

THE SECURITIES ACT) **Order No. 6036**
)
Section 148(1) and 20(1)) **December 11, 2009**

ART Advanced Research Technologies Inc.

WHEREAS:

(A) The securities of ART Advanced Research Technologies Inc. (the “Applicant”) are subject to a cease trade order made by the Director of the Manitoba Securities Commission (the “Commission”), on November 26, 2009 under section 147.1(1) of *The Securities Act* (Manitoba), (the “Act”) ordering that trading in the securities of the Applicant cease unless revoked by a further order of the Director (the “Cease Trade Order”);

(B) The Applicant has applied to the Commission under sections 148(1) and 20(1) of the Act (the “Application”) for a partial revocation of the Cease Trade Order;

(C) The Applicant has represented to the Commission that:

1. The Applicant was incorporated under the *Canada Business Corporations Act*, R.S.C. (1985), c. C-44 (the “CBCA”) on October 13, 2006. Its head office is located at 2300, Alfred Nobel Boulevard, Montréal, Québec, H4S 2A4.
2. The Applicant offers molecular imaging products for the medical and pharmaceutical sectors.
3. The Applicant’s authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. Currently there are (i) 94,540,592 common shares, (ii) 6,341,982 series 1 convertible preferred shares, (iii) 2,000,000 series 2 convertible preferred shares, (iii) 7,008,868 series 3 convertible preferred shares, and (iv) 46,092,428 series 4 and series 5 convertible preferred shares issued and outstanding.
4. The Applicant is a reporting issuer in all provinces and territories of Canada.
5. The Applicant’s common shares, series 1 convertible preferred shares and series 2 convertible preferred shares (collectively, the “Listed Securities”) are listed on the Toronto Stock Exchange (the “TSX”).
6. The Continued Listing Committee of the TSX determined to delist the Listed Securities effective at the close of market on December 11, 2009. The delisting was imposed due to the failure by the Applicant to meet the continued listing requirements of the TSX, as detailed in Part VII of the TSX Company Manual.
7. To date, the Applicant has not generated sufficient revenues to offset its research and development costs and accordingly has not generated positive cash flows or an operating profit.
8. The Cease Trade Order was issued due to the default of the Applicant to file interim financial statements and interim management’s discussion and analysis as prescribed by National Instrument 51-102 - *Continuous Disclosure Obligations* for the period ended September 30, 2009 (together, the “Q3 Financials”) within the prescribed deadline. No

further financial statements or management's discussion and analysis have been filed by the Applicant since that time.

9. The Applicant's failure to file the Q3 Financials was a result of financial distress. The Applicant does not have the human and financial resources in order to prepare the Q3 Financials in anticipation of closing of the transactions contemplated by the Proposal and Reorganization (as defined below) (the "Closing").
10. In addition to the Cease Trade Order, the Applicant is subject to the following cease trade orders, each of which was issued due to the failure of the Applicant to file its Q3 Financials:

(a) order issued by the British Columbia Securities Commission (the "BCSC") on November 20, 2009;

(b) order issued by the Autorité des marchés financiers (the "AMF") on December 4, 2009; and

(c) order issued by the Ontario Securities Commission (the "OSC") on December 8, 2009.

11. On November 2, 2009, facing a serious cashflow crisis, the Applicant filed a notice of intention to make a proposal pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA").
12. KPMG Inc. was appointed trustee in respect of the Proposal (the "Trustee").
13. On October 18, 2009, KPMG Corporate Finance ("KPMG") was mandated by the Applicant to carry out a review of the Applicant's strategic options which included a recapitalization, the potential divestiture of some or all of the assets of the business, or a merger.
14. Following a sale process conducted by KPMG, the Applicant entered into a binding term sheet with Dorsky Worldwide Corp. ("Dorsky") on November 20, 2009. The binding term sheet was amended and restated on December 7, 2009 (the "Dorsky Offer").
15. The board of directors of the Applicant has unanimously determined that accepting the Dorsky Offer is in the best interests of the Applicant.
16. The Dorsky Offer provides for, *inter alia*:
 - (a) the transfer of all of the intellectual property assets of the Applicant, including trade-marks, patents and intellectual property licences, to Dorsky or its assignee free and clear of any liens or encumbrances;
 - (b) a restructuring of the Applicant implemented by way of a proposal to the Applicant's unsecured creditors under Section 58 of the BIA and a reorganization under Section 191 of the CBCA (the "Reorganization");
 - (c) a payment by Dorsky to the Trustee in the aggregate amount of \$375,000.00 to be used by the Applicant to fund a distribution to its unsecured creditors;

(d) the payment or settlement of secured claims in accordance with the agreements to be entered into between the Applicant and its secured creditors;

(e) the payment by the Applicant of all amounts owing to the employees as at closing of the transaction in respect of vacation wages; and

(f) the release of the charge created pursuant to any and all security interests granted by the Applicant in favour of the Applicant's secured creditors.

17. Further to the execution of the Dorsky Offer, the Applicant filed a proposal for its creditors on November 23, 2009 and filed an amended proposal for its creditors on December 7, 2009 (the "Proposal"). The Trustee recommended the approval of the Proposal.
18. The Dorsky Offer and the transactions contemplated under the Dorsky Offer are conditional upon, *inter alia*, the approval of the proposal by the Applicant's unsecured creditors in accordance with the provisions of the BIA and by the Superior Court of Quebec (the "Court").
19. On December 7, 2009, the meeting of unsecured creditors was held and the unsecured creditors voted unanimously in favour of the Proposal. The Proposal was approved by the Court on December 9, 2009.
20. The implementation of the Proposal is subject to certain other conditions precedent, including, *inter alia*, approval by the Court of the articles of reorganization (the "Articles of Reorganization") of the Applicant to be filed with the Director pursuant to Section 191 of the CBCA, and the issuance of a certificate of amendment by the Director appointed under Section 260 of the CBCA reflecting the Articles of Reorganization, providing for:
 - (a) the addition to the terms of each class or series of common or preferred shares of the Applicant of a provision providing for the automatic redemption and cancellation at Closing of all outstanding shares of any class or series and of all rights related to them, without payment or consideration or any other right (the "Outstanding Shares Cancellation"); and
 - (b) the creation of a new class of voting common shares of the Applicant (the "Voting Common Shares") to be created pursuant to the Articles of Reorganization with the terms and conditions set forth in the Articles of Reorganization and issued to Dorsky at Closing, representing 100% of the issued and outstanding shares of the Applicant following Closing (the "Dorsky Issuance").
21. The Outstanding Shares Cancellation will result in the holders of the existing shares and equity of the Applicant not receiving any payment or other compensation with respect to such shares and equity. Upon the implementation of the Proposal and Reorganization, all such shares and equity will be automatically cancelled, without any vote or approval by, or payment to, the holders of such shares and equity.

22. In a press release dated November 20, 2009, the Applicant announced that holders of the existing equity of ART will not receive any payment or other compensation with respect to such equity.
23. If the Proposal is implemented, Dorsky will be the sole shareholder of the Applicant. Dorsky is a private company controlled by Mr. Serge Huot and Société Paulista Consulting Group. Dorsky and its shareholders are not related parties of the Applicant and its shareholders.
24. If the Proposal is not implemented, the Applicant will become bankrupt. Under a bankruptcy scenario, taking into consideration the amounts owed to the secured creditors and the specialized nature of the assets and consequently their limited value under a liquidation scenario, the preferred and the unsecured creditors would likely receive nothing.
25. As the Proposal and Reorganization will involve trades in securities of the Applicant (including, for greater certainty, acts in furtherance of trades in securities of the Applicant), the Proposal and Reorganization cannot be completed without a variation of the Cease Trade Order.
26. The Proposal and Reorganization will be completed in accordance with all applicable laws.
27. Prior to the completion of the Proposal and Reorganization, Dorsky:
 - (a) will receive a copy of the Cease Trade Order;
 - (b) will receive a copy of this Order; and
 - (c) will receive a written notice from the Applicant, and will provide written acknowledgement to the Applicant, that all of the Applicant's securities, including the Voting Common Shares to be issued in connection with the Proposal and Reorganization, will remain subject to the Cease Trade Order until it is revoked and that the granting of this Order does not guarantee the issuance of a full revocation order in the future.
28. Following completion of the Reorganization, the Applicant intends to apply for a full revocation of the Cease Trade Order and an order that the Applicant is not a reporting issuer in each jurisdiction in which it is currently a reporting issuer.
29. The Applicant is not in default of any requirements of the Cease Trade Order or the Act or the rules and regulations made pursuant thereto, subject to the deficiencies that led to the issuance of the Cease Trade Order.
30. The Applicant has also applied to the BCSC, the AMF and the OSC for a partial revocation of their cease trade orders.

(D) In view of the foregoing, I am of the opinion that it would not be prejudicial to the public interest to partially revoke the Cease Trade Order.

I HEREBY ORDER pursuant to a delegation to me by the Commission under subsection 4(1) of the Act of the powers in that regard:

1, **THAT**, pursuant to sections 148(1) and 20(1) the Act, that the Cease Trade Order is partially revoked solely to permit trades in securities of the Applicant in connection with the Reorganization as described in paragraph 20 and all other facts in furtherance of the Reorganization that may be considered to fall within the definition of “trade” within the meaning of the Act, provided that:

a) prior to the completion of the Proposal and Reorganization, Dorsky:

i. receives a copy of the Cease Trade Order;

ii. receives a copy of this Order; and

iii. receives a written notice from the Applicant, and provides a written acknowledgement to the Applicant, that all of the Applicant’s securities, including the Voting Common Shares to be issued in connection with the Proposal and Reorganization, will remain subject to the Cease Trade Order until it is revoked, and that the granting of this Order does not guarantee the issuance of a full revocation order in the future; and

b) the Applicant undertakes to make available copies of the written acknowledgments to staff of the Commission on request.

“R. B. Bouchard”

R. B. Bouchard

Director – Corporate Finance