

File No. CI 24-01-

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 Court of
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.

NOTICE OF APPLICATION
HEARING DATE: May 23, 2024, at 10:00 a.m.
Before the Honourable Justice Chartier

FILLMORE RILEY LLP
1700 - 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

Telephone: 204-957-8308
Facsimile: 204-954-0308

KALEV A. ANNIKO
File No. 180007-888/KAA

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 Court of 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.

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a judge, on Thursday, May 23, 2024 at 10:00 a.m., at the Law Courts Complex, 408 York Avenue, Winnipeg, Manitoba.

IF YOU WISH TO OPPOSE THIS APPLICATION, you or a Manitoba lawyer acting for you must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must serve a

copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.

May , 2024

Issued: _____

Deputy Registrar
100C – 408 York Avenue
Winnipeg, MB R3C 0P9

APPLICATION

THE APPLICANT MAKES APPLICATION FOR:

1. An order, if required, dispensing with service of this Notice of Application, the affidavits filed in support of this Notice of Application, the consent of the Receiver and the Applicant's Application Brief (the "Application Materials");
2. An order, if required, validating service of the Application Materials;
3. An order, if required, that the time for service of the Application Materials is hereby abridged and that this application is properly returnable on its hearing date with no further service required; and
4. An order that pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c.B-3, as amended (the "BIA"), and section 55 of *The Court of King's Bench Act*, C.C.S.M. c.C280, as amended, BDO Canada Limited be appointed Receiver, without security, of the assets, undertaking and property of the Respondents used in connection with or arising from the business carried on by the Respondents, with the authority to act as more particularly set out in the draft form of order attached to this notice of application as Schedule "A".

THE GROUNDS FOR THE MOTION ARE:

1. King's Bench Rules 16.04 (1) and 16.08 (1) with respect to service of the pleadings and supporting materials herein;

2. The Applicant, Royal Bank of Canada (“RBC”) is a Canadian chartered Bank;.

3. The Respondent PADM Group Inc. is a company incorporated under the laws of Canada, and is the successor by amalgamation of Precision ADM Inc. with its head office in Winnipeg, and carries on business in the 3-D printing industry.

4. The Respondent PADM Medical Inc. (“PADM Medical”), previously known as Precision ADM Medical Inc., is a corporation incorporated under the laws of Canada with its head office in Winnipeg, and carries on business selling medical masks, gloves, respirators, and COVID-19 test kits.

5. The Respondent Roswell Downhole Technologies Inc. (“Roswell Downhole”) is a corporation incorporated under the laws of Alberta with its registered office in Calgary, and carries on business manufacturing capillary tubing and Tubing Encapsulated Cable for the oil and gas industry.

6. PADM Group Inc. is the 100% shareholder of the other Respondents.

The Indebtedness

7. PADM Group Inc. (formerly Precision ADM Inc.) is directly indebted to RBC pursuant to a number of demand facilities, the terms of which are presently set out in an amended and restated Credit Facilities Agreement dated January 19, 2023.

8. As at March 14, 2024, The particulars of PADM Group’s direct indebtedness to RBC are as follows:

RBC Loan No.	Principal Amount	Interest Rate	Aggregate amount owing as at March 14, 2024
Revolving Credit Line No. 04516 37127017-001	\$2,600,000.00	Prime plus 2.5%	\$2,495,713.86
VISA 451403XXXXXX3259	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$7,679.59
CEBA Loan 451405XXXXXX8980	\$40,000.00	5.00%	\$40,213.12
VISA 451607XXXXXX8352	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$25,341.37
VISA 451607XXXXXX8386	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$4,438.33
VISA 451607XXXXXX9798	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$4,990.95
VISA 451607XXXXXX7726	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$12,069.77
VISA 451607XXXXXX3997	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$5,360.35
VISA 451607XXXXXX0810	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$12,113.92
VISA 451607XXXXXX0891	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$6,092.32
VISA 451607XXXXXX5387	\$100,000.00 (in aggregate with other VISA facilities)	19.99%	\$6,008.30

\$2,620,021.88

(the "Indebtedness")

12. Precision ADM Medical and Roswell Downhole have each executed separate Guarantee and Postponement of Claims dated January 23, 2023, in favour of RBC, each guaranteeing the Indebtedness to a limit of \$5,100,000.00, plus interest as set out therein, and as such each of the Respondents are fully liable for the entire Indebtedness, plus accrued interest and costs to date of payment.

The Security

9. As security for their respective indebtedness, the respondents provided personal property security to RBC. In particular:

(a) PADM Group (formerly Precision ADM Inc.) provided a general security agreement dated October 26, 2016, over all of its present and after-acquired personal property.

(b) PADM Medical provided a general security dated January 23, 2023, over all of its present and after-acquired personal property.

(c) Roswell Downhole provided a general security dated January 23, 2023, over all of its present and after-acquired personal property.

10. RBC has demanded from each Respondent payment of the Indebtedness which Indebtedness remains unpaid to date despite the demands;

11. Accordingly each Respondent has defaulted under the terms of their respective loans, guarantees, and security;

12. Notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended, (the “BIA”) was served on each respondent and the 10-day notice period has expired;
13. The Applicant wishes to appoint BDO Canada Limited as Receiver;
14. The appointment of BDO Canada Limited as a Receiver over the assets, undertaking and properties of each Respondent is required by the Applicant and is in the interest of stakeholders generally;
15. The appointment of a Receiver is just and convenient;
16. Section 243(1) of the BIA and section 55 of *The Court of King’s Bench Act*, and,
17. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be relied upon at the hearing of this application:

1. Affidavit of Alex Wang, affirmed May 15, 2024;
2. Consent of BDO Canada Limited dated May 14, 2024; and,

3. Such further evidence as counsel may submit and this Honourable Court will allow.

Date: May 16, 2024

FILLMORE RILEY LLP
1700 - 360 Main Street
Winnipeg, Manitoba R3C 3Z3

KALEV A. ANNIKO
Telephone: 204-957-8308

Lawyers for the Applicant

TO: the parties in the list appended hereto as Schedule "B"

SCHEDULE "A"

File No. []

**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 COURT OF 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.

ORDER
(Appointing Receiver)

FILLMORE RILEY LLP
1700 - 360 Main Street
Winnipeg, Manitoba
R3C 3Z3

Telephone: 204-957-8308
Facsimile: 204-954-0308

KALEV A. ANNIKO
File No. 180007-888/KAA

ON READING the affidavit of Alex Wang affirmed [DATE] and on hearing the submissions of counsel for the Applicant, no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of BDO Canada Limited to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 55 of the KB Act, BDO Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical

inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workplace safety and health assessments of the Property and operations of the Debtors;

- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) 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;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$500,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 59(10) of *The Personal Property Security Act* (Manitoba), shall not be required.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (s) to voluntarily assign the Debtors into bankruptcy; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems

expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court provided; however, that nothing in this Order shall affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body,

other than the enforcement of a payment order by the Regulatory Body of the Court. **"Regulatory Body"** means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile

numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to

negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, *The Environment Act* (Manitoba), *The Water Resources Conservation Act* (Manitoba), *The Contaminated Sites Remediation Act* (Manitoba), *The Dangerous Goods Handling and Transportation Act* (Manitoba), *The Public Health Act* (Manitoba) or *The Workplace Safety and Health Act* (Manitoba), and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of this Court, but nothing herein shall fetter this Court's discretion to refer such matters to a Master of this Honourable Court.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges 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.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the Applicant and the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

26. THIS COURT ORDERS that counsel for the Receiver shall prepare and keep current a service list ("**Service List**") containing the name and contact information (which may include the address, telephone number and facsimile number or email address) for service to: the Applicant; the Receiver; and each creditor or other interested Person who has sent a request, in writing, to counsel for the Receiver to be added to the Service List. The Service List shall indicate whether each Person on the Service List has elected to be served by email or facsimile, and failing such election the Service List shall indicate service by email. The Service List shall be posted on the website of the Receiver at the address indicated in paragraph [27] herein. **For greater certainty, creditors and other interested Persons who have received notice of this Order and who do not send a request, in writing, to counsel for the Receiver to be added to the Service List, shall not be required to be further served in these proceedings.**

27. THIS COURT ORDERS that the Applicant, the Receiver, and any party on the Service List may serve any court materials in these proceedings by facsimile or by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/PADMGroup>. Service shall be deemed valid and sufficient if sent in this manner.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

30. 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.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a solicitor-client basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

[DATE]

I, KALEV A. ANNIKO OF THE FIRM OF FILLMORE RILEY LLP HEREBY CERTIFY THAT I HAVE RECEIVED THE CONSENTS AS TO FORM OF THE FOLLOWING PARTIES: [INSERT] AS DIRECTED BY THE HONOURABLE JUSTICE CHARTIER.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited the receiver (the "**Receiver**") of the assets, undertakings and properties PADM Group Inc., PADM Medical Inc., and Roswell Downhole Technologies Inc. acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of The King's Bench, Winnipeg Centre (the "**Court**") dated the 23rd day of May, 2024 (the "**Order**") made in an action having Court file number _____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$500,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ***, ***.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

BDO Canada Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

SCHEDULE "B"

Recipients of Notice of Application and Supporting materials

<u>Party/Counsel</u>	<u>Telephone</u>	<u>Facsimile</u>	<u>Party Represented</u>
Fillmore Riley LLP 360 Main Street, suite 1700 Winnipeg, Manitoba R3C 3Z3 Kalev A. Anniko kanniko@fillmoreriley.com	204-957-8308	204-956-0308	Counsel for the Applicant, Royal Bank of Canada
BDO Canada Limited 201 Portage Avenue, 26th Floor Winnipeg MB R3B 3K6 Brent Warga bwarga@bdo.ca John Fritz jfritz@bdo.ca	204-220-3666 204-282-9716	1 833 888 1678	Proposed Receiver
Taylor McCaffrey LLP 2200-201 Portage Avenue Winnipeg, MB R3B 3L3 David Jackson djackson@tmlawyers.com Charles Roy croy@tmlawyers.com	204-988-0375 204-988-0472	204-953-7178 204-953-7231	Counsel for the Proposed Receiver
Thompson Dorfman Sweatman 242 Hargrave St #1700, Winnipeg, MB R3C 0V1 Bruce Taylor gbt@tdslaw.com Melanie Labossiere mml@tdslaw.com	204-934-2566 204-934-2508	204- 934-0570	Counsel for the Respondents

<u>Party/Counsel</u>	<u>Telephone</u>	<u>Facsimile</u>	<u>Party Represented</u>
Tapper Cuddy LLP 1000-330 St. Mary Avenue Winnipeg, MB R3C 3Z5 Richard W. Schwartz rschwartz@tapperdcuddy.com	204-944-3232	204-947-2593	Counsel for Business Development Bank of Canada, Secured Creditor
The Cote Family Trust Suite 650, 211 – 11 th Avenue SW Calgary, AB T2R 0C6 Robert Stack rstack@wilcraft.com	403-476-0154		Secured Creditor
The Fiolka Family Trust Suite 650, 211 – 11 th Avenue SW Calgary, AB T2R 0C6 Robert Stack rstack@wilcraft.com	403-476-0154		Secured Creditor
The Sadie Capital Trust / The Sadie Family Trust Suite 650, 211 – 11 th Avenue SW Calgary, AB T2R 0C6 Robert Stack rstack@wilcraft.com	403-476-0154		Secured Creditor
Coast Capital Equipment Leasing Ltd. 800-9900 King George Blvd Surrey, BC V3T 0K7 cservice@coastcapitalsavings.com	888- 517-7000		Secured Creditor
De Lage Landen Financial Services Canada Inc. 5046 Mainway, Unit 1 Burlington, ON L7L 5Z1 clientservices-ca@leasedirect.com	877-523-5515		Secured Creditor

Party/Counsel	Telephone	Facsimile	Party Represented
Travelers Leasing Ltd. 800-9900 King George Blvd Surrey, BC V3T 0K7 cservice@coastcapitalsavings.com	888- 517-7000		Secured Creditor
Orthopedic Innovation Centre Inc. Suite 320 1155 Concordia Avenue, Winnipeg, MB R2K 2M9 info@orthoinno.com	204-926-1290		Secured Creditor
Valiant Financial Services Inc. Ste 426 – 505 8840 210 Street Langley, BC V1M 2Y2 absecparties@avssystems.ca	833-635-3273	604-424-8507	Secured Creditor
CWB National Leasing 1525 Buffalo Place Winnipeg, Manitoba R3T 1L9 ppsa.adminstration@cwbnationalleasing.com	204 954 9000	866 814 4752	Secured creditor
Department of Justice Canada 601 – 400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Timothy Doyle timothy.doyle@justice.gc.ca	431-489-8662	204-983-3636	Counsel for His Majesty / CRA (Manitoba)
Department of Justice Canada #300, 10423 – 101 St. NW Edmonton, Alberta T5H 0E7 George Body George.body@justice.gc.ca Marlene Barrientos marlene.barrientos@justice.gc.ca			Counsel for His Majesty / CRA (Alberta)

<u>Party/Counsel</u>	<u>Telephone</u>	<u>Facsimile</u>	<u>Party Represented</u>
Manitoba Justice Civil Legal Services 301 – 310 Broadway Winnipeg, Manitoba R3C 3L6 Shelley Haner Shelley.haner@gov.mb.ca	204-792-6471	204-948-2826	Counsel for the Minister of Finance
RAL Calgary Cargo, LP 201 West Street Annapolis, MD USA 21401 Legal Department legal@realterm.com			Landlord
ARTIS WPG Industrial Ltd. Brad Goerzen bgoerzen@artisreit.com	204-934-2797		Landlord