

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**UNDER NATIONAL INSTRUMENT 51-102**

**Item 1 Name and Address of Company**

Ondine Biopharma Corporation  
1100 Melville Street, Suite 910  
Vancouver, British Columbia  
V6E 4A6

(the “**Company**” or “**Ondine**”)

**Item 2 Date of Material Change**

April 8, 2009.

**Item 3 News Release**

A press release was issued by the Company through newswire services on April 8, 2009.

**Item 4 Summary of Material Change**

The Company has entered into a non-binding letter of intent (the “**LOI**”) with JS Dental Technologies Inc. (“**JSD**”) setting out the principal terms on which Ondine proposes to sell its Dental Healthcare Business to JSD.

**Item 5 Full Description of Material Change**

Ondine has entered into the LOI with JSD, a Toronto-based privately held firm, pursuant to which JSD proposes to purchase the Company’s Dental Healthcare Business. Subject to the execution of definitive agreements and Ondine shareholder approval, the proposed transaction would provide Ondine with continued economic benefits and cash flows to be used for the development of expanded applications of the Company’s photodisinfection platform technology. Periowave™, Ondine’s dental technology, is approved by Health Canada for the treatment of gum disease and other oral indications, and is used in approximately 400 dental offices and teaching schools across Canada.

Under the terms of the proposal Ondine would receive milestone payments, subject to JSD reaching certain cumulative sales thresholds, or in the event of a subsequent sale of the Dental Healthcare Business to a third party, would receive participation payments from the proceeds of the sale of the Dental Healthcare Business, as described below. Ondine would also receive an up-front cash payment of C\$725,000, ongoing cash flows from royalties and manufacturing margins, as well as additional management consulting and product development fees.

Upon completion of the proposed transaction, Ondine would focus on further advancing its MRSAid™ nasal decolonization system, which kills bacteria in the nasal passages, a

key reservoir for MRSA (methicillin-resistant *Staphylococcus aureus*) and significant source of MRSA infections. The Company received a Health Canada license for the MRSAid™ system to combat MRSA in March 2009. According to Canadian Nosocomial Infection Surveillance Program figures, an estimated 220,000 Canadians develop hospital-acquired infections and approximately 8,000 die from these kinds of superbugs each year.

Under the terms of the proposal, Ondine and JSD would collaborate on sales and marketing of the Periowave™ photodisinfection technology. As indicated above, Ondine would receive a stream of milestone payments which range from C\$200,000 to C\$12.5 million based on cumulative sales thresholds ranging from C\$10 million to C\$1 billion achieved via the collaborative arrangement with JSD. In the event of a subsequent sale of the Dental Healthcare Business to a third party, Ondine would receive, in lieu of further royalties and milestone payments, a percentage of all proceeds of such sale, up to a maximum of 40 percent in the first year and declining on a yearly basis to 5 percent in the sixth year and 2.5 percent thereafter. Additional details of the proposed transaction are set out in the LOI, a copy of which is attached to this report.

**Item 6            Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

**Item 7            Omitted Information**

Not applicable.

**Item 8            Executive Officer**

Carolyn Cross  
President and Chief Executive Officer  
1100 Melville Street, Suite 910  
Vancouver, British Columbia  
V6E 4A6

Tel: (604) 669-0555

**Item 9            Date of Report**

April 20, 2009.

**Ondine Biopharma Corporation**  
**Schedule to Material Change Report Dated April 20, 2009 - LOI**

***CONFIDENTIAL***

Ms. Carolyn Cross  
Chairman and CEO  
Ondine Biopharma Corporation  
#910 – 1100 Melville Street  
Vancouver, BC, Canada, V6E 4A6

April 6, 2009

Dear Ms. Cross:

We are pleased to submit this non-binding letter of intent in connection with a possible transaction (the “**Transaction**”) whereby JS Dental Technologies Inc. (“**JSD**”) would acquire substantially all of the assets and undertaking of the dental healthcare business (the “**Dental Business**”) of Ondine Biopharma Corporation and its subsidiaries (collectively, “**Ondine**”) as described in the attached Appendices.

We greatly appreciate the materials and the efforts through the due diligence process that you and your team have provided us to date and hope to count on your continued support as we try to reach mutually agreeable definitive agreements. We are excited by the opportunities presented by this transaction, and look forward to working with you and your team.

Based on the information available to us to date, we believe that an appropriate purchase price for the assets of the Dental Business that are owned or held by Ondine (the “**Assets**”) is the following:

1. up to \$1,005,000 comprised as follow:
  - a) payment of \$725,000 payable in cash at Closing;
  - b) \$30,000 payable over 3 months at \$10,000 per month in support of PMA submission and panel review defence;
  - c) a bonus of \$250,000 upon the successful achievement of the FDA approval for Periowave™ on or before November 15, 2009, payable 45 days following such approval.
2. Subsequent payments:

A royalty of 5% (the “**Royalty**”) to Ondine over ten years and milestone payments based on cumulative sales thresholds of up to \$51.4 million (the “**Milestone Payments**”); unless replaced on a going forward basis by a percentage of the sale proceeds (declining with time from 40% if in the first year to 2.5% if after 7 years) from the resale of the Dental Business by JSD (the “**Participation Payments**”).
3. Manufacturing & Supply Agreement that will give exclusive manufacturing and supply rights to Ondine with manufacturing gross margins of 20% for hardware, 30% for semi-consumables and 40% of consumables for a period of 2 years.
4. All amounts are quoted in Canadian Dollars unless indicated otherwise.

In addition, we agree to enter into to a Management Services Agreement with Ondine pursuant to which Ondine will be paid, subject to certain conditions, US\$50,000/month for up to 24 months for the provision of certain management services to JSD.

Details contemplated by this offer are listed in the attached Appendices. This offer is open for your acceptance until 5:00PM P.S.T., Monday, April 7, 2009.

Yours truly,  
JS Dental Technologies Inc.  
Signed “John Schroeter”  
John Schroeter  
President and CEO

# Appendix 1: Proposed Terms & Conditions

Set forth below is an outline of our proposed terms & conditions:

## 1.0 Purchase and Sale of Dental Division

1.1 JS Dental Technologies Inc. ("**Buyer**" or "**JSD**") will purchase from Ondine Biopharma Corp. ("**Ondine**" and, together with its subsidiaries, "**Ondine**") the assets used in Ondine's dental healthcare business (the "**Dental Business**") as set out in this term sheet (this "**Term Sheet**"). Except as otherwise provided below, the Offering Price contemplates the acquisition of all of the following assets of Ondine used in the Dental Business: all intellectual property, including patents, trademarks and copyrights; inventory and accounts receivable as further described herein; all customer, service, and supplier contracts; certain rights to clinical trial data, results, and regulatory approvals; and any other licenses and transferable know-how related to the Dental Business.

## 2.0 Transaction Structure

2.1 The transaction provided for herein (the "**Transaction**") will be structured as a purchase and sale of all of the issued and outstanding shares (the "**OIL Shares**") of Ondine International Ltd. ("**OIL**"), together with the transfer of the employees and other rights, intellectual property and certain other assets of the Dental Business referred to below (collectively, the "**Purchased Assets**").

OIL currently holds intellectual property rights ("IP"), which are comprised of a) IP with applications only in the oral cavity (the "**Dental IP**"), b) IP with applications both in the oral cavity and outside the oral cavity (the "**Combination IP**"), and c) IP with applications only outside the oral cavity (the "**Non-Dental IP**"). The Dental IP currently includes the worldwide rights to the UCL Business PLC ("**UCLB**") 1999 licence, except for the Canadian rights which are held by Ondine, and certain other IP as listed on the IP Schedule you previously provided us on April 3, 2009.

The parties acknowledge that in the Transaction the Buyer is acquiring the Dental IP, and the Combination IP and that Ondine intends to retain the Non-Dental IP, ( the "**Retained IP**"), therefore OIL will at, prior to, or following the closing of the Transaction (the "**Closing**"), transfer the Retained IP to Ondine Biopharma Corporation or one of its other affiliates (the "**Transferee**"). Ondine will also retain exclusive rights to the use of the Combination IP for non-dental applications and any jointly developed IP that have non-dental applications as set out in Section 6.0 herein.

2.2 The Offering Price also contemplates that, at Closing:

- the employment of all of Ondine's sales and marketing employees (to a maximum of 5 employees) will be terminated by Ondine and JSD will have the right to hire any or all of those employees, except that in the event JSD decides not to hire any of the employees Ondine shall have the right to retain the employee on its payroll should it choose to do so. The offer of employment by JSD to the transferred employees will be on such terms as mutually agreed by JSD and the transferred employee. Any new employment contracts offered by JSD to these employees will be negotiated concurrent with, or shortly after, the signing of a definitive acquisition agreement and signed on Closing.
- Ondine will, at our request, agree to provide transitional services to the Business for a reasonable period of time as is typical for transactions of this nature pursuant to the Management Services Agreement referred to in Section 8.0.
- JSD will assume all obligations and liabilities relating to Ondine's royalty obligations to University College of London Business.

2.3 The Dental IP, Ondine's Canadian rights under the UCLB 1999 licence held by OIL, and the Combination IP collectively comprise the IP being purchased in the Transaction (the "**Purchased IP**"). Ondine will, at or prior to the Closing, surrender or transfer such Canadian rights to OIL.

2.4 At or prior to Closing, all trade accounts payables of OIL unrelated to IP will be paid or reassigned to Ondine Biopharma Corporation or one of its other affiliates and all inter-company accounts of OIL will be satisfied. Thank you for the schedule of the accounts payable of OIL that you previously provided us on April 3, 2009.

2.5 At or prior to the Closing, Ondine will terminate the service agreements between OIL and each of Ondine and Ondine Research Laboratories, Inc.

2.6 At Closing, the assets of OIL will include the intellectual property rights described herein, trademarks (Periowave™) and copyrights used in the Dental Business, inventories and accounts receivable relating to the Dental Business. Thank you for the schedules of OIL's accounts receivable and inventory that you previously provided us on April 3, 2009. Prior to Closing Ondine will transfer all raw materials inventory owned by OIL from OIL to Ondine Biopharma Corporation or to one of its other subsidiaries so that OIL's inventory at Closing will consist solely of finished goods inventory. Ondine will ensure that the finished goods inventory of OIL at Closing includes a minimum of 100 Periowave™ laser base stations. The Buyer acknowledges that Ondine Biopharma Corporation owns inventory and accounts receivable relating to the Dental Business that will not be sold to the Buyer as part of the Transaction. The Buyer will be assigned the rights to the reserved name of "Periowave Dental Technologies Inc" and will carry on the dental business under this corporate name. Ondine will retain rights to the "OIL" and Ondine names, and within 18 months of Closing OIL will change its name to "Periowave Dental Technologies Inc". The Buyer, however, may acquire the name OIL from Ondine, at no cost, in the event that Ondine changes its corporate name to a name which does not use the word Ondine.

### 3.0 Purchase Price

3.1 The purchase price (the "**Purchase Price**") payable by the Buyer to Ondine for the Purchased Assets will be the sum of:

- (a) Up to \$1,005,000 payable in cash as follows:
  - (i) \$725,000 at Closing, expected to occur on or about May 15, 2009 and
  - (ii) \$30,000, payable over three months at \$10,000 per month on the first of each month, commencing on the first day of the month following the Closing in support of the PMA submission;
  - (iii) \$250,000 bonus milestone for FDA approval on or before November 15, 2009, payable 45 days after such approval.
- (b) Subject to section 3.1 (d) herein, milestone payments of up to \$51.4 million calculated and payable as set out in Section 4.0 below (the "**Milestone Payments**");
- (c) Subject to section 3.1 (d) herein, a royalty (the "**Royalty**") in the amount of 5% of all revenues (net of returns) from the sale by the Buyer of any and all products manufactured or produced using any of the Purchased IP for a period ending 10 years after the Closing or on the closing of a Resale of the Dental Business, whichever is the first to occur, payable quarterly; (the Buyer understands that this royalty is in addition to the 4% declining royalty to UCLB until end of the Wilson patent life); and
- (d) Participation payments as set out in section 5.0 herein, in lieu of further Milestone Payments and Royalties payable after the Resale of the Dental Business, in the event that the Buyer sells or sublicenses all or substantially all of the Purchased IP to an arms-length purchaser or sublicensee. See Section 10.

## 4.0 Milestone Payments

4.1 As part of the consideration for the sale of the Purchase Assets, the Buyer will pay to Ondine the following payments (the “**Milestone Payments**”) within 90 days after each such payment is earned, in the event that the Buyer has not sold or sublicensed all or substantially all of the Purchased IP to an arms-length purchaser or sublicensee. In the event that the Buyer has sold or sublicensed all or substantially all of the Purchased IP to an arms-length purchaser or sublicensee, Ondine will be entitled to all Milestone Payments earned prior to the date of resale and thereafter Ondine’s right to further Milestone Payments will terminate and be replaced by a right to receive the Participation Payments set out in Section 5. Ondine will have the right to review the financial statements of JSD, which will be provided to Ondine within 60 days following the end of each quarter. The Milestone Payments will be calculated and paid to Ondine in accordance with this section for such period of time as JSD operates the Dental Business.

If the Dental Business achieves cumulative sales thresholds (net of returns) of:	Amount of Milestone Payment
\$10,000,000	\$ 200,000
\$25,000,000	\$ 700,000
\$50,000,000	\$ 1,000,000
\$75,000,000	\$ 1,500,000
\$100,000,000	\$ 2,000,000
\$150,000,000	\$ 3,500,000
\$200,000,000	\$ 5,000,000
\$300,000,000	\$ 7,500,000
\$500,000,000	\$ 7,500,000
\$750,000,000	\$ 10,000,000
\$1,000,000,000	\$ 12,500,000
<b>Total Milestone Payments</b>	<b>\$ 51,400,000</b>

4.2 The Buyer will provide certain mutually agreed covenants to Ondine to ensure that the Milestone Payments are maximized and to protect Ondine's interest therein.

## 5.0 Participation Payment(s)

5.1 In the event that the Buyer or OIL sells or sublicenses all or substantially all of the Purchased IP to an arms-length purchaser or sublicensee, other than Ondine, (the “**Resale of the Dental Business**”) the Buyer will pay to Ondine a participation payment (or payments, the “**Participation Payment(s)**”) calculated using the following percentages of sale proceeds (net of transaction costs and the Purchase Price as determined in accordance with Section 3.1 of this Term Sheet but excluding the payments due under Section 3.1(d)) paid or payable in respect of the sale of such Purchased IP in lieu of further Milestone Payments as listed in Section 4 and further Royalties described in Section 3.1 (c):

- (a) if the sale occurs during the first year after Closing, 40% of such sale proceeds;
- (b) if the sale occurs during the second year after Closing, 30% of such sale proceeds;
- (c) if the sale occurs during the third year after Closing, 20% of such sale proceeds;
- (d) if the sale occurs during the fourth year after Closing, 15% of such sale proceeds;
- (e) if the sale occurs during the fifth year after Closing, 10% of such sale proceeds;
- (f) if the sale occurs during the sixth year after Closing, 5% of such sale proceeds; and
- (g) 2.5% of such sale proceeds thereafter.

5.2 For the purposes of section 5.1 of this Term Sheet, sale proceeds of the Resale of the Dental Business includes the purchase price of the sale and all other forms of consideration to be received from the sale, including but not limited to royalties and milestone payments.

5.3 In the event of a Resale of the Dental Business, the Royalty and Milestones Payments under section 3.0 (c) and section 4.0, respectively, of this Term Sheet that are payable for the period subsequent to the date of the closing of that transaction will thereupon terminate and are replaced by the Participation Payments referred to above. Ondine will be entitled to retain, and the Buyer and OIL will be liable to Ondine, for all royalties and milestone payments that are earned by Ondine pursuant to section 3.0 (c) and section 4.0, respectively, of this Term Sheet, for the period prior to the Resale of the Dental Business. The Buyer will not, and will not permit OIL to sell or sublicense all or any of the Purchased IP to a party that is not arms-length to the Buyer and OIL, unless that party agrees with Ondine to honour the terms set out herein.

## 6.0 License to Ondine from the Buyer or OIL for use of the Combination IP

The Buyer wishes to control the Combination IP in order to ensure such IP is appropriately managed and funded. In exchange for the Buyer agreeing to maintain and pay any and all costs of maintaining the Combination IP subsequent to Closing, OIL shall retain ownership of the Combination IP and will license to Ondine any and all applications of the Combination IP in the non-dental field of use on an exclusive, perpetual, freely-transferable, royalty-free, worldwide basis (the "**Licence Agreement**"). The Buyer or OIL agrees to assign to Ondine, at no cost to Ondine except for the costs of the assignment, any of the Combination IP that the Buyer no longer wishes to support (or would otherwise abandon) in the event that this IP is desired by Ondine. The Buyer agrees to give Ondine a minimum of 60 days notice of its intention to abandon IP relating to this Term Sheet. As set out in Section 13, in the event of receivership or bankruptcy of Ondine, the non-dental rights of the Combination IP will revert back to the Buyer at no cost to the Buyer, except for the costs of the assignment. In the event of receivership or bankruptcy of the Buyer, the rights to the dental IP and the rights to the Combination IP will revert back to Ondine at no cost to the Ondine, except for the costs of the assignment. The rights granted by this Section to Ondine will survive the Resale of the Dental Business by JSD.

## 7.0 Transfer of Employees

If not hired by the Buyer, Ondine will be responsible for all severances and termination obligations of its employees whose employment is terminated by Ondine as a result of the closing of the Transaction. Alternatively, the Buyer may agree with Ondine that Ondine continue to employ certain of those employees in which case the monthly fee under the Management Services agreement described in section 8.0 herein will be increased by the cost of the applicable employees' services plus 15%. Any compensation, remuneration, incentive payments, or bonuses owed to the date of Closing to employees of Ondine that are hired by the Buyer, or that is triggered by or payable to employees of Ondine as a result of the Transaction, will be for the account of Ondine.

## 8.0 Management Services Agreement and Product Development Contracts

At Closing, the Buyer and Ondine will enter into a management services agreement (the "**Management Services Agreement**") under which, for a period of up to twenty-four months following the Closing, or such shorter or longer period as the parties may agree upon, Ondine will provide to the Buyer management and transition services, including regulatory, quality management reporting, marketing and technical support and clinical support services (the "**Services**"), for a monthly fee of US\$50,000. Adjustments to the scheduled rates for these services will be made for changes in use by mutual consent.

In connection with the preparation of the Management Services Agreement, the parties to this Term Sheet will agree as to the Ondine's employees who will provide the Services. In addition, the parties will agree as to the Ondine employees who are key to the provisions of the Services such that the loss of that

employee would significantly affect the ability of Ondine to provide the Services. In the event that any one of the key employees are no longer employed by Ondine, or that Ondine is unable to fulfil the obligations described in the Management contract, the Buyer has the right to immediately terminate the Management Services Agreement.

If the Buyer is in good standing with respect to its obligations contained in all of the agreements contemplated in this LOI, the Buyer will have the ability to unilaterally cancel, on 90 days notice, the Management Services Agreement at the end of the first 8 months or at any time thereafter.

During the term of the Management Services Agreement neither the Buyer, OIL, nor any party related to the Buyer or OIL shall solicit for employment any member of the core Ondine Team while they are employed by Ondine.

The Buyer anticipates that it may enter into additional Product Development Contracts with Ondine related to advancing new IP and new product development. This will be undertaken on terms reflecting a reasonable and good faith basis.

## 9.0 Manufacturing & Supply Agreement

At Closing, the Buyer and Ondine will enter into a manufacturing agreement (the "**Manufacturing Agreement**") under which, for a period of not less than two years after Closing, Ondine will be the exclusive manufacturer and supplier of all products manufactured or produced using the Purchased IP in the Dental Business, or any part thereof, on a cost plus 20% basis for hardware products, 30% for semi-consumables and a cost plus 40% basis for treatment kits (consumables). Ondine has the right to subcontract as it may deem appropriate. On an arms-length sale or sublicense of any of the Purchased IP, the new owner or sublicensee will have the right either to assume the Manufacturing Agreement or to manufacture the products itself upon 90 days prior written notice to Ondine. The Manufacturing Agreement will include a license of the Purchased IP permitting Ondine to use and sublicense the same for the purpose of manufacturing product and otherwise performing its obligations under such agreement. The Manufacturing Agreement will cease to exist if Ondine is unable to perform its functions as manufacturer and supplier. The Buyer, in this circumstance, will be entitled to source its products for this Dental Business from other suppliers without penalty.

## 10.0 Assumption of UCLB Royalty Fees and Obligations

The Buyer acknowledges that OIL is, and after the Closing will continue to be, obligated to pay royalties and certain other amounts to UCLB pursuant to the UCLB license agreement dated 1999 and the 2006 UCLB antimicrobial mixture license agreement, both of which are included in the Purchased IP. Buyer will cause OIL to pay such royalties and amounts to UCLB and shall indemnify Ondine in respect such required payments.

## 11.0 Change of Name of OIL

Within 18 months of Closing, the Buyer will either cause OIL to change its name to "Periowave Dental Technologies" Inc. or one that does not include the word 'Ondine' or any word similar thereto or enter into a license agreement with Ondine relating to the use of the Ondine name. As the assets of OIL following the Closing will include the "**Periowave**" trademark, the Buyer will be entitled to use Periowave in either or both of its corporate name and the corporate name of OIL. Buyer may assume the name "Periowave Dental Technologies Inc", which is currently reserved for Ondine.

## 12.0 Alternative Transaction Fee

If the Transaction is not completed because of an Alternative Transaction (as defined below) which is entered into by Ondine or any of its principal shareholders during the period of 45 days for the date that this letter is signed by Ondine, Ondine shall pay to the Buyer a fee equal to all of the Buyer's reasonable legal fees and out of pocket expenses incurred by it in connection with the Transaction to the date of

notification to the Buyer of such Alternative Transaction plus an additional \$25,000 (collectively the "**Break Fee**"). Payment of the Break Fee hereunder shall be made upon the closing date of the Alternative Transaction. For the purposes hereof, an "**Alternative Transaction**" means any transaction by OIL, Ondine or their principal shareholders which prevents or frustrates the completion of the Transaction, including the issuance of securities of Ondine in excess of 5% of the total value or number of securities currently outstanding on a fully diluted basis or a business transaction involving the sale of all or part of the Purchased Assets or the control of OIL, Ondine or any material subsidiary including a merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or any similar transactions.

### **13.0 Receivership or bankruptcy of the Buyer, OIL or Ondine**

The agreements contemplated by this Term Sheet shall contain mechanisms whereby subsequent to Closing, to the maximum extent permitted by law, in the event that either of the Buyer, OIL or Ondine files an application for bankruptcy, or in the event that a receiver is appointed, the following will apply:

If pertaining to the Buyer or OIL, then all rights to the Dental IP and the Combination IP will automatically revert back to Ondine at no cost to Ondine other than costs of reassignment, and the Licence Agreement will automatically terminate without compensation to the Buyer or OIL.

If pertaining to Ondine, then all rights to the Combination IP for non-dental applications granted to Ondine pursuant to the License Agreement will immediately revert back to the Buyer at no cost to the Buyer and the License Agreement will terminate as of that date and all Consulting Agreements will terminate without penalty to the Buyer.

For the avoidance of doubt, unless otherwise disposed of by Ondine, the Non-Dental IP remains the property of Ondine in all events.

### **14.0 Timing - Definitive Agreements and Closing**

The Buyer and Ondine and OIL will negotiate the remaining terms and details of the Transaction as soon as possible, and Ondine will initiate the preparation of a definitive purchase agreement, licence agreement, management services agreement and manufacturing agreement, as contemplated hereby, with a view to completion and execution on or about April 24, 2009. Ondine will prepare an Information Circular to Shareholders with a view to completing it on or about April 14th, 2009.

A definitive agreement in respect of the Transaction will contain all applicable terms and conditions, including representations and warranties, covenants, conditions, indemnifications, termination and break fee provisions which are customary in agreements for the purchase of businesses similar to the Business from public companies in Canada. A complete timetable for completion of a definitive acquisition agreement, obtaining all necessary consents, transfers and approvals and the closing of the Transaction is attached to this letter as Appendix 2

### **15.0 Governing Law**

The definitive agreements relating to the transactions provided for herein will be governed by the laws of the Province of Ontario.

### **16.0 No Binding Effect**

This letter of intent and Term Sheet is not intended to, and does not, create any legally binding obligations or commitments, except for the terms in Section 13.0 "Alternative Transaction Fee".

Any expenses for outside legal counsel or other advisory support for Ondine will be borne by Ondine directly. Subject to the forgoing, each party shall be responsible for its own legal fees and other costs

associated with this Transaction, whether or not a definitive agreement is entered into or the Transaction closes.

This letter may be terminated by mutual written agreement of both parties; or upon written notice by either party to the other if a definitive acquisition agreement has not been executed by both of the parties by noon p.m. (Vancouver time) on or before April 24, 2009, unless there is a mutually agreed written extension.

Conditions precedent to the closing of the transactions contemplated in this Term Sheet include, among other things, the approval of the shareholders of Ondine Biopharma Corporation's and receipt all necessary regulatory approvals.

Please acknowledge your agreement with the foregoing by executing the acknowledgement below and returning it to us no later than 5:00 PM PST April 7, 2009, the failure of which will result in the expiration of this offer at the close of business on this same date.

We are very enthusiastic about the opportunity to work with Ondine, and look forward to further discussions that will lead to a definitive agreement and a mutually rewarding future in the Dental Business.

**JS Dental Technologies Inc.**

**Accepted By:** signed "John Schroeter"

**Dated:** April 6, 2009

**Ondine Biopharma Corporation**

**Accepted by:** signed "Carolyn Cross"

**Dated:** April 7, 2009

## Appendix 2

Time table
Board Approval to enter into Non-Binding LOI, April 2
Information Circular completion date - April 14
Mail out Information Circular to Shareholders April 20th
Completion of Definitive Agreement, Management Service Agreement, Manufacturing Agreement, PMA Service Agreement and License Agreements - April 24
May 12- Shareholder Meeting - AGM/Special Meeting Combination Meeting
May 15- Closing of Transaction