance under any agreement or understanding; and

WHEREAS the authorized capital of Microbix consists of an unlimited number of both common shares and preference shares; and

WHEREAS the issued capital of Microbix consists solely of 20,253 common shares; and

WHEREAS no shares of Microbix have been allotted or are subject to issuance under any agreement or understanding;

WHEREAS Autocrown and Microbix desire to amalgamate upon the terms and conditions hereinafter described; and

WHEREAS Autocrown and Microbix have each made disclosure to the other of their respective assets and liabilities;

NOW THEREFORE Autocrown and Microbix agree as follows:

1. In this Agreement,
 - (a) "Act" means the Business Corporations Act, 1982 (Ontario);
 - (b) "Amalco Common Shares" means the common shares in the capital of the Amalgamated Corporation referred to in section 6 hereof;
 - (c) "Amalgamated Corporation" means the corporation continuing from the Amalgamation;
 - (d) "Amalgamating Corporations" means Autocrown and Microbix;
 - (e) "Amalgamation" means the amalgamation of Autocrown and Microbix pursuant to sections 173 to 178, both inclusive of the Act as provided for herein;
 - (f) "Amalgamation Agreement" or "Agreement" means this amalgamation agreement;
 - (g) "Effective Date" means the date to be set forth in the certificate of amalgamation to be issued pursuant to the Act in respect of the Amalgamation as contemplated in section 16 hereof; and
 - (h) "Dissenting Shareholders" means holders of shares of Autocrown or Microbix who exercise rights of dissent under section 184 of the Act with respect to the Amalgamation.

Words and phrases used herein and defined in the Act shall have the same meaning herein as in the Act unless the context otherwise requires. All dollar amounts referred to herein are in Canadian dollars unless otherwise indicated.

2. The Amalgamating Corporations hereby agree to amalgamate pursuant to sections 173 to 178, both inclusive, of the Act as of the Effective Date and to continue as one corporation on the terms and conditions hereinafter described.

3. The name of the Amalgamated Corporation shall be Microbix BioSystems Inc. or such other acceptable name designated by the directors of Microbix.

4. There shall be no restriction on the business which the Amalgamated Corporation may carry on or on the powers that the Amalgamated Corporation may exercise.

5. The registered office of the Amalgamated Corporation shall be in the Municipality of Metropolitan Toronto, Ontario and shall, until changed in accordance with the provisions of the Act, be located at 341 Bering Avenue, Toronto, Ontario M8Z 3A8.

6. The capital of the Amalgamated Corporation shall consist of an unlimited number of a class of Preferred Shares issuable in series and an unlimited number of a class of common shares. The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class and to the common shares are as follows:

Preferred Shares - The directors' authority with respect to the Preferred Shares and the rights, privileges, conditions and restrictions attaching to the Preferred Shares as a class is as follows:

(1) The directors of the Amalgamated Corporation may at any time and from time to time issue Preferred Shares in one or more series, the shares of each series (a) entitling the holders thereof to dividends (if any) at such rate or rates, in such amount or amounts, determined in such manner and with such dates of payment; (b) being redeemable (if at all) or purchasable at such time or times, at such price or prices and on such terms and conditions; (c) entitling the holders thereof to the benefit of such sinking or other retirement fund or funds (if any); (d) entitling the holders thereof to the benefit of such retraction rights (if any) by the Amalgamated Corporation; (e) having such designation; (f) carrying such voting rights (if any); (g) entitling the holders thereof to the benefit of such conversion rights (if any); (h) having such other rights, privileges, restrictions and conditions attaching thereto; and (i) being in such number or unlimited as to number, all as shall be determined and fixed by resolution of the directors passed prior to the issue thereof but no Preferred Shares of any series shall be issued before the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of such series and all Preferred Shares of every series shall have attached thereto provisions as follows:

(a) If any amount:

- (i) of cumulative dividends, whether or not declared, or declared non-cumulative dividends, or
- (ii) payable on return of capital in the event of the liquidation, dissolution or winding up of the Amalgamated Corporation,

in respect of any series of Preferred Shares is not paid in full, the shares of such series shall participate ratably with the shares of all other series of Preferred Shares in respect of,

- (iii) all accumulated cumulative dividends, whether or not declared, and all declared non-cumulative dividends, or
- (iv) all amounts payable on return of capital in the event of the liquidation, dissolution or winding up of the Amalgamated Corporation,

as the case may be;

- (b) The Preferred Shares shall be entitled to preference over the common shares and over any other shares in the capital of the Amalgamated Corporation ranking junior to the Preferred Shares with respect to any payment of dividends and return of capital; and
- (c) No rights, privileges, restrictions or conditions attaching to any series of Preferred Shares shall confer upon such series a priority with respect to (i) dividends, or (ii) return of capital in the event of liquidation, dissolution or winding up of the Amalgamated Corporation over the shares of any other series or Preferred Shares that are then outstanding.

The rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class may be repealed, altered, modified, amended or amplified but only with the approval of the holders of Preferred Shares given as hereinafter specified.

Any amendment to the articles of the Amalgamated Corporation to delete or vary any right, privilege, restriction or condition attaching to the Preferred Shares or to create preferred shares ranking in priority to or on a parity with the Preferred Shares shall be authorized by special resolution of the holders of the Preferred Shares voting separately as a class and the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Amalgamated Corporation with respect to meetings of shareholders.

Common Shares - The rights privileges, restrictions and conditions attaching to the Amalco Common Shares are as follows:

- (a) the holders of the Amalco Common Shares shall be entitled to one vote for each such share so held by them at all meetings of shareholders except meetings at which only holders of another class of shares are entitled to vote; and
 - (b) subject to the provisions attaching to any other class of shares or any series of any other class of shares, the holders of the Amalco Common Shares shall be entitled to receive dividends declared by the Amalgamated Corporation and the property of the Amalgamated Corporation upon dissolution.
7. On the Effective Date:
- (a) each holder of 5% non-cumulative convertible preference shares of Autocrown shall receive a number of Amalco Common Shares equal to ten times the number of 5% non-cumulative convertible preference shares held by him;

- (b) each holder of 5 $\frac{1}{2}$ - 10 $\frac{1}{2}$ % Cumulative Redeemable Preference shares of Autocrown shall receive a number of Amalco Common Shares equal to ten times the number of 5 $\frac{1}{2}$ - 10 $\frac{1}{2}$ % Cumulative Redeemable Preference shares held by him;
- (c) each holder of Class B non-voting special shares of Autocrown shall receive one Amalco Common Share for each Class B non-voting special share held by him;
- (d) each holder of Common shares of Autocrown shall receive one Amalco Common Share for each Common share held by him; and
- (e) each holder of common shares of Microbix shall receive a number of Amalco Common Shares equal to 748.13746 times the number of common shares held by him.

No warrant will be issued for a fraction of a share and no payment will be made for a fraction of a share.

8. After the Effective Date, the shareholders of the Amalgamating Corporations shall, when requested by the Amalgamated Corporation, surrender the certificate(s) evidencing the shares held by them in the Amalgamating Corporations and shall be entitled to receive in exchange therefor certificates evidencing the shares in the Amalgamated Corporation to which they are entitled.

9. Dissenting Shareholders:

- (a) who ultimately are determined to be entitled to be paid fair value for their shares of Autocrown or Microbix, as the case may be, under section 184 of the Act shall be deemed to have sold such shares to Autocrown or Microbix, as the case may be, as of the Effective Date at such fair value and shall have no rights to receive Amalco Common Shares; and
- (b) who are not ultimately determined to be entitled to be paid fair value as aforesaid shall be deemed to have exchanged their shares of Autocrown or Microbix, as the case may be, as of the Effective Date for Amalco Common Shares as provided in section 7 hereof;

but under no circumstances shall Dissenting Shareholders be considered to be shareholders of the Amalgamated Corporation from and after the Effective Date.

10. The board of directors of the Amalgamated Corporation shall consist of a minimum number of three and a maximum number of ten directors. The number of directors within such minimum and maximum number shall on the Effective Date be eight and may be fixed from time to time thereafter by resolution of the board of directors of the Amalgamated Corporation.

The first directors of the Amalgamated Corporation shall be:

<u>Name and Address</u>	<u>Resident Canadian</u>
Mark A. Cochran 415 Brooksvale Hamden, Connecticut 06518 U.S.A.	No
D. Douglas Davidson Group Box V24 R.R. #1 Gormley, Ontario L0H 1G0	Yes
William J. Gastle R.R. #2 Hillsburgh, Ontario N0B 1Z0	Yes
James A. Long 47 Skipper Lane Oakville, Ontario L6L 5X6	Yes
Richard Charles Wilfred Mauran Flat A 47 Eaton Place London, England	No
Nicholas R. Paul 37 James Court Leamington, Ontario N8H 4T9	Yes
John Warren Nevil Thomas 110 Sandringham Drive Downsview, Ontario M3H 1C9	Yes
Stephen L. Wright 210 Virginia Avenue Phoenixville, Pennsylvania 19460 U.S.A.	No

Each such director shall hold office until the first annual meeting of the Amalgamated Corporation or until his successor is duly elected or appointed. The management and operation of the Amalgamated Corporation shall be under the control of the board of directors of the Amalgamated Corporation from time to time, subject to the provisions of the Act.

11. The by-laws of the Amalgamated Corporation until repealed, amended or altered shall be the by-laws of Microbix, to the extent that they are not inconsistent with this Agreement, a copy of which by-laws may be examined at the offices of Borden & Elliot, Scotia Plaza, 40 King Street West, Toronto, Ontario, during business hours.

12. The first Auditors of the Amalgamated Corporation shall be Coopers & Lybrand, Chartered Accountants, 4th Floor, 1 Hughson Street North, Hamilton, Ontario, L8R 3L6, who shall hold office until the first annual meeting of the shareholders of the Amalgamated Corporation. The Shareholders of the Amalgamated Corporation shall at each annual meeting appoint auditors to hold office until the next annual meeting.

13. Subject to the provisions of the Act, the board of directors of the Amalgamated Corporation may from time to time borrow moneys in such amounts and on such terms as it deems expedient and charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Amalgamated Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Amalgamated Corporation.

14. The Amalgamated Corporation shall possess all the property, rights, privileges and franchises of each of the Amalgamating Corporations and shall be subject to all the liabilities (including, without limitation, civil, criminal and quasi-criminal liabilities), contracts, disabilities and debts of each of the Amalgamating Corporations.

15. All rights of creditors against the property, rights and assets of the Amalgamating Corporations and all liens upon their property, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts and liabilities and duties of the Amalgamated Corporations shall after the Effective Date attach to the Amalgamated Corporation and may be enforced against it.

16. Notwithstanding anything else contained in this Amalgamation Agreement, the holders of the 5½% - 10½% Cumulative Redeemable Preference shares of Autocrown shall after the Effective Date lose all rights to receive any dividends, whether accruing or owing, which they otherwise would be entitled to.

17. No action or proceeding by or against either of the Amalgamating Corporations shall abate or be affected by the Amalgamation.

18. Autocrown represents and warrants to Microbix that it does not carry on any active business; it has no employees; it has no liability or obligations (including, without limitation, tax liabilities), whether accrued, absolute, contingent or otherwise; and its assets consist solely of cash, which assets are free and clear from all encumbrances, security interests or rights of other parties, of any kind or character.

19. The obligations of Microbix to proceed with the Amalgamation is subject to the satisfaction on or before the Effective Date of the following conditions, any of which may be waived by it without prejudice to its right to rely on other or others of them:

- (a) the representation and warranty of Autocrown contained in section 17 hereof shall be true and correct in all material respects on the Effective Date and with the same effect as if made on and as of such date;
- (b) Autocrown shall have furnished Microbix with a favourable opinion of Autocrown's counsel, dated the Effective Date, satisfactory in scope and substance in all material respects to Microbix' counsel;
- (c) Autocrown shall have cash assets of no less than \$75,000 as at the Effective Date; and
- (d) the affairs, assets, liabilities, financial condition and business (financial or otherwise) of Autocrown shall be as at the Effective Date in a condition satisfactory to Microbix and Microbix shall have been furnished by Autocrown with an indemnity in favour of Microbix and the Amalgamated Corporation in respect of certain potential liabilities in form satisfactory to Microbix; and
- (e) Bedford Capital Corporation shall have granted an option to Microbix and/or the Amalgamated Corporation, exercisable after June 30, 1991, that entitles the Amalgamated Corporation to cause Bedford Capital Corporation or any of its affiliates to acquire a 5 year convertible debenture (the "Debenture") of the Amalgamated Corporation in the principal amount of \$100,000 if Bedford Capital Corporation fails to raise a minimum of \$500,000 by way of private placement on or before June 30, 1991. The general terms of the Debenture, if issued, will have a coupon rate of 14%, will be convertible into 2,000,000 Amalco Common Shares and will be fully secured by assets of the Amalgamated Corporation. *No major change in financial condition when debenture issued N.S.*

For greater certainty, Autocrown recognizes that Microbix is under no obligation to proceed with the Amalgamation if in its sole discretion it concludes prior to the Effective Date that it should not do so because of its due diligence investigations.

20. The obligations of the parties hereto are subject to the receipt of all necessary approvals of the shareholders of the Amalgamating Corporation to this Agreement and the Amalgamation provided for herein and the receipt of all necessary regulatory consents and approvals. Upon receipt of such approvals, but subject to the provisions set forth below, the Amalgamating Corporations shall jointly file with the Director under the Act, on such day as Autocrown and Microbix may select, articles of amalgamation and such other supporting documents as may be required for the purpose of bringing the Amalgamation into effect. This Agreement may, prior to the issuance of a certificate of

amalgamation giving effect to the aforesaid articles of amalgamation, be terminated by the board of directors of either of Autocrown or Microbix, notwithstanding receipt of the aforesaid approvals of the shareholders of Autocrown and Microbix.

Without limiting the generality of the foregoing, the holders of the 5% non-cumulative convertible shares, the holders of the 5 $\frac{1}{2}$ - 10 $\frac{1}{2}$ Cumulative Redeemable Preference shares, the holders of the Class B special shares and the holders of the Common shares, all of Autocrown, shall each be entitled, voting separately as a class by special resolution, to approve of this agreement and this agreement shall not be approved until such special resolution has been duly passed by the holders of each of the said classes of shares.

IN WITNESS WHEREOF this Amalgamation Agreement has been executed as of the date first above written by the parties hereto under their respective seals as witnessed by their proper officers duly authorized in that behalf.

AUTOCROWN CORPORATION LIMITED

Per. _____

Director

MICROBIX BIOSYSTEMS INC.

Per. _____

President