

**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*, R.S.C. 1985 c.B-3, AS AMENDED
AND SECTION 55 OF *THE KING'S BENCH ACT*,
C.C.S.M. c.C280**

BETWEEN:

ROYAL BANK OF CANADA

Applicant,

-and-

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

Respondents.

**SECOND REPORT OF THE RECEIVER
BDO CANADA LIMITED**

NOVEMBER 7, 2024

RECEIVER

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INTRODUCTION

1. On May 23, 2024, Royal Bank of Canada (“**RBC**” or the “**Applicant**”) made an application to the Court of King’s Bench for Manitoba (the “**Court**”) seeking an order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the “**BIA**”), to appoint BDO Canada Limited (“**BDO**”) as receiver (the “**Receiver**”), without security, of all the assets, undertakings, and properties of PADM Group Inc. (“**PADM Group**”), PADM Medical Inc. (“**PADM Medical**”), and Roswell Downhole Technologies Inc. (“**Roswell**”, and collectively with PADM Group and PADM Medical, the “**Companies**”) acquired for or used in relation to the businesses carried on by the Companies (the “**Property**”). On May 23, 2023 (the “**Date of Receivership**”), the Honourable Justice G. L. Chartier granted an order (the “**Receivership Order**”) appointing BDO as Receiver in respect of the Property. A copy of the Receivership Order and other information regarding the receivership proceedings can be accessed on the Receiver’s website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/PADMGroup>.
2. This report constitutes the second report of the Receiver (the “**Second Report**”), and is being filed to inform the Court as to the following:
 - (a) The activities of the Receiver since the filing of the Receiver’s first report dated September 19, 2024 (the “**First Report**”); and
 - (b) The results of the PADM Medical/Textiles Sales Process (as defined below) as described in paragraphs 14 to 23 herein.
3. Furthermore, this Second Report, along with the Confidential Supplement to the Second Report dated November 7, 2024 (the “**Confidential Supplement**”) are being filed in support of the Receiver’s motion to this Honourable Court on November 12, 2024, seeking the following:
 - (a) Approval of the PADM Medical/Textiles Transaction with SSD (both as defined below); and
 - (b) An Order sealing the Confidential Supplement in the Court file given the commercial

sensitivity of the information detailed therein.

TERMS OF REFERENCE

4. In preparing this Second Report, the Receiver has relied upon unaudited interim and annual financial information, the Companies' books and records, the affidavit of Alex Wang dated May 15, 2024 (the "**Wang Affidavit**"), and discussions with management ("**Management**") and their financial and legal advisors.
5. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this Second Report may not disclose all significant matters about the Companies. Additionally, none of the Receiver's procedures were intended to detect defalcations or other irregularities. If the Receiver were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Receiver's attention. Accordingly, the Receiver does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Second Report.
6. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Second Report. Any use that any party makes of this Second Report, or any reliance on or decisions to be made based on it is the responsibility of such party.
7. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
8. Capitalized terms used in this Second Report but not defined herein are as defined in the Pre-Filing Report dated May 22, 2024, the First Report, and the Receivership Order.

BACKGROUND

9. A more fulsome description of the Companies and the causes of their respective financial

difficulties is detailed in the Pre-Filing Report and the Wang Affidavit.

10. Each of the Companies was a private corporation focused on fostering innovation and sustainability through advanced technologies:

(a) PADM Group was an Advanced Digital Manufacturing leader in Canada that focused on metal and polymer additive manufacturing of precision components with complex geometries and regulatory requirements in the medical, aerospace/defense, and energy sectors. PADM Group operated out of leased premises at 1595 Buffalo Place (“**Buffalo Place**”) Unit A in Winnipeg, Manitoba.

(b) PADM Medical manufactured and distributed essential medical Personal Protective Equipment (“**PPE**”) and consumer products with a focus on sustainable healthcare solutions. PADM Medical operated out of leased premises at Buffalo Place Unit B.

(c) Roswell operated as two (2) distinct divisions:

(i) Roswell Downhole Technologies (“**Downhole**”) manufactured essential components (i.e. tubing encapsulated cable and capillary tubing) for energy exploration and production; and

(ii) Roswell Textiles (“**Textiles**”) provided eco-friendly textile solutions, focusing on highly technical and complex materials for applications in medical textiles.

Roswell operated out of leased premises at Bay 17, 47 Aero Drive NE in Calgary, Alberta (“**Aero Drive**”).

11. RBC and Business Development Bank of Canada (“**BDC**”) are the principal secured lenders to the Companies in respect of the Property and hold various first ranking security positions (the “**RBC Security**” and the “**BDC Security**”, respectively) as against the Property. As detailed in the Wang Affidavit, RBC was owed approximately \$2.6 million (the “**RBC Indebtedness**”) (plus legal fees, costs, and expenses) from the Companies as at May 14, 2024, with interest continuing to accrue thereon. According to the books and records of the Companies, BDC was owed approximately \$4.1 million (the “**BDC Indebtedness**”) based on March 31, 2024 internal financial statements.

ACTIVITIES OF THE RECEIVER SINCE THE FIRST REPORT

12. Since the date of the First Report, the Receiver has undertaken the following activities with respect to the Property:
 - (a) Corresponded with the landlords and arranged for continued occupancy of the Buffalo Place (Unit B) and Aero Drive locations;
 - (b) Corresponded with BFL Canada, the Companies insurance broker, and arranged for continued insurance coverage for the Property;
 - (c) Corresponded with third parties who asserted an interest in certain assets located at Aero Drive and Buffalo Place, and released the Receiver's interest therein as appropriate;
 - (d) Continued the administration of the Wage Earner Protection Program ("WEPP") filing (the "**WEPP Filing**");
 - (e) Closed the Downhole Transaction with CNT (as defined in the First Report), involving certain of the assets of Roswell, as approved by the sale approval and vesting order dated September 20, 2024 (the "**SAVO**"), attached hereto as **Appendix A**.
 - (f) Completed the PADM Medical/Textile Sales Process and negotiated the PADM Medical/Textiles APA (as defined below); and
 - (g) Prepared, reviewed, and finalized this Second Report and the Confidential Supplement.

CLOSING OF THE DOWNHOLE TRANSACTION

13. In accordance with the SAVO, the Downhole Transaction was completed to the satisfaction of the Receiver on September 27, 2024, and accordingly, the Receiver provided CNT with the executed Receiver's Certificate that same day. The Receiver's Certificate was filed with the Court on October 31, 2024.

PADM MEDICAL/TEXTILES SALES PROCESS

14. As detailed in the First Report, in accordance with paragraph 3(k) of the Receivership Order, the Receiver was authorized to “*market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate*”. Accordingly, the Receiver prepared a sales and information package dated July 29, 2024, and an addendum thereto dated August 8, 2024 (collectively the “**PADM Medical/Textiles SIP**”), attached as Appendix E and Appendix F respectively to the First Report, in order to solicit interest in the PADM Medical/Textiles assets (the “**PADM Medical/Textiles Sales Process**”).
15. Certain of the terms and conditions detailed in the PADM Medical/Textiles SIP included, but were not limited to, the following:
 - (a) the Receiver was seeking sale proposals and/or offers from interested parties for the realization of the PADM Medical/Textiles assets (the “**PADM Medical/Textiles Assets**”);
 - (b) the PADM Medical/Textiles Assets were being offered for sale on an “as is, where is” basis;
 - (c) the Receiver would not be obligated to accept the highest offer, or any proposal;
 - (d) viewings were to be coordinated with the Receiver, along with any information requests;
 - (e) proposals and offers were to be submitted by August 16, 2024 (the “**Submission Deadline**”); and
 - (f) interested parties seeking to purchase the PADM Medical/Textiles Assets would be required to submit a standard form of offer prepared by the Receiver, acknowledging that any offer accepted by the Receiver would be subject to further approval and order of the Court.
16. Interested parties were identified through discussions with Management, industry

contacts, and industry contact lists. The Receiver compiled a list of fifty-four (54) potential interested parties (the “**Potential Interested Parties**”) comprised of the following:

- (a) three (3) brokers / sales agents;
- (b) thirty-six (36) industry participants; and
- (c) fifteen (15) auctioneers/liquidators.

17. The Receiver began contacting the Potential Interested Parties by phone and email on July 29, 2024 (the “**Direct Solicitation Process**”). Given the unique and specialized nature of the PADM Medical/Textile Assets, in consultation with Management it was determined that incurring the additional costs of advertising the acquisition opportunity in local publications would not likely result in any further interest in the PADM Medical/Textiles Assets being generated.
18. In aggregate, thirty (30) of the Potential Interested Parties expressed an interest in the PADM Medical/Textiles Sales Process and received the PADM Medical/Textiles SIP on or after July 29, 2024 (i.e. two (2) brokers, thirteen (13) industry participants, and fifteen (15) liquidators).
19. At the Submission Deadline, the Receiver summarized the submissions received (individually an “**Offer**” and collectively the “**Offers**”) and discussed the Offers with RBC and BDC. The Offers received and the PADM Medical/Textiles Sales Process are more fully described in the Confidential Supplement.
20. Subsequent to the Submission Deadline, the Receiver engaged in various correspondence with RBC, BDC, certain of the parties who submitted an Offer, along with other parties who were not initially included in the Potential Interested Parties list.
21. Based on the PADM Medical/Textiles Sales Process and the interest expressed from parties subsequent to the Submission Deadline, with the support of RBC and BDC, the Receiver and SafeSource Direct, LLC (“**SSD**” or the “**Purchaser**”) finalized a form of asset purchase agreement dated November 7, 2024 (the “**PADM Medical/Textiles**”).

APA”) for the sale of certain of the PADM Medical/Textile Assets (the “**PADM Medical/Textiles Transaction**”). Attached hereto as **Appendix B** is a redacted unsigned version of the PADM Medical/Textiles APA, as the Purchaser was unable to execute as at the time of filing this Second Report.

22. The Receiver is recommending the Court approve the PADM Medical/Textiles APA and the PADM Medical/Textiles Transaction for, among others, the following reasons:
- (a) the aggregate consideration of the PADM Medical/Textiles Transaction is superior to all other Offers submitted during the PADM Medical/Textiles Sales Process;
 - (b) the PADM Medical/Textiles Transaction is expected to provide greater net realizations for the PADM Medical/Textiles Assets than would be expected in a bankruptcy scenario;
 - (c) approval of the PADM Medical/Textiles Transaction will limit the ongoing costs of holding and monitoring the Buffalo Place and Aero Drive premises;
 - (d) RBC and BDC are the primary secured creditors with approximately \$2.6 million and \$4.1 million of debt owing, respectively, as at the Date of Receivership. Although both RBC and BDC will incur significant losses on the PADM Medical/Textiles Transaction, the Offer from SSD will maximize recoveries in the circumstances;
 - (e) the previous efforts by Management and the Receiver to find investors/potential buyers for the PADM Medical/Textiles Assets and/or operations, as detailed in the Pre-Filing Report and the Confidential Supplement, were unsuccessful;
 - (f) the PADM Medical/Textiles Transaction provides certainty in an uncertain market for very unique and specialized assets; and
 - (g) the PADM Medical/Textiles Sales Process was conducted in a fair and transparent manner, and with integrity.
23. As previously indicated, the Receiver discussed and shared all the Offers received during the PADM Medical/Textiles Sales Process with RBC and BDC, along with all submissions

made subsequent thereto, and RBC and BDC are in support of the PADM Medical/Textiles Transaction.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

24. The Receiver has prepared a Statement of Receipts and Disbursements for the period May 23, 2024 to November 5, 2024 for the Companies, a copy of which is attached hereto as **Appendix C**. Total receipts were \$2,594,680 and total disbursements were \$1,570,998 resulting in \$1,023,682 being held in trust by the Receiver.
25. In accordance with paragraph 21 of the Receivership Order, the Receiver borrowed \$500,000 (from the amended Court authorized Borrowing Facility of \$800,000) to fund the receivership proceedings. As at the date of this Second Report, the Receiver has repaid the borrowing facility in full.


APPROVALS SOUGHT

26. For the reasons outlined above, the Receiver respectfully requests that the Court provide an Order:
- (a) approving the PADM Medical/Textiles Transaction with SSD;
 - (b) sealing the Confidential Supplement in the Court file given the commercial sensitivity of the information detailed therein until the conclusion of the receivership proceedings; and
 - (j) granting such further and other relief that the Court considers just and warranted in the circumstances.

All of which is respectfully submitted at Winnipeg, Manitoba, this 7th day of November, 2024.

BDO CANADA LIMITED

In its capacity as Proposed Receiver of PADM Group Inc.,
PADM Medical Inc., and Roswell Downhole Technologies Inc.
and not in its personal capacity


Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A – Sale Approval and Vesting Order Dated September 20, 2024

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) 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'

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
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.

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.

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:

Appendix B – PADM Medical/Textiles Asset Purchase Agreement (Redacted)

ASSET PURCHASE AGREEMENT

This Agreement is made as of the 7th day of November, 2024 (the "**Effective Date**")

AMONG:

BDO CANADA LIMITED, in its capacity as court-appointed receiver and manager of **PADM GROUP INC.**, **PADM MEDICAL INC.** and **ROSWELL DOWNHOLE TECHNOLOGIES INC.**, and not in its personal or corporate capacity (the "**Vendor**")

– and –

SAFESOURCE DIRECT, LLC (collectively, the "**Purchaser**")

WHEREAS:

A. The Royal Bank of Canada commenced receivership proceedings (the "**Receivership Proceedings**") against, among others, PADM Group Inc. ("**PADM Group**"), PADM Medical Inc. ("**PADM Medical**") and Roswell Downhole Technologies Inc. ("**Roswell**", and together with PADM Group and PADM Medical, collectively, the "**Debtors**") by filing an application pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* (Canada), as amended (the "**BIA**") and Section 55 of *The Court of King's Bench Act* (Manitoba), as amended (the "**KBA**").

B. Pursuant to an order of the Court, dated the 23rd day of May, 2024, BDO Canada Limited was appointed receiver of the Debtors in the Receivership Proceedings (the "**Receivership Order**").

C. In connection with the Receivership Proceedings, the Purchaser desires to purchase from the Vendor, and the Vendor desires to sell to the Purchaser, the Purchased Assets (as defined herein) upon and subject to the terms and conditions subject herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the parties hereto (collectively, the "**Parties**", and each, a "**Party**") hereby acknowledge and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the terms defined herein shall have the following meanings:

"**Act**" means *The Corporations Act* (Manitoba).

"**Affiliate**" has the meaning given to the term "affiliate" in the Act.

"**Agreement**" means this asset purchase agreement, as may be amended and restated from time to time in accordance with the terms hereof and "Article" and "Section" mean and refer to the specified article, section and subsection of this Agreement.

"**Alberta Premises**" means Bay 17, 47 Aero Drive NE, Calgary, Alberta, T2E 7Y5.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any: (a) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (b) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (c) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"**Approval and Vesting Order**" means an order by the Court, substantially in the form attached as Schedule "B", as may be amended by the Parties, acting reasonably, from time to time.

"**Approval Motion**" means a motion to be made to the Court for, among other things, the Approval and Vesting Order.

"**Approval Motion Date**" has the meaning set out in Section 5.1(b).

"**Authorization**" means any authorization, approval, consent, concession, exemption, licence, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs or from any Person in connection with any easements, contractual rights or other matters.

"**BIA**" has the meaning set out in the recitals hereto.

"**Business Day**" means a day on which banks are open for business in Winnipeg, Manitoba, but does not include a Saturday, Sunday or statutory holiday in the Province of Manitoba.

"**Claims**" means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

"**Closing**" means the closing and consummation of the Transaction.

"**Closing Date**" means November 15, 2024, or such other earlier or later date as may be agreed by the Vendor and the Purchaser in writing.

"**Closing Payment**" has the meaning set out in Section 3.2(b).

"**Closing Time**" means 5:00 p.m. (Central Daylight Time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

"**Corporations**" means PADM Medical and Roswell.

"**Court**" means the Court of King's Bench of Manitoba.

"**Debtors**" has the meaning set out in the recitals hereto.

"**Deposit**" means the sum of [REDACTED] which has been paid by the Purchaser to the Vendor.

"**Effective Date**" means the date on which this Agreement is made, as described on page 1 of this Agreement.

"Encumbrance" means any security interest, lien, Claim, charge, right of retention, deemed trust, judgment, writ of seizure, writ of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

"Excise Tax Act" means the *Excise Tax Act* (Canada).

"General Conveyance" means a general conveyance evidencing the conveyance to the Purchaser of the Vendor's interest in and to the Purchased Assets, which shall contain only a release of the Vendor's interest in the Purchased Assets and shall not contain any covenant other than a covenant that the Vendor has not done any act to encumber the Purchased Assets.

"Governmental Authority" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"GST" means all goods and services tax imposed under Part IX of the *Excise Tax Act*.

"Income Tax Act" means the *Income Tax Act* (Canada).

"KBA" has the meaning set out in the recitals hereto.

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"Manitoba Premises" means 1595 Buffalo Place (Unit B), Winnipeg, Manitoba, R3T 1L9.

"Ontario Premises" means 560 Conestogo Road, Waterloo, Ontario, N2L 4E3.

"PADM Group" has the meaning set out in the recitals hereto.

"PADM Medical" has the meaning set out in the recitals hereto.

"Parties" has the meaning set out in the recitals hereto.

"Party" has the meaning set out in the recitals hereto.

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"**Premises**" means, collectively, the Alberta Premises, the Manitoba Premises and the Ontario Premises.

"**PST**" means all provincial retail sales taxes imposed by Applicable Law, including *The Retail Sales Tax Act* (Manitoba);

"**Purchase Price**" has the meaning set out in Section 3.1.

"**Purchased Assets**" has the meaning set out in Section 2.1.

"**Purchaser**" has the meaning set out in the preamble hereto.

"**Purchaser's Solicitor**" means Tanner & Guin, LLC.

"**Receiver Certificate**" means the certificate, attached to the Approval and Vesting Order, to be delivered by the Vendor to the Purchaser on Closing and thereafter filed by the Vendor with the Court.

"**Receivership Proceedings**" has the meaning set out in the recitals hereto.

"**Representatives**" means, in respect of a Party, the directors, officers, agents, servants, employees and other representatives of such Party.

"**Roswell**" has the meaning set out in the recitals hereto.

"**Taxes**" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties.

"**Transaction**" means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchaser will acquire the Purchased Assets.

"**Transfer Taxes**" means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including HST, GST, and PST.

"**Vendor**" has the meaning set out in the preamble hereto.

"**Vendor's Solicitor**" means Taylor McCaffrey LLP.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section" or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other Person other than the Vendor or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to \$, are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules

The following schedules are attached hereto and incorporated in and form part of this Agreement:

SCHEDULES

Schedule "A" - Purchased Assets

Schedule "B" - Form of Approval and Vesting Order

Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Schedules and the interpretation provisions set out in this Agreement will apply to the Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchase and Sale of Purchased Assets

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell, assign, transfer and convey to the Purchaser, and the Purchaser shall purchase and assume from the Vendor all of the Vendor's right, title and interest in and to the tangible assets and intangible assets of the Corporations listed in **Schedule "A"**, attached hereto (collectively, the "**Purchased Assets**"), in each case free and clear of Encumbrances in accordance with the Approval and Vesting Order. For greater certainty, and notwithstanding anything contrary elsewhere in this Agreement, the Purchased Assets shall not include: (a) any assets of the Vendor or the Debtors not expressly listed in **Schedule "A"**; or (b) any assets belonging to any third parties located on or within the Premises, and nothing herein shall be deemed to sell, transfer, assign or convey any assets of the Vendor or the Debtors not expressly listed in **Schedule "A"**.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets shall be the sum of [REDACTED] (the "**Purchase Price**"), allocated among the Purchased Assets as set out in **Schedule "A"**.

3.2 Satisfaction of Purchase Price

At Closing, the Purchaser shall pay and satisfy the Purchase Price in accordance with the following:

- (a) Acknowledgement. The Vendor acknowledges and confirms that the Deposit has been paid in full by the Purchaser to the Vendor as a deposit in respect of the Purchase Price prior to the date hereof.
- (b) Deposit. If Closing occurs in accordance with the terms and conditions of this Agreement, then subject to the other provisions of this Article 3, the Deposit shall be retained by the Vendor and applied against the Purchase Price, in partial satisfaction of the Purchaser's obligation to pay the Purchase Price at Closing; and
- (c) Balance of Purchase Price. The balance of the Purchase Price (being, for certainty, the Purchase Price, less the Deposit) shall be paid on the Closing Date by the Purchaser to the Vendor by way of certified cheque, bank draft, solicitor's trust cheque or wire transfer of immediately available funds (the "**Closing Payment**").

3.3 Deposit

- (a) The Deposit is held by the Vendor, for the benefit of the Vendor, to be dealt with in accordance with Section 3.2 and this Section 3.3.
- (b) If the transactions contemplated by this Agreement are not completed by the Closing Date for any reason other than the Approval and Vesting Order not having been issued on or before the Approval Motion date, the Deposit shall be forfeited and retained by the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty, without limiting any further Claim that the Vendor may have against the Purchaser for any additional damages or loss whatsoever.
- (c) If the transactions contemplated by this Agreement are not completed by the Closing Date by reason of the Approval and Vesting Order not having been issued on or before the Approval Motion date, the Deposit shall be forthwith returned to the Purchaser, without interest, and the Purchaser shall have no Claim against the Vendor for any additional damages or loss whatsoever related to the termination of this Agreement.

3.4 Transfer Taxes

The Parties agree that:

- (a) The Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay any and all Transfer Taxes, if any, pertaining to the Purchaser's acquisition of the Purchased Assets. The Purchaser and Vendor agree to cooperate to determine the amount of Transfer Taxes payable in connection with the Transaction.

- (b) Where the Vendor is required under Applicable Law to collect or pay Transfer Taxes, the Purchaser will pay, in addition to the Purchase Price, the amount of such Transfer Taxes to the Vendor at Closing. The Vendor shall then pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due.
- (c) Except where the Vendor is required under Applicable Law to collect or pay such Transfer Taxes, the Purchaser shall pay such Transfer Taxes directly to the appropriate Governmental Authority or other entity within the required time period and shall file all necessary documentation with respect to such Transfer Taxes when due. The Vendor will do and cause to be done such things as are reasonably requested to enable the Purchaser to comply with such obligation in a timely manner. If the Vendor is required under Applicable Law to pay any such Transfer Taxes which are not paid by the Purchaser at Closing, the Purchaser shall promptly reimburse the Vendor the full amount of such Transfer Taxes upon delivery to the Purchaser of copies of receipts showing payment of such Transfer Taxes.
- (d) Notwithstanding the foregoing, the Purchaser shall and hereby jointly and severally agree to indemnify and save harmless the Vendor from and against all Claims, Liabilities, damages, losses, costs, expenses and other amounts which the Vendor may sustain, incur or be or become liable for by reason of or arising directly or indirectly from, out of or in connection with the Transfer Taxes (including any interest and penalties thereon), including any Transfer Taxes not collected by the Vendor from the Purchaser at Closing (including any interest and penalties thereon). This Section 3.4(d) shall not merge on Closing, but shall instead survive the Closing indefinitely.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing their obligations hereunder:

- (a) Corporate Authorization. The execution, delivery and, subject to obtaining of the Approval and Vesting Order in respect of the matters to be approved therein, performance by the Vendor of this Agreement has been authorized by all necessary corporate action on the part of the Vendor.
- (b) Appointed Receiver. The Vendor has been appointed by the Court as receiver and manager of the property, assets and undertakings of the Debtors pursuant to the Receivership Order.
- (c) Residency. The Vendor is not a non-resident of Canada for purposes of the *Income Tax Act*, and, to the knowledge of the Vendor, each of the Corporations is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

4.2 Representations and Warranties of the Purchaser

The Purchaser hereby jointly and severally represents and warrants to and in favour of the Vendor as of the date hereof and as of the Closing Time, and acknowledge that the Vendor is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- (a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the Applicable Law of its jurisdiction of incorporation, is in good standing under the Applicable Law of its jurisdiction of incorporation and has the power and authority to enter into, deliver and perform its obligations under this Agreement.
- (a) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.
- (b) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the constating documents of the Purchaser.
- (c) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject only to the Approval and Vesting Order.
- (d) Proceedings. There are no proceedings pending, or to the knowledge of the Purchaser, threatened, against the Purchaser before any Governmental Authority, which prohibit or seek to enjoin delay, restrict or prohibit the Closing of the Transaction, as contemplated by this Agreement, or which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any its obligations set forth in this Agreement.
- (e) Payment. The Purchaser will have the financial resources necessary to pay, as and when due from the Purchaser, the Purchase Price, the Transfer Taxes, if any, and any other amounts payable by the Purchaser under this Agreement.
- (f) Residency. The Purchaser is a non-resident of Canada for purposes of the *Income Tax Act*.

The representations and warranties of the Purchaser shall not merge on Closing, but shall instead survive the Closing for a period of 12 months.

4.3 As is, Where is

The representations and warranties of the Vendor shall merge on Closing and shall thereafter be of no further force and effect. The Purchaser acknowledge, agree and confirm that, at the Closing Time, the Purchased Assets shall be sold to the Purchaser on a strictly "*as is, where is*" basis, subject only to the representations and warranties contained herein. Except as expressly set forth in this Agreement, the Vendor makes no representations, warranties, statements or promises on its own behalf or on behalf of the Debtors or any other Person in favour of the Purchaser concerning the Purchased Assets, or in the Vendor's or the Corporations' right, title or interest in or to the Purchased Assets, or any Encumbrances on the Purchased Assets, or the description, fitness for use, condition (including environmental or otherwise), defect (including patent or latent), collectability, merchantability, quality, quantity, size, value, location, existence, uses, applications of the Purchased Assets or the validity, invalidity, or enforceability of any patent, copyright or trademark right or any other matter or thing whatsoever in respect of the Purchased Assets, whether express or implied, statutory or collateral, arising by operation of Applicable Law, including the *Sale of Goods Act* (Alberta), *The Sale of Goods Act* (Manitoba), the *Sale of Goods Act* (Ontario) and any similar legislation applicable in any other jurisdiction or otherwise. Without limiting the generality of the foregoing, the Purchaser acknowledges and accepts that the description of, and information relating to, the Purchased Assets and any portion thereof contained in this Agreement, the Schedules hereto or otherwise

provided by the Vendor and/or the Corporations is for the purpose of identification only; and that no representation, warranty or condition has or will be given by the Vendor or any other Party concerning completeness or the accuracy of such descriptions or with respect to any data room set up by the Vendor. In entering into this Agreement and completing the Transaction, the Purchaser is relying solely upon its own independent inspection, appraisal, analysis, evaluation and knowledge of the Purchased Assets and the facts and circumstances related thereto and has satisfied itself with respect to the same, without regard to any other information made available or provided by the Vendor or its Representatives, including any reports in respect of the Purchased Assets supplied by the Vendor or its Representatives. The Purchaser shall get possession of the Purchased Assets at its own costs and expense and any costs or proceedings required to acquire such possession shall be the responsibility of the Purchaser. The Purchaser acknowledges and agrees that it has had a full opportunity to conduct, and has conducted, such tests, examinations, inspections and investigations as it deems necessary or advisable to fully acquaint itself with the Purchased Assets, their title, fitness for particular purpose, location, existence, condition, quality, quantity, merchantability, suitability for intended purposes and any other attributes that the Purchaser considers relevant.

ARTICLE 5 COVENANTS

5.1 Approval and Vesting Order

- (a) The Vendor and Purchaser acknowledge that the Vendor's and the Purchaser's obligations under this Agreement and the Closing are subject to the making and terms of the Approval and Vesting Order.
- (b) The Vendor shall file and serve a motion with the Court seeking the Approval and Vesting Order, returnable on November 12, 2024 (the "**Approval Motion Date**").
- (c) If leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Approval and Vesting Order, the Vendor shall promptly notify the Purchaser of such leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or order(s) and written notice of any motion or application filed in connection with any leave to appeal or appeal from such orders.
- (d) From and after the date of execution of this Agreement and prior to the Closing or the termination of this Agreement in accordance with Section 8.1, neither party shall take any action that is intended to (or is reasonably likely to), or fail to take any commercially reasonable action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Approval and Vesting Order, or this Agreement.

5.2 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Closing Date.

5.3 Insurance Matters

Until Closing, the Vendor shall keep in full force and effect all existing insurance policies providing coverage in respect of the Purchased Assets and give any notice or present any Claim under any such insurance policies consistent with past practice in the ordinary course of business.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

6.2 Vendor's Closing Deliveries

At or before the Closing Time, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) a General Conveyance, duly executed by the Vendor;
- (c) a certificate of an officer of the Vendor dated as of the Closing Date confirming that all of the representations and warranties of the Vendor contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and the Vendor has performed in all material respects the covenants to be performed by it prior to the Closing Time; and
- (d) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

6.3 Purchaser's Closing Deliveries

At or before the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor, the following:

- (a) the Closing Payment and any other payment required to be made by the Purchaser in connection with the Transaction;
- (b) a certified copy of a resolution of the directors of the Purchaser, or other proof of corporate authority in a form acceptable to the Vendor, authorizing the purchase of the Purchased Assets from the Vendor;
- (c) payment of all Transfer Taxes payable on Closing to the Vendor (or evidence of payment by the Purchaser thereof to the relevant Governmental Authorities) in accordance with Section 3.4;
- (d) an undertaking to: (i) file any applicable return for and pay any PST required in connection with the purchase and sale of the Purchased Assets pursuant to *The Retail Sales Tax Act* (Manitoba); and (ii) provide a copy of such filed return to the Vendor, all on or before the due date for such return in accordance with *The Retail Sales Tax Act* (Manitoba);
- (e) a General Conveyance, duly executed by the Purchaser;
- (f) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of such of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made

at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants to be performed by it prior to the Closing Time; and

- (g) such other agreements, documents and instruments as may be reasonably required by the Vendor to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

6.4 Risk

The Purchased Assets shall remain at the risk of the Vendor until the Closing Date. The Purchased Assets thereafter shall be at the risk of the Purchaser. Until the Closing Date, the Vendor shall hold all insurance policies or proceeds thereof in trust for the parties as their interests may appear and, in the event of substantial damage to the Purchased Assets, the Purchaser may, by notice in writing to the Vendor, either have the net proceeds of the insurance and complete the transaction or may cancel the transaction and have all monies theretofore paid returned without interest, cost or compensation of any kind whatsoever. Where any damage is not substantial, the Purchaser shall be obliged to complete the transaction and be entitled to the net proceeds of insurance referenced to such damage. The Purchaser agrees that all the insurance maintained by the Vendor or third parties in respect of the Purchased Assets shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing their own insurance thereafter.

6.5 Possession

Possession of the Purchased Assets shall be surrendered to the Purchaser at the Premises upon Closing. The Purchaser shall, at its sole cost and expense, remove all of the Purchased Assets located at the Manitoba Premises, the Ontario Premises, and the Alberta Premises on or before December 31, 2024, unless the Purchaser is able to make arrangements with the respective landlords of the applicable Premises for continued occupancy thereafter, and shall notify the Vendor, not less than 48 hours in advance, of the date and time which the Purchaser intends to remove the Purchased Assets from the applicable Premises. The Purchaser shall be responsible for all occupancy costs of the Manitoba Premises, the Ontario Premises, and the Alberta Premises subsequent to November 30, 2024, and shall pay pro rata by day to reimburse the Vendor for such occupancy costs. The Purchaser shall have no right to occupy or otherwise gain access to the Premises following the Closing Date, save for access to remove the Purchased Assets as aforesaid. The Purchaser shall and hereby jointly and severally agree to indemnify and save harmless the Vendor and its Representatives from and against all Claims, Liabilities, damages, losses, costs, expenses and other amounts which the Vendor or its Representatives may sustain, incur or be or become liable for by reason of or arising directly or indirectly from, out of or in connection with: (a) the access to the Premises by the Purchaser or its Representatives; and/or (b) the storage, removal or non-removal of any of the Purchased Assets from the Premises, and without in any way limiting the generality of the foregoing, the Purchaser shall immediately repair or cause to be repaired, at its sole cost and expense and to the satisfaction of the Vendor in its sole and absolute discretion, any damage to the Premises occasioned thereby. This Section 6.5 shall not merge on Closing, but shall instead survive the Closing indefinitely.

6.6 No Adjustments

The Purchased Assets shall be as they exist on the Closing Date with no adjustments allowed to the Purchaser for changes in condition, qualities, or quantities from the date of viewing to the Closing Date. The Purchaser acknowledges and agrees that the Vendor shall not be required to inspect the Purchased Assets or any part thereof and the Purchaser shall be deemed at their own expense to have relied entirely on their own inspection and investigation.

6.7 Indemnity

The Purchaser shall and hereby jointly and severally agree to indemnify and save harmless the Vendor from and against all Claims, Liabilities, damages, losses, costs, expenses and other amounts which the Vendor may sustain, incur or be or become liable for by reason of or arising directly or indirectly from, out of or in connection with any operations of the Purchaser in relation to any of the Purchased Assets. This Section 6.7 shall not merge on Closing, but shall instead survive the Closing indefinitely.

ARTICLE 7 CONDITIONS OF CLOSING

7.1 Conditions to Closing in Favour of the Parties

The obligation of the Parties to complete the Transaction are subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have made the Approval and Vesting Order.
- (b) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.
- (c) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.
- (d) Receiver's Certificate. The Vendor shall have delivered the executed Receiver's Certificate substantially in the form attached to the Approval and Vesting Order confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Vendor.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 7.1 is not satisfied, performed or mutually waived on or prior to the Closing Date, any Party may elect on written notice to the other Parties to terminate this Agreement. For certainty, in the event of any such termination, the Deposit shall be returned in full to the Purchaser.

7.2 Receiver's Certificate

The Parties acknowledge and agree that the Vendor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Receiver's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Vendor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Vendor's Solicitor may deliver the executed Receiver's Certificate to the Purchaser's Solicitor in escrow upon such conditions as the Vendor's Solicitor and the Purchaser's Solicitor shall agree upon in writing, and upon the satisfaction of such conditions, the Vendor's Certificate will be released from escrow to the Purchaser, the Closing shall be deemed to have occurred.

ARTICLE 8 TERMINATION

8.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor and the Purchaser; or
- (b) by the Vendor or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Closing Date; or (ii) the Approval and Vesting Order has not been made by the Court on the Approval Motion Date, provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

8.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of Section 3.3. and this Section 8.2.

ARTICLE 9 MISCELLANEOUS

9.1 Title

The Vendor shall not be required to produce any abstract of title, title deeds or documents thereof or any evidence as to title of the Purchased Assets, other than those in its possession.

9.2 Legal and Other Fees and Expenses

Unless otherwise specifically provided herein, the Parties will pay their respective legal, accounting and other professional fees and expenses incurred by each of them in connection with the negotiation and settlement of this Agreement, the completion of the transactions contemplated by this Agreement and other matters pertaining hereto.

9.3 Liability of the Parties

In addition to all of the protections granted to the Vendor under the BIA and the KBA or any order of the Court in the Receivership Proceedings, the Purchaser acknowledges and agrees that in all matters pertaining to this Agreement, including its execution, delivery and performance, the Vendor is acting solely in its capacity as Court-appointed receiver of the property, assets and undertaking of the Debtors and not in its personal capacity, and, as such, its Liability under this Agreement, if any, will be in its capacity as receiver and manager, and the Vendor and its Representatives shall have no personal or corporate liability of any kind, whether in contract, common law, by statute, in equity or otherwise as a result hereof. In no circumstances will the Vendor be liable for any consequential damages including loss of profit. Any Claim against the Vendor shall be limited to and only enforceable against the property and assets then held by or available to it in its said capacity as receiver and manager of the assets, undertakings and properties of the Vendor and shall not apply to its personal property and assets held by it in any other capacity.

9.4 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) in the case of the Purchaser, as follows:

SafeSource Direct, LLC
200 St. Nazaire Road
Broussard, LA 70518

Attention: R. Paul Booth
Email: rbooth@safesourcedirect.com

with a copy (which shall not constitute notice) to:

Tanner & Guin, LLC
Capitol Park Center
2711 University Boulevard, Suite 201
Tuscaloosa, Alabama 35403-3206

Attention: Jonathan Guin
Email: jonathan@tannerguin.law

- (b) in the case of the Vendor, as follows:

BDO Canada Limited
201 Portage Avenue, 26th Floor
Winnipeg MB R3B 3K6

Attention: Brent Warga
Email: bwarga@bdo.ca

with a copy (which shall not constitute notice) to:

Taylor McCaffrey LLP
2200 201 Portage Avenue
Winnipeg, MB R3B 3L3
Attention: Jack Fleming
Email: jfleming@tmlawyers.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Winnipeg time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Winnipeg time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

9.5 Public Announcements

The Vendor shall be entitled to disclose this Agreement to the Court and parties in interest in the Receivership Proceedings and this Agreement may be posted on the Vendor's website maintained in connection with the Receivership Proceedings.

9.6 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

9.7 Survival

Unless otherwise specifically provided herein, the representations and warranties of the Parties contained in this Agreement shall merge on Closing, provided that the representations, warranties and covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

9.8 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

9.9 No Strict Construction

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favouring or disfavouring either Party by virtue of authorship of any provision of this Agreement.

9.10 Entire Agreement

This Agreement and the Schedules attached hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Vendor and the Purchaser.

9.11 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

9.12 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Manitoba therefrom.

9.13 Assignment

This Agreement may be assigned by the Purchaser prior to Closing, in whole or in part, without the prior written consent of the Vendor, provided that: (a) such assignee is a related party or subsidiary of the Purchaser; (b) the Purchaser provides prior notice of such assignment to the Vendor; and (c) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment; provided further,

however, that any such assignment shall not relieve the Purchaser of its obligations hereunder. This Agreement may not be assigned by the Vendor without the consent of the Purchaser.

9.14 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

9.15 Counterparts

This Agreement may be executed electronically in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

9.16 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

9.17 Joint and Several

If there is more than one party named as Purchaser or Purchasers in this Agreement, all such parties shall be jointly and severally liable for performing the obligations of the Purchaser or Purchasers pursuant to this Agreement.

9.18 Protection of the Vendor

Nothing in this Agreement shall or shall be interpreted to require the Vendor to do any act or thing that would result in a breach or default by the Vendor of any duty or obligation of the Vendor as provided in or by the Receivership Order, any amendment thereof or further order, or any statute or otherwise at law.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

BDO CANADA LIMITED, in its capacity as court-appointed receiver and manager of **PADM GROUP INC., PADM MEDICAL INC. and ROSWELL DOWNHOLE TECHNOLOGIES INC.**, and not in its personal or corporate capacity

By: _____
Name: Brent Warga, CPA, CA, CIRP, LIT
Title: Senior Vice-President

SAFESOURCE DIRECT, LLC

By: _____
Name: Paul Booth
Title: Vice President SMS Operations

I have authority to bind the Corporation.

SCHEDULE "A"
PURCHASED ASSETS LIST

(see attached)

Purchase Price Allocation

Winnipeg, Manitoba Assets	[REDACTED]	(1)
Calgary, Alberta Assets	[REDACTED]	(2)
Waterloo, Ontario Assets	[REDACTED]	(3)
Total	[REDACTED]	

PADM Medical Inc.

Manufacturing Equipment - PPE	Location
Injection Molding - Filter Caps	(1)
Injection Molding - Strap Harness Left & Right	(1)
Injection Molding - Head Halo Undermold	(1)
Injection Molding - Face Mask Body Undermold	(1)
Injection Molding - Head Halo Overmold	(1)
Injection Molding - Neck Hook Undermold	(1)
Injection Molding - Face Mask Body Undermold	(1)
Injection Molding - Neck Loop Overmold	(1)
Injection Molding - Filter Caps	(1)
Injection Molding - Face Mask Body (Mold 2204) & Face Seal Overmold (Mold 2205)	(1)
Injection Molding - Molds 1027, 1661, 2203, 2204, 2206 to 22010, 2214, 2215	(1)
Injection Molding - Molds 2216; 2223; 2224 - Melet PO 1972 - Precision Air	(1)
Cavity Mould to make CANswab (mould 1) L-D Tool PO 1972	(1)
Cavity Mould to make CANswab (mould 2) L-D Tool PO 1972	(1)
Mask Overmould & Undermould - L-D Tool	(1)
Cavity Mould - Precision Air	(1)
3 - Double Head Mask Making Machines - Guandong Gosunm	(1)
Automatic Mask Production Line - ATI Corporation	(1)
5 - ECLIPSE - Surgical Mask Lines installed in Ontario	(3)
1 -DONGGUAN HENGYAO ULTRASONIC MACHINERY CO.,LTD Automatic Filter Disc Machine HY200 - located at and included in Roswell Textiles	(1)
2- Guandong Gosunm Intelligent Industry Co Ltd. 2 - 3 ply mask welding machines soft loop	(1)

Roswell Downhole Technologies Inc. - Textiles

Melt Blown Line #1

Sub-system	Equipment Description	Brand	Location
Primary Air Blower	Tri-Lobe TL-60 Blower S/N: 1600309	Blower Engineering	(2)
	Tri-Lobe TL-80 Blower S/N: 198040156	Blower Engineering	(2)
	Blower Motor (TL-60)	Brook Compton	(2)
	Blower Motor (TL-80)	Brook Compton	(2)
	Blower VFD ABB ACS550-U1-072A-4 (TL60 VFD) 380-500 VAC, 3ph	ABB	(2)
	Blower VFD ABB ACS580-01-077A-4 (TL80 VFD) 380-480 VAC, 3ph	ABB	(2)
Primary Air Heat	FT600 Flow Torch Electric Heater with SSR Controls, Qty 3	Tutco Farmam	(2)
Vacuum Blower	Centrifugal Blowers, Collector Vacuum Size 9	Chicago Blowers	(2)
Web Former	Collector Frame and Pulleys	Roswell	(2)
	1hp Drive motor w/ Gearbox	Baldor	(2)
	Encoder feedback	Contrex	(2)
	VFD ABB	ABB	(2)
	Collector Belt, 32" wide x 17' long, Qty 2	Aston Johnston	(2)
Charger/Winder	Charger/Winder Frame and Pulleys	Roswell	(2)
	1hp Drive motor w/ Gearbox	Baldor	(2)
	Encoder	Contrex	(2)
	VFD	ABB	(2)
	Corona Charging system -30kV w/ 2 bars	Simco Ion	(2)
	Corona Charging system +45kV w/ 1 bars	Simco Ion	(2)
Control System	Main Control Cabinet w/t PLC System	Wago	(2)
	Cabinet Cooler, KPHE28	Kooltronics	(2)
	Cabinet Cooler, KPHE32	Kooltronics	(2)
	F4T 4 channel PID controller and DAQ	Watlow	(2)
Extruder	Extruder 2" Extruder, air cooling, 24:1 L/D, 4 zone S/N: M5049	Davis Standard	(2)
	Extruder VFD DCS800-S01-0065-05-0	ABB	(2)
Melt Piping	Double piston double screen cavities screen changer w/t Hydraulic Station, ZB-DP-2R-80	Batte Machinery Zhengzhou Co., Ltd.	(2)
	ZB-B Series Standard Extrusion Melt Pump 31.5cc	Batte Machinery Zhengzhou Co., Ltd.	(2)
Tooling	300mm R&D tooling, 35 holes/inch, 0.3mm orifice size, 10:1 L/D, 17-4 PH Construction	Roswell	(2)
	600mm tooling, 35 holes/inch, 0.3mm orifice size, 10:1 L/D, 17-4 PH Construction	Roswell	(2)
	710mm tooling, 35 holes/inch, 0.3mm orifice size, 10:1 L/D, 17-4 PH Construction	Roswell	(2)
	710mm tooling, 35 holes/inch, 0.3mm orifice size, 10:1 L/D, 17-4 PH Construction	Roswell / National Jet orifices	(2)
Electrical	Transformer, 600Y / 480D		(2)
	Disconnect, Flow Torches, 480V 3ph, 150 amp		(2)
	Disconnect, Winder Drive		(2)
	Disconnect, Primary Air Blower 1, 480V 3ph, 110 amp		(2)
	Disconnect, Collector Drive, 480V 3ph, 15 amp		(2)
	Disconnect, Primary Air Blower 2, 480V 3ph, 100 amp		(2)
	Disconnect, Vacuum Blower, 480V 3ph, 30 amp		(2)
	Disconnect, Extruder, 480V 3ph, 100 amp		(2)

Roswell Downhole Technologies Inc. - Textiles

Melt Blown Line #2			
Sub-system	Equipment Description	Brand	Location
Primary Air Blower	Tri-Lobe TL-100 Blower S/N: 1910040105	Blower Engineering	(2)
	Blower Motor (TL-100) A44-0001-5275 S/N: A21100082064	Baldor	(2)
	Blower VFD ABB ACS580-01-180A-4 (TL100 VFD) 380-500 VAC, 3ph	ABB	(2)
Primary Air Heat	FT800 Flow Torch Electric Heater, Qty 4	Tutco Farmam	(2)
	Flow Torch Controllers GFXTERMO4	Gefram	(2)
Vacuum Blower	Centrifugal Blowers, Collector Vacuum	B.O.B Stevenson	(2)
Web Former	Collector Frame and Pulleys	Roswell	(2)
	Roswell Downhole Technologies Inc.	Teknic	(2)
	Collector Belt, 58" wide x 17' long, Qty 2	Aston Johnston	(2)
Charger	Charger/Winder Frame and Pulleys	Roswell	(2)
	3hp Drive motor, Digital Servo CPM-MCVC-N1433A	Teknic	(2)
	Corona Charging system -30kV w/ 2 bars	Simco Ion	(2)
	Corona Charging system +45kV w/ 1 bars	Simco Ion	(2)
Winder	Winder Frame and Pulleys	Roswell	(2)
	3hp Drive motor, Digital Servo	Teknic	(2)
	Core shaft loading system	Roswell	(2)
Extruder	2.5" Extruder, 6 zones, 32:1 L/D, Water Cooled	Welex	(2)
	Melpump, 40 cc/rev (*Brand new although manufactured in 1994)	Zeneth (Parker)	(2)
Control System	Bradley, 140 I/O	Allen Bradley	(2)
	19" Touchscreen HMI	Superlogix	(2)
	Cabinet Cooler, KPHE20	Kooltronics	(2)
	Cabinet Cooler, KPHE32	Kooltronics	(2)
Melt Piping	Double piston double screen cavities screen changer w/t Hydraulic Station,ZB-DP-2R-100	Batte Machinery Zhengzhou Co., Ltd.	(2)
Tooling	Melpump, 40 cc/rev (*Brand new although manufactured in 1994)	Zeneth (Parker)	(2)
	1300mm R&D tooling, 35 holes/inch, 0.3mm orifice size, 10:1 L/D, 17-4 PH Construction	Roswell	(2)
Electrical	1300mm R&D tooling, 35 holes/inch, 0.3mm orifice size, 10:1 L/D, 17-4 PH Construction	Roswell	(2)
	Transformer, 600Y / 250 V, 75 KVa		(2)
	Power Distribution Cabinet,600 amp, 480V		(2)

Roswell Downhole Technologies Inc. - Textiles

Melt Blown Line #3

Sub-system	Equipment Description	Brand	Location
Primary Air Blower	Air System, Blower Modler 3L53WC, Pressure 70Kpa; Air flow 22000 m3/hr	Nantong Zhongxing Fan Technology Co., LTD	(2)
Primary Air Heat	Air Heater, 230KW Stainless steel	Yancheng Tongya Electrical	(2)
Vacuum Blower	Exhaust/Suction Fan Blower, Suction air 41.3 m3/min, 1.2 Bar	BSC, Ningbo Baosi Energy Equipment Co., LTD	(2)
Web Former	Web-forming Collector, 0-50m/min Line Speed, 1500mm width, Web Forming Motor	Suzhou JWELL Precision Machinery Co., LTD NFM Southern Motor	(2) (2)
Winder	Winder, 0-50m/min Line Speed, , 7.5KW drive, fit 3in core shafts Side trimming round knives, Qty 8		(2) (2)
Extruder	Screw Extruder Screw Material: 38CrMoAlA L/D Ratio 30:1, Diam: 90mm, 5 heating zones Extruder Drive Motor, 1TL0001-2BB2 3-4AA5-Z	Suzhou JWELL Precision Machinery Co., LTD Siemens Standard Motors	(2) (2)
Control System	Electric Control System, Siemens Screen/PLC/Contactors with ABB breakers		(2)
Melt Piping	Screen Changer, Double Column Double Position Type, Manual Operation Hydraulic System, 16MPa, 400V, 9 lpm Metering Pump, 50cc, Inverter Control Reducer Motor, Stainless steel	Suzhou JWELL Precision Machinery Co., LTD FALK	(2) (2) (2)
Tooling	Combined melt-blown die head and spinneret, Dead Head 1940mm, effective discharge length 1702mm, 16KW heating, Diameter 0.3mm, Ratio 10:1, 1 spinneret		(2)
Electrical	Electrical Equipment, Input 220V/50Hz, output Max 50KV		(2)
Misc	Melt blown Die head Cleaning unit, Diam 600mm x 2200mm long, 15KW Ultrasonic Cleaner, 1600mm Automatic Batching, Measuring and Dosing Unit		(2) (2) (2)

Roswell Downhole Technologies Inc. - Textiles

Spunbond Line Parts and Calender Roller

Sub-system	Equipment Description	Brand	Location
Web Handling	Winder (1.6m)	Yepeng	(2)
	Slitter-Rewinder (1.6m)	Yepeng	(2)
Air Handling	Blower, Size 27	Chicago Blower	(2)
	Blower, Size 30	Chicago Blower	(2)
	Blower, HPRL354 (PN 28735801)	AirPro	(2)
	Blower, 1606ALUM	New York Blower	(2)
Heat Exchangers	Air radiator heat exchanger, Large		(2)
	Air radiator heat exchanger, Small		(2)
Calender	KUSTER 2 Bowl Calender 1m Wide, 412.30-1190	Eduard Kuster	(2)
	Control Station 1, CPS 08-5-48-1	Hock-Temperatur-Technik	(2)
	Control Station 2, CPS 08-5-48-1	Hock-Temperatur-Technik	(2)
	Hot oil expansion tank 1, HE3	Hock-Temperatur-Technik	(2)
	Hot oil expansion tank 2, HE3	Hock-Temperatur-Technik	(2)
	Calender Roller Pattern: Propeller 1m wide		(2)
	Calender Roller Pattern: Leather 1m wide		(2)
	Calender Roller Pattern: Waffle 1m wide		(2)
	Calender Roller Pattern: Dot Point Bond 1m wide		(2)
	Calender Roller Pattern: Dot Hexagon 1m wide		(2)
	Calender Roller Pattern: Blank Steel 1m wide , Qty 3		(2)
	Calender Roller Pattern: Blank Rubber 1m wide		(2)
	Calender Roller Pattern: Smooth Stell, 1m wide		(2)
Melt Piping Components	ZB-B Series Standard Extrusion Melt Pump 70cc	Batte Machinery Zhengzhou Co., Ltd.	(2)
	Double piston double screen cavities screen changer w/t Hydraulic Station,ZB-DP-2R-100	Batte Machinery Zhengzhou Co., Ltd.	(2)
Tool Maintance	Vacuum Calciner Furnace(1600 mm)	Yancheng Chuangda Machinery Technology Co	(2)
	Ultrasonic Cleaner (3.5 kW)	Yepeng	(2)

Roswell Downhole Technologies Inc. - Textiles

Nonwoven QC Lab Equipment

Sub-system	Equipment Description	Brand	Location
QC Lab	Capillary Flow Porometer, iPore1050A	Porous Material Inc	(2)
	Melt Indexer, F-F01	Toyoseiki	(2)
	Air Permeability Tester	Roswell	(2)
	Nonwoven Thickness Tester	ANES	(2)
	Hydrostatic Head	Roswell	(2)
	Handle-O-Meter		(2)

Roswell Downhole Technologies Inc. - Textiles

Misc Equipment			
Sub-system	Equipment Description	Brand	Location
Hot Melt Coater and Lamination Line	Lamination line Frame and Rollers		(2)
	Branson Ultrasonic Welders, Model 2000bdc 20:2.2, Qty 2	Branson	(2)
	7 port slot type hot glue applicators		(2)
	Simco PSH-N shockless static neutralizing bars	Simco	(2)
Wire Forming Line	Nose Wire Forming Line	Roswell	(2)
Resin Systems	Mixer, Gravicolor 100	Motan	(2)
	Dryer, MDM-25	Novatec	(2)
	Environmental Chamber / Conditioning Oven, 7000-10-01	Caron	(2)
Packaging	Core cutter	Yepeng	(2)
	Roll wrapper	Yepeng	(2)
Lab Sized Calender Roller	Lab Calender line	Dornbusch	(2)
	Spare Rollers, Qty 3	Dornbusch	(2)

PADM Medical Inventory
1595 Buffalo Place - Unit B (unless otherwise noted)

Part Number	Part Description	Supplier	Unit of Measure	Total Count	Location
Raw Materials and Finished Goods					
100008	Poly Bag, 12 x 15 in, 2mil, Clear	Sur-Seal	Unit	5,000	(1)
100018	Corrugated Pallet Pads, 40 x 48 in	Sur-Seal	Unit	191	(1)
100038	Resin, BioMed Amber	Formlabs	200L Drums	10	(1)
100099	PRECISION ECO Black Plant Based LVL 3, Top Load box	Advanced Paper Box	Unit	50,322	(1)
100163	PRECISION ECO Plant Based Procedural Masks with Earloops (LVL 3), Black [50/BX]	PADM Medical	Unit	129,950	(1)
100164	PRECISION ECO Plant Based Procedural Masks with Earloops (LVL 3), White [50/BX]	PADM Medical	Unit	689,150	(1)
100209	Cord Earloops, Black	Simms Group Ltd. , Hebei	kg	7,323	(1)
Work in Process					
100208	Cord Earloops, White	Simms Group Ltd. , Hebei, Swenco	kg	80	(1)
100030	Safe Source Direct White Plant Based LVL 3, Top Load box	Beneco Packaging	Unit	2,623	(1)

PADM Medical Inc.

Intellectual Property	Location
Industrial Design "Half Mask Respirator Assembly" (country of registrations to be confirmed)	(1)
Industrial Design "Half Mask Portion of a Respirator Apparatus" (country of registrations to be confirmed)	(1)
Industrial Design "Neck Strap Assembly of a Respirator Apparatus" (country of registrations to be confirmed)	(1)
Industrial Design "Head Halo Assembly for Half Mask Respirators" (country of registrations to be confirmed)	(1)
Patent "Reusable, Resterilizable Smart Half-Mask Respirator Apparatus and System" (country of registrations to be confirmed)	(1)
Patent "Disposable, Compostable Surgical/Medical Masks and Methods of Production Therefor" (country of registrations to be confirmed)	(1)
Trademark "CANSWAB" Word Mark and Design Trademark (country of registrations to be confirmed)	(1)
Trademark "PRECISION ADM MEDICAL" Word Mark (country of registrations to be confirmed)	(1)
Trademark "INNOVATION FOR LIFE" Word Mark (country of registrations to be confirmed)	(1)
Trademark "PRECISION AIR" Word Mark (country of registrations to be confirmed)	(1)
Trademark "VIRALOC" Word Mark (country of registrations to be confirmed)	(1)
Trademark "PRECISION AIR LOGIX" Word Mark (country of registrations to be confirmed)	(1)
Trademark "CANGLOVE" Word Mark (country of registrations to be confirmed)	(1)
Trademark "PADM MEDICAL" Word Mark (country of registrations to be confirmed)	(1)
Trademark "VIRALOC ECO" Word Mark (country of registrations to be confirmed)	(1)
Trademark "PRECISION ECO" Word Mark (country of registrations to be confirmed)	(1)
Precision Eco Procedure Mask construction specifications	(1)
Viraloc Eco Procedure Mask construction specifications	(1)
Ecofuse - Precision Eco Mask Machine configuration	(1)
Ecofuse - Viraloc Eco Mask Machine configuration	(1)
Precision Comfort Procedure Mask construction specifications	(1)
Intangible Assets	
FDA 510k Medical Device Registration	
Trade/Device Name: PRECISION ECO™ Compostable / Plant Based Procedural Mask with Earloops	(1)
HealthPro Contract for Nitrile Gloves 7 years (if assignable)	(1)
LCA Procedure mask compostability report	(1)
PADM Medical Website	(1)

Roswell Downhole Technologies Inc. - Textiles Division

Intellectual Property	Location
Trademark "ECOFUSE" Word Mark (country of registrations to be confirmed)	(2)
Trademark "Roswell Textiles Word Mark and Design Mark (country of registrations to be confirmed)	(2)
Intangible Assets Textiles	
Website	Roswelltextiles.ca (2)
Machine Designs	700mm MB Machine Design (2)
Machine Designs	1300mm MB Machine Design (2)
Meltblown Processing Settings	Ecofuse - Precision Eco Machine Settings (2)
Meltblown Processing Settings	Ecofuse - Viraloc Eco Machine Settings (2)
Filtration MB Settings - Pleated Filters	Merv 8 (2)
Filtration MB Settings - Pocket Filters	Merv 15 and less (2)
Process Specification	MB-01, 600 tool, 28 gsm, PP (2)
Process Specification	MB-01, 700 tool, 28 gsm, PP (2)
Process Specification	MB-02, 1300 tool, 28 gsm, PP (2)
Process Specification	MB-01, 600 tool, 25 gsm, PP (2)
Process Specification	MB-02, 1300 tool, 25 gsm, PP (2)
Process Specification	MB-02, 1300 tool, PP (1500 MFI) (2)
Process Specification	MB-01, 700 tool, PLA (2)
Process Specification	MB-01, 700 tool, PP (2)
Process Specification	MB-02, 1300 tool, PLA (2)
Process Specification	MB-02, 1300 tool, PP (2)
Process Specification	MB-01, 700 tool, PLA, HVAC (2)
Process Specification	MB-01, 700 tool, PLA, HVAC (2)
Process Specification	MB-01, 700 tool, PP, HVAC (2)
Process Specification	Ecofuse - Precision Eco Machine Settings (2)
Process Specification	Ecofuse - Viraloc Eco Machine Settings (2)
Maintaince	600 Tool Rebuild Manual (2)
Maintaince	700 Tool Rebuild Manual (2)
Maintaince	1300 Tool Rebuild Manual (2)
Maintaince	Kiln Procedure (2)
Maintaince	Service Schedule / Spare Parts (2)
Maintaince	Tool Rebuild Report (2)
Production Management	Access Database MB KPI and Prodcution (2)
Production Management	Sharepoint List, Nonwoven Production (2)
Production Management	Sharepoint List, Nonwoven Inspection (2)
Production Management	Sharepoint List, Nonwoven Shipping (2)
Purchase Specification	PP Resin (2)
Purchase Specification	Electret Additive (2)
Purchase Specification	Compostable Resin (2)
Supply Chain	Approved Polymer Vendor List (2)
Article Information Sheet	Viraloc Eco, Prodecural Mask (2)
Marketing Material	ECOFUSE Presentation (2)
Technical Sales Data Sheet	Sustainable Biopolymer Based Meltblown (2)
Technical Sales Data Sheet	PN3001 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3001 Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3002 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3003 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3004 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3006 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3007 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3009 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3010 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3010 Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3011 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3013 Sales Data Sheet (2)
Technical Sales Data Sheet	PN3013 Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3014, Biopolymer (2)
Technical Sales Data Sheet	PN3015, Biopolymer (2)
Technical Sales Data Sheet	PN3015, Biopolymer Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3016, Biopolymer Sales Data Sheet (2)
Technical Sales Data Sheet	PN3016, Biopolymer Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3017, Biopolymer N95 2 Layer Material Sales Data Sheet (2)
Technical Sales Data Sheet	PN3018 Biopolymer Sales Data Sheet (2)
Technical Sales Data Sheet	PN3018, Biopolymer Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3019 Biopolymer Sales Data Sheet (2)
Technical Sales Data Sheet	PN3020, Biopolymer Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3021 Biopolymer Sales Data Sheet (2)
Technical Sales Data Sheet	PN3021, Biopolymer Quality Inspection Sheet (2)
Technical Sales Data Sheet	PN3024 Biopolymer Sales Data Sheet MERV 15 (2)
Technical Sales Data Sheet	PN3024 Biopolymer Quality Inspection Sheet MERV 15 (2)
Technical Sales Data Sheet	PN3027 Sales Data Sheet MERV 15 (2)

Technical Sales Data Sheet	PN3027 Quality Inspection Sheet MERV 15	(2)
Technical Sales Data Sheet	PN3102, Nose Wire Quality Inspection Sheet	(2)
Technical Sales Data Sheet	PN3201 Compostable Spunbond 25gsm white Sales Data Sheet	(2)
Technical Sales Data Sheet	PN3202 Compostable Spunbond 25gsm black Sales Data Sheet	(2)
Technical Sales Data Sheet	PN4000, Sustainable Surgical Masks Catalog	(2)
Technical Sales Data Sheet	PN4001, Sustainable Surgical Masks Catalog ASTM LEVEL 1	(2)
Technical Sales Data Sheet	PN4002, Sustainable Surgical Masks Catalog ASTM LEVEL 2	(2)
Technical Sales Data Sheet	PN4003, Sustainable Surgical Masks Catalog ASTM LEVEL 3	(2)
Quality	MAN-01-R0 - Quality Management System	(2)
Operating Procedures	SWP-1001 - Roll Change MB1	(2)
Operating Procedures	SWP-1002 - Roll Change MB2	(2)
Operating Procedures	SWP-1003 - Machine Threading MB1	(2)
Operating Procedures	SWP-1004 - Machine Threading MB2	(2)
Operating Procedures	SWP-1006 - Slitting Blade Change Adjust MB1 - Blue Line	(2)
Operating Procedures	SWP-1011 - Resin Mixing	(2)
Operating Procedures	SWP-1012 Rev 1 - MB1 - Operation Manual	(2)
Operating Procedures	SWP-1013 MB Line 2 - Operation Manual	(2)
Operating Procedures	SWP-1021 - MB2 Green Line Breakerplate Change	(2)
Operating Procedures	SWP-1022 - Receiving of Goods	(2)
Operating Procedures	SWP-1024 - Nose Wire Winder Operation	(2)
Operating Procedures	SWP-1026 - Cleaning the Fabric Belts	(2)
QC Testing Procedures	TP-1001 Rev 0 - Basis Weight	(2)
QC Testing Procedures	TP-1002 Rev 0 - Air Permeability	(2)
QC Testing Procedures	TP-1005 Rev 0 - Textile Thickness	(2)
QC Testing Procedures	TP-1008 Rev 0 - Load Test Procedure Sheet	(2)
QC Testing Procedures	TP-1008 Rev A - Load Test Procedure	(2)
QC Testing Procedures	TP-1009 WiP - Breaking Strength and Elongation	(2)
QC Testing Procedures	TP-1013 Rev 0 - Web Defect Inspection	(2)
QC Testing Procedures	TP-1014 Rev 0 - Visual Roll Inspection	(2)
QC Testing Procedures	TP-1015 Rev 0 - Hydrostatic Head	(2)
QC Testing Procedures	TP-1018 Rev 0 - Synthetic Blood Creation	(2)
QC Testing Procedures	TP-1019 Rev 0 - ASTM F1862 Synthetic Blood Penetration Test	(2)
Operational Process Logs	FRM-005 v0 RMA	(2)
Operational Process Logs	FRM-007 - Air Permeability Test Report	(2)
Operational Process Logs	FRM-008 - BFE Test Report	(2)
Operational Process Logs	FRM-009 - PFE Test Report	(2)
Operational Process Logs	FRM-010 v1 CoC	(2)
Operational Process Logs	FRM-015 v0 - MB Consumable Inventory Sheet	(2)
Operational Process Logs	FRM-018 v0 - MB Production Log (MB-2)	(2)
Operational Process Logs	FRM-019 v1 - MB Production Log (MB-1)	(2)
Operational Process Logs	FRM-026 v1 - Tool Maintenance Report	(2)
Operational Process Logs	FRM-027 v1 Inspection Certificate	(2)
Operational Process Logs	FRM-028 v0 - Wire Forming Production Log	(2)
Machine Design	MB-01 Machine Design (Blue Line)	(2)
Machine Design	MB-02 Machine Design (Green Line)	(2)
Machine Design	Aluminum Nosewire Former	(2)
Machine Design	SB Machine Design	(2)
Tooling Design	300mm MB Tool Design	(2)
Tooling Design	350mm MB Tool Design	(2)
Tooling Design	600mm MB Tool Design	(2)
Tooling Design	700mm MB Tool Design	(2)
Tooling Design	1300mm MB Tool Design	(2)
Tooling Design	1300mm MB Tool Cart Design	(2)
Tooling Design	SB Die Block 1300mm	(2)
Design Document	MB1 PID Package	(2)
Design Document	MB1 PID and Instrumentation List	(2)
Design Document	MB1 Cabinet BOM and CSA Ref	(2)
Design Document	MB1 Schematic	(2)
Design Document	MB2 Electrical Power System Block Diagram	(2)
Design Document	MB2 PID Package	(2)
Design Document	MB2 Panel Wiring Package	(2)
Design Document	MB2 Instrumentation List	(2)
PLC Program	MB1 PLC/HMI Program WAGO	(2)
PLC Program	MB2 PLC/HMI Program Allen Bradley	(2)

SCHEDULE "B"
FORM OF APPROVAL AND VESTING ORDER

(see attached)

**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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Barristers and Solicitors

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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 Business Development Bank of Canada, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of _____ affirmed November **XX**, 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 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 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 XX, 2024

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, SafeSource Direct, LLC as represented by

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
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.

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:

Appendix C – Statement of Receipts and Disbursements for the period May 23, 2024 to November 5, 2024

PADM GROUP INC., PADM MEDICAL INC., AND ROSWELL DOWNHOLE TECHNOLOGIES INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period May 23, 2024 to November 5, 2024

	<u>Amount</u>	<u>Notes</u>
Receipts		
Cash on hand	\$ 75,293	
Accounts Receivable	16,439	
Collection of Purchased Accounts Receivable	98,037	
GST Collected	25,451	
GST Refund	150,660	
Interest	15,463	
Receiver's Borrowings	500,000	
Recycling and Miscellaneous Receipts	2,246	
Sale of Assets (includes net pre-pack proceeds)	1,699,712	(1)
WCB Refunds	11,380	
Total Receipts	2,594,680	
Disbursements		
Contractors	204,480	(2)
Equipment Rental	3,968	
Filing Fees	241	
GST Paid on Disbursements	4,604	
GST Paid on Legal Fees and Disbursements	5,681	
GST Paid on Receiver Fees and Disbursements	14,752	
GST Remittances	10,261	
Insurance	72,103	
IT Support and Accounting Services	3,966	
Legal Fees and Disbursements	117,336	(3)
Patent Renewal	2,199	
PST Paid on Disbursements	548	
PST Paid on Legal Fees and Disbursements	7,907	
Receiver Fees and Disbursements	295,036	(4)
Redemption of Security	1,646	
Rent	184,033	(5)
Repayment of Receiver's Borrowings (inclusive of interest)	519,377	
Transfer of Purchased Accounts Receivable Collections to Purchaser	98,037	
Utilities	24,822	
Total Disbursements	1,570,998	
Excess of Receipts over Disbursements as at November 5, 2024	\$ 1,023,682	

Notes:

- (1) Excludes \$30,000 in refundable deposits owing from the PADM Medical/Textiles Sales Process.
- (2) Excludes unpaid contractor fees for the period October 14, 2024 to October 28, 2024 of \$4,922.
- (3) Excludes fees and disbursements of Taylor McCaffrey LLP subsequent to August 30, 2024.
- (4) Excludes fees and disbursements of the Receiver subsequent to October 27, 2024.
- (5) Rent for Aero Drive in Calgary and Buffalo Place in Winnipeg to October 31, 2024.