

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.**

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**APPROVAL AND VESTING ORDER**

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**TAYLOR McCAFFREY LLP**

Barristers and Solicitors

2200 – 201 Portage Avenue

Winnipeg, Manitoba, R3B 3L3

**DAVID R.M. JACKSON**

Direct Line: (204) 988-0375/Fax: (204) 953-7178

Email: [djackson@tmlawyers.com](mailto:djackson@tmlawyers.com)

**CHARLES ROY**

Direct Line: (204) 988-0472/Fax: (204) 953-7231

[croy@tmlawyers.com](mailto:croy@tmlawyers.com)

Client File No. 32608-6

THE KING'S BENCH  
Winnipeg Centre

THE HONOURABLE ) FRIDAY, THE 20TH  
 )  
MR. JUSTICE CHARTIER ) DAY OF SEPTEMBER, 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. (the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement (the "**Asset Purchase Agreement**") between Receiver and Capital Recovery Group, LLC, National Machinery Exchange, Inc. and TCL Asset Group Inc. (collectively the "**Purchaser**") dated September 20, 2024 appended as Appendix B to the Confidential Supplement to the First Report of the Receiver dated September 19, 2024 (the "**Confidential Report**") and referenced in the First Report of the Receiver dated September 19, 2024 (the "**First 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 First Report and the Confidential Report, and on hearing the submissions of counsel for the Receiver, the Applicant, the Purchaser, counsel for the creditor Business Development Bank of Canada, counsel for the creditors Travelers Leasing Ltd. and Coast Capital Equipment Leasing Ltd., 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 Michaela Watson affirmed September 19, 2024, the Affidavit of Service of Michaela Watson affirmed September 19, 2024, the Affidavit of Service of Michaela Watson affirmed September 19, 2024, the Affidavit of Service of Nalynn Mondor affirmed September 19, 2024, 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 Report and the Confidential Second Supplement to the Receiver's First Report ("**Second Confidential Report**") containing the signed Asset Purchase Agreement to be filed with the Court, 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 Report and the Second Confidential Report of the Receiver 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.

#### **INCREASE TO THE BORROWING CHARGE**

8. THIS COURT ORDERS that the Receiver's Borrowings Charge as granted under the Receivership Order shall be increased, provided that the outstanding principal amount does not exceed \$800,000 (or such greater amount as this Court may by further Order authorize). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowing Charge**") as security for the payment of the monies borrowed, together with interest and charged thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

9. THIS COURT ORDERS that the provisions of the Receivership Order with respect to the Receiver's Borrowings Charge shall continue, subject to paragraph 8 above.

## MISCELLANEOUS MATTERS

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 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.

11. 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.

September 20, 2024

**G.L.  
Chartier** Digitally signed by  
G.L. Chartier  
Date: 2024.09.24  
14:36:33 -05'00'

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Justice Chartier

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

The Purchaser, Receiver and Capital Recovery Group, LLC, National Machinery Exchange, Inc. and TCL Asset Group, as represented by Marco Romeo at Gowling WLG

Business Development Bank of Canada, as represented by Richard W. Schwartz at Tapper Cuddy LLP

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

Travelers Leasing Ltd. and Coast Capital Equipment Leasing Ltd., as represented by Angad Bedi at Lawson Lundell LLP

as directed by the Honourable Mr. Justice Chartier.

Schedule A – Form of Receiver’s Certificate

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  
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1985, c B-3, AS AMENDED AND SECTION 55  
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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 September 20, 2024, the Court approved the Asset Purchase Agreement made as of September 20, 2024 (the "**Asset Purchase Agreement**") between the Receiver and Capital Recovery Group, LLC, National Machinery Exchange, Inc. and TCL Asset Group (the "**Purchaser**") dated 20, 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.

Original Court Copy

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date 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 and Manager, without security, of  
all of the assets, undertakings and properties  
of the Debtors, and not in its personal  
capacity**

Per: \_\_\_\_\_

Name:

Title: