

of Canada and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Tanya Spring sworn July , 2008 filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and that the Sale Agreement is commercially reasonable and in the best interests of the Debtor and its stakeholders. The execution of the Sale Agreement by the Interim Receiver is hereby authorized and approved, and the Interim 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 or as it may in writing direct.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Interim Receiver's certificate to the Purchaser and 2177304 Ontario Limited substantially in the form attached as Schedule A hereto (the "**Interim Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets listed on Schedule B-1 hereto shall vest absolutely in the Purchaser, and that in accordance with the Direction of the Purchaser all of the Debtor's right, title and interest in and to the Purchased Assets listed on Schedule B-2 hereto shall vest absolutely in 2177304 Ontario Limited, in each case 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 Madam Justice Hoy dated May 26 2008; and (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**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Registry Division of Hastings (No. 21) of an Application for Vesting Order in the form

prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter 2177304 Ontario Limited as the owner of the subject real property identified in Schedule B-2 hereto (the “**Real Property**”) in fee simple.

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 Interim Receiver's 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 Interim Receiver to file with the Court a copy of the Interim Receiver's 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 Interim Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "D" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

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 and 2177304 Ontario Limited 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 settlement, fraudulent preference, assignment, fraudulent conveyance 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 ORDERS that the First Report of the Interim Receiver dated July 3, 2008, be accepted and that the activities of the Interim Receiver set out therein, be and are hereby approved.

10. 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 Interim 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 Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Interim Receiver’s Certificate

Court File No. 33-1047647

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

**IN THE MATTER OF AN APPLICATION UNDER SECTION 47.1(1) OF THE
BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, C. B.3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF
BRIDGELINE ROPES INC., A COMPANY DULY INCORPORATED PURSUANT TO
THE LAWS OF THE PROVINCE OF ONTARIO, WITH A HEAD OFFICE IN
DESERONTO IN THE PROVINCE OF ONTARIO**

INTERIM RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Madam Justice Hoy of the Ontario Superior Court of Justice (the "**Court**") dated May 26, 2008, A. Farber & Partners Inc. was appointed as the interim receiver (the "**Interim Receiver**") of the undertaking, property and assets of Bridgeline Ropes Inc. (the "**Debtor**").

B. Pursuant to an Order of the Court dated July 9, 2008, the Court approved the agreement of purchase and sale made as of May 26, 2008 (the "**Sale Agreement**") between the Interim Receiver and 2168953 Ontario Inc. now Bridgeline Limited (the "**Purchaser**") and provided for the vesting in the Purchaser and 2177304 Ontario Limited 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 Interim Receiver to the Purchaser and 2177304 Ontario Limited of a certificate confirming (i) that the conditions to Closing as set out in Article 7 of the Sale Agreement have been satisfied or waived by the Interim Receiver and the Purchaser; and (ii) the Transaction has been completed to the satisfaction of the Interim Receiver.

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

THE INTERIM RECEIVER CERTIFIES the following:

1. The conditions to Closing as set out in Article 7 of the Sale Agreement have been satisfied or waived by the Interim Receiver and the Purchaser; and
2. The Transaction has been completed to the satisfaction of the Interim Receiver.
3. This Certificate was delivered by the Interim Receiver at _____ [TIME] on _____ [DATE].

A. Farber & Partners Inc., in its capacity as Interim Receiver of the undertaking, property and assets of Bridgeline Ropes Inc., and not in its personal capacity

Per: _____

Name:

Title:

Schedule B-1

Purchased Assets vesting in 2168953 Ontario Inc. now Bridgeline Limited

All assets, undertakings and properties of Bridgeline Ropes Inc. (“Bridgeline Ropes”) of every nature and kind whatsoever, and wherever situate, including without limitation the following:

- (a) all goods that are held for sale (whether such goods are saleable, obsolete or damaged) in relation to the business carried on by Bridgeline Ropes, including raw materials, work in progress and materials used or consumed in such business (collectively “Inventory”);
- (b) all trade accounts receivable and other accounts receivable;
- (c) all customer lists and lists of prospective customers and marketing and sales databases;
- (d) the benefit of all unfulfilled orders received by and in favour of Bridgeline Ropes;
- (e) any and all goodwill and trademarks in whatever format, including without limitation, registered and unregistered trademarks, trade names, brand names, service marks, logos, copyrights, certification marks, drawings, permits, internet and electronic email addresses, URLs, telephone, telex and facsimile numbers, content of websites and domain names related to or connected with the business carried on by Bridgeline Ropes, all related software and electronic code to the extent assignable and other similar intellectual property or intangibles of Bridgeline Ropes;
- (f) all books and records relating to the business carried on by Bridgeline Ropes, subject to the right of the Interim Receiver to access to and to copy such books and records for the purpose of administering the business and affairs and/or estate of Bridgeline Ropes;
- (g) at the sole option of 2168953 Ontario Inc. now Bridgeline Limited, the full benefit of all contracts and leases, etc., to which Bridgeline Ropes is entitled in connection with its business; and
- (h) all other tangible and intangible assets and property used in connection with the business of Bridgeline Ropes;

For certainty, no property or assets of Bridgeline Ropes is excluded as contemplated by Schedule A to the Sale Agreement.

Schedule B-2

Purchased Assets vesting in 2177304 Ontario Limited

- (a) All furniture, fixtures, machinery, equipment and computer equipment of Bridgeline Ropes Inc. (“Bridgeline Ropes”) not subject to specific financing agreements or leases (collectively “Equipment”).
- (b) All furniture, fixtures, machinery, equipment and computer equipment subject to specific financing agreements or leases including without limitation all right, title and interest of Bridgeline Ropes in a Xerox Workcentre 7132 under an equipment lease with Xerox Canada Ltee, a domain controller under an equipment lease/financing agreement with National Leasing, a digital mailer model MD35 under an equipment lease with Pitney Bowes, and a Yale forklift truck under an equipment lease with National Leasing.
- (c) The lands and premises municipally known as 70 Dundas Street, Deseronto, Ontario and more particularly described as part of Blocks T and W, Plan 162 (Butler’s Plan), Town of Deseronto, County of Hastings, designated as Part 1 on Plan 21R-8099.

Schedule C

Permitted Encumbrances, Easements and Restrictive Covenants related to the Real Property unaffected by the Vesting Order

1. Charge/Mortgage of Land in favour of Business Development Bank of Canada and registered in the Land Registry Office for the Registry Division of Hastings (No. 21) on February 2, 2004 as Instrument No. 637879.
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Permitted Encumbrances, Easements and Restrictive Covenants related to the Personal Property unaffected by the Vesting Order

1. Charges, security interests, encumbrances and claims in favour of the Business Development Bank of Canada.
2. Charges, security interests, encumbrances and claims in favour of Asset Engineering LP.
3. Charges, security interests, encumbrances and claims in favour of Keith Bridges (also known as Keith Joseph Bridges and Keith Joseph Paul Bridges and/or 1007332 Ontario Inc.
4. Charges, security interests, encumbrances and claims in favour of Norman Paul Grant and/or 1007322 Ontario Inc.
5. Charges, security interests, encumbrances and claims in favour of Bernard Davis (also known as Bernard Davis, Jr. and Bernard E. Davis, Jr).