

File No. CI 24-01-46529

**THE KING'S BENCH
WINNIPEG CENTRE**

**IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER
PURSUANT TO SECTION 243 OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC
1985, c B-3, AS AMENDED AND SECTION 55 OF
THE COURT OF KING'S BENCH ACT, CCSM c
C280**

BETWEEN:

ROYAL BANK OF CANADA,

Applicant,

- and -

**PADM GROUP INC., PADM MEDICAL INC., and ROSWELL DOWNHOLE
TECHNOLOGIES INC.**

Respondents.

APPROVAL AND VESTING ORDER

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Client File No. 32608-6

THE KING'S BENCH
Winnipeg Centre

THE HONOURABLE) TUESDAY, THE 12TH
)
MR. JUSTICE CHARTIER) DAY OF NOVEMBER, 2024

B E T W E E N:

ROYAL BANK OF CANADA,

Applicant,

- and -

PADM GROUP INC., PADM MEDICAL INC., and ROSWELL DOWNHOLE
TECHNOLOGIES INC.

Respondents.

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited in its capacity as the Court-Appointed Receiver (the "**Receiver**") of the assets, undertakings and properties (the "**Property**") of PADM Group Inc., PADM Medical Inc., and Roswell Downhole Technologies Inc. (collectively, the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement (the "**Asset Purchase Agreement**") between the Receiver and SafeSource Direct, LLC ("**SSD**" or the "**Purchaser**") dated November 6, 2024 appended as Appendix B to the Confidential Supplement to the Second Report of the Receiver dated November 6, 2024 (the "**Confidential Report**") and referenced in the Second Report of the Receiver dated November 6, 2024 (the "**Second Report**"), and vesting in the Purchaser of all the Debtors' right, title, and interest in and to the assets described in the Asset Purchase Agreement (the "**Purchased Assets**"), was heard this day at Winnipeg, Manitoba.

ON READING the Second Report and the Confidential Report, and on hearing the submissions of counsel for the Receiver, the Applicant, the Purchaser, counsel for the creditor Orthopaedic Innovation Centre Inc., no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Michelle Loftus affirmed November 7, 2024, the Affidavit of Service of Laura Leigh Buley affirmed November 7, 2024, the

Affidavit of Service of Nalynn Mondor affirmed November 8, 2024 and the Affidavit of Nalynn Mondor affirmed November 8, 2024, as filed.

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the supporting materials is hereby abridged and validated so this motion is properly returnable today and hereby dispenses with further service thereof.

SEALING ORDER

2. THIS COURT ORDERS AND DECLARES that the Confidential Supplement to the Second Report containing the signed Asset Purchase Agreement be sealed, kept confidential, and not form part of the public record, and shall remain stored electronically with this Court on an encrypted basis limiting access to only the Registrar of this Honourable Court and the presiding Judge, except:

- a) by further Order of this Court;
- b) upon the completion of the receivership proceedings;

whichever shall first occur, whereupon the Confidential Supplement to the Second Report shall form part of the public record and shall no longer be sealed.

SALE APPROVAL AND VESTING

3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Asset Purchase Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The 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.

4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Receiver's Certificate**"), all of the Debtors' right, title, and interest in and to the Purchased Assets described

in the Asset Purchase Agreement shall vest absolutely in the Purchaser, 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 Mr. Justice G.L. Chartier dated May 23, 2024 (the "**Receivership Order**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to *The Personal Property Security Act* (Manitoba) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**"), 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.

PRIORITIES

5. 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 (the "**Net Sale Proceeds**") shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the Net Sale 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.

6. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

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 Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtors;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any licensed insolvency trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, 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 or action other than in good faith pursuant to any applicable federal or provincial legislation.

MISCELLANEOUS MATTERS

8. THIS COURT ORDERS that the activities and actions of the Receiver described in the Second Report and the Confidential Supplement to the Second Report with respect to the proposed Transaction are hereby approved.

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

10. THIS COURT ORDERS that this Order shall be served by email to all parties on the Service List, and any other party who appeared at the hearing of this motion, and further service is hereby dispensed with.

November , 2024

G.L.
Chartier

Justice Chartier

Digitally signed by
G.L. Chartier
Date: 2024.11.18
11:47:48 -06'00'

I, Charles Roy, of the firm of Taylor McCaffrey LLP, hereby certify that I have received the consents as to form of the following parties:

Royal Bank of Canada, as represented by Kalev A. Anniko at Fillmore Riley LLP

Paul R. Booth on behalf of the Purchaser, SafeSource Direct, LLC

The creditor, Orthopaedic Innovation Centre Inc., as represented by J.J. Burnell at MLT Aikins LLP

as directed by the Honourable Mr. Justice Chartier.

Schedule A – Form of Receiver’s Certificate

File No. CI 24-01-46529

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BETWEEN:

ROYAL BANK OF CANADA,

Applicant,

- and -

**PADM GROUP INC., PADM MEDICAL INC., and ROSWELL DOWNHOLE TECHNOLOGIES
INC.**

Respondents.

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice G.L. Chartier of the Manitoba Court of King's Bench (the "**Court**") dated May 23, 2024, BDO Canada Limited was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of the Respondents (the "**Debtors**").

B. Pursuant to an Order of the Court dated November 12, 2024, the Court approved the Asset Purchase Agreement (the "**Asset Purchase Agreement**") between the Receiver and SafeSource Direct, LLC (the "**Purchaser**") dated November 6, 2024 and provided for the vesting in the Purchaser of the Debtors' 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 Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets pursuant to the Asset Purchase Agreement;
2. The conditions to Closing the Asset Purchase Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**BDO Canada Limited., in its capacity as
Receiver, without security, of all of the assets,
undertakings and properties of the Debtors,
and not in its personal capacity**

Per: _____

Name:

Title: