

**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.

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

SEPTEMBER 19, 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 (attached hereto as Appendix A) 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. The Receivership Order provides, *inter alia*, for the following:
 - (a) The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges and 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 the Receivership Order, and 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 (as defined in the Receivership Order), but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA;
 - (b) The Receiver is at liberty and is empowered to borrow such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time. 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;
- (c) The Receiver and its legal counsel shall pass its accounts from time to time; and
 - (d) The Receiver is authorized to market and sell any or all of the Property, with approval of the Court, if any transaction exceeds \$100,000.
3. This report constitutes the first report of the Receiver (the "**First Report**"), and is being filed to inform the Court as to the following:
- (a) The activities of the Receiver since the Date of Receivership and the filing of the Receiver's Pre-Filing Report dated May 22, 2024 (the "**Pre-Filing Report**"); and
 - (b) The results of the Downhole Sales Process (as defined below) as described in paragraphs 21 to 30 herein.
4. Furthermore, this First Report, along with the Confidential Supplement to the First Report dated September 19, 2024 (the "**Confidential Supplement**") is being filed in support of the Receiver's motion to this Honourable Court on September 20, 2024, seeking the following:
- (a) Approval of the First Report, the Confidential Supplement, and the activities of the Receiver since the Date of Receivership in respect of administering these receivership proceedings, including the approval of the Receiver's Statement of Receipts and Disbursements for the period May 23, 2024 to September 13, 2024, the Downhole Sales Process, and the PADM Medical/Textiles Sales Process (as defined below);
 - (b) Approval of the Downhole Transaction with CNT (both as defined below);
 - (c) Approval of an increase in the Receiver's Borrowings Charge;

- (d) Approval of the fees and disbursements of the Receiver and its legal counsel; and
- (e) An Order sealing the Confidential Supplement in the Court file given the commercial sensitivity of the information detailed therein.

TERMS OF REFERENCE

5. In preparing this First 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.
6. 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 First 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 First Report.
7. 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 First Report. Any use that any party makes of this First Report, or any reliance on or decisions to be made based on it is the responsibility of such party.
8. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.
9. Capitalized terms used in this First Report but not defined herein are as defined in the Pre-Filing Report and the Receivership Order.

BACKGROUND

10. 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.
11. 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.
 - (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 (“**Aero Drive**”).
12. 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. Based on 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.

Powers of the Receiver

13. The Receiver’s powers are detailed in Paragraph 3 of the Receivership Order and include the power to take and maintain possession and control of the Property, the power to market and sell the Property (subject to Court approval if one sale exceeds \$100,000 or if in the aggregate the sales exceed \$500,000), and the power to assign the Companies into bankruptcy, among others.
14. The Receivership Order also empowers the Receiver 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 or such greater amount as the Court may by further Order authorize (the “**Borrowing Facility**”).

Possession and Control of the Property

15. On the Date of Receivership, the Receiver attended at Buffalo Place and took steps to take possession and control of the Property, which included meeting with the landlord of the premises. The Receiver did not attend at Aero Drive on the Date of Receivership as the Roswell assets were already under the control of BDO, in its capacity as licensed insolvency trustee in the bankruptcy of Roswell (the “**Trustee**”), given Roswell’s voluntary bankruptcy assignment on May 10, 2024.
16. The Receiver terminated all of the Companies’ employees as of the Date of Receivership and ceased all operations. The Receiver temporarily retained certain former employees to assist with the administration of the receivership proceedings, and for ongoing monitoring of Aero Drive and Buffalo Place subsequent to the Date of Receivership.
17. Immediately following its appointment, the Receiver confirmed that property and liability insurance coverage was in place, and coordinated with the insurance broker to maintain ongoing coverage.

ACTIVITIES OF THE RECEIVER

18. Since the Date of Receivership, the Receiver has undertaken the following activities with respect to the Property:
- (a) Attended onsite at Buffalo Place to meet with former employees and to take possession and control of the Property;
 - (b) Corresponded with the landlords and arranged for continued occupancy of Buffalo Place and Aero Drive locations;
 - (c) Terminated all employees of the Companies as at the Date of Receivership, and made arrangements with certain former employees to assist the Receiver on an as needed basis;
 - (d) Corresponded with BFL Canada, the Companies insurance broker, and arranged for continued insurance coverage for the Property;
 - (e) Completed statutory reporting and notice requirements under the BIA;
 - (f) Corresponded with third parties who asserted an interest in certain property located at Aero Drive and Buffalo Place, and released the Receiver's interest therein as appropriate;
 - (g) Administered the statutory filings under the Wage Earner Protection Program (“WEPP”) for former employees;
 - (h) Closed the transaction with 15988977 Canada Inc. (the “**Pre-Pack Transaction**”) involving the assets of PADM Group and certain of the Roswell assets, as approved by the sale approval and vesting order dated May 23, 2024 (the “SAVO”), attached hereto as Appendix B;
 - (i) Facilitated the sales processes for the Downhole assets and for the Textiles and PADM Medical assets; and
 - (j) Prepared, reviewed, and finalized this First Report and the Confidential Supplement.

CLOSING OF THE PRE-PACK TRANSACTION

19. In accordance with the SAVO, the Pre-Pack Transaction was completed to the satisfaction of the Receiver on May 24, 2024, and accordingly, the Receiver provided 15988977 Canada Inc. with the executed Receiver's Certificate that same day. The Receiver's Certificate was filed with the Court on August 28, 2024.
20. The Receiver is holding the Pre-Pack Transaction proceeds in trust, and is not requesting a distribution at this time given certain unquantified deemed trust claims, further detailed below, along with a continuing review of the various competing security positions of the interested parties by the Receiver and its legal counsel, Taylor McCaffrey LLP ("**Taylor McCaffrey**").

DOWNHOLE SALES PROCESS

21. 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 (the "**Downhole SIP**") dated July 2, 2024, attached hereto as Appendix C, in order to solicit interest in the Roswell Downhole assets (the "**Downhole Sales Process**").
22. Certain of the terms and conditions detailed in the Downhole 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 Downhole assets;
 - (b) The Downhole 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 July 19, 2024 (the "**Downhole**

Submission Deadline"); and

- (f) Interested parties seeking to purchase the Downhole 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.
23. Interested parties were identified through discussions with Management, industry contacts, and industry contact lists. The Receiver compiled a list of twenty-six (26) potential interested parties (the “**Downhole Potential Interested Parties**”) comprised of the following:
- (a) Ten (10) industry participants; and
 - (b) Sixteen (16) liquidators.
24. The Receiver began contacting the Downhole Potential Interested Parties by phone on July 2, 2024 (the “**Downhole Direct Solicitation Process**”). Given the unique and specialized nature of the Downhole 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 Downhole assets being generated.
25. In aggregate, twenty-four (24) of the Downhole Potential Interested Parties expressed an interest in the Downhole Sales Process and received the Downhole SIP on or after July 2, 2024 (i.e. nine (9) industry participants and fifteen (15) liquidators).
26. At the Downhole Submission Deadline, the Receiver summarized the submissions received (individually a “**Downhole Offer**” and collectively the “**Downhole Offers**”) and discussed the Downhole Offers with RBC and BDC. The Downhole Offers received and the Downhole Sales Process are more fully described in the Confidential Supplement.
27. Subsequent to the Downhole Submission Deadline, the Receiver engaged in various correspondence with RBC, BDC, and with certain of the parties who submitted a Downhole Offer, clarifying questions in respect of their submissions.

28. Based on the Downhole Sales Process and the results therefrom, with the support of RBC and BDC, the Receiver and a group consisting of Capital Recovery Group LLC, National Machinery Exchange Inc., and TCL Asset Group Inc. (collectively “**CNT**” or the “**Purchaser**”) have substantially finalized a form of APA dated September 19, 2024 (the “**Downhole APA**”) for the sale of certain assets of Roswell (the “**Downhole Transaction**”). Attached hereto as Appendix D is a redacted unsigned version of the Downhole APA, as the Purchaser was unable to execute as at the time of filing this First Report.
29. The Receiver is recommending the Court approve the Downhole APA and the Downhole Transaction for, among others, the following reasons:
- (a) The aggregate consideration of the Downhole Transaction is superior to all other Downhole Offers submitted during the Downhole Sales Process;
 - (b) The Downhole Transaction is expected to provide greater net realizations for the Downhole assets than would be expected in a bankruptcy scenario;
 - (c) Approval of the Downhole Transaction will limit the ongoing costs of holding and monitoring the Aero Drive premises currently being borne exclusively by RBC;
 - (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 Downhole Transaction, the Offer from CNT will maximize recoveries in the circumstances;
 - (e) The previous efforts by Management to find investors/potential buyers for the Downhole assets/operations, as detailed in the Pre-Filing Report, were unsuccessful;
 - (f) The Downhole Transaction provides certainty in an uncertain market for very unique and specialized assets; and
 - (g) The Downhole Sales Process was conducted in a fair and transparent manner, and with integrity, in accordance with the Downhole SIP.
30. As previously indicated, the Receiver discussed and shared all the Offers received during

the Downhole Sales Process with RBC and BDC, and RBC and BDC are in support of accepting the Downhole Offer from CNT and the Downhole Transaction.

PADM MEDICAL/TEXTILES SALES PROCESS

31. As detailed above, in accordance with paragraph 3(k) of the Receivership Order, the Receiver also 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 hereto as Appendix E and Appendix F respectively, in order to solicit interest in the PADM Medical/Textiles assets (the “**PADM Medical/Textiles Sales Process**”).
32. 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;
 - (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 “**PADM Medical/Textiles 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.
33. Interested parties were again identified through discussions with Management, industry contacts, and industry contact lists. The Receiver compiled a list of fifty-four (54)

potential interested parties (the “**PADM Medical/Textiles Potential Interested Parties**”) comprised of the following:

- (a) Three (3) brokers / sales agents;
- (b) Thirty-six (36) industry participants; and
- (c) Fifteen (15) liquidators.

34. The Receiver began contacting the PADM Medical/Textiles Potential Interested Parties by phone and email on July 29, 2024 (the “**PADM Medical/Textiles Direct Solicitation Process**”). Given the unique and specialized nature of the PADM Medical/Textile assets, in consultation with Management it was again 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.
35. In aggregate, thirty (30) of the PADM Medical/Textiles 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).
36. At the PADM Medical/Textiles Submission Deadline, the Receiver summarized the submissions received (individually a “**PADM Medical/Textiles Offer**” and collectively the “**PADM Medical/Textiles Offers**”) and discussed the PADM Medical/Textiles Offers with RBC and BDC.
37. Subsequent to the PADM Medical/Textile Submission Deadline, the Receiver engaged in various correspondence with RBC, BDC, and with certain of the parties who submitted a PADM Medical/Textiles Offer, clarifying their submissions. As at the date of this First Report, the Receiver is continuing to dialogue with interested parties and is not in a position to recommend approval of any transaction for the PADM Medical/Textiles assets.

SECURITY REVIEW AND PRIORITIES

38. As detailed in the Pre-Filing Report, given the voluntary bankruptcy assignment by

Roswell on May 10, 2024, prior to the Date of Receivership BDO obtained an independent security opinion (the “**Gowlings Opinion**”) from Gowlings WLG (“**Gowlings**”), its Alberta based legal counsel, opining that, subject to the customary assumptions and qualifications, the RBC Security in respect of Roswell is valid and enforceable, and subject to a priority agreement between RBC and BDC, ranks in a second priority position to the general security agreement granted by Roswell to BDC. Accordingly, based on the Gowlings Opinion, BDO was not precluded from operating in a dual capacity as both Trustee and Receiver of Roswell.

39. On September 17, 2024, the Receiver received a draft independent security opinion (the "**Taylor McCaffrey Opinion**") from Taylor McCaffrey, opining that, subject to the customary assumptions and qualifications, the RBC Security in respect of PADM Group and PADM Medical is valid and enforceable and has priority to a trustee in bankruptcy of the Companies.
40. As at the date of this First Report, the Receiver continues to review the Personal Property Registry registrations with Taylor McCaffrey, and in particular with respect to certain purchase money security interests and equipment lease claims, and may require further information to complete that review.
41. As detailed in the Pre-Filing Report, the Companies’ records indicated that the following amounts were owing to Canada Revenue Agency (“**CRA**”) and the Minister of Finance at the Date of Receivership:
 - (a) CRA (unremitted payroll source deductions) – \$NIL; and
 - (b) Manitoba Minister of Finance (the “**MMF**”) on account of unpaid retail sales tax in respect of PADM group – \$33,011.
42. As at the date of this First Report, CRA has not completed its trust examinations on account of both unremitted source deductions and GST that may be owing by the Companies as at the Date of Receivership.
43. On August 15, 2024, the Receiver received notices of assessment form MMF in respect of PADM Group and PADM Medical, which indicated that inclusive of penalties and interest

to June 2024, \$5,189 and \$51,888 respectively, were owed to MMF. The Receiver continues to correspond with MMF as based on discussions with Management, they believe the assessments appear to be incorrect and are overstated.

44. Commencing the week of July 8, 2024, the Receiver sent the Wage Earner Protection Program (“WEPP”) prescribed information (the “WEPP Filing”) to the former employees of the Companies with unpaid wages, pension, and vacation pay owing as at the Date of Receivership. Based on Service Canada notices received as at the date of this First Report, the priority claim of the Government of Canada in accordance with section 81.3(1) and 81.4(1) of the BIA for the Companies is summarized below:

Company	As Filed by the Trustee with Service Canada						As Filed by Employees and Paid by Service Canada					
	Count	Wages /		Severance	Total	Max Service Canada Priority	Count	Wages /		Severance	Total	Service Canada Priority
Pension	Vacation	Pension	Vacation									
PADM Group	22	19,871	34,921	95,487	150,279	29,133	19	17,699	32,146	52,717	102,562	26,769
PADM Medical	10	6,549	4,380	11,231	22,160	8,572	5	2,966	4,380	9,466	16,813	4,989
Roswell	23	9,226	18,567	28,828	56,621	19,786	6	2,678	5,821	14,615	23,113	6,241
Total	55	35,646	57,869	135,545	229,060	57,491	30	23,343	42,347	76,798	142,488	37,999

45. As there are twenty-five (25) former employees who have yet to complete their WEPP filings, the priority claim of the Government of Canada remains to be finally determined, and is not expected to exceed \$57,491.
46. On August 30, 2024, Industrial Alliance Insurance and Financial Services Inc. (“IAIFS”), the administrator of the Industrial Alliance Simplified Money Purchase Pension Plan (the “Pension Plan”) for PADM Group and PADM Medical, filed a proof claim with the Receiver claiming a priority prescribed pension plan interest under section 81.6(1) of the BIA in the amount of \$66,249, as summarized below:

Entity	Unremitted Withheld Employee Contributions	Unremitted Employer Contributions	Interest	Total
PADM Group	26,171	26,171	539	52,882
PADM Medical	6,615	6,615	136	13,367
Total	32,787	32,787	676	66,249

47. As at the date of this First Report, the Receiver continues to dialogue with IAIFS, a portion of the “Unremitted Withheld Employee Contributions” (i.e. \$32,787) were included in the WEPP Filing, and an amended priority claim from IAIFS remains to be finalized.

48. Given the status of the above CRA deemed trust and priority claims, and the ongoing security review by the Receiver and its counsel, the Receiver is not in a position to recommend an interim distribution at this time.
49. Other unsecured creditors include third parties who have not asserted any security interest in the Property or proceeds therefrom. As at the Date of Receivership, the Companies listed unsecured creditors with claims of approximately \$22.0 million.

FEES AND DISBURSEMENTS OF THE RECEIVER AND ITS LEGAL COUNSEL

50. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its legal counsel shall pass their accounts from time to time. The Receiver is of the view that the primary parties of interest are RBC and BDC given that they hold a priority interest over all of the Property of the Companies. RBC and BDC have been served with this First Report and have been provided with all invoices of the Receiver within these proceedings.
51. Attached as Appendix G is a summary of the invoices of the Receiver for fees and disbursements incurred during the course of the proceedings for the period May 23, 2024 to September 11, 2024. The Receiver's accounts total \$246,240 in fees and disbursements, inclusive of GST.
52. The fees charged by the Receiver are based on the amount of professional time required at hourly billing rates, which vary depending upon the experience level and location of professionals involved. The average blended hourly rate charged by the Receiver in these proceedings for invoices issued to date is \$514 per hour. The rates charged by the Receiver are the normal rates and charges for engagements of this nature, and are comparable to the rates charged for the provision of services by other professional firms providing specialized financial advisory services.
53. The Receiver is of the view that its fees and disbursements are fair and reasonable in the circumstances and have been duly rendered in response to the required and necessary duties of the Receiver in accordance with the provisions of the Receivership Order.
54. Attached as Appendix H is a summary of the invoices of the Receiver's legal counsel, Taylor McCaffrey, for fees and disbursements incurred during the course of the

proceedings for the period May 8, 2024 to August 30, 2024. The accounts total \$127,483 in fees and disbursements inclusive of RST and GST.

55. The Receiver has reviewed the invoices rendered by Taylor McCaffrey and finds them reasonable and validly incurred in accordance with the provisions of the Receivership Order.
56. Attached as Appendix I is a summary of the invoices of the Receiver's legal counsel, Gowlings, for fees and disbursements incurred during the course of the proceedings for the period May 17, 2024 to May 21, 2024. The accounts total \$3,612 in fees and disbursements inclusive of GST.
57. The Receiver has reviewed the invoice rendered by Gowlings and finds it reasonable and validly incurred in accordance with the provisions of the Receivership Order.
58. Copies of the invoices of the Receiver's legal counsel, which outline the dates the work was completed, the description of the work completed, the length of time taken to complete the work, and the names and rates of the individuals who completed the work, can be made available to the Court upon request.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

59. The Receiver has prepared a Statement of Receipts and Disbursements for the period May 23, 2024 to September 13, 2024 for the Companies, a copy of which is attached hereto as Appendix J. Total receipts were \$2,102,269 and total disbursements were \$532,733, resulting in \$1,569,536 being held in trust by the Receiver.
60. As at the date of this First Report, in accordance with paragraph 21 of the Receivership Order, the Receiver borrowed \$500,000 from the Court authorized Borrowing Facility to fund the receivership proceedings. Given the anticipated ongoing costs of the receivership proceedings, and the trust imposed on the Downhole Transaction proceeds, additional funding will be necessary. With the support of RBC and BDC, the Receiver is requesting an increase in the Receiver's Borrowings Charge of \$300,000, increasing same to an aggregate of \$800,000.

APPROVALS SOUGHT

61. For the reasons outlined above, the Receiver respectfully requests that the Court provide an Order:
- (a) Approving all activities and actions of the Receiver to date in relation to the discharge of its duties pursuant to the Receivership Order, as such actions of the Receiver are more particularly described in this First Report, and the Confidential Supplement, including approving the Receiver's Statement of Receipts and Disbursements for the period May 23, 2024 to September 13, 2024, the Downhole Sales Process, and the PADM Medical/Textiles Sales Process;
 - (b) Approval of the Downhole Transaction with CNT;
 - (c) Approval of an increase in the Receiver's Borrowings Charge;
 - (d) Approving the fees and disbursements of the Receiver and its legal counsels, Taylor McCaffrey and Gowlings, for the periods March 13, 2024 to September 11, 2024, May 8, 2024 to August 30 2024, and May 17, 2024 to May 21, 2024, respectively;
 - (e) An Order 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 19th day of September, 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 – Receivership Order

File No. CI24-01-46529

**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 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

**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

THE HONOURABLE) THURSDAY, THE 23rd
)
JUSTICE CHARTIER) DAY OF MAY, 2024

BETWEEN:

ROYAL BANK OF CANADA

Applicant,

-and-

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

Respondents.

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order 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 (the "**KB Act**") appointing BDO Canada Limited as receiver (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of PADM Group Inc., PADM Medical Inc. and Roswell Downhole Technologies Inc. (the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at the Law Courts Building, 408 York Avenue, Winnipeg, Manitoba.

ON READING the affidavit of Alex Wang affirmed May 15, 2024, and on hearing the submissions of counsel for the Applicant, counsel for the Respondents, counsel for the proposed receiver BDO Canada Limited, counsel for Business Development Bank of Canada, counsel for 15955977 Canada Inc., and Kyle Fiolka on behalf of the Fiolka Family Trust, no one else appearing although duly served as appears from the affidavit of service of Yvonne Grabowiecki affirmed May 22, 2024 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.

May 23, 2024

G.L.

Chartier

Digitally signed by

G.L. Chartier

Date: 2024.05.23

13:53:53 -05'00'

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 AS DIRECTED BY THE HONOURABLE JUSTICE CHARTIER: *not applicable*

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:

Appendix B – Sale Approval and Vesting Order

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 QUEEN'S BENCH ACT*, CCSM c C280**

BETWEEN:

THE ROYAL BANK OF CANADA,

Applicant,

- and -

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

Respondents.

SALE APPROVAL AND VESTING ORDER

TAYLOR McCAFFREY LLP

Barristers and Solicitors
2200 – 201 Portage Avenue
Winnipeg, Manitoba, R3B 3L3

DAVID R.M. JACKSON

Direct Line: (204) 988-0375/Fax: (204) 953-7178
Email: djackson@tmlawyers.com

CHARLES ROY

Direct Line: (204) 988-0472/Fax: (204) 953-7231
croy@tmlawyers.com

Client File No. 46727-17

**THE KING'S BENCH
Winnipeg Centre**

THE HONOURABLE

)

WEDNESDAY, THE 23RD

MR. JUSTICE CHARTIER

)

DAY OF MAY, 2024

)

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**

B E T W E E N:

THE 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 as the proposed Receiver (the "**Receiver**") of the undertaking, property and assets (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 the Proposed Receiver and 15988977 Canada Inc.. (the "**Purchaser**") dated May 22, 2024 appended as Appendix A to the Pre-Filing Confidential Report of the Receiver dated May 22, 2024 (the "**Confidential Report**"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets described in the Asset Purchase Agreement (the "**Purchased Assets**") free and clear of all Encumbrances (as defined below), including in

accordance with Section 59(14) of *The Personal Property Security Act*, CCSM c. P35, was heard this day at Winnipeg, Manitoba.

ON READING the Pre-Filing Report of the Receiver dated May 22, 2024 (the “**Pre-Filing Report**”), the Confidential Report and the Affidavit of Alex Wang affirmed May 15, 2024, and on hearing the submissions of counsel for the Receiver, the Applicant, the Respondents, the Business Development Bank of Canada, the Purchaser, and Kyle Fiolka in person and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of Michelle Loftus sworn May 23, 2024, Affidavit of Service of Michaela Watson sworn May 23, 2024 and Affidavit of Service of Nicholas Mark sworn May 23, 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 be sealed, kept confidential and not form part of 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 and shall only be made accessible or form part of the public record upon further Order of this Court.

SALE APPROVAL AND VESTING

3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the Receiver is hereby authorized and directed to execute the Asset Purchase Agreement, complete the Transaction and 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:

- (a) except as expressly provided for in the Asset Purchase Agreement, the Purchaser shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor;
- (b) upon completion of the Transaction, the Debtors and all persons who claim by, through or under the Debtors in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other *indicia* of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser; and
- (c) The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtors, any person claiming by, through or against the Debtors, or any person having any Claims.

5. 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, which includes, for certainty, sole right, title and interest in and to such Purchased Assets, 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, reservations of ownership, charges, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, taxes, writs of enforcement, charges, 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

6. 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.

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

8. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

9. 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 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.

APPROVAL OF ACTIVITIES OF THE RECEIVER

10. THIS COURT ORDERS that the Pre-Filing Report and the Confidential Report and the activities described therein are hereby approved.

MISCELLANEOUS MATTERS

11. 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.

Date:

G.L. Chartier Digitally signed by G.L. Chartier
Date: 2024.05.24 07:51:13 -05'00'

Chartier J.

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:

J.J. Burnell of MLT Aikins LLP, counsel for the Purchaser

Bruce Taylor of Thompson Dorfman Sweatman LLP, counsel for the Respondents

Richard Schwartz of Tapper Cuddy LLP, counsel for the Business Development Bank of Canada

Kalev Anniko of Fillmore Riley LLP, counsel for the Applicant

As directed by the Honourable Mr. Justice Chartier.

Schedule A – Form of Receiver’s Certificate

Court File No. _____

**THE KING'S BENCH
WINNIPEG CENTRE**

B E T W E E N:

THE 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 May 23, 2024, the Court approved the Asset Purchase Agreement made as of May 23, 2024 (the "**Asset Purchase Agreement**") between the Receiver and 15988977 Canada Inc. (the "**Purchaser**") 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 of the undertaking,
property and assets of debtors, and not in its
personal capacity**

Per: _____

Name:

Title:

Appendix C – Downhole Sales and Information Package



Sales and Information Package for Certain Assets of Roswell Downhole Technologies Inc.

July 2, 2024

BDO CANADA LIMITED,

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

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel.: 204-282-9716
Fax: 833-888-1678
Attention: John R. Fritz

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Invitation for Offers

On May 23, 2024, BDO Canada Limited ("**BDO**") was appointed as receiver (the "**Receiver**") pursuant to an order of the Court of King's Bench for Manitoba (the "**Court**") of all of the assets, undertakings, and properties of PADM Group Inc., PADM Medical Inc., and Roswell Downhole Technologies Inc. ("**Roswell**" or the "**Company**", and collectively with PADM Group Inc., and PADM Medical Inc., the "**PADM Group**"). The Receiver is offering for sale herein Roswell's and the Receiver's interest, if any, in certain assets of the Company (the "**Assets**").

Sealed offers for the purchase of Roswell's and the Receiver's interest in the Assets will be received by BDO, in its capacity as Receiver of PADM Group, until **12:00 noon CT on Friday, July 19, 2024**. BDO is accepting offers on certain production equipment, inventory, and support equipment of the Company.

This sales and information package (the "**Sales and Information Package**") is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined herein. The Receiver does not assume responsibility or liability for losses occasioned to any parties as a result of the circulation, publication, reproduction, or use of this Sales and Information Package.

The information provided herein was obtained from the books and records of the Company and information compiled since BDO's appointment as Receiver. This Sales and Information Package is being provided for the sole use of prospective purchasers in considering their interest in acquiring any or all of the Assets and does not purport to contain all of the information that a prospective purchaser may require. Prospective purchasers should conduct their own investigations and due diligence on the Assets and the information contained in this Sales and Information Package. The Receiver specifically notes that it has not independently verified or audited any of the information contained herein. The Receiver provides no representation or warranty as to the accuracy or completeness of the information contained in this Sales and Information Package and shall have no liability for any representations expressed or implied herein, or for any omissions from this Sales and Information Package or for any other written or oral communication transmitted to prospective purchasers in the course of their evaluation of the Assets. Under no circumstances shall any of the Company's employees or former employees be contacted directly or indirectly by any potential bidder: (i) to answer any questions regarding the possible acquisition of all or part of the Assets; or (ii) to request additional information.

The Assets are being offered for sale on an "**as is, where is**" basis. The Receiver makes no representations, expressed or implied, as to the description, condition, size, quantity, value, or as to the State of the Assets (as defined in the Terms and Conditions of Sale). Any purchaser will be asked as a condition of sale to sign an acknowledgement that they have inspected and satisfied themselves as to the condition of the Assets.

The Terms and Conditions of Sale are detailed later in this Sales and Information Package along with the following key dates for the process:

Event	Timing
Asset viewings	By appointment on the following days: July 2-4, July 9 and 11, and July 16-18 2024
Offer deadline	12:00 noon Central time on July 19, 2024
Closing date	On or before August 16, 2024, or such other time as may be agreed by the Purchaser and the Receiver. Any extension of the Closing Date will be at the sole discretion of the Receiver.
Asset removal date	On or before August 30, 2024, or as otherwise agreed by the Purchaser and the Receiver.

The highest or any offer need not be accepted by the Receiver. Offers shall be subject to the Terms and Conditions of Sale which shall be deemed to form part of the offer.

To make an arrangement to view the assets, please contact John R. Fritz by phone at 204-282-9716 or by email at jfritz@bdo.ca (with a copy to bwarga@bdo.ca).

Terms and Conditions of Sale

BDO, in its capacity as Receiver of the PADM Group, and not in its personal capacity, is offering for sale Roswell's and the Receiver's interest, if any, in the Assets on the following terms and conditions:

Offers

1. The Assets are being offered for sale on an "**as is, where is**" without recourse basis and with no representations or warranties from the Receiver or any other party as to title, encumbrances, description, fitness for use, condition (environmental or otherwise), defect (patent or latent), collectability, merchantability, quantity, quality, size, value, location, existence or the validity, invalidity, or enforceability of any patent, copyright or trademark right, or any other matter or thing whatsoever, either stated or implied (collectively the "**State of the Assets**").
2. All offers made for all, or a portion of, the Assets (the "**Offers**") must be submitted by completing the form of Offer to Purchase attached hereto. Sealed envelopes marked "**OFFER – Roswell**" shall be delivered or mailed, postage prepaid, to the Receiver at 201 Portage Avenue, 26th Floor, Winnipeg, Manitoba R3B 3K6, Attention John R. Fritz so as to be in its hands by **12:00 noon CT on Friday, July 19, 2024** (the "**Offer Deadline**"). Offers that do not strictly comply with these Terms and Conditions of Sale may, at the absolute discretion of the Receiver, be rejected for that reason alone.
3. All Offers must be accompanied by a bank draft or certified cheque, in each case drawn on a Canadian Chartered Bank or Credit Union, payable to "BDO Canada Limited, in Trust", in an amount equal to twenty percent (20%) of the offered purchase price for the Assets (the "**Deposit**").
4. The Assets have been segregated into the following parcels (a "**Parcel**" or collectively the "**Parcels**") and are more particularly described in the Asset Parcel sections of this Sales and Information Package:
 - Parcel 1: Tubing Encapsulated Cable ("TEC") Production Line
 - Parcel 2: Capillary Production Line
 - Parcel 3: Inventory (raw materials, work in process, and finished goods)
 - Parcel 4: Support Equipment and Other Handling Assets

Offers can be made *en bloc* or on an individual Parcel basis. Offers submitted for more than one Parcel will be considered as a separate Offer for each Parcel unless the Offer specifically states that the acceptance of one Parcel is conditional upon the acceptance of one or more Parcels.

5. Each party making an offer (the "**Offeror**") must rely on its own judgment, inspection, and investigation of the Assets. Each Offeror 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 Assets, the State of the Assets, their title, fitness for particular purpose, location, existence, condition, quality, quantity, merchantability, suitability for intended purpose and with any other attributes that the Offeror considers relevant.
6. Proposals from auctioneers to auction any of the Parcels on behalf of the Receiver will be considered.
7. Viewing of the Assets will be by appointment only. Appointments can be made by contacting John R. Fritz by phone at 204-282-9716 or by email at jfritz@bdo.ca (with a copy to bwarga@bdo.ca) at the offices of the Receiver. The following dates are scheduled for viewing of the Assets (**by appointment only**):
 - July 2-4, 2024;
 - July 9 and 11, 2024; and
 - July 16-18, 2024.

8. The submission of any Offer to the Receiver shall constitute an acknowledgement and an acceptance by the Offeror of the terms of the Offer to Purchase, and the Terms and Conditions of Sale.
9. Offerors will have until the expiration of the Offer Deadline to proceed with further due diligence.
10. Each Offeror acknowledges that it has had the opportunity to consult with, and has consulted with, its own independent legal counsel prior to making the Offer.
11. Any Offer accepted by the Receiver will be subject to approval by the Court. The Court Order shall be in a format acceptable to the Receiver.

Sales Process

12. The Receiver reserves the right to amend or terminate this sales process, or to withdraw or amend any of the Assets, at any time, at its sole discretion. With respect to any withdrawal or amendment, the sole obligation of the Receiver to the Offeror shall be to inform the Offeror of the withdrawal or amendment. With respect to the termination of the sales process, the sole obligation of the Receiver to the Offeror shall be to return any Deposit it has received without interest or deduction.

Acceptance of Offers

13. The Receiver shall be entitled to accept Offers prior to the Offer Deadline.
14. Each Offeror acknowledges that the Receiver is not obligated to accept any Offer and the highest Offer shall not necessarily be accepted. The Receiver reserves the right to reject any or all Offers without explanation.
15. After receipt of the Offers, the Receiver may, in its sole discretion, communicate with any Offeror to seek clarification and negotiate further with any Offeror in respect of any Offer. The Receiver shall not be obliged to negotiate with any Offeror or give any Offeror the opportunity to resubmit an Offer, whether or not the Receiver negotiates with other Offeror(s).
16. Upon submission of an Offer to the Receiver, no Offeror shall be entitled to retract, withdraw, vary, or amend the Offer prior to acceptance or rejection thereof by the Receiver, without the prior written consent of the Receiver.
17. Deposits accompanying Offers that are not accepted by the Receiver shall be returned without interest thereon by prepaid registered mail or courier to the unsuccessful Offeror at the address set forth in the Offer, on or before August 9, 2024.
18. Upon the acceptance of an Offer from an Offeror (the "**Purchaser**") in writing by the Receiver:
 - a. the Receiver will apply to the Court for a sale approval and vesting Order (the "**SAVO**"), in a form acceptable to the Receiver which will, amongst other things, vest the Assets in the Purchaser free and clear of any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, 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 excepting any usual permitted encumbrances, such as utility caveats or easements;
 - b. subject to obtaining the SAVO, the closing date shall be on or before August 16, 2024, or such other date as agreed to by the Receiver and the Purchaser in writing (the "**Closing Date**"); and
 - c. the Deposit made by the Purchaser shall be non-refundable, except as set out herein.
19. If the sale contemplated is completed, the Purchaser's Deposit will be applied, without interest, against

the purchase price.

20. If an Offer is accepted by the Receiver, but the sale of the Assets is not completed as a result of any act or omission on the part of the Purchaser, the Purchaser's Deposit shall be forfeited to the Receiver as a genuine pre-estimate of liquidated damages and not as a penalty. Furthermore, the Receiver shall be entitled to pursue all of its rights and remedies against the Purchaser.
21. The Assets shall remain at the risk of the Receiver until the Closing Date. The Assets thereafter shall be at the risk of the Purchaser. Until the Closing Date, the Receiver 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 Assets, the Purchaser may 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.
22. The Offeror shall cause to be paid and delivered to the Receiver on the Closing Date the offered purchase price plus any applicable goods and services tax and any other applicable taxes. These amounts shall be paid to the Receiver on the Closing Date by certified cheque, bank draft or wire, in each case drawn on a Canadian Chartered Bank or Credit Union by the Purchaser. After payment, the Purchaser shall take delivery and possession of the Assets on an "as is and where is" basis on the Closing Date, without recourse to the Receiver or its respective employees, servants, and agents.
23. Without limitation, the 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 Receiver shall not be required to inspect the Assets or any part thereof and the Purchaser shall be deemed at its own expense to have relied entirely on its own inspection and investigation.
24. All Assets shall be surrendered to the Purchaser upon closing at Bay 17, 47 Aero Drive NE in Calgary, Alberta (the "**Premises**"). The Purchaser shall remove the Assets from the Premises on or before August 30, 2024, and shall notify the Receiver, not less than 48 hours in advance, of the date and time which it intends to remove the Assets. The Purchaser shall have no right to occupy or otherwise gain access to the Premises or other such location following the Closing Date, save for access to remove the Assets. The Purchaser shall be responsible for the cost of removal and shall immediately repair or pay for any damage caused to the Premises or other such location by or in any way arising out of the removal of the Assets.
25. The Purchaser acknowledges that no warranties or conditions, express or implied, pursuant to *The Sale of Goods Act* (Manitoba) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.
26. The Purchaser agrees that all the insurance maintained by the Receiver or third parties in respect of the Assets shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.
27. The Purchaser shall indemnify the Receiver and hold the Receiver harmless against and from all losses, costs, damages, and expenses which the Receiver may sustain, incur or be or become liable for by reason of or arising from any operations of the Purchaser in relation to any Assets.
28. At the Closing Date, the Purchaser shall be entitled to such deeds or assignments as may be considered necessary by the Receiver to convey the Assets to the Purchaser provided that the Purchaser shall remain liable notwithstanding any assignment thereof by the Purchaser. Any such deeds or assignments shall contain only a release of the Receiver's interest in the Assets and shall not contain any covenant other than a covenant that the Receiver has not done any act to encumber the Assets. The Receiver shall not be required to produce any abstract of title, title deeds or documents thereof or any evidence as to title, other than those in its possession.

29. If Court approval of a SAVO is not obtained, neither the Purchaser nor the Receiver will be obligated to complete the contemplated purchase and the Deposit accompanying the Offer shall be returned to the Purchaser without interest as soon as reasonably practicable.
30. The Offeror and the Receiver mutually agree to do all such further acts and execute all such further documents and instruments as may reasonably be necessary or convenient to give full effect to the sale transaction.

General

31. BDO is acting solely in its capacity as Receiver of PADM Group, and not in its personal capacity, and BDO (and its employees, servants and agents) shall have no liability whatsoever in any way related to the Sales and Information Package, the Offer to Purchase, the Terms and Conditions of Sale, or in any way related to the Assets (as these terms are defined herein), whether in contract, in tort, under statute or otherwise.
32. All stipulations as to time are strictly of the essence.
33. The Sales and Information Package, the Offer to Purchase, and the Terms and Conditions of Sale, shall be governed by and construed in accordance with the laws of the Province of Manitoba and the Offeror irrevocably attorns to the jurisdiction of the Court of King's Bench of Manitoba, Judicial Centre of Winnipeg.

DATED at Winnipeg, Manitoba this 2nd day of July, 2024.

BDO CANADA LIMITED,

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

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel.: 204-282-9716
Fax: 833-888-1678
jfritz@bdo.ca

Schedule A

BDO Canada Limited, Receiver
PADM GROUP INC., PADM MEDICAL INC., and
ROSWELL DOWNHOLE TECHNOLOGIES INC.
OFFER TO PURCHASE

**TO: BDO CANADA LIMITED,
 RECEIVER OF PADM GROUP INC., PADM MEDICAL INC., and ROSWELL DOWNHOLE
 TECHNOLOGIES INC.**

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

Attention: John R. Fritz

1. Name of Offeror: _____
2. Address of Offeror: _____
3. Telephone and fax: _____
4. E-mail address: _____

The undersigned acknowledges having received and reviewed the Terms and Conditions of Sale ("**Terms and Conditions of Sale**") pertaining to the sale of the Assets (as defined in the Invitation for Offers) of Roswell Downhole Technologies Inc., that the Offeror has inspected and satisfied themselves as to State of the Assets (as defined in the Terms and Conditions of Sale), and that this Offer is submitted pursuant to the said Terms and Conditions of Sale and the undersigned agrees to be bound thereby as if the same were set out herein as part of this Offer.

<i>En bloc</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
Offer Price	\$
Deposit enclosed (20%)*	\$

<i>Parcel 1 – Tubing Encapsulated Cable ("TEC") Production Line</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
Offer Price	\$
Deposit enclosed (20%)*	\$

<i>Parcel 2 – Capillary Production Line</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
Offer Price	\$
Deposit enclosed (20%)*	\$

Parcel 3 – Inventory (raw materials, work in process, and finished goods)	Offer in Canadian dollars (excluding any applicable taxes)
Offer Price	\$
Deposit enclosed (20%)*	\$

Parcel 4 – Support Equipment and Other Handling Assets	Offer in Canadian dollars (excluding any applicable taxes)
Offer Price	\$
Deposit enclosed (20%)*	\$

* All deposits must be made by certified cheque or bank draft, in each case drawn on a Canadian Chartered Bank or Credit Union, payable to "BDO Canada Limited, in Trust".

Please confirm, by ticking the appropriate box below, if the Offer is contingent upon the Receiver accepting all of the above Parcels included in the Offer.

- No, the above Offer is not contingent upon the Receiver accepting the Offer on all of the above Parcels bid on. As detailed in the Terms and Conditions of Sale, the Receiver, at its sole option, may accept the Offer in respect of any one or more Parcels, but not necessarily all of them.
- Yes, the above Offer is contingent upon the Receiver accepting the Offer on all of the above Parcels bid on. If the Receiver does not accept the Offer on all Parcels, the entire Offer will be void.

DATED at the City of _____ in the Province/State of _____

this _____ day of _____, 2024.

Signature of Offeror: _____

Parcel 1 – Tubing Encapsulated Cable ("TEC") Production Line

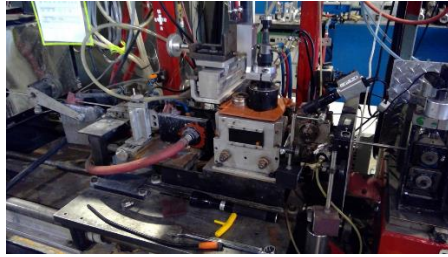
Asset Details:

TEC Line Asset List		
Sub-system	Equipment Description	Brand
Tube Mill	Tube mill base, WU11-10	T&H Lemont
	1/8" Tooling and Rafter, 1746-1	T&H Lemont
	1/4" Tooling and Rafter, 2041-01-01	T&H Lemont
	Weld Box	Roswell
Welding	Welder, Maxstar 400 (SKU 907716) S/N: ND020644L	Miller
QC Equipment	Finished Tube Laser Measurement, LD1025XY S S/N: 50920	Beta Lasermike
	Finished Tube Laser Measurement, LD1025XY S S/N: 48-06-1027	Beta Lasermike
	Length Counter Encoder, Belt Type, CCDD-30LX S/N:P677623090603	
	Camera 823-500-02 S/N: XG01-1903-0420	Xiris
	Digital micrometer, GA5006-001 S/N: 09-15-7641	Beta Lasermike
	Eddy Current Inspection MiniMAC 50, S/N:050MACS-13871	Magnetic Analysis Corp
Winder	Winder (Blue frame only)	Roswell
Misc. Items	Electrical Panel	
	Transformer	

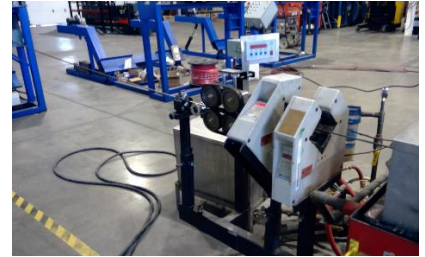
Selected photographs:



Tube Mill Base



Weld Box



Finished Tube Laser Measurement



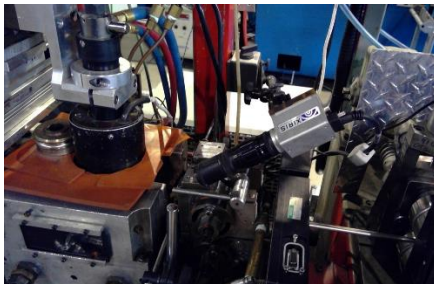
Welder, Maxstar 400



Finished Tube Laster Measurement



Length Counter Encoder, Belt Type



Camera 823-500-02



Digital Micrometer



Transformer



Electrical Panel

Parcel 2 – Capillary Production Line

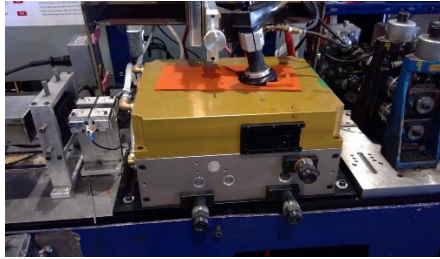
Asset Details:

Capillary Line Asset List				
Sub-system	Equipment Description	Brand	Power Rating	Power Units
Tube Mill	Tube mill base 1/4" Tooling Weld Box Seam Conditioner Box Wash Tank	T&H Lemont		
Welding	Magnetic Arc Control Cyclomatic Series MAG-8020 S/N:U5130501562 Welder, Maxstar 400 (SKU 907716) S/N: ND040959L	Jetline Engineering Miller		
QC Equipment	Eddy Current Inspection MiniMAC 50, S/N:050MACS-13871 Length Counter Encoder, Belt Type, CCDD-30LX S/N:677623090603 Camera 823-500-02	Magnetic Analysis Corp Xiris		
Uncoiler	Uncoiler, CPR-PO-4036 S/N: 7325-1	COE Press Equipment		
Winder (Partially Built)	Winder, Torque Controlled - Blue Torque Motor, Model FD-7543-4001, 1745 rpm, 230/460 VAC Gearbox, Type SK 573.1 N56C 109.21:1 S/N:202365870-100	Roswell Dynamatic Nord Drive Systems		3/4 HP 3930 lb in
Misc. Items	PCW Circulating System			

Selected photographs:



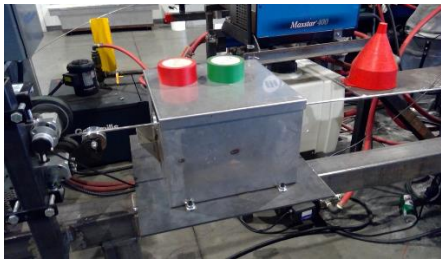
Tube Mill Base



Weld Box



Seam Conditioner Box



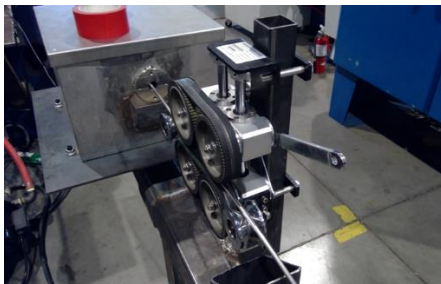
Wash Tank



Magnetic Arc Control Cyclomatic Series MAG-8020



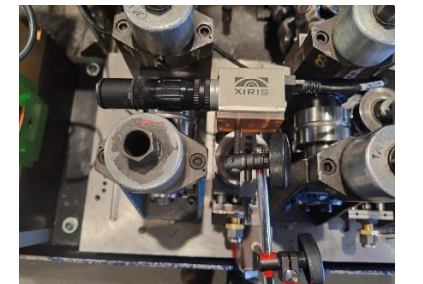
Welder, Maxstar 400



Length Counter Encoder, Belt Type



Winder, Torque Controlled, Blue



Camera 823-500-02



Uncoiler CPR-PO-4036



PCW Circulating System

Parcel 3 – Inventory (raw materials, work in process, and finished goods)

Asset Details:

Type Tubing Encapsulated Cable	Standard Materials Armor (Tubing): ASTM A240 Grade 316/316L Conductor: 18 AWG ASTM B8 Class B Stranded (7/26) tin plated copper or 16 AWG solid core copper Insulation: Ethylene Tetrafluoroethylene (ETFE) Translucent Clear, FEB, other Filler: Polypropylene (PP) [Orange] Temperature Rating: -25°C to 150 °C (standard) Standard Encapsulation: High Impact Copolymer [Yellow] Temperature Rating: -25°C to 150 °C
Capillary	Standard Materials Armour (Tubing): ASTM A789 UNS S32205 Yield Strength: Minimum 70 ksi Tensile Strength: Minimum 95 ksi Elongation: Minimum 25% Hardness: Maximum 30 HRC

Quantities (Approximate):

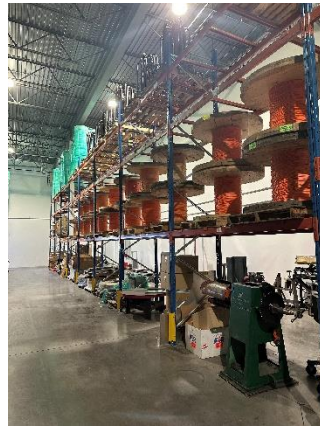
Tubing Inventory List

Type	Description / Quantity
Raw Materials	
Conductor, 1/4" x 0.28 - 1 wire	36,976 ft.
Conductor, 1/4" x - 4 wire	12,430 ft.
Strip, 316L 0.028" x 0.916"	4,441 lbs.
Strip, 316L 0.049" x 0.862"	2,484 lbs.
Strip, 316L 0.030" x 0.716"	3,450 lbs.
Strip, 2205 0.035" x 0.894"	433 lbs.
Scrap Strip, 2205 0.035" x 0.894"	5,521 lbs.
Special pallet, 4 x 4 stringers	40
In Process	
Oscillate, 316L 0.028" x 0.916"	30,520 ft.
Oscillate, 2205 0.035" x 0.788"	73,807 ft.
Tube, Welded 1/4" x 0.035"	157,707 ft.
Tube, Rewound 1/4 " 0.035"	31,269 ft.
Tube, Annealed 1/4" x 0.035"	185,296 ft.
Finished Goods	
TEC, 1/4" x 0.028	466,618 ft.
TEC, 1/4" x 0.028 4 wire	9,134 ft.
TEC, 1/4" x 0.035	6,096 ft.
TEC, 4 mm Encapsulated	17,661 ft.
Scrap Tube, 1/4" x 0.035"	45,247 ft.

Selected photographs:



Conductor



Conductor



Welded Quarter Inch Capillary Tubing



Annealed Quarter Inch Capillary Tubing



TEC



Encapsulated 4mm TEC



Stainless Strip



Stainless Strip



Oscillate Coil



Oscillate Coil



Specialized Pallets

Parcel 4 – Support Equipment and Other Handling Assets

Asset Details:

Miscellaneous Tubing / Shop Asset List				
Sub-system	Equipment Description	Brand	Power Rating	Power Units
Cable Jacketing Line	Extruder PTI 1500 S/N:3865 Cooling Bath, WT100AS S/N:102 Belt Puller 205-4 Cross Head Die	PTI Harrel Gatto-Puller		
Tubing Equipment Not in Use	Precision Electrode Grinder Tubing Saw Taylor Windfield Resistance Welder/Annealer 980239 Micro Products Wire Welder GP0	Taylor Windfield		5 hp
Uncoiler	Green Uncoiler Blue Uncoiler			
Spools	Metal Spool, 54" OD, 32" ID, 32" Wide X16 Wooden Spool, 48" OD, 24" ID, 24" Wide X24			
Replacement Parts	Gearbox Parts Rafter with 1/8" Tubing Tooling	T&HL		
Uncompleted Projects	Tubing polisher rotor x 6	Roswell		
Spare Welders	Welder, GP-TIG500Pcw S/N:FV-14003-2 Welder, 452 Welder, 452 Tig Welder, Maxstar 280 SKU 907553 S/N:MK300431L Welder, Maxstar 350 Welder, AK-matics 1250	Green Point Miller Miller Miller Miller Askland Limited		
Tools / Shop Machines / Forklifts	Hyundai Upright Forklift (SN: 0072) CAT Forklift (SN: FN422876) Skyjack Scissor Lift Lathe Grinder and Polisher Drill Press Grinder and Polisher Electrical Wire Racking (with contents) Miscellaneous Electrical Panels Tower Server (with contents) Hydraulic Jack (20 ton) Table Saw Chicago Pneumatic QRS 20 Air Compressor Air Compressor (Vertical Drum) Air Compressor (Vertical Drum) Dehydrator Pallet Jack (Red) Racking Step Ladder Pallet Jack (Yellow 1) Pallet Jack (Yellow 2) XFMR (in storage) Pressure Washer Pump, Hosing and Sprayer 14 Inch Saw Table Saw (Orange) Granite Work Bench	Hyundai CAT Skyjack Cazeneuve Magnum Industrial Magnum Industrial Ryobi Chicago Pneumatic Sanborn Ingersoll Rand Kaeser		

Selected photographs:



Extruder PTI 1500



Belt Puller



Precision Electrode Grinder



Cooling Bath, WT100AS



Tubing Saw



Metal / Wooden Spools



Taylor Windfield Resistance Welder Annealer 980239



Micro Products Wire Welder GP0



Green Uncoiler



Blue Uncoiler



Gearbox Parts



Rafter with One Eighth Inch Tubing Tooling



Tubing Polisher Rotor x 6



Welder, GP-TIG500Pcw



Welder 452



Welder 452



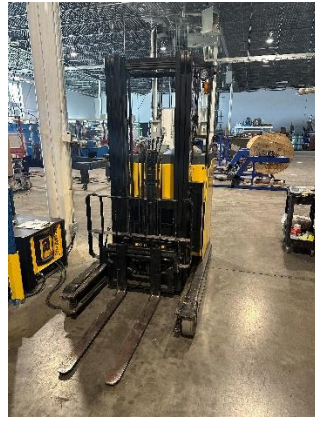
Tig Welder, Maxstar 280 SKY
907553



Welder, Maxstar 350



Welder, AK-matics 1250



Hyundai Upright Forklift



Cat Forklift



Skyjack Scissor



Lathe



Grinder and Polisher



Drill Press



Grinder and Polisher



Electrical Wire Racking



Electrical Panels



20 Ton Hydraulic Jack

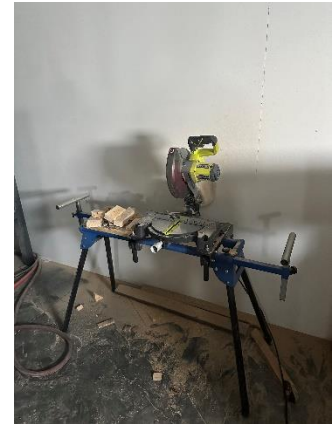


Table Saw



Chicago Pneumatic QRS 20 Air Compressor



Sanborn Vertical Drum Air Compressor



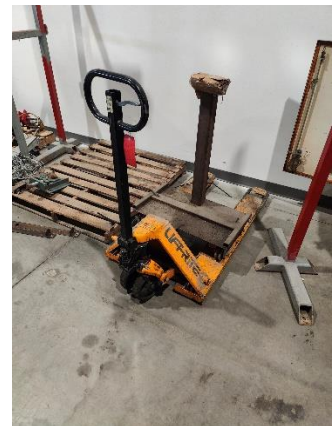
Ingersoll Rand Vertical Drum Air Compressor



Dehydrator



Racking Step Ladder



Pallet Jack Yellow



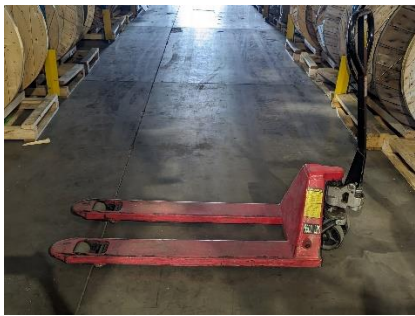
Pallet Jack Yellow



XFMR



14 Inch Saw



Pallet Jack - Red



Pressure Washer Pump, Hosing and Sprayer



Granite Work Bench



Wooden Reels



Metal Reels



Table Saw

Asset Details:

Tube Mill - Miscellaneous Asset List		
Sub-system	Equipment Description	Brand
Tube Mill	Tube mill base	T&H Lemont

Selected photographs:



Tube Mill Base



Tube Mill Base

Asset Details:

Tubing Quality Control Lab - Asset List		
Sub-system	Equipment Description	Brand
QC Lab	Insulation Resistance Tester Model 1550C S/N:3737001	Fluke
	Time Domain Deflectometer (TDR) TDR2050 S/N:101769045	Megger
DAQ	Sefram Multi channel data acquisition module DAS240-BAT S/N:537G20466	BK Precision

Selected photographs:



Insulation Resistance Tester
Model 1550C



Time Domain Deflectometer
TDR2050



Sefram Multi Channel Data
Acquisition Module DAS240

Asset Details:

Furniture Asset List	
Location	Equipment Description
Office	Break room table and chairs Boardroom table and chairs Screen (70 inch) Miscellaneous Computer Screen (various types and sizes) Hydraulic Standing / Sitting Office Desk(s)
Shop	Work benches (various types and sizes) Full size lockers

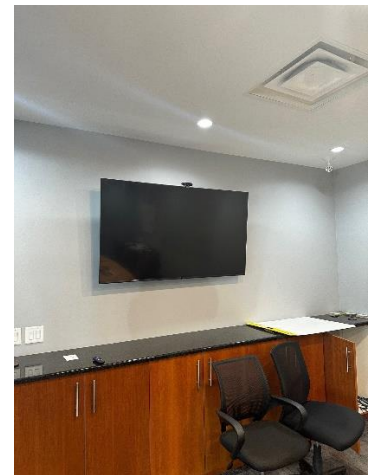
Selected photographs:



Brake Room Table & Chairs



Board Room Table & Chairs



70 Inch TV Screen



Screens



Hydraulic Sitting / Standing Desks



Work Benches



Work Benches



Lockers



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Appendix D – Downhole Asset Purchase Agreement (Redacted)

ASSET PURCHASE AGREEMENT

This Agreement is made as of the ____ day of September, 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 –

CAPITAL RECOVERY GROUP, LLC, NATIONAL MACHINERY EXCHANGE, INC. and TCL ASSET GROUP INC. (collectively, the “**Purchasers**”)

WHEREAS:

A. The Royal Bank of Canada commenced receivership proceedings (the “**Receivership Proceedings**”) against, among others, PADM Group Inc., PADM Medical Inc. and Roswell Downhole Technologies Inc. (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 Purchasers desire to purchase from the Vendor, and the Vendor desires to sell to the Purchasers, 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.

“**Aggregate Gross Inventory Sale Price**” has the meaning set out in Section 3.4(c).

“**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.

“**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 4.1(b).

“**Asset Purchase Price**” has the meaning set out in Section 3.1(a).

“**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.

“**Buyer’s Premium**” means the 18% premium that the Purchasers may charge on any sale(s) of the Inventory or any portion thereof during the Sales Period.

“**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 September 27, 2024 or such other earlier or later date as may be agreed by the Vendor and the Purchasers in writing.

“**Closing Inventory Purchase Price**” has the meaning set out in Section 3.1(b).

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

“**Closing Purchase Price**” has the meaning set out in Section 3.1.

“**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.

“**Court**” means the Court of King’s Bench of Manitoba.

“**Debtors**” has the meaning set out in the recitals hereto.

“**Deposit**” means the sum payable by the Purchasers to the Vendor’s Solicitor, in trust, upon the execution by all Parties of this Agreement.

“**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).

“**Environmental Laws**” means all Applicable Law relating to the protection of the environment.

“**Excise Tax Act**” means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

“**General Conveyance**” means a general conveyance evidencing the conveyance to the Purchasers 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.

“**Hazardous Materials**” means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods in excess of that permitted by Environmental Laws.

“**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).

“**Inventory**” means the inventory described in **Schedule “C”**.

“**Inventory Adjustment**” has the meaning set out in Section 3.4(c).

“**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.

“**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.

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

“**Roswell**” means Roswell Downhole Technologies Inc.

“**Premises**” means Bay 17, 47 Aero Drive NE, Calgary Alberta.

“**PST**” means all provincial retail sales taxes imposed by Applicable Law;

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

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

“**Purchasers**” means, collectively, Capital Recovery Group, LLC, National Machinery Exchange, Inc. and TCL Asset Group Inc.

“**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.

“**Sales Period**” means the period commencing on the Closing Date and continuing up to and including the date that is sixty (60) days from the Closing Date.

“**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.

“**Technical Drawings**” means all technical drawings, plans, charts, diagrams, manuals, or other such documents of which the Vendor is aware related to the Purchased Assets listed in Lots 1 and 2 of **Schedule “A”**

“**Transaction**” means all of the transactions contemplated by this Agreement, including the purchase and sale transaction whereby the Purchasers 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 GST and PST. For greater clarity, the Transfer Taxes do not include any taxes or fees of whatever nature which may have accrued or become payable in respect of any of the Purchased Assets prior to the Closing Date.

“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 Purchasers, 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 & Amendments to 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
- Schedule “C”** - Inventory

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 Purchasers, and the Purchasers shall purchase and assume from the Vendor all of the Vendor's right, title and interest in and to the tangible assets of Roswell listed in **Schedule "A"**, attached hereto and the Inventory (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 **Schedule "C"**; 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"** or **Schedule "C"**.

**ARTICLE 3
PURCHASE PRICE**

3.1 Purchase Price

The purchase price payable by the Purchasers to the Vendor for the Purchased Assets (the "**Purchase Price**") shall be the sum of:

- (a) for the Purchased Assets other than the Inventory, (the "**Asset Purchase Price**"), allocated among the Purchased Assets as set out in **Schedule "A"**; and
- (b) for the Inventory, (the "**Closing Inventory Purchase Price**"), subject to adjustment in accordance with Section 3.4.

The Asset Purchase Price and the Closing Inventory Purchase Price (collectively, the "**Closing Purchase Price**") shall be satisfied in accordance with Section 3.2.

3.2 Satisfaction of Closing Purchase Price

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

- (a) 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 released to the Vendor and applied against the Closing Purchase Price, in partial satisfaction of the Purchasers' obligation to pay the Closing Purchase Price at Closing; and
- (b) Balance of Closing Purchase Price. The balance of the Closing Purchase Price (being, for certainty, the Closing Purchase Price, less the Deposit) shall be paid on the Closing Date by the Purchasers to the Vendor by way of bank draft, solicitor's trust cheque or wire transfer of immediately available funds (the "**Closing Payment**").

These amounts shall be paid to the Vendor on the Closing Date by certified cheque, bank draft or wire.

3.3 Deposit

- (a) On the Effective Date, the Purchasers will pay the Deposit to the Vendor's Solicitor, in trust, 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 by reason of the default of the Purchasers or any of them, the Deposit shall be paid to or to the order of 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 Purchasers for any additional damages or loss whatsoever.

3.4 Inventory Adjustment

The Purchasers hereby covenant and agree with the Vendor that the Purchasers shall, at all times during the Sales Period, use their best efforts to sell or cause to be sold the Inventory purchased and acquired by the Purchasers hereunder to third parties acting at arm's length with the Purchasers within the meaning of the *Income Tax Act* on the best sale terms as are commercially reasonable in the circumstances and at the fair market value of such Inventory or such other sale price as is commercially reasonable in the circumstances. The Purchasers shall:

- (a) comply with all Applicable Law, including Applicable Law related to Transfer Taxes, in connection with any such sales of the Inventory;
- (b) from time to time during the Sales Period upon the Vendor's written request, accurately, fully, honestly, faithfully and without omission report to the Vendor:
 - (i) any sales of Inventory completed up to the date of such request; and
 - (ii) all agreements for the sale of the Inventory entered into but not completed up to the date of such request,

and all details thereof, including the aggregate gross sales price paid or payable to the Purchasers in respect of the Inventory thereunder excluding any Buyer's Premium thereon, and such other details as the Vendor may request in writing;

- (c) on or before the date that is five (5) Business Days from the last day of the Sales Period, accurately, fully, honestly, faithfully and without omission report to the Vendor:
 - (i) all sales of Inventory completed during the Sales Period; and
 - (ii) all agreements for the sale of the Inventory entered into but not completed during the Sales Period,

and all details thereof, including the aggregate gross sales price paid or payable to the Purchasers in respect of the Inventory thereunder excluding any Buyer's Premium thereon (the "**Aggregate Gross Inventory Sale Price**") and such other details as the Vendor may request in writing; and

- (d) on or before the date that is ten (10) Business Days from the last day of the Sales Period, pay to the Vendor the Aggregate Gross Inventory Sale Price (the "**Inventory Adjustment**"), plus any applicable Transfer Taxes thereon, by wire transfer of immediately available funds to the account(s) designated by the Vendor to the Purchasers in writing.

The Inventory Adjustment shall be treated by the Parties as a positive adjustment to the Purchase Price in respect of the Inventory for Tax purposes, unless otherwise required by Applicable Law. For greater certainty, any balance of the Inventory remaining unsold at the expiry of the Sales Period shall be the property of the Purchasers, shall be removed from the Premises in accordance with Section 6.5 hereof, and

no Inventory Adjustment(s) will occur for any Inventory sold after the expiry of the Sales Period. This Section 3.4 shall not merge on Closing, but shall instead survive the Closing indefinitely.

3.5 Transfer Taxes

The Parties agree that:

- (a) The Purchase Price does not include Transfer Taxes and the Purchasers shall be liable for and shall pay any and all Transfer Taxes, if any, pertaining to the Purchasers' acquisition of the Purchased Assets.
- (b) Where the Vendor is required under Applicable Law to collect or pay Transfer Taxes, the Purchasers will pay, in addition to the Purchase Price, the amount of such Transfer Taxes to the Vendor at Closing or at the time of payment of the Inventory Adjustment, as applicable. 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 Purchasers 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 Purchasers 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 Purchasers at Closing, the Purchasers shall promptly reimburse the Vendor the full amount of such Transfer Taxes upon delivery to the Purchasers of copies of receipts showing payment of such Transfer Taxes.
- (d) Notwithstanding the foregoing, the Purchasers 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 Purchasers at Closing (including any interest and penalties thereon). This Section 3.5(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 Purchasers are 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) Residency. To the knowledge of the Vendor, Roswell 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 Purchasers hereby jointly and severally represent and warrant 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. Each of the Purchasers is a limited liability company or corporation, as applicable, 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 Purchasers of this Agreement has been authorized by all necessary corporate action on the part of each of the Purchasers.
- (b) No Conflict. The execution, delivery and performance by the Purchasers 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 Purchasers or any of them.
- (c) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchasers and constitutes a legal, valid and binding obligation of each of the Purchasers, enforceable against the Purchasers 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 Purchasers or any of them, threatened, against the Purchasers or any of them 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 Purchasers or any of them from fulfilling any of their obligations set forth in this Agreement.
- (e) Payment. The Purchasers will have the financial resources necessary to pay, as and when due from the Purchasers, the Purchase Price (including the Deposit), the Transfer Taxes, if any, and any other amounts payable by the Purchasers under this Agreement.
- (f) Residency. Each of Capital Recovery Group, LLC and National Machinery Exchange, Inc. is a non-resident of Canada for purposes of the *Income Tax Act*. TCL Asset Group Inc. is not a non-resident of Canada for purposes of the *Income Tax Act*.

The representations and warranties of the Purchasers shall not merge on Closing, but shall instead survive the Closing for a period of 18 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 Purchasers acknowledge, agree and confirm that, at the Closing Time, the Purchased Assets shall be sold to the Purchasers 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 in favour of the Purchasers concerning the Purchased Assets, or in the Vendor's or Roswell's right, title or interest in or to the Purchased Assets, or the uses or applications of the Purchased Assets, whether express

or implied, statutory or collateral, arising by operation of Applicable Law, including the *Sale of Goods Act* (Alberta) and any similar legislation applicable in any other jurisdiction or otherwise. Without limiting the generality of the foregoing, the Purchasers acknowledge and accept 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 Roswell 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, each of the Purchasers 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 Representatives, including any reports in respect of the Purchased Assets supplied by the Vendor or its Representatives. The Purchasers shall get possession of the Purchased Assets at their own costs and expense and any costs or proceedings required to acquire such possession shall be the responsibility of the Purchasers.

ARTICLE 5 COVENANTS

5.1 Approval and Vesting Order

- (a) The Vendor and Purchasers acknowledge that the Vendor's and the Purchasers' 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 September 20, 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 Purchasers of such leave to appeal, appeal or stay request and shall promptly provide to the Purchasers 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.

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

6.3 Purchasers' Closing Deliveries

At or before the Closing, the Purchasers 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 Purchasers in connection with the Transaction;
- (b) a certified copy of a resolution of the directors of each of the Purchasers 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 Purchasers thereof to the relevant Governmental Authorities) in accordance with Section 3.5;
- (d) an indemnity to the Vendor in respect of all Transfer Taxes owing as a result of this Transaction as contemplated in Section 3.5(d);
- (e) a General Conveyance, duly executed by the Purchasers;
- (f) a certificate of an officer of each of the Purchasers dated as of the Closing Date confirming that all of the representations and warranties of such of the Purchasers 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 such of the Purchasers has performed in all material respects the covenants to be performed by it prior to the Closing Time;
- (g) an indemnity as contemplated in Section 6.7; and
- (h) 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 Purchasers. 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 Purchasers 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 Purchasers shall be obliged to complete the transaction and be entitled to the net proceeds of insurance referenced to such damage. The Purchasers agree 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 Purchasers shall be responsible for placing their own insurance thereafter.

6.5 Possession, Storage and Access

Possession of the Purchased Assets shall be surrendered to the Purchasers at the Premises upon Closing. The Purchasers shall, at their sole cost and expense, remove all of the Purchased Assets other than the Inventory from the Premises on or before the last day of the Sales Period, and remove any balance of the Inventory remaining unsold at the expiry of the Sales Period within ten (10) days of the expiry of the Sales Period. During the Sales Period, the Purchasers shall have, at no cost or expense to the Purchasers except as otherwise expressly set out herein, a personal, non-exclusive, non-assignable, non-transferable right and licence to: (a) store the Inventory at the Premises, on an "as is" basis except as expressly set out herein; and (b) to, and to permit their Representatives or invitees having business with the Purchasers in respect of the Inventory to, access the Premises, on an "as is" basis except as expressly set out herein, from time to time during normal business hours, or at such other time(s) as the Parties may agree upon in writing, for the sole purpose of: (i) removing the Purchased Assets from the Premises; and (ii) facilitating the sale of the Inventory subject to and in accordance with terms of the terms hereof, and the Purchasers shall and shall cause their Representatives and invitees to comply with any reasonable requirements of the Vendor or its Representatives associated therewith, including identifying any Representatives or invitees of the Purchasers accessing the Premises via access logs, reporting to any of the Vendor's Representatives stationed at the Premises or other similar procedures. For greater certainty, the right and licence granted in this Section 6.5 is not and shall not be construed as a leasehold or other possessory interest. During the Sales Period, the Vendor shall, at its cost, provide and maintain utility services consisting of heat, electrical power, and water at or to the Premises at their current non-operating levels consistent with the practices of a court-appointed receiver, and shall, at no additional cost to the Vendor, make one or more washrooms located at or within the Premises available, in "as is, where is" condition, for use by the Representatives and invitees of the Purchasers. For greater certainty, the Vendor shall not be obligated to provide any janitorial services or security at or to the Premises. The Purchasers 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: (x) the access to the Premises by the Purchasers, their Representatives or invitees; (y) the storage, removal or non-removal of any of the Purchased Assets from the Premises; and/or (z) the sale of any of the Inventory from the Premises subject to and in accordance with terms hereof, and without in any way limiting the generality of the foregoing, the Purchasers shall immediately repair or cause to be repaired, at their sole cost and expense and to the satisfaction of the Vendor in its sole and absolute discretion, any damage to the Premises occasioned thereby, provided that reasonable wear and tear to the Premises caused by or resulting or arising from the removal of the Purchased Assets from the Premises shall be excepted. Without in any way derogating from Section 4.3 hereof or the Vendor giving any representations or warranties of any kind whatsoever, the Parties expect that no Hazardous Materials will be discovered at the Premises during the removal of the Purchased Assets, provided that if any Hazardous Materials are discovered during such removal, the Parties will work cooperatively to dispose of such Hazardous Materials

to the extent that such disposal is required in accordance with Applicable Law. 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 Purchasers for changes in condition, qualities, or quantities from the date of viewing to the Closing Date. Each of the Purchasers acknowledges and agrees that the Vendor shall not be required to inspect the Purchased Assets or any part thereof and the Purchasers shall be deemed at their own expense to have relied entirely on their own inspection and investigation.

6.7 Indemnity

The Purchasers 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 Purchasers in relation to any of the Purchased Assets. This Section 6.7 shall not merge on Closing, but shall instead survive the Closing indefinitely.

6.8 Post-Closing Delivery of Technical Drawings

During the Sales Period, the Vendor shall use commercially reasonable efforts (which, for greater certainty, shall exclude the making of any payment(s) of any kind) to obtain the Technical Drawings, and upon the Vendor's receipt of any Technical Drawings, the Vendor shall forthwith provide such Technical Drawings to the Purchasers.

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 Purchasers 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 Purchasers.

7.2 Receiver's Certificate

The Parties acknowledge and agree that the Vendor shall be entitled to deliver to the Purchasers, 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 Purchasers' solicitor in escrow upon such conditions as the Vendor's Solicitor and the Purchasers' solicitor shall agree upon in writing, and upon the satisfaction of such conditions, the Vendor's Certificate will be released from escrow to the Purchasers, 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 by the mutual written agreement of the Vendor and the Purchasers.

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 return of the Deposit to the Purchasers.

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 Purchasers acknowledge and agree 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 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 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 Purchasers, as follows:

c/o _____

Attention: _____
Email: _____

- (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 Purchasers.

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 Purchasers 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 Purchasers or any of them; (b) the Purchasers provide 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 Purchasers or any of them of their obligations hereunder. This Agreement may not be assigned by the Vendor without the consent of the Purchasers.

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 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: Authorized Signatory

CAPITAL RECOVERY GROUP LLC

By: _____
Name:
Title:

I have authority to bind the Limited Liability Company.

NATIONAL MACHINERY EXCHANGE, INC.

By: _____
Name:
Title:

I have authority to bind the Corporation.

TCL ASSET GROUP INC.

By: _____
Name:
Title: Authorized Signatory

I have authority to bind the Corporation.

SCHEDULE "A"
PURCHASED ASSETS LIST

(see attached)

TEC Line Asset List

Sub-system	Equipment Description	Brand
Tube Mill	Tube mill base, WU11-10	T&H Lemont
	1/8" Tooling and Rafter, 1746-1	T&H Lemont
	1/4" Tooling and Rafter, 2041-01-01	T&H Lemont
	Weld Box	Roswell
Welding	Welder, Maxstar 400 (SKU 907716) S/N: ND020644L	Miller
QC Equipment	Finished Tube Laser Measurement, LD1025XY S S/N: 50920	Beta Lasermike
	Finished Tube Laser Measurement, LD1025XY S S/N: 48-06-1027	Beta Lasermike
	Length Counter Encoder, Belt Type, CCDD-30LX S/N:P677623090603	
	Camera 823-500-02 S/N:XG01-1903-0420	Xiris
	Digital micrometer, GA5006-001 S/N: 09-15-7641	Beta Lasermike
Eddy Current Inspection MiniMAC 50, S/N:050MACS-13871	Magnetic Analysis Corp	
Winder	Winder (Blue frame only)	Roswell
Misc. Items	Electrical Panel	
	Transformer	

Capillary Line Asset List

Sub-system	Equipment Description	Brand	Power Rating	Power Units
Tube Mill	Tube mill base 1/4" Tooling Weld Box Seam Conditioner Box Wash Tank	T&H Lemont		
Welding	Magnetic Arc Control Cyclomatic Series MAG-8020 S/N:U5130501562 Welder, Maxstar 400 (SKU 907716) S/N: ND040959L	Jetline Engineering Miller		
QC Equipment	Eddy Current Inspection MiniMAC 50, S/N:050MACS-13871 Length Counter Encoder, Belt Type, CCDD-30LX S/N:677623090603 Camera 823-500-02	Magnetic Analysis Corp Xiris		
Uncoiler	Uncoiler, CPR-PO-4036 S/N: 7325-1	COE Press Equipment		
Winder (Partially Built)	Winder, Torque Controlled - Blue Torque Motor, Model FD-7543-4001, 1745 rpm, 230/460 VAC Gearbox, Type SK 573.1 N56C 109.21:1 S/N:202365870-100	Roswell Dynamatic Nord Drive Systems		3/4 HP 3930 lb in
Misc. Items	PCW Circulating System			

Miscellaneous Tubing / Shop Asset List

Sub-system	Equipment Description	Brand	Power Rating	Power Units
Cable Jacketing Line	Extruder PTI 1500 S/N:3865 Cooling Bath, WT100AS S/N:102 Belt Puller 205-4 Cross Head Die	PTI Harrel Gattto-Puller		
Tubing Equipment Not in Use	Precision Electrode Grinder Tubing Saw Taylor Windfield Resistance Welder/Annealer 980239 Micro Products Wire Welder GP0	Taylor Windfield		5 hp
Uncoiler	Green Uncoiler Blue Uncoiler			
Spools	Metal Spool, 54" OD, 32" ID, 32" Wide X16 Wooden Spool, 48" OD, 24" ID, 24" Wide X24			
Replacement Parts	Gearbox Parts Rafter with 1/8" Tubing Tooling	T&HL		
Uncompleted Projects	Tubing polisher rotor x 6	Roswell		
Spare Welders	Welder, GP-TIG500Pcw S/N:FV-14003-2 Welder, 452 Welder, 452 Tig Welder, Maxstar 280 SKU 907553 S/N:MK300431L Welder, Maxstar 350 Welder, AK-matics 1250	Green Point Miller Miller Miller Miller Askland Limited		
Tools / Shop Machines / Forklifts	Hyundai Upright Forklift (SN: 0072) CAT Forklift (SN: FN422876) Skyjack Scissor Lift Lathe Grinder and Polisher Drill Press Grinder and Polisher Electrical Wire Racking (with contents) Miscellaneous Electrical Panels Tower Server (with contents) Hydraulic Jack (20 ton) Table Saw Chicago Pneumatic QRS 20 Air Compressor Air Compressor (Vertical Drum) Air Compressor (Vertical Drum) Dehydrator Pallet Jack (Red) Racking Step Ladder Pallet Jack (Yellow 1) Pallet Jack (Yellow 2) XFMR (in storage) Pressure Washer Pump, Hosing and Sprayer 14 Inch Saw Table Saw (Orange) Granite Work Bench	Hyundai CAT Skyjack Cazeneuve Magnum Industrial Magnum Industrial Ryobi Chicago Pneumatic Sanborn Ingersoll Rand Kaeser		

Tube Mill - Miscellaneous Asset List

Sub-system	Equipment Description	Brand
Tube Mill	Tube mill base	T&H Lemont

Tubing Quality Control Lab - Asset List

Sub-system	Equipment Description	Brand
QC Lab	Insulation Resistance Tester Model 1550C S/N:3737001 Time Domain Deflectometer (TDR) TDR2050 S/N:101769045	Fluke Megger
DAQ	Sefram Multi channel data acquisition module DAS240-BAT S/N:537G20466	BK Precision

Furniture Asset List

Location	Equipment Description
Office	Break room table and chairs Boardroom table and chairs Screen (70 inch) Miscellaneous Computer Screen (various types and sizes) Hydraulic Standing / Sitting Office Desk(s)
Shop	Work benches (various types and sizes) Full size lockers

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

TAYLOR McCAFFREY LLP

Barristers and Solicitors
2200 – 201 Portage Avenue
Winnipeg, Manitoba, R3B 3L3

DAVID R.M. JACKSON

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

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CHARLES ROY

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

croy@tmlawyers.com

Client File No. 32608-6

THE KING'S BENCH
Winnipeg Centre

THE HONOURABLE) FRIDAY, THE 20TH
)
MR. JUSTICE CHARTIER) DAY OF SEPTEMBER, 2024

B E T W E E N:

ROYAL BANK OF CANADA,

Applicant,

- and -

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

Respondents.

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited in its capacity as the Court-Appointed Receiver (the "**Receiver**") of the assets, undertakings and properties (the "**Property**") of PADM Group Inc., PADM Medical Inc. and Roswell Downhole Technologies Inc. (the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement (the "**Asset Purchase Agreement**") between _____ (the "**Purchaser**") dated _____, 2024 appended as Appendix ___ to the Confidential Report of the Receiver dated September ____, 2024 (the "**Confidential Report**") and referenced in the First Report of the Receiver dated September ____, 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, the Confidential Report and the Affidavit of ____ sworn September ____, 2024, and on hearing the submissions of counsel for the Receiver, the Applicant, the Debtors and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service of ____ sworn/affirmed September __, 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 be sealed, kept confidential and not form part of the public record and shall remain stored electronically with this Court on an encrypted basis limiting access to only the Registrar of this Honourable Court and the presiding Judge, except:

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

whichever shall first occur, whereupon the Confidential Supplement to the First 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.

APPROVAL OF ACTIVITIES AND DISBURSEMENTS OF THE RECEIVER

10. THIS COURT ORDERS that all activities and actions of the Receiver (the "**Actions of the Receiver**") to date in relation to the discharge of its duties as Receiver of the Property, as such Actions of the Receiver are more particularly described in the First Report and the Confidential Report, as well as the statement or receipts and disbursements contained in the First Report, shall be and are hereby approved and confirmed.

11. THIS COURT ORDERS that the professional fees and disbursements of the Receiver, as set out in the First Report, are hereby approved without the necessity of a formal passing of accounts.

12. THIS COURT ORDERS that the professional fees and disbursements of the Receiver's legal counsel, Taylor McCaffrey LLP and Gowling WLG as set out in the First Report, are hereby approved without the necessity of a formal assessment of its accounts.

MISCELLANEOUS MATTERS

13. 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.

14. 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

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, _____, as represented by _____ at _____

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

The Debtors as represented by Bruce Taylor at Thompson Dorfman Sweatman

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 __, 2024 (the "**Asset Purchase Agreement**") between the Receiver and _____(the "**Purchaser**") dated _____, 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:

SCHEDULE "C"
INVENTORY

(see attached)

Tubing Inventory List

Type	Description / Quantity
Raw Materials	
Conductor, 1/4" x 0.28 - 1 wire	36,976 ft.
Conductor, 1/4" x - 4 wire	12,430 ft.
Strip, 316L 0.028" x 0.916"	4,441 lbs.
Strip, 316L 0.049" x 0.862"	2,484 lbs.
Strip, 316L 0.030" x 0.716"	3,450 lbs.
Strip, 2205 0.035" x 0.894"	433 lbs.
Scrap Strip, 2205 0.035" x 0.894"	5,521 lbs.
Special pallet, 4 x 4 stringers	40
In Process	
Oscillate, 316L 0.028" x 0.916"	30,520 ft.
Oscillate, 2205 0.035" x 0.788"	73,807 ft.
Tube, Welded 1/4" x 0.035"	157,707 ft.
Tube, Rewound 1/4 " 0.035"	31,269 ft.
Tube, Annealed 1/4" x 0.035"	185,296 ft.
Finished Goods	
TEC, 1/4" x 0.028	466,618 ft.
TEC, 1/4" x 0.028 4 wire	9,134 ft.
TEC, 1/4" x 0.035	6,096 ft.
TEC, 4 mm Encapsulated	17,661 ft.
Scrap Tube, 1/4" x 0.035"	45,247 ft.

Appendix E – PADM Medical/Textiles Sales and Information Package



Sales and Information Package for Certain Assets of PADM Medical Inc. and Roswell Textiles

July 29, 2024

BDO CANADA LIMITED,

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

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel.: 204-282-9716
Fax: 833-888-1678
Attention: John R. Fritz

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Invitation for Offers

On May 23, 2024, BDO Canada Limited (“**BDO**”) was appointed as receiver (the “**Receiver**”) pursuant to an order of the Court of King’s Bench for Manitoba (the “**Court**”) of all of the assets, undertakings, and properties of PADM Group Inc., PADM Medical Inc. (“**PADM Medical**”), and Roswell Downhole Technologies Inc. (“**Roswell Textiles**”, and collectively the “**PADM Group**”). The Receiver is offering for sale herein PADM Medical’s, Roswell Textiles’ (collectively the “**Companies**”), and the Receiver’s interest, if any, in certain assets of the Companies (the “**Assets**”).

Sealed offers for the purchase of the Companies’ and the Receiver’s interest in the Assets will be received by BDO, in its capacity as Receiver of PADM Group, until **12:00 noon CT on Friday, August 16, 2024**. BDO is accepting offers on certain production equipment, inventory, and support equipment of the Companies.

This sales and information package (the “**Sales and Information Package**”) is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined herein. The Receiver does not assume responsibility or liability for losses occasioned to any parties as a result of the circulation, publication, reproduction, or use of this Sales and Information Package.

The information provided herein was obtained from the books and records of the Companies and information compiled since BDO’s appointment as Receiver. This Sales and Information Package is being provided for the sole use of prospective purchasers in considering their interest in acquiring any or all of the Assets and does not purport to contain all of the information that a prospective purchaser may require. Prospective purchasers should conduct their own investigations and due diligence on the Assets and the information contained in this Sales and Information Package. The Receiver specifically notes that it has not independently verified or audited any of the information contained herein. The Receiver provides no representation or warranty as to the accuracy or completeness of the information contained in this Sales and Information Package and shall have no liability for any representations expressed or implied herein, or for any omissions from this Sales and Information Package or for any other written or oral communication transmitted to prospective purchasers in the course of their evaluation of the Assets. Under no circumstances shall any of the Companies’ employees or former employees be contacted directly or indirectly by any potential bidder: (i) to answer any questions regarding the possible acquisition of all or part of the Assets; or (ii) to request additional information.

The Assets are being offered for sale on an “**as is, where is**” basis. The Receiver makes no representations, expressed or implied, as to the description, condition, size, quantity, value, or as to the State of the Assets (as defined in the Terms and Conditions of Sale). Any purchaser will be asked as a condition of sale to sign an acknowledgement that they have inspected and satisfied themselves as to the condition of the Assets.

The Terms and Conditions of Sale are detailed later in this Sales and Information Package along with the following key dates for the process:

Event	Timing
Asset viewings	By appointment on the following days: July 30 and 31, 2024 August 1, 6 to 8, and 13 to 15, 2024
Offer deadline	12:00 noon Central time on August 16, 2024
Closing date	On or before August 23, 2024, or such other time as may be agreed by the Purchaser and the Receiver. Any extension of the Closing Date will be at the sole discretion of the Receiver.
Asset removal date	On or before August 30, 2024, or as otherwise agreed by the Purchaser and the Receiver.

The highest or any offer need not be accepted by the Receiver. Offers shall be subject to the Terms and Conditions of Sale which shall be deemed to form part of the offer.

To make an arrangement to view the assets, please contact John R. Fritz by phone at 204-282-9716 or by email at jfritz@bdo.ca (with a copy to bwarga@bdo.ca).

Terms and Conditions of Sale

BDO, in its capacity as Receiver of the PADM Group, and not in its personal capacity, is offering for sale the Companies' and the Receiver's interest, if any, in the Assets on the following terms and conditions:

Offers

1. The Assets are being offered for sale on an "**as is, where is**" without recourse basis and with no representations or warranties from the Receiver or any other party as to title, encumbrances, description, fitness for use, condition (environmental or otherwise), defect (patent or latent), collectability, merchantability, quantity, quality, size, value, location, existence or the validity, invalidity, or enforceability of any patent, copyright or trademark right, or any other matter or thing whatsoever, either stated or implied (collectively the "**State of the Assets**").
2. All offers made for all, or a portion of, the Assets (the "**Offers**") must be submitted by completing the form of Offer to Purchase attached hereto. Sealed envelopes marked "**OFFER – PADM Medical / Roswell Textiles**" shall be delivered or mailed, postage prepaid, to the Receiver at 201 Portage Avenue, 26th Floor, Winnipeg, Manitoba R3B 3K6, Attention John R. Fritz so as to be in its hands by **12:00 noon CT on Friday, August 16, 2024** (the "**Offer Deadline**"). Offers that do not strictly comply with these Terms and Conditions of Sale may, at the absolute discretion of the Receiver, be rejected for that reason alone.
3. All Offers must be accompanied by a bank draft or certified cheque, in each case drawn on a Canadian Chartered Bank or Credit Union, payable to "BDO Canada Limited, in Trust", in an amount equal to twenty percent (20%) of the offered purchase price for the Assets (the "**Deposit**").
4. The Assets have been segregated into the following parcels (a "**Parcel**" or collectively the "**Parcels**") and are more particularly described in the Asset Parcel sections of this Sales and Information Package:
 - Parcel 1: Production Equipment
 - Parcel 2: Inventory (raw materials, work in process, and finished goods)
 - Parcel 3: Intellectual Property

Offers can be made *en bloc* or on an individual Parcel basis. Offers submitted for more than one Parcel will be considered as a separate Offer for each Parcel unless the Offer specifically states that the acceptance of one Parcel is conditional upon the acceptance of one or more Parcels.

5. Each party making an offer (the "**Offeror**") must rely on its own judgment, inspection, and investigation of the Assets. Each Offeror 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 Assets, the State of the Assets, their title, fitness for particular purpose, location, existence, condition, quality, quantity, merchantability, suitability for intended purpose and with any other attributes that the Offeror considers relevant.
6. Proposals from auctioneers to auction any of the Parcels on behalf of the Receiver will be considered.
7. Viewing of the Assets will be by appointment only. Appointments can be made by contacting John R. Fritz by phone at 204-282-9716 or by email at jfritz@bdo.ca (with a copy to bwarga@bdo.ca) at the offices of the Receiver. The following dates are scheduled for viewing of the Assets (**by appointment only**):
 - July 30, 31, and August 1, 2024;
 - August 6-8, 2024; and
 - August 13-15, 2024.

8. The submission of any Offer to the Receiver shall constitute an acknowledgement and an acceptance by the Offeror of the terms of the Offer to Purchase, and the Terms and Conditions of Sale.
9. Offerors will have until the expiration of the Offer Deadline to proceed with further due diligence.
10. Each Offeror acknowledges that it has had the opportunity to consult with, and has consulted with, its own independent legal counsel prior to making the Offer.
11. Any Offer accepted by the Receiver will be subject to approval by the Court. The Court Order shall be in a format acceptable to the Receiver.

Sales Process

12. The Receiver reserves the right to amend or terminate this sales process, or to withdraw or amend any of the Assets, at any time, at its sole discretion. With respect to any withdrawal or amendment, the sole obligation of the Receiver to the Offeror shall be to inform the Offeror of the withdrawal or amendment. With respect to the termination of the sales process, the sole obligation of the Receiver to the Offeror shall be to return any Deposit it has received without interest or deduction.

Acceptance of Offers

13. The Receiver shall be entitled to accept Offers prior to the Offer Deadline.
14. Each Offeror acknowledges that the Receiver is not obligated to accept any Offer and the highest Offer shall not necessarily be accepted. The Receiver reserves the right to reject any or all Offers without explanation.
15. After receipt of the Offers, the Receiver may, in its sole discretion, communicate with any Offeror to seek clarification and negotiate further with any Offeror in respect of any Offer. The Receiver shall not be obliged to negotiate with any Offeror or give any Offeror the opportunity to resubmit an Offer, whether or not the Receiver negotiates with other Offeror(s).
16. Upon submission of an Offer to the Receiver, no Offeror shall be entitled to retract, withdraw, vary, or amend the Offer prior to acceptance or rejection thereof by the Receiver, without the prior written consent of the Receiver.
17. Deposits accompanying Offers that are not accepted by the Receiver shall be returned without interest thereon by prepaid registered mail or courier to the unsuccessful Offeror at the address set forth in the Offer, on or before August 30, 2024.
18. Upon the acceptance of an Offer from an Offeror (the "**Purchaser**") in writing by the Receiver:
 - a. the Receiver will apply to the Court for a sale approval and vesting Order (the "**SAVO**"), in a form acceptable to the Receiver which will, amongst other things, vest the Assets in the Purchaser free and clear of any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, 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 excepting any usual permitted encumbrances, such as utility caveats or easements;
 - b. subject to obtaining the SAVO, the closing date shall be on or before August 23, 2024, or such other date as agreed to by the Receiver and the Purchaser in writing (the "**Closing Date**"); and
 - c. the Deposit made by the Purchaser shall be non-refundable, except as set out herein.
19. If the sale contemplated is completed, the Purchaser's Deposit will be applied, without interest, against

the purchase price.

20. If an Offer is accepted by the Receiver, but the sale of the Assets is not completed as a result of any act or omission on the part of the Purchaser, the Purchaser's Deposit shall be forfeited to the Receiver as a genuine pre-estimate of liquidated damages and not as a penalty. Furthermore, the Receiver shall be entitled to pursue all of its rights and remedies against the Purchaser.
21. The Assets shall remain at the risk of the Receiver until the Closing Date. The Assets thereafter shall be at the risk of the Purchaser. Until the Closing Date, the Receiver 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 Assets, the Purchaser may 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.
22. The Offeror shall cause to be paid and delivered to the Receiver on the Closing Date the offered purchase price plus any applicable goods and services tax and any other applicable taxes. These amounts shall be paid to the Receiver on the Closing Date by certified cheque, bank draft or wire, in each case drawn on a Canadian Chartered Bank or Credit Union by the Purchaser. After payment, the Purchaser shall take delivery and possession of the Assets on an "as is and where is" basis on the Closing Date, without recourse to the Receiver or its respective employees, servants, and agents.
23. Without limitation, the 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 Receiver shall not be required to inspect the Assets or any part thereof and the Purchaser shall be deemed at its own expense to have relied entirely on its own inspection and investigation.
24. All Assets shall be surrendered to the Purchaser upon closing at Bay 17, 47 Aero Drive NE in Calgary, Alberta (the "**Alberta Premises**"), 1595 Buffalo Place (Unit B) in Winnipeg, Manitoba (the "**Winnipeg Premises**"), or 560 Conestogo Road in Waterloo, Ontario (the "**Ontario Premises**"), and collectively with the Alberta Premises and the Winnipeg Premises, the "**Premises**"). The Purchaser shall remove the Assets from the Premises on or before August 30, 2024, and shall notify the Receiver, not less than 48 hours in advance, of the date and time which it intends to remove the Assets. The Purchaser shall have no right to occupy or otherwise gain access to the Premises or other such location following the Closing Date, save for access to remove the Assets. The Purchaser shall be responsible for the cost of removal and shall immediately repair or pay for any damage caused to the Premises or other such location by or in any way arising out of the removal of the Assets.
25. The Purchaser acknowledges that no warranties or conditions, express or implied, pursuant to *The Sale of Goods Act* (Manitoba) or similar legislation in other jurisdictions apply hereto and all of the same are hereby waived by the Purchaser.
26. The Purchaser agrees that all the insurance maintained by the Receiver or third parties in respect of the Assets shall be cancelled on the Closing Date and that the Purchaser shall be responsible for placing its own insurance thereafter.
27. The Purchaser shall indemnify the Receiver and hold the Receiver harmless against and from all losses, costs, damages, and expenses which the Receiver may sustain, incur or be or become liable for by reason of or arising from any operations of the Purchaser in relation to any Assets.
28. At the Closing Date, the Purchaser shall be entitled to such deeds or assignments as may be considered necessary by the Receiver to convey the Assets to the Purchaser provided that the Purchaser shall remain liable notwithstanding any assignment thereof by the Purchaser. Any such deeds or assignments shall contain only a release of the Receiver's interest in the Assets and shall not contain any covenant other than a covenant that the Receiver has not done any act to encumber the Assets.

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

29. If Court approval of a SAVO is not obtained, neither the Purchaser nor the Receiver will be obligated to complete the contemplated purchase and the Deposit accompanying the Offer shall be returned to the Purchaser without interest as soon as reasonably practicable.
30. The Offeror and the Receiver mutually agree to do all such further acts and execute all such further documents and instruments as may reasonably be necessary or convenient to give full effect to the sale transaction.

General

31. BDO is acting solely in its capacity as Receiver of PADM Group, and not in its personal capacity, and BDO (and its employees, servants and agents) shall have no liability whatsoever in any way related to the Sales and Information Package, the Offer to Purchase, the Terms and Conditions of Sale, or in any way related to the Assets (as these terms are defined herein), whether in contract, in tort, under statute or otherwise.
32. All stipulations as to time are strictly of the essence.
33. The Sales and Information Package, the Offer to Purchase, and the Terms and Conditions of Sale, shall be governed by and construed in accordance with the laws of the Province of Manitoba and the Offeror irrevocably attorns to the jurisdiction of the Court of King's Bench of Manitoba, Judicial Centre of Winnipeg.

DATED at Winnipeg, Manitoba this 29th day of July, 2024.

BDO CANADA LIMITED,

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

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel.: 204-282-9716
Fax: 833-888-1678
jfritz@bdo.ca

Schedule A

BDO Canada Limited, Receiver
PADM GROUP INC., PADM MEDICAL INC., and
ROSWELL DOWNHOLE TECHNOLOGIES INC.
OFFER TO PURCHASE

**TO: BDO CANADA LIMITED,
 RECEIVER OF PADM GROUP INC., PADM MEDICAL INC., and ROSWELL DOWNHOLE
 TECHNOLOGIES INC.**

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

Attention: John R. Fritz

1. Name of Offeror: _____
2. Address of Offeror: _____
3. Telephone and fax: _____
4. E-mail address: _____

The undersigned acknowledges having received and reviewed the Terms and Conditions of Sale (“**Terms and Conditions of Sale**”) pertaining to the sale of the Assets (as defined in the Invitation for Offers) of PADM Medical and Roswell Textiles, that the Offeror has inspected and satisfied themselves as to State of the Assets (as defined in the Terms and Conditions of Sale), and that this Offer is submitted pursuant to the said Terms and Conditions of Sale and the undersigned agrees to be bound thereby as if the same were set out herein as part of this Offer.

<i>En bloc</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
Offer Price	\$
Deposit enclosed (20%)*	\$

<i>Parcel 1 – Production Equipment</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
Offer Price	\$
Deposit enclosed (20%)*	\$

<i>Parcel 2 – Inventory (raw materials, work in process, and finished goods)</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
Offer Price	\$
Deposit enclosed (20%)*	\$

Parcel 3 – Intellectual Property	Offer in Canadian dollars (excluding any applicable taxes)
Offer Price	\$
Deposit enclosed (20%)*	\$

* All deposits must be made by certified cheque or bank draft, in each case drawn on a Canadian Chartered Bank or Credit Union, payable to "BDO Canada Limited, in Trust".

Please confirm, by ticking the appropriate box below, if the Offer is contingent upon the Receiver accepting all of the above Parcels included in the Offer.

- No, the above Offer is not contingent upon the Receiver accepting the Offer on all of the above Parcels bid on. As detailed in the Terms and Conditions of Sale, the Receiver, at its sole option, may accept the Offer in respect of any one or more Parcels, but not necessarily all of them.

- Yes, the above Offer is contingent upon the Receiver accepting the Offer on all of the above Parcels bid on. If the Receiver does not accept the Offer on all Parcels, the entire Offer will be void.

DATED at the City of _____ in the Province/State of _____

this _____ day of _____, 2024.

Signature of Offeror: _____

Parcel 1 – Production Equipment

Asset Details:

PADM Medical Inc.

Notes

Manufacturing Equipment - PPE

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

(1)

Notes:

- (1) Equipment is located at 560 Conestogo Rd, Waterloo, Ontario.

Roswell Downhole Technologies Inc. - Textiles

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

Roswell Downhole Technologies Inc. - Textiles

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

Sales and Information Package | Parcel 1 – Production Equipment

Roswell Downhole Technologies Inc. - Textiles

Melt Blown Line #3

Sub-system	Equipment Description	Brand
Primary Air Blower	Air System, Blower Modler 3L53WC, Pressure 70Kpa; Air flow 22000 m3/hr	Nantong Zhongxing Fan Technology Co., LTD
Primary Air Heat	Air Heater, 230KW Stainless steel	Yancheng Tongya Electrical
Vacuum Blower	Exhaust/Suction Fan Blower, Suction air 41.3 m3/min, 1.2 Bar	BSC, Ningbo Baosi Energy Equipment Co., LTD
Web Former	Web-forming Collector, 0-50m/min Line Speed, 1500mm width, Web Forming Motor	Suzhou JWELL Precision Machinery Co., LTD NFM Southern Motor
Winder	Winder, 0-50m/min Line Speed, , 7.5KW drive, fit 3in core shafts Side trimming round knives, Qty 8	
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
Control System	Electric Control System, Siemens Screen/PLC/Contactors with ABB breakers	
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
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	
Electrical	Electrical Equipment, Input 220V/50Hz, output Max 50KV	
Misc	Melt blown Die head Cleaning unit, Diam 600mm x 2200mm long, 15KW Ultrasonic Cleaner, 1600mm Automatic Batching, Measuring and Dosing Unit	

Roswell Downhole Technologies Inc. - Textiles

Spunbond Line Parts and Calender Roller

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

Roswell Downhole Technologies Inc. - Textiles

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

Roswell Downhole Technologies Inc. - Textiles

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

Selected photographs:



Nonwoven Line #1



Nonwoven Line#2



Nonwoven Line#3



Mask Machines



Mask Machines



Mask Machines



Mask Machine (New)



Moulds



Moulds



Bowl Feeder



Cleanroom

Parcel 2 – Inventory (raw materials, work in process, and finished goods)

Asset Details:

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

Part Number	Part Description	Supplier	Unit of Measure	Total Count	Notes
Raw Materials and Finished Goods					
100008	Poly Bag, 12 x 15 in, 2mil, Clear	Sur-Seal	Unit	5,000	
100018	Corrugated Pallet Pads, 40 x 48 in	Sur-Seal	Unit	191	
100036	Super Standard Grade Thermal Transfer Ribbon, Black, (33mm x 550M)	VideoJet	Roll	124	
100038	Resin, BioMed Amber	Formlabs	200L Drums	10	
100042	Viraloc Level 3 Replacement Panel Sticker, (3.5 x 4 in)	PAL	Unit	18,900	
100047	Precision AIR Head Halo - CSA	Melet	Unit	130	
100048	Precision AIR Neck Hook - CSA	LD Tools	Unit	833	
100049	Precision AIR Neck Loop - CSA	LD Tools	Unit	8,157	
100050	Precision AIR RH Strap Harness - CSA	LD Tools	Unit	20,151	
100051	Precision AIR LH Strap Harness - CSA	LD Tools	Unit	9,036	
100052	Precision AIR S/M Mask Body - CSA	Melet,LD Tools	Unit	3,583	
100057	Precision AIR M/L Mask Body - CSA	Melet,LD Tools	Unit	4,569	
100072	CSA Paperboard Box (7 x 7 x 9 in)	Advanced Paper Box	Unit	2,700	
100073	Bagging Film, 120 gauge, 9.875in	Multi Plastics	Lb	4,660	
100075	Precision AIR Viraloc Filter - CSA	Exceleron,PrescientX,Jabil	Unit	372,056	
100084	Precision AIR Filter Cartridge Assembly - CSA	PADM Medical	Unit	77,550	
100087	Precision AIR M/L Respirator Sub-Assembly - CSA	PADM Medical	Unit	3,534	
100088	Precision AIR S/M Respirator Sub-Assembly - CSA	PADM Medical	Unit	2,725	
100099	PRECISION ECO Black Plant Based LVL 3, Top Load box	Advanced Paper Box	Unit	50,322	
100103	Viraloc Blue Synthetic LVL 1, Top Load box	Advanced Paper Box	Unit	148,468	
100104	Viraloc Blue Synthetic LVL 2, Top Load box	Advanced Paper Box	Unit	2,800	
100110	VIRALOC Blue Synthetic LVL 3 Hypoallergenic, Top Load box	Advanced Paper Box	Unit	9,693	
100114	VIRALOC Youth Blue Synthetic Softloop LVL 3, Top Load box	Advanced Paper Box	unit	7,650	
100121	Spirit/Viraloc White Compostable LVL 3, Top Load box	Advanced Paper Box	Unit	16,825	
100125	VIRALOC ECO White Compostable LVL 3, Top Load box	Advanced Paper Box	Unit	29,570	
100129	VIRALOC ECO Black Compostable LVL 3, Top Load box	Advanced Paper Box	Unit	1,864	
100134	PRECISION COMFORT Green Top Load, LVL 3, box	Advanced Paper Box	Unit	4,410	
100141	VIRALOC Procedural Masks with Earloops (LVL 3), Blue [50/BX]	PADM Medical	Unit	17,250	
100144	VIRALOC Hypoallergenic Procedural Masks with Earloops (LVL 3), Blue [50/BX]	PADM Medical	Unit	1,400	
100145	VIRALOC Youth Procedural Masks with Soft Earloops (LVL 3), Blue [50/BX]	PADM Medical	Unit	55,250	
100146	VIRALOC ECO Compostable Procedural Masks with Earloops (LVL 3), White [50/BX]	PADM Medical	Unit	100,000	
100151	PRECISION COMFORT Procedural Masks with Earloops (LVL 3), Green [50/BX]	PADM Medical	Unit	3,650	
100152	Precision Eco Plant Based Procedural Masks with Earloops (LVL 3), B&W Sample [4/PK]	PADM Medical	Unit	652	
100163	PRECISION ECO Plant Based Procedural Masks with Earloops (LVL 3), Black [50/BX]	PADM Medical	Unit	129,950	
100164	PRECISION ECO Plant Based Procedural Masks with Earloops (LVL 3), White [50/BX]	PADM Medical	Unit	689,150	
100166	VIRALOC ECO Compostable Procedural Masks with Earloops (LVL 3), White [50/BX]	PADM Medical	Unit	1,336,650	
100180	Horizon Surgical N95 Respirator	Eclipse	Unit	15,000	
100187	PLA Spunbond, 50 gsm, 195 mm, Black	Fitesa	sq m	8,658	
100188	PLA Spunbond, 40 gsm, 195 mm, Black	Fitesa	sq m	9,908	
100190	Master Carton, "Viraloc", (523mm x 396mm x 222mm), (20 Capacity)	Westrock	Unit	47	
100191	PLA Meltblown, Min 40 gsm, 175 mm, White (3015)	Roswell	Unit	2,142	(1)
100194	Twist Aluminum Nose Clip	Hebei	kg	12,157	
100197	PLA Spunbond, 17 gsm, 175 mm, Natural	Fitesa	sq m	243,325	(2)
100198	PLA Spunbond, 21 gsm, 175 mm, Natural	Fitesa	sq m	1,094,291	
100202	PLA Spunbond, 25 gsm, 175 mm, Black	Fitesa	sq m	1,033,902	(3)
100203	PLA Spunbond, 25 gsm, 195 mm, Black	Fitesa	sq m	1,235,480	(4)
100206	PLA Meltblown, 25 gsm, 175 mm, White (3021)	Roswell	kg	537	
100207	Aluminum Nosebar, Flat, (0.57 x 2.25 mm)	Roswell,Haosen, Xiamen	kg	374	
100209	Cord Earloops, Black	Simms Group Ltd., Hebei	kg	7,323	
100210	Synthetic Softloop, 103 gsm, 200 mm, White	Fitesa	sq m	4,700	
100211	PP Spunbond, 25 gsm, 175 mm, Blue	Simms Group Ltd., Hebei	kg	125	
100212	PP Spunbond, 25 gsm, 195 mm, White	Simms Group Ltd., Hebei	kg	214	
100213	PP Meltblown, 28 gsm, 175 mm, White (3001)	Roswell	kg	1,857	
100219	Master Carton, Plain, (521 x 394 x 445mm), (40 Capacity)	Westrock	Unit	2,602	
100220	Master Carton, Plain, (510 x 410 x 390 mm), (Swenco)	Westrock	Unit	1,890	(1)
100244	PADM Medical Biodegradable* Nitrile Powder Free Examination Gloves, XS, [200/BX]	Hartalega	Unit	1	
100245	PADM Medical Biodegradable* Nitrile Powder Free Examination Gloves, S, [200/BX]	Hartalega	Unit	42	
100246	PADM Medical Biodegradable* Nitrile Powder Free Examination Gloves, M, [200/BX]	Hartalega	Unit	71	
100247	PADM Medical Biodegradable* Nitrile Powder Free Examination Gloves, L, [200/BX]	Hartalega	Unit	70	
100248	PADM Medical Biodegradable* Nitrile Powder Free Examination Gloves, XL, [200/BX]	Hartalega	Unit	28	
Work in Process					
100100	PRECISION ECO White Plant Based LVL 3, Top Load box	Advanced Paper Box	Unit	85,780	
100199	PLA Spunbond, 21 gsm, 195 mm, Natural	Fitesa	sq m	171,525	
100200	PLA Spunbond, 25 gsm, 175 mm, Natural	Fitesa	sq m	290,426	
100205	PLA Meltblown, 40 gsm, 175 mm, White (3018)	Roswell	kg	2,002	
100208	Cord Earloops, White	Simms Group Ltd., Hebei, Swenco	kg	80	
100224	Master Carton, Plain, (523 x 396 x 222mm), (20 Capacity)	Westrock	Unit	408	
100030	Safe Source Direct White Plant Based LVL 3, Top Load box	Beneco Packaging	Unit	2,623	

Notes:

- (1) Inventory is located at 560 Conestogo Rd, Waterloo, Ontario.
- (2) Approximately 18,000 sq m is located at 560 Conestogo Rd, Waterloo, Ontario.
- (3) Approximately 40,000 sq m is located at 560 Conestogo Rd, Waterloo, Ontario.
- (4) Approximately 828,000 sq m is located at 560 Conestogo Rd, Waterloo, Ontario.

Selected photographs:



Precision Eco



Precision Air



Precision Air



Viraloc



Viraloc



Viraloc



PLA Spunbond



PLA Spunbond



PLA Spunbond



PLA Spunbond



PLA Spunbond



Corded Earloops

Parcel 3 – Intellectual Property

Asset Details:

Note: Further details can be obtained in respect of the intellectual property and intangible assets for the Companies upon execution of a non-disclosure agreement (“**NDA**”). Once the NDA is executed, interested parties will be provided with access to a confidential data room.

PADM Medical Inc.

Intellectual Property

Industrial Design "Half Mask Respirator Assembly" (country of registrations to be confirmed)
Industrial Design "Half Mask Portion of a Respirator Apparatus" (country of registrations to be confirmed)
Industrial Design "Neck Strap Assembly of a Respirator Apparatus" (country of registrations to be confirmed)
Industrial Design "Head Halo Assembly for Half Mask Respirators" (country of registrations to be confirmed)
Patent "Reusable, Resterilizable Smart Half-Mask Respirator Apparatus and System" (country of registrations to be confirmed)
Patent "Disposable, Compostable Surgical/Medical Masks and Methods of Production Therefor" (country of registrations to be confirmed)
Trademark "CANSWAB" Word Mark and Design Trademark (country of registrations to be confirmed)
Trademark "PRECISION ADM MEDICAL" Word Mark (country of registrations to be confirmed)
Trademark "INNOVATION FOR LIFE" Word Mark (country of registrations to be confirmed)
Trademark "PRECISION AIR" Word Mark (country of registrations to be confirmed)
Trademark "VIRALOC" Word Mark (country of registrations to be confirmed)
Trademark "PRECISION AIR LOGIX" Word Mark (country of registrations to be confirmed)
Trademark "CANGLOVE" Word Mark (country of registrations to be confirmed)
Trademark "PADM MEDICAL" Word Mark (country of registrations to be confirmed)
Trademark "VIRALOC ECO" Word Mark (country of registrations to be confirmed)
Trademark "PRECISION ECO" Word Mark (country of registrations to be confirmed)
Precision Eco Procedure Mask construction specifications
Viraloc Eco Procedure Mask construction specifications
Ecofuse - Precision Eco Mask Machine configuration
Ecofuse - Viraloc Eco Mask Machine configuration
Precision Comfort Procedure Mask construction specifications

Intangible Assets

FDA 510k Medical Device Registration
Trade/Device Name: PRECISION ECO™ Compostable / Plant Based Procedural Mask with Earloops
CAPPEM lawsuit against the Federal Government of Canada (PADM Medical Portion)
HealthPro Contract for Nitrile Gloves 7 years (if assignable)
LCA Procedure mask compostability report
PADM Medical Website

Roswell Downhole Technologies Inc. - Textiles Division

Intellectual Property

Trademark "ECOFUSE" Word Mark (country of registrations to be confirmed)

Trademark "Roswell Textiles Word Mark and Design Mark (country of registrations to be confirmed)

Intangible Assets Textiles

Website	Roswelltextiles.ca
Machine Designs	700mm MB Machine Design
Machine Designs	1300mm MB Machine Design
Meltblown Processing Settings	Ecofuse - Precision Eco Machine Settings
Meltblown Processing Settings	Ecofuse - Viraloc Eco Machine Settings
Filtration MB Settings - Pleated Filters	Merv 8
Filtration MB Settings - Pocket Filters	Merv 15 and less
Process Specification	MB-01, 600 tool, 28 gsm, PP
Process Specification	MB-01, 700 tool, 28 gsm, PP
Process Specification	MB-02, 1300 tool, 28 gsm, PP
Process Specification	MB-01, 600 tool, 25 gsm, PP
Process Specification	MB-02, 1300 tool, 25 gsm, PP
Process Specification	MB-02, 1300 tool, PP (1500 MFI)
Process Specification	MB-01, 700 tool, PLA
Process Specification	MB-01, 700 tool, PP
Process Specification	MB-02, 1300 tool, PLA
Process Specification	MB-02, 1300 tool, PP
Process Specification	MB-01, 700 tool, PLA, HVAC
Process Specification	MB-01, 700 tool, PLA, HVAC
Process Specification	MB-01, 700 tool, PP, HVAC
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Process Specification	Ecofuse - Viraloc Eco Machine Settings
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Technical Sales Data Sheet	PN3013 Quality Inspection Sheet
Technical Sales Data Sheet	PN3014, Biopolymer
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Intangible Assets Textiles

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Design Document	MB1 PID and Instrumentation List
Design Document	MB1 Cabinet BOM and CSA Ref
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Design Document	MB2 PID Package
Design Document	MB2 Panel Wiring Package
Design Document	MB2 Instrumentation List
PLC Program	MB1 PLC/HMI Program WAGO
PLC Program	MB2 PLC/HMI Program Allen Bradley



www.bdo.ca

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Appendix F – Addendum to the PADM Medical/Textiles Sales and Information Package



Addendum to the Sales and Information Package for Certain Assets of PADM Medical Inc. and Roswell Textiles

August 8, 2024

BDO CANADA LIMITED,

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

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel.: 204-282-9716
Fax: 833-888-1678
Attention: John R. Fritz

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Terms and Conditions

This Addendum is being provided to supplement the Sales and Information Package for Certain Assets of PADM Medical Inc. and Roswell Textiles dated July 29, 2024 (the "**Sales and Information Package**"). This Addendum should be read in conjunction with the Sales and Information Package as all terms and conditions therein apply to this Addendum and have not be reproduced.

This Addendum is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined herein. The Receiver does not assume responsibility or liability for losses occasioned to any parties as a result of the circulation, publication, reproduction, or use of this Addendum.

The information provided herein was obtained from the books and records of the Companies and information compiled since BDO's appointment as Receiver. This Addendum is being provided for the sole use of prospective purchasers in considering their interest in acquiring any or all of the Assets and does not purport to contain all of the information that a prospective purchaser may require. Prospective purchasers should conduct their own investigations and due diligence on the Assets and the information contained in this Addendum and the Sales and Information Package. The Receiver specifically notes that it has not independently verified or audited any of the information contained herein. The Receiver provides no representation or warranty as to the accuracy or completeness of the information contained in this Addendum and shall have no liability for any representations expressed or implied herein, or for any omissions from this Addendum or for any other written or oral communication transmitted to prospective purchasers in the course of their evaluation of the Assets. Under no circumstances shall any of the Companies' employees or former employees be contacted directly or indirectly by any potential bidder: (i) to answer any questions regarding the possible acquisition of all or part of the Assets; or (ii) to request additional information.

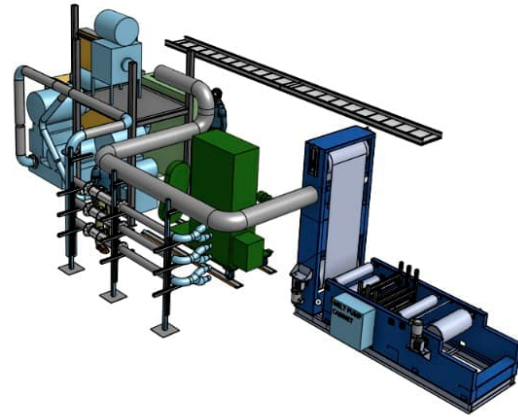
The Assets are being offered for sale on an "**as is, where is**" basis. The Receiver makes no representations, expressed or implied, as to the description, condition, size, quantity, value, or as to the State of the Assets (as defined in the Terms and Conditions detailed in the Sales and Information Package). Any purchaser will be asked as a condition of sale to sign an acknowledgement that they have inspected and satisfied themselves as to the condition of the Assets.

Nonwoven Line #1



Technical Data Sheet

MB-01 Blue Line



Physical Characteristics

Material	PP / PLA
Tool Widths	300, 600, 700 mm
Capillary Density	35 hpi

Roll Form Factor

Form	Roll with 3" Core
Max Roll Width	28"
Max Roll Diameter	30"

Properties

Max Output Rate	50 kg/h/m	Per length of beam width *
Max Belt Speed	2250 m/hr	**
Max Winder Speed	2150 m/hr	**
Max Web Width	700 mm [27.5"]	*
Basis Weight Range	15 - 120 gsm	Product-dependent, from Roswell Production
Line Width	12 ft	***
Line Length	42 ft	***
Heating Capacity	3x 60 kw	
Extruder	24:1 40 hp	Davis Standard Extruder S/N: M5049

* Based on 35kg/hr maximum historical production values, typical operation for biopolymer at 25kg/hr. Extruder could produce more material.
 ** Measured value with motors at 1800 rpm, winder would need to be less to develop tension on web
 *** Value approximated from CAD

Roswool Textiles

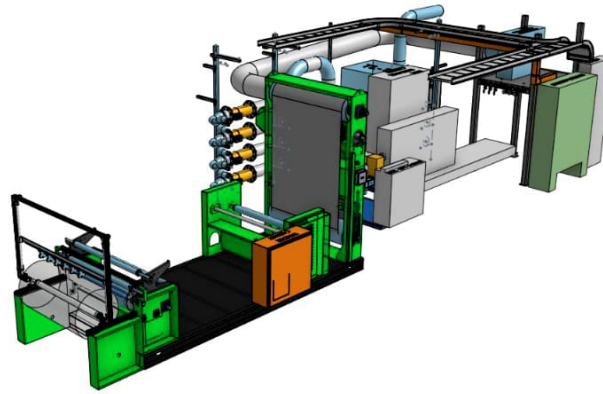
Bay 17—47 Aerodrive North East
 Calgary, Alberta, Canada
 T2E 8Z9
www.RoswellDHT.com
info@RoswellDHT.com
 587-747-4884

Nonwoven Line #2



Technical Data Sheet

MB-02 Green Line



Physical Characteristics

Material	PP / PLA
Tool Widths	1300 mm
Capillary Density	35 hpi

Roll Form Factor

Form	Roll with 3" Core
Max Roll Width	54"
Max Roll Diameter	30"

Properties

Max Output Rate	100 kg/h/m	Per length of beam width *
Max Belt Speed	3144 m/hr	**
Max Winder Speed	3288 m/hr	**
Max Web Width	1300 mm [51.2"]	
Basis Weight Range	15 - 120 gsm	Product-dependent, from Roswell Production
Line Width	17 ft	***
Line Length	45 ft	***
Heating Capacity	4x 80 kw	
Extruder	32:1 60 hp	Welex

* Based on 130 kg/hr max speed of melt pump 40cc/rev at max rpm and a density of 1.24g/cm³. Historical production values, typical operation is 40-60 kg/hr
 ** Measured value with motors at 1800 rpm, winder would need to be less to develop tension on web
 *** Value approximated from CAD

Roswool Textiles

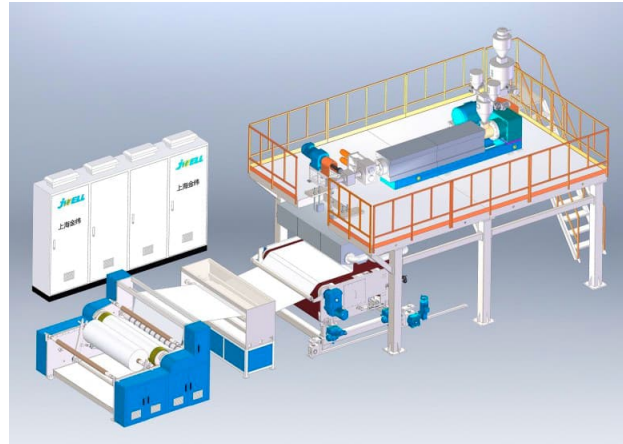
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 Calgary, Alberta, Canada
 T2E 8Z9
www.RoswellDHT.com
info@RoswellDHT.com
 587-747-4884

Nonwoven Line #3



Technical Data Sheet

MB-03 JWELL Line



Physical Characteristics

Material	PP (MFI 1200-1800 g/min)*
Tool Widths	1600 mm

Roll Form Factor

Form	Roll with 3" Core
Max Roll Width	1600 mm*

Properties

Max Output Rate	1-1.5 tons/day	Based on 24 hours *
Max Belt Speed	50 m/min	*
Max Web Width	1500 mm	**
Basis Weight Range	25 - 80 gsm	*
Line Width	7.73 m	*
Line Length	14.830 m	*
Heating Capacity	230 kw	*
Extruder	30:1 35kW	Suzhou JWELL Precision Machinery Co., LTD

* From JWELL 1600PP Meltblown Nonwoven Fabric Production Line Technical Configurations

** Max treatment width denoted at 1300 mm

Roswool Textiles

Bay 17—47 Aerodrive North East
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info@RoswoolDHT.com
587-747-4884

PADM Medical Full Line Catalog



PADM Medical™

Innovation for Life™

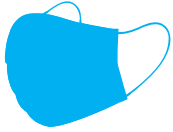
Full Line Catalog
May 2023



Creating better products that support individuals and communities sustainably.

We are a global leader in ecofriendly sustainable products to support health, wellness, and quality of life.





Masks



VIRALOC™ Procedural Masks with Earloops

- Three layers of protection
- Inner soft non-woven layer
- Middle melt blown non-woven high-density filter

ASTM Level	1 Box (50 pcs)	Case of 20 Boxes
1	SL1P1710-1	SL1P1710-20
2	SL2P1710-1	SL2P1710-20
3	SL3P1710-1	SL3P1710-20



VIRALOC eco™ Compostable¹ Procedural Masks with Earloops

- Made using plant-based biopolymer ECOFUSE™ materials by Roswell Textiles
- Four layers of protection
- Each VIRALOC eco™ mask produces approximately 60% less CO₂ emissions than a synthetic mask²

Mask Color: White

ASTM Level	1 Box (50 pcs)	Case of 20 Boxes
3	CW001	CW001-20

Mask Color: Black

ASTM Level	1 Box (50 pcs)	Case of 20 Boxes
3	CK001	OCA7A0K-20



VIRALOC™ Hypoallergenic Procedural Masks with Earloops

- Hypoallergenic
- Not made with natural rubber latex
- Single use product

ASTM Level	1 Box (50 pcs)	Case of 20 Boxes
3	3HA1T2B	3HA1T2B-20



VIRALOC™ Youth Masks

- Hypoallergenic
- Not made with natural rubber latex
- Single use product

ASTM Level	1 Box (50 pcs)	Case of 20 Boxes
3	3SP2T2B	3SP2A2B-20

¹ The masks (aside from the nose wire and ear loops) are independently verified to be fully compostable under the ISO 16929 standard. This product is not eligible for home composting but can be put into aerobic municipal and industrial composting facilities, after removing the indicated components. Locations can be found at www.compost.org. Please verify with the corresponding facility that this product can be processed.

² If you are interested in becoming a member of the PADM Medical Carbon Credits program, please contact our sustainability chair in order to obtain further information. Send inquiries to info@padmmmedical.com



Nitrile Powder Free Examination Gloves

- Chemotherapy drug-rated
- Medical grade
- Food handling compliant
- Textured fingertips



Size	Packaging (200/box, 10box/case)
X-Small	G01BV-XS
Small	G01BV-S
Medium	G01BV-M
Large	G01BV-L
X-Large	G01BV-XL



Biodegradable* Powder Free Examination Gloves

- Landfill biodegradable
- Chemotherapy drug-rated
- Medical grade
- Food handling compliant
- Textured fingertips



Size	Packaging (200/box, 10box/case)
X-Small	G02BV-XS
Small	G02BV-S
Medium	G02BV-M
Large	G02BV-L
X-Large	G02BV-XL



Antimicrobial Powder Free Examination Gloves

- Antimicrobial nitrile
- Reduces cross contamination and microbial transmission
- Kills up to 99.999% of selected microbes
- Medical grade
- Textured fingertips



Size	Packaging (200/box, 10box/case)
X-Small	G03BV-XS
Small	G03BV-S
Medium	G03BV-M
Large	G03BV-L
X-Large	G03BV-XL

 **ALL GLOVES AVAILABLE TO SHIP
SUMMER OF 2023!**

* Product is landfill biodegradable. Glove has been tested per ASTM D5526 (landfill)/ASTM D5511 testing and validates up to a 29.9% biodegradation within 202 days.



Respirators



PRECISION
AIR™

Reusable 95PFE Elastomeric Respirator

- Safety and comfort of elastomeric respirator
- Less expensive than disposable N95 masks
- Large custom filters for increased air flow and acoustic resonance
- Adjustable comfort straps
- Filter caps are 100% recyclable

Product Description	SKU
Small / Medium	AIR01-SM-C
Medium / Large	AIR01-ML-C
Filter Cartridges	FC01-95PFE-L3-C



Designed for safety, engineered for comfort

We believe that safety should not come at the cost of comfort, and have created a mask that fits the needs and faces of care providers. A recent study showed that after one month of using reusable masks, 0 out of 2000 healthcare providers chose to return to using disposable N95 masks!*



Saving cost while saving the environment

Designed for easy cleaning, Precision AIR™ is less expensive than disposable N95 masks. One study has shown reusable masks more than 10x less expensive*! Our disposable caps and filters are made of recyclable material. Reduce waste; increase savings.



The personal solution for healthcare professionals

Our large custom filters allow greater air flow, which optimizes acoustic resonance so that your voice will be heard loud and clear while your face will remain cool and comfortable.



Rigorously tested, ruggedly reliable

Our engineers have built a mask that can work as hard as you can, without taking a break. We've tested and validated the performance of Precision AIR™ to meet or exceed NIOSH and CAN/CSA standards, and possess Health Canada authorization.



Technical specifications	Performance	Standards tested
Particle filtration efficiency (PFE%)	≥95%	NIOSH TEB-APR-STP-0059
Differential pressure (Δp mm H ₂ O/cm ²)	10-15	NIOSH TEB-APR-STP-0003 & NIOSH TEB-APR-STP-0007
Fit test passing rate meets or exceeds face panel requirements CAN/CSA Z94.4-11 per TEB-APR-STP-0005-A05-05A-06		

* Chalikonda S, Waltenbaugh H, Angelilli S, Dumont T, Kvasager C, Sauber T, Servello N, Singh A, Diaz-Garcia R (2020) Implementation of an Elastomeric Mask Program as a Strategy to Eliminate Disposable N95 Mask Use and Resterilization: Results from a Large Academic Medical Center. Journal of the American College of Surgeons, 231(3): 333-338





PADM Medical™

Innovation for Life™

Contact us today to order

1 855 500 PADM (7236)

info@precisionadm.com

www.padmmedical.com

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Unit B & C - 1595 Buffalo Place, Winnipeg, MB, Canada R3T 1L9

ECOFUSE™ is a trademark of Roswell Textiles Inc.

Precision Eco Brochure

PRECISION eco™

Plant-Based Procedural Masks

Providing safety and protection for you and the environment.



The green alternative

Most masks are made of plastics that take hundreds of years to decompose. PRECISION eco™ masks have material that come from plant-based biopolymers.



Medical grade and certified

This product is tested to international standards, including ASTM F2100 for breathability, filtration, splash resistance, and flammability. Truly the gold standard for protection.



Carbon offsets

The ECOFUSE™ materials in the PRECISION ECO™ masks reduces CO₂ emissions by approximately 55% compared to petroleum-based plastics in conventional PPE. The plant-based material construction and manufacturing process generate carbon credits as a result of the net carbon reduction.

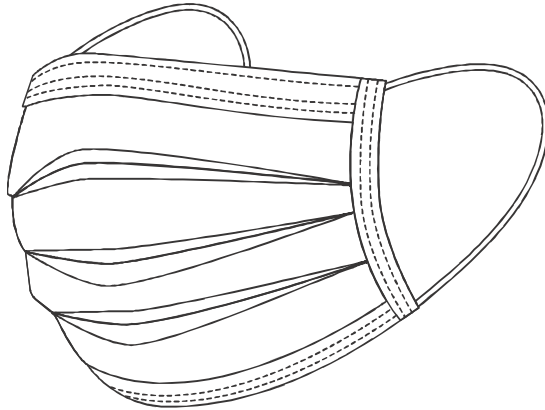
Responsibly sourced **bio-based** polymer.
Secure North American material supply chain.



Contact us to order today

+1 855 500 PADM (7236)
info@padmmedical.com

Construction: Corded Elastic Ear-loop



Material Specifications

Inner Layer	Biopolymer spunbond nonwoven fabric
Middle Layer	Biopolymer meltblown nonwoven fabric
Outer Layer(s)	Biopolymer spunbound nonwoven fabric
Ear Loops	Polyester/spandex band
Nose Clip	Flat aluminum Bar

Performance

	Level 1	Level 2	Level 3	
Bacterial filtration efficiency (BFE%)	95%	98%	98%	ASTM F2101
Particle filtration efficiency (PFE%)	95%	98%	98%	ASTM F2299
Differential pressure (Δp mm H ₂ O/cm ²)	<5.0	<6.0	<6.0	EN 14683 Annex C
Splash resistance (mmHg)	80	120	160	ASTM F1862
Flame spread	Class 1	Class 1	Class 1	16 CFR Part 1610



Raw Materials: up to 55% improvement in global warming potential compared to conventional mask



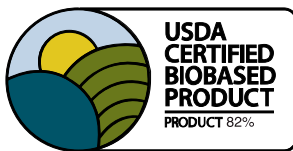
Manufacturing: up to 5% improvement in global warming potential compared to conventional mask



Disposal: up to 70% Improvement in global warming potential compared to conventional mask

We believe in making products that leave a **positive impact on our environment.**

That's why every PRECISION eco™ mask is made using responsibly sourced biomaterials grown in North American fields right outside your backdoor. Over their life cycle, they will account for **55% less carbon emissions than traditional masks**, without compromising on safety.



We think that's something to feel good about.



Manufactured by PADM Medical Inc. Unit A-1595 Buffalo Place, Winnipeg, MB, Canada, R3T 1L9.

PADM Medical™, Innovation for Life™, and PRECISION eco™ are trademarks of Precision ADM Inc.



PADM Medical™
Innovation for Life™

1. The product has not been FDA cleared or approved.
2. The product has been authorized by FDA under an EUA for use in healthcare settings by HCP as PPE to provide a physical barrier to fluids and particulate materials to prevent HCP exposure to respiratory droplets and large particles during surgical mask shortages resulting from the COVID-19 pandemic.
3. This product is authorized only for the duration of the declaration that circumstances exist justifying the authorization of the emergency use of medical devices, including alternative products used as medical devices, during the COVID-19 outbreak, under section 564(b)(1) of the Act, 21 U.S.C. § 360bbb-3(b)(1) unless the authorization is terminated or revoked sooner.
4. This product is not intended to replace the need for FDA-cleared surgical masks or FDA-cleared or authorized respirators.

Precision Eco Presentation

PRECISION eCO™

Creating Better products that support
individuals and communities.
Sustainably

Made with next generation biobased materials

EC²FUSE™
BY ROSWELL TEXTILES



The Plastic Problem

COVID-19 has specifically worsened the plastic pollution problem

PPE makes its way into our environment and it stays around essentially forever.

Face masks used
EACH MONTH

129
BILLION

=

3
MILLION
masks/minute



The Solution

So how does society continue to protect itself without putting the environment at risk?

Use biopolymers that are produced from renewable crop resources that are not only biodegradable and compostable, but the crop pulls CO2 from the atmosphere.

PPE made from Biopolymers will not have the adverse effect on our environment and if they end up in our oceans.

Now we can protect ourselves without harming the environment.



PRECISION eco™



Precision ECO products are in accordance with President Biden's Administration: Executive order on catalyzing clean energy industries and jobs through federal sustainability

Section 102: Government wide Goals. Subsection a. (v). Net Zero emissions from federal procurement including a [Buy Clean policy](#) to promote use of construction materials with low embodied emissions

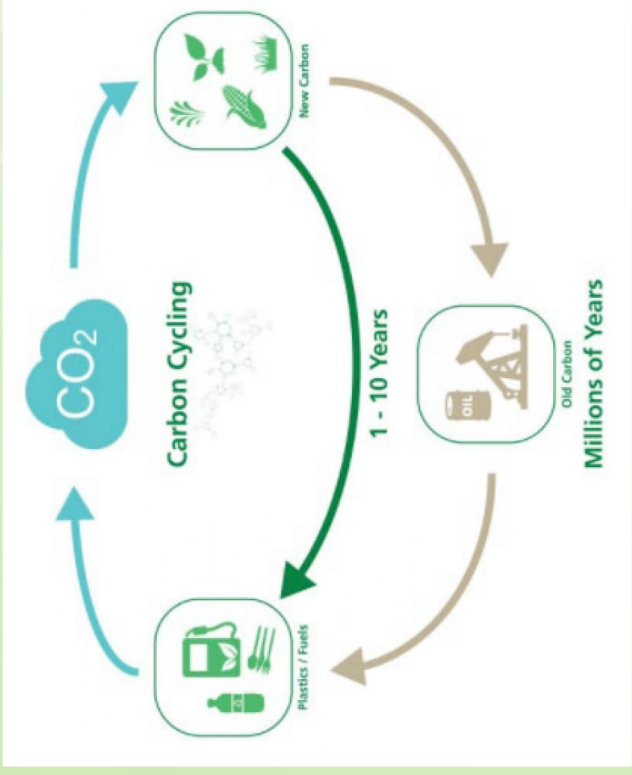


Old Carbon

Carbon is not currently part of the current carbon cycle. It's trapped underground in fossil fuels or arctic soils

Using polypropylene PPE introduces Old Carbon into the current carbon cycle – leading to build up of CO2 equivalents in the environment

Takes millions of years to cycle petroleum based carbon

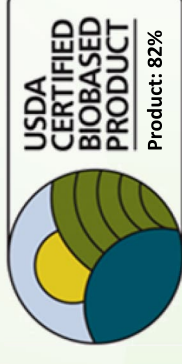


New Carbon

Carbon which is part of the current carbon cycle. It's already in the atmosphere/environment

Using EcoFuse PPE pulls CO2 from the atmosphere through photosynthesis

Takes 1-10 years to cycle biopolymer carbon



USDA Certified Biobased

VIRALOC ECO™ COMPOSTABLE PROCEDURAL MASK WITH EARLOOPS

Product	Company
Product Name	VIRALOC ECO™ Compostable Procedural Mask with Earloops
Company Name	PADM Medical Inc.
Product Website	https://padmmedical.com/viraloc/procedural-masks/
Product Description	The VIRALOC ECO™ Compostable Procedural Mask with Earloops are single use, ASTM Level 3 disposable devices, provided non-sterile. The mask has a four-layer, flat, pleated body with two earloops and a malleable nose piece. All components of the mask design are bonded together via ultrasonic welding, and it does not include any drugs, biologics, or nanoparticles.
Product Categories	[25%] - Medical Supplies [25%] - Safety Equipment
Found in Catalog	Personal Care and Toiletries > Medical Supplies > Medical Supplies Safety Equipment > Personal Protection
Biobased Content	Certified 82%
Product Application	The VIRALOC ECO™ Compostable Procedural Mask with Earloops is intended to be worn to protect both the patient and healthcare professional from transfer of microorganisms, body fluids, and particulate material. The VIRALOC ECO™ Compostable Procedural Mask with Earloops is intended for use in infection control practices to reduce the potential exposure to blood and body fluids. This is a single use, non-sterile, disposable device.



What is the BioPreferred Program?

The goal of the BioPreferred Program is to increase the purchase and use of biobased products.

The two major parts of the Program are:

- Mandatory purchasing requirements for federal agencies and their contractors; and,
- A voluntary labeling initiative for biobased products.

Federal law and the Federal Acquisition Regulation direct that all federal agencies purchase biobased products in categories identified by the U.S. Department of Agriculture (USDA).

Medical Supplies is one of the identified categories

Why does it matter?

Made from new carbon, therefore the benefit to the environment is realized in the production of the mask materials.

Benefit happens the moment an Precision ECO mask is purchased

Replacing a synthetic mask from the environment each time

Composting of the mask is an additional benefit that can be utilized if local infrastructure is in place, but it's not a requirement to realize the reduction in global warming potential.

Composting reduces landfill usage and returns the carbon into the soil to continue the carbon cycle.



Carbon Offset Potential

Due to the low carbon footprint of the product, buyers can potentially qualify their purchase for carbon offsets.

~2,500 Mt-CO₂e offset for every 200M masks.

~5.4 Mt-CO₂e per tonne of EcoFUSE material used.

- Voluntary Offset markets for trading Carbon Offsets on an established platform
 - VERRA
 - APX Inc. Gold Standard
 - CTX
- Compulsory Markets
 - RGGI (Regional Greenhouse Gas Initiative)
 - Cap and Trade Markets



United Nations
Climate Change

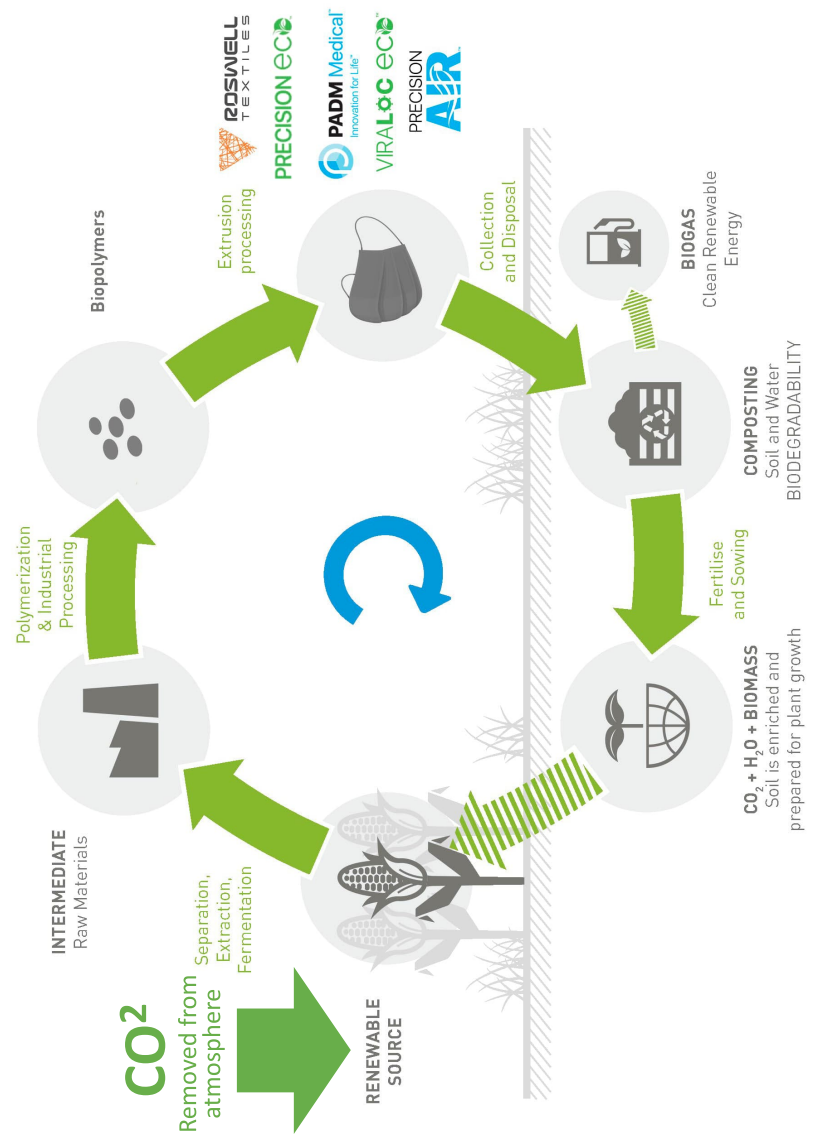


U.S. SECURITIES AND
EXCHANGE COMMISSION





The cycle of environmental benefits



Conventional Mask

Made with Polypropylene



Oil Reserve



Adds old carbon to atmosphere



Takes old carbon from ground

End-of-Life Comparison

Adds to landfill equally



Added CO2 to atmosphere



Adds to landfill equally



Removed CO2 from atmosphere



Recovered into low value commodity resin



Recovered into high value biopolymer resin. Mono-polymer



Cannot be composted



Compostable



Up/Down cycled into other conventional products



Up/Down cycled into other biobased products



PRECISION eCOTM

Made with Biopolymers



Renewable Crops



Crops remove existing carbon from atmosphere



Circular carbon cycle

Prior state of the art

Most product initiatives are based on cellulosic products from the forestry sector.

Don't typically meet filtration and breathability requirements.

These products are hydrophilic (absorb water) and are flammable

Typically, cannot meet ASTM F2100 test requirements



Made from biopolymers that are produced from renewable crop resources

Reduces CO2 equivalents by approx. 55%

Surpasses current medical standard in breathability and filtration

Hydrophobic and naturally non-flammable without the use of flame retardants

Tested to ASTM F2100-19 for use as a Class 1 Medical Device





Made for comfort
Loose fitting with elastic ear loops



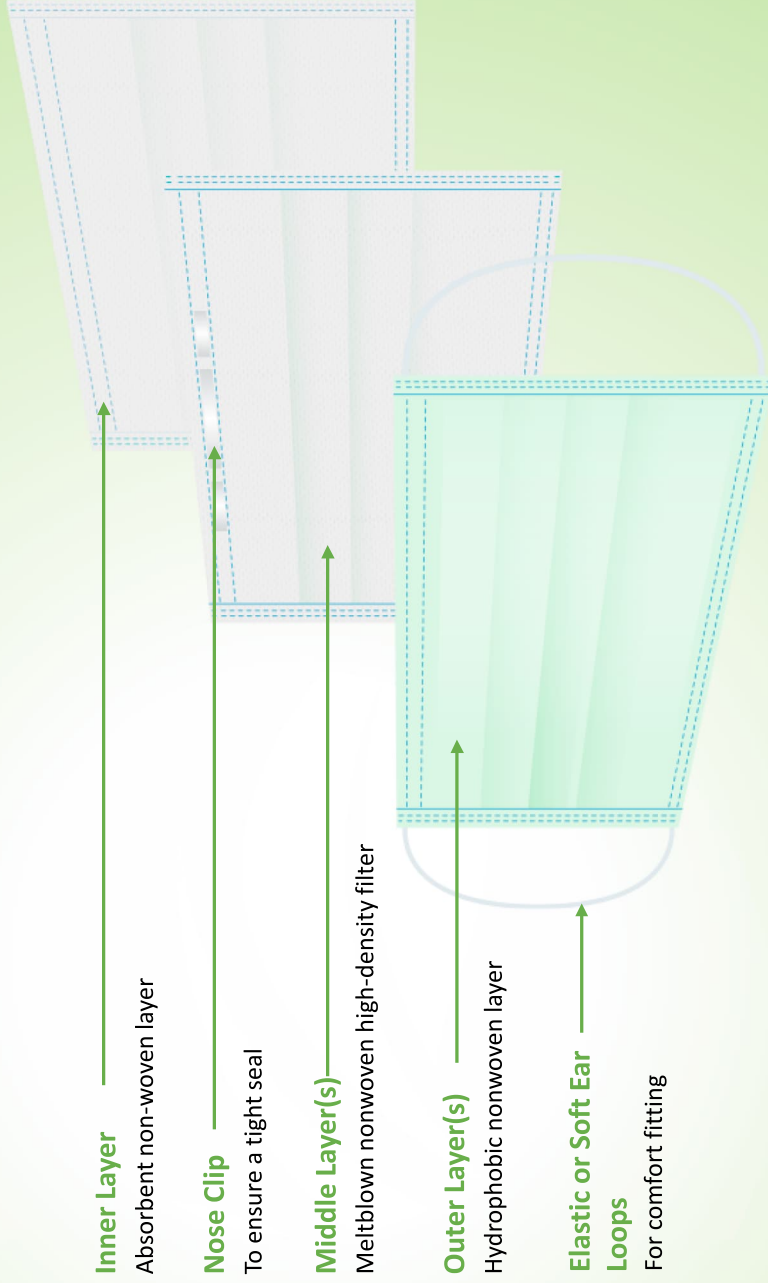
Lightweight
Easy to breathe through



Nose clip wire
Bendable, shape to fit



PRECISION eCO™



PRECISION ™

Creating better products that support
individuals and communities -
sustainably.

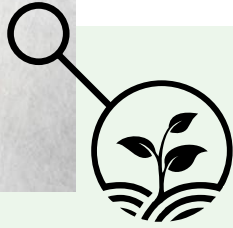


Compostable Meltblown Details

Compostable Meltblown

25gsm, white

Our revolutionary compostable meltblown 25gsm material is crafted with innovation and sustainability at its core. Engineered with the groundbreaking ECOFUSE™ technology, this fabric is a testament to our commitment to the environment and responsible sourcing. Made from USDA certified plant-based materials derived from renewable crop resources. With a lightweight yet durable 25gsm construction, it offers versatility across a range of applications, from fashion to packaging.



ECOFUSE™ is USDA certified under the BioPreferred program. The program is an accreditation for products with demonstrated biobased content – meaning ingredients come from renewable, sustainable, biological sources.

100% compostable nonwoven fabrics using sustainably sourced plant based materials for use in production domestically and for export to global manufacturers.

Using plant based materials produced from renewable crop resources, our ECOFUSE™ products will help reduce adverse effects on the environment and help reduce CO2 equivalents compared to plastics in conventional products.

PHYSICAL CHARACTERISTICS

Material	100% Biobased Polyester (Made from BPI certified - ASTM D6400 - industrial 100% compostable resin)
Color	White

PACKAGING

Form	Roll with 3" Core
Roll Width	PO Specified ± 5 mm
Roll Diameter	PO Specified ± 25 mm

TYPICAL PROPERTIES (This is not a specification)

Basis Weight	25 g/m ²	Roswell TP-1001 (Similar to ASTM D3776-13)
Filtration Efficiency	Minimum 80%**	ASTM F2299-03**
Air Permeability	≤ 2.5 mmH ₂ O/cm ²	Roswell TP-1002 (Similar to EN 14683:2019)
Thickness	*	Roswell TP-1005 (Similar to ASTM D5729)
Hydrostatic Head	15 cmH ₂ O	Roswell TP-1015 (Similar to ISO 811)
Tensile Strength Machine Direction (MD)	*	Roswell TP-1009 (Similar to ASTM D5034)
Tensile Strength Cross Direction (CD)	*	Roswell TP-1009 (Similar to ASTM D5034)
Tear Resistance	*	Roswell TP-1009 (Similar to ASTM D5034)
Mechanical Penetration Resistance	*	Roswell TP-1009 (Similar to ASTM D5034)

* Value and tolerance to be confirmed.

** Factory testing completed using neutralized NaCl aerosol at 5 cm/s face velocity with a minimum filtration efficiency of 93%.



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Appendix G – Fees and Disbursements of the Receiver

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

SUMMARY OF RECIEVER FEES AND DISBURSEMENTS

Date	Invoice #	Fees	Disbursements	GST	Total	Hours
25-Apr-24	CINV2839213	\$ 15,180	\$ 1,063	\$ 812	\$ 17,055	26.4
28-May-24	CINV2898908	49,958	-	2,498	52,455	92.9
08-Jul-24	CINV2990757	59,470	-	2,974	62,444	118.5
02-Aug-24	CINV3017001	44,514	-	2,226	46,739	91.4
16-Sep-24	CINV3083946	64,330	-	3,217	67,547	124.9
Total		\$ 233,451	\$ 1,063	\$ 11,726	\$ 246,240	454.1



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PADM Group Inc.
1595 Buffalo Pl, Unit A
Winnipeg, MB R3T 1L9

Attention: Martin Petrak, Chief Executive Offer

Date	Invoice
April 25, 2024	CINV2839213 CUS0082967

RE: PADM Group Inc. - Consulting

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance our Engagement Letter dated March 12, 2024 for the period March 13, 2024 to April 16, 2024 in the above noted matter.

Our Fee	\$	15,180.00
Administration & Technology Fee (7%)		1,062.60
Subtotal		16,242.60
GST/HST (5%) 101518124RT0001		812.13
TOTAL	\$	17,054.73

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	26.4	575.00	15,180.00
Total	26.4		\$ 15,180.00

Date	Staff	Comments	Hours
13-Mar-24	B. Warga	Call with B. Taylor; updates to cash flows; calls with J. Healey; correspondence to/from PADM.	1.6
14-Mar-24	B. Warga	Call with PADM and TDS re: strategy; call C. Belanger re: DIP and shareholder interest; call with B. Taylor re: same.	2.7
15-Mar-24	B. Warga	Call with PADM; e-mail correspondence with PADM; e-mail correspondence with B. Taylor; call with J. Healey.	0.6
18-Mar-24	B. Warga	Call with B. Taylor; call with M. Petrak; call with J. Healey.	0.6
19-Mar-24	B. Warga	Correspondence to/from PADM re: DIP and stalking horse process.	0.4
20-Mar-24	B. Warga	Call with R. Lutz (Pillar) re: DIP; call with C. Belanger re: status update.	0.6
21-Mar-24	B. Warga	Call with TDS and MLT Aikins re: stalking horse; call with D. Jackson re: conflicts; call with M. Petrak re: status update.	1.4
23-Mar-24	B. Warga	Review of correspondence from PADM re: strategy.	0.7
25-Mar-24	B. Warga	Call with C. Belanger re: file status and strategy.	0.6
26-Mar-24	B. Warga	Review of correspondence to/from TDS and PADM re: path forward; call with B. Taylor re: same.	0.5
27-Mar-24	B. Warga	Call with PADM and TDS re: strategy and path forward.	1.2
30-Mar-24	B. Warga	Call with B. Taylor; review of e-mail correspondence re: strategy sent to BDC/RBC.	0.7
1-Apr-24	B. Warga	Review of e-mail correspondence from B. Taylor re: strategy.	0.3
2-Apr-24	B. Warga	Call with B. Taylor; review of e-mail correspondence from PADM.	0.6
3-Apr-24	B. Warga	Call with PADM and TDS re: cash flows and formal process/strategy.	2.0
4-Apr-24	B. Warga	Review of revised cash flows; review of correspondence from B. Taylor.	0.4
5-Apr-24	B. Warga	Call with PADM and B. Taylor re: cash flows and strategy.	2.4
8-Apr-24	B. Warga	Review of equipment list; call with PADM and B. Taylor re: same; review of cash flows; review of various e-mail correspondence to/from PADM and TDS.	2.7
9-Apr-24	B. Warga	Call with PADM, TDS, and BDC (and counsel) re: filing; review of various e-mail correspondence re: same.	1.5
10-Apr-24	B. Warga	Review of various e-mail correspondence from TDS; review of draft APA.	1.1



Date	Staff	Comments	Hours
11-Apr-24	B. Warga	Call with PADM and B. Taylor; call with PADM, B. Taylor, and RBC; review of various e-mail correspondence.	2.1
12-Apr-24	B. Warga	Review of APA and various e-mail correspondence to/from PADM and B. Taylor.	0.7
15-Apr-24	B. Warga	Review of correspondence from PADM and B. Taylor.	0.3
16-Apr-24	B. Warga	Call with PADM and B. Taylor re: RBC/BDC/Pillar and strategy.	0.7



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Calgary, AB T2P 1C9

Attention: Alex Wang, Senior Manager, Special Loans and Advisory Services

Date	Invoice
May 28, 2024	CINV2898908 CUS0082967

RE: PADM Group Inc. - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Court Appointed Receivership proceedings for the period May 2, 2024 to May 25, 2024 in the above noted matter.

Our Fee	\$ 49,957.50
GST/HST (5%) 101518124RT0001	2,497.88
TOTAL	<u>\$ 52,455.38</u>

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	56.4	575.00	32,430.00
J. Parisi, Partner	1.9	575.00	1,092.50
J. Fritz, Senior Manager	34.6	475.00	16,435.00
Total	<u>92.9</u>		<u>\$ 49,957.50</u>



Date	Staff	Comments	Hours
2-May-24	B. Warga	Review of various e-mail correspondence from PADM and B. Taylor; call with B. Taylor.	0.5
3-May-24	B. Warga	Review of correspondence from PADM re: status update to RBC/BDC.	0.2
6-May-24	B. Warga	Calls with B. Taylor re: file status and landlord matters; review of e-mail correspondence.	0.6
7-May-24	B. Warga	Call with PADM re: status update; review of e-mail correspondence to RBC/BDC.	0.7
8-May-24	B. Warga	Call with PADM and B. Taylor re: options; call with D. Jackson re: same; review of cash flows.	1.5
8-May-24	J. Fritz	Call with management and counsel; cash flow review and compilation.	2.9
9-May-24	B. Warga	Call with K. Anniko (RBC); call with PADM and B. Taylor re: file matters; review of director resolution; review of various correspondence re: DHT information requests.	2.4
10-May-24	B. Warga	Calls with PADM re: process; correspondence to/from counsel to RBC re: bankruptcy/receivership proceedings; drafting of Pre-Filing Report.	1.1
13-May-24	B. Warga	Call with PADM and legal counsels to RBC and BDC re: strategy; drafting of Pre-Filing Report; calls with D. Jackson re: file matters and Court hearing; review of draft order and consent.	3.8
13-May-24	J. Fritz	Call with management, primary secured lenders, and counsel re: pending receivership application and sales processes status; correspondence with counsel.	1.2
14-May-24	B. Warga	Correspondence with PADM Group re: cash flows; correspondence with D. Jackson re: consent and draft order; updates to Pre-Filing Report.	1.8
15-May-24	B. Warga	Call with PADM; call with RBC's counsel; review of correspondence to/from PADM to RBC; review of various e-mail correspondence to/from PADM; drafting of Pre-Filing Report.	2.6
15-May-24	J. Fritz	Correspondence with management re: pre-filing matters.	1.2
16-May-24	B. Warga	Review of Wang Affidavit; updates to Pre-Filing Report; call with K. Cancilla and counsel re: offer; call with K. Anniko; call with R. Schwartz; various e-mail correspondence to/from PADM; call with PADM re: financial and asset schedules.	3.8
16-May-24	J. Fritz	Pre-pack sale matters.	1.1
17-May-24	B. Warga	Drafting of Pre-Filing Report and Confidential Supplement; call with K. Cancilla; e-mail correspondence and calls with counsel re: pre-pack transaction.	6.4



Date	Staff	Comments	Hours
17-May-24	J. Fritz	Pre-filing reporting matters; Company information request review; correspondence with counsel.	2.5
18-May-24	B. Warga	Drafting of Court reporting.	2.4
18-May-24	J. Fritz	Pre-filing reporting matters.	1.7
19-May-24	B. Warga	Call with Taylor McCaffrey re: APA; provision of Draft Reports to Taylor McCaffrey; review of various e-mail correspondence to/from PADM re: information requests; downloading of lease documents.	3.1
19-May-24	J. Fritz	Call with counsel.	0.4
20-May-24	B. Warga	Call with Taylor McCaffrey re: APA; updates to Court reporting; review of various e-mail correspondence; review of revised APA.	2.8
21-May-24	B. Warga	Revisions to Draft Reports from QAR and legal review; call with PADM re: file matters; review of APA; various correspondence and calls with counsel re: materials and Court hearing; review of Notice of Motion and SAVO; review of security opinion.	5.8
21-May-24	J. Fritz	Correspondence with counsel; Court reporting; review of Court materials; correspondence with management re: information requests.	5.3
21-May-24	J. Parisi	Review and provide comments on Receiver's Pre-Filing Report; review the Confidential Supplement and provide comments.	1.9
22-May-24	B. Warga	Finalization of Pre-Filing Reports; various correspondence and calls with legal counsel re: APA and Court matters; review of Court materials.	5.2
22-May-24	J. Fritz	Finalize Court reporting; correspondence with counsel; agreement and court materials review.	7.7
23-May-24	B. Warga	Attendance at Court hearing; attendance at Buffalo Place; calls with PADM Group; call with landlord; review of various e-mail correspondence; review of purchase price allocation; review of license agreement; drafting of borrowing certificate and cash flows.	7.3
23-May-24	J. Fritz	Receivership Court hearing attendance; correspondence with management re: information requests and receivership process; onsite attendance and landlord meeting.	4.7
24-May-24	B. Warga	Review and execution of Transaction closing documents; various e-mail correspondence and calls with Taylor McCaffrey re: closing documents; call with Purchaser re: access; review of access agreement; call with interested stakeholder; borrowing request to RBC; call with landlord.	4.4
24-May-24	J. Fritz	Transaction closing matters; correspondence with management re: information requests.	5.6
25-May-24	J. Fritz	Management correspondence re: employee information.	0.3



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Calgary, Alberta T2P 1C9

Attention: Alex Wang, Senior Manager, Special Loans and Advisory Services

Date	Invoice
July 8, 2024	CINV2990757 CUS0082967

Re: PADM Group Inc. - In Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 59,470.00
Subtotal	59,470.00
GST/HST (5%) 101518124RT0001	2,973.50
TOTAL	\$ 62,443.50

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	52.9	575.00	30,417.50
J. Parisi, Partner	0.1	575.00	57.50
J. Fritz, Sr. Manager	57.8	475.00	27,455.00
L. Demchuck, Associate	7.7	200.00	1,540.00
Total	<u>118.5</u>		<u>\$ 59,470.00</u>



Staff	Date	Comments	Hours
B. Warga	2024-05-27	Review of various e-mail correspondence to/from PADM; website updates; billing.	2.3
J. Fritz	2024-05-27	Correspondence with Management re: information requests.	1.2
B. Warga	2024-05-28	On-site meeting with former employees and K. Cancilla; call with PADM Management re: file matters; review of various e-mail correspondence re: receivership proceedings.	3.8
J. Fritz	2024-05-28	Facility attendance and employee meeting; website direction; creditor enquiries; insurance and CRA document review; Management correspondence re: information requests and ongoing receivership matters.	4.7
L. Demchuk	2024-05-28	Submit request to open bank account; correspondence with J Fritz.	0.2
B. Warga	2024-05-29	Call with M. Petrak re: access; call with Taylor McCaffrey re: pension and file matters; drafting and review of Notice and Statement of the Receiver; review of various e-mail correspondence; correspondence to/from RBC and counsel.	3.6
J. Fritz	2024-05-29	Statutory notice compilation; creditor correspondence; IT and data correspondence.	2.7
L. Demchuk	2024-05-29	Correspondence with Versabank, J. Fritz, and discussion re: new account setup; confirm account opening; draft incoming wire payment instructions; set up file and enter client information in Ascend.	1.3
B. Warga	2024-05-30	Finalize Notice and Statement of the Receiver; calls with PADM Group re: sales and equipment; review of various correspondence from PADM Group re: CRA, employees, and file matters; correspondence to/from K. Cancilla re: data access and backups.	2.6
J. Fritz	2024-05-30	Inventory sale matters; post-closing matters; correspondence with insurer; interested party correspondence.	2.4
J. Parisi	2024-05-30	Review receiver's notice.	0.1
B. Warga	2024-05-31	Finalization of mailing; review of various e-mail correspondence re: file matters.	1.0
J. Fritz	2024-05-31	Correspondence with Management re: pending sale; finalize and distribute statutory notice.	1.8
B. Warga	2024-06-03	Review of various e-mail correspondence to/from PADM re: file matters; review of CRA and Minister of Finance correspondence; review of legal fees; correspondence with RBC re: borrowings and professional fees; review of cash flow forecast.	1.8
J. Fritz	2024-06-03	OSB correspondence re: certificate of appointment; CRA correspondence; inventory sale matters; creditor enquiries; correspondence with former management re: information requests.	2.9
L. Demchuk	2024-06-03	Emails re: banking matters; phone calls with J. Fritz.	0.3



Staff	Date	Comments	Hours
B. Warga	2024-06-04	Meeting on-site at Unit B with PADM; call with insurer; review of various e-mail correspondence; various creditor calls; call with legal counsel re: CAFO.	3.4
J. Fritz	2024-06-04	Meeting with former Management re: Receivership matters and asset sales; insurance correspondence; CRA correspondence re: GST; OSB filing matters; payable compilation and request for payment; deposit compilation.	3.3
L. Demchuk	2024-06-04	Correspondence with T. Kelly re: banking matters.	0.2
B. Warga	2024-06-05	Call with brokers re: potential involvement in sale process; review of various e-mail correspondence re: file matters.	1.5
J. Fritz	2024-06-05	Correspondence with former staff/brokers; correspondence with former Management re: Receivership administration.	0.7
L. Demchuk	2024-06-05	Transfer file in Ascend; set up and link bank account; record receipts; draft cheque requisition and enter payables in Ascend for processing; generate OR fees; emails with signing authorities re: approval for cheques; print cheques and scan support to file.	1.4
B. Warga	2024-06-06	Call with interested parties; review of correspondence from PADM re: SRED and various file matters; drafting correspondence to RBC re: broker involvement.	2.8
J. Fritz	2024-06-06	Creditor correspondence; insurance correspondence; former Management correspondence re: Receivership administration matters; interested party correspondence.	2.6
L. Demchuk	2024-06-06	Correspondence and other matters related to approval and mailing of payables; record receipts in Ascend and generate deposit slip; email to J. Fritz.	0.7
B. Warga	2024-06-07	Attendance on site to retrieve mail; call with M. Petrak re: potential transaction; review various e-mail correspondence from PADM re: statutory filings, interested parties, and transactional matters; e-mail correspondence to/from consultants.	2.8
J. Fritz	2024-06-07	Creditor correspondence; correspondence with former Management re: Receivership administration; insurance correspondence.	1.1
L. Demchuk	2024-06-07	Print cheques and scan support to file; mail and courier cheques; correspondence with J. Fritz; e-file remittance for system generated OR fees; draft remittance form for manually generated OR fees; draft cheque requisition for approval.	1.1
B. Warga	2024-06-10	Call with M. Petrak re: sales process; review of Roswell DHT sales package; review of various e-mail correspondence re: security interests; call with C. Roy re: priorities.	1.8
J. Fritz	2024-06-10	Roswell sales package compilation; correspondence with former management re: sales process; insurance correspondence.	3.7
L. Demchuk	2024-06-10	Record payable in Ascend for processing; process and print cheque; scan support to file; mail cheque.	0.3



Staff	Date	Comments	Hours
B. Warga	2024-06-11	Various correspondence to/from PADM re: file matters; correspondence to/from creditors; call with D. Jackson re: file matters.	1.2
J. Fritz	2024-06-11	SRED correspondence; pension and employee contract and legislation review; creditor enquiries; WCB correspondence.	4.1
B. Warga	2024-06-12	Review various correspondence and materials re: pension; correspondence to/from RBC re: funds on deposit; review of various correspondence to/from PADM re: file matters.	1.2
J. Fritz	2024-06-12	Insurance policy review and correspondence; pension priority review; correspondence with counsel; creditor correspondence.	3.3
L. Demchuk	2024-06-12	Process deposit; correspondence with J Fritz.	0.2
B. Warga	2024-06-13	Call with Province of MB re: payroll tax; correspondence to/from PADM re: file matters; attendance on-site at Roswell DHT.	3.2
J. Fritz	2024-06-13	Virtual Roswell site review; creditor correspondence.	1.9
B. Warga	2024-06-14	Meeting on site with M. Petrak and K. Cancilla; call with interested part; call with M. Petrak re: interested party and material purchases.	2.6
J. Fritz	2024-06-14	Correspondence with former Management; interested party correspondence; creditor enquiries.	0.9
B. Warga	2024-06-17	Call with M. Petrak re: interested parties; call with D. Jackson re: SRED matters; review of WEPP materials.	1.4
J. Fritz	2024-06-17	Compilation of WEPP data; correspondence with Management; creditor enquiries; correspondence with counsel.	2.9
B. Warga	2024-06-18	Call with PADM re: transaction intangibles; call with Informanix re: IT support; call with Taylor McCaffrey re: pension priorities; correspondence to/from K. Cancilla re: a/r and data transfer.	2.6
J. Fritz	2024-06-18	Correspondence with Management re: Receivership administration; IT provider call; WEPP matters; correspondence with counsel; creditor enquiries.	3.6
L. Demchuk	2024-06-18	Record receipt and emails re: same.	0.2
B. Warga	2024-06-19	Review of various correspondence from PADM re: file matters.	0.7
J. Fritz	2024-06-19	Correspondence with Management re: asset realization and post-receivership matters; WEPP compilation and correspondence to T. Montesano.	1.4
L. Demchuk	2024-06-19	Draft cheque requisition for approval; prepare wire payment request forms for approval; record payables for processing; correspondence with Versabank; print cheques and mail; scan support; correspondence with B. Warga and J. Fritz.	1.0
B. Warga	2024-06-20	Call with M. Petrak re: file matters; review of offer from interested party; correspondence to/from RBC and BDC re: same.	1.8



Staff	Date	Comments	Hours
L. Demchuk	2024-06-20	Draft wire request form for approval; process wire transfer and record disbursement in Ascend; phone call from Versabank; correspondence with B. Warga and J. Fritz.	0.6
B. Warga	2024-06-21	Meeting with M. Petrak at Unit B; call with interested parties; email correspondence with interested parties; call with M. Petrak.	2.6
J. Fritz	2024-06-21	Creditor correspondence; Management correspondence re: employee matters; interested parties' correspondence; CRA correspondence re: GST and pending audit matters; correspondence to counsel.	1.3
B. Warga	2024-06-24	Call with M. Petrak re: interested parties and asset listing; call with Clark Scitech; correspondence to/from K. Cancilla re: access to Unit B.	0.7
J. Fritz	2024-06-24	Correspondence with Management re: GST and patent matters.	0.8
L. Demchuk	2024-06-24	Record receipts and prepare deposit slip.	0.1
B. Warga	2024-06-25	Meeting on-site with M. Petrak and new tenant; calls with M. Petrak re: file matters; drafting of Roswell sale package; call with D. Jackson re: security and secured creditors.	2.7
J. Fritz	2024-06-25	Creditor correspondence; WEPP compilation; correspondence with T. Montesano re: WEPP matters; Roswell sales process correspondence.	4.3
B. Warga	2024-06-26	Preparation of Roswell sales package; various correspondence to/from PADM re: file matters; correspondence to/from Clarke Scitech re: SRED.	3.2
J. Fritz	2024-06-26	Sales and information package compilation and correspondence; CRA items; post-closing matters; creditor enquiries.	5.1
B. Warga	2024-06-27	Call with interested party.	0.4
J. Fritz	2024-06-27	Correspondence with Management re: CRA; correspondence with CRA.	0.7
B. Warga	2024-06-28	Calls with M. Petrak re: interested parties; review of various e-mail correspondence re: file matters.	1.2
J. Fritz	2024-06-28	Direction to T. Montesano re: WEPP.	0.4
L. Demchuk	2024-06-28	Generate deposit slip.	0.1



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Royal Bank of Canada
24th Floor, 335 8th Avenue SW
Calgary, Alberta
T2P 1C9

Attention: Alex Wang, Senior Manager, Special Loans and Advisory Services

Date	Invoice
August 2, 2024	CINV3017001 CUS0082967

Re: PADM Group Inc. - In Receivership

For work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 44,513.75
GST/HST (5%) 101518124RT0001	2,225.69
TOTAL	\$ 46,739.44

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	43.1	575.00	24,782.50
J. Parisi, Partner	1.0	575.00	575.00
R. Girouard, Partner	0.3	575.00	143.75
J. Fritz, Sr. Manager	29.7	475.00	14,107.50
E. Miranda, Sr. Associate	1.0	305.00	305.00
J. Hue, Sr. Associate	13.4	300.00	4,020.00
L. Demchuck, Associate	2.9	200.00	580.00
Total	91.4		\$ 44,513.75



Staff	Date	Comments	Hours
J. Fritz	2024-07-01	Creditor enquiries.	0.2
J. Parisi	2024-07-02	Review of Sales and Information Package and provide comments.	0.5
J. Fritz	2024-07-02	Roswell sales process interested party correspondence.	1.2
B. Warga	2024-07-02	Updates to Roswell package; various calls with M. Petrak re: interested parties; correspondence to/from Clarke Scitech re: SRED; correspondence to/from K. Cancilla re: file matters; creditor correspondence.	3.2
L. Demchuk	2024-07-03	Draft cheque requisition; prepare wire payment request form for approval; correspondence with J. Fritz and B. Warga.	0.5
J. Fritz	2024-07-03	Direction to J. Hue re: WEPP; Roswell sales package finalization and distribution; payables administration.	1.3
B. Warga	2024-07-03	Correspondence with Clarke Scitech re: SRED; call with M. Petrak re: interested parties; correspondence to/from K. Cancilla re: clean rooms; correspondence with PADM re: file matters.	1.9
L. Demchuk	2024-07-04	Process wire payment.	0.2
J. Fritz	2024-07-04	Roswell sales process interested party correspondence; creditor correspondence; PADM Medical invoice payment.	1.2
B. Warga	2024-07-04	E-mail correspondence to/from Taylor McCaffrey re: security interests and general matters; call with J. Fleming re: SRED; asset sale matters; correspondence to/from PADM re: file matters; drafting of R&D.	1.8
B. Warga	2024-07-05	Correspondence to/from PADM re: SRED claims; correspondence to/from Clarke Scitech re: SRED.	0.8
J. Hue	2024-07-05	Revised WEPP schedule and prepare the prefilled WEPP claims.	2.6
J. Fritz	2024-07-05	Roswell sales process correspondence and site visit logistics; CRA correspondence and GST; WEPP review and correspondence with J. Hue.	3.7
L. Demchuk	2024-07-08	Enter and process payables; print cheques and mail; scan support to file.	0.4
B. Warga	2024-07-08	Call with M. Petrak re: interested parties; call with PADM Group re: interested parties and retention of former staff; review of various email correspondence re: file matters.	1.6
J. Fritz	2024-07-08	Call with former Management re: sales process; creditor enquiries; WEPP matters; Roswell sales process administration.	2.1
B. Warga	2024-07-09	Correspondence to/from PADM re: interested parties, SRED, and file matters; discussion of file matters with J. Fritz.	1.1
J. Fritz	2024-07-09	Roswell sales process administration; third party goods matters.	1.2
J. Hue	2024-07-09	Filing employee information with Service Canada regarding WEPP claim.	3.8



Staff	Date	Comments	Hours
J. Fritz	2024-07-10	Direction to T. Montesano re: WEPP; Roswell sales process correspondence with interested parties.	0.9
B. Warga	2024-07-10	Correspondence to/from RBC re: account closure; draft correspondence to IAFG re: pensions; call with M. Petrak re: interested parties; review of various e-mail correspondence re: file matters.	2.8
J. Hue	2024-07-10	Filing employee information with Service Canada; assemble and mailing out the WEPP packages.	3.8
B. Warga	2024-07-11	Review of various correspondence from PADM Group re: site visits and interested parties; correspondence to/from Purchaser re: accounts receivable.	1.2
J. Fritz	2024-07-12	Roswell landlord correspondence; SR&ED matters; sales process correspondence.	1.3
B. Warga	2024-07-12	Call with K. Cancilla re: SRED; call with M. Petrak re: interested parties; attendance on-site to retrieve mail; correspondence to/from Taylor McCaffrey re: Clarke Scitech contingency agreement.	2.8
B. Warga	2024-07-15	Meeting on-site with M. Petrak, A. Hilland and auctioneer re: inventory and residual assets; call with Taylor McCaffrey re: SRED matters; review of various correspondence from A. Hilland re: tax filings, inventory, etc.; processing of disbursements.	3.1
R. Girouard	2024-07-16	T2 matters.	0.3
J. Fritz	2024-07-16	Call with Receiver's counsel and Purchaser's counsel re: SR&ED.	0.4
L. Demchuk	2024-07-16	Correspondence with B. Warga and Versabank re: incoming funds via wire payment.	0.4
E. Miranda	2024-07-16	Discussion with R. Girouard and T2 changes.	1.0
B. Warga	2024-07-16	Call with MLT Akins re: SRED and Clark Scitech Agreement; review and editing of same; various correspondence to/from Taylor McCaffrey re: same; discussions with tax team re: Roswell return.	2.3
L. Demchuk	2024-07-17	Draft cheque requisition for approval; enter payables for processing; correspondence with J. Fritz and B. Warga re: same.	0.3
J. Hue	2024-07-17	Filing WEPP claim as received with Service Canada; update WEPP tracker and email former employee confirmation and direction.	0.4
J. Fritz	2024-07-17	Pension correspondence; correspondence with counsel; payables administration; SR&ED matters; Roswell sales process correspondence.	1.7
B. Warga	2024-07-17	Call with M. Petrak re: interested parties; Roswell tax filing matters; various correspondence to/from PADGM Group re: file matters; correspondence to/from Taylor McCaffrey re: Clarke Scitech Agreement.	1.8
L. Demchuk	2024-07-18	Print and mail cheques; scan support to file.	0.2



Staff	Date	Comments	Hours
J. Fritz	2024-07-18	Roswell sales process correspondence with interested parties; T4 correspondence; correspondence with counsel.	1.1
B. Warga	2024-07-18	Review of Roswell tax filings; correspondence with internal tax group re: same; various e-mail correspondence re: file matters; correspondence to/from Taylor McCaffrey re: confidentiality agreement.	1.5
J. Fritz	2024-07-19	Roswell sales process administration.	0.3
B. Warga	2024-07-19	Correspondence to/from Taylor McCaffrey re: Clarke Scitech engagement; review of Roswell submissions; correspondence to/from PADM re: file matters.	1.3
L. Demchuk	2024-07-22	Banking matters; draft wire payment request form for approval; correspondence with B. Warga.	0.4
J. Hue	2024-07-22	Filing several WEPP claims as received with Service Canada; update WEPP tracker; saving claims and email former employees confirmation; telephone calls with former employees and assist in completing claims.	1.7
B. Warga	2024-07-22	Summarization of submissions from Roswell process; calls with M. Petrak re: file matters; calls with C. Belanger re: on-site attendance; call with interested party; correspondence with Purchaser re: A/R; correspondence to legal counsel re: security and NDA.	2.8
L. Demchuk	2024-07-23	Process wire transfer request.	0.2
B. Warga	2024-07-23	Attendance on-site at PADM to retrieve mail and meet with Malach; updates to R&D; drafting e-mail update to RBC; call with K. Cancilla re: SRED and purchased assets; e-mail correspondence to/from M. Petrak re: interested parties; correspondence with Taylor McCaffrey re: security and file matters.	2.4
B. Warga	2024-07-24	Correspondence to/from Taylor McCaffrey re: security; correspondence to/from Greatwest Mechanical; correspondence to PDAM Group re: interested parties.	0.8
J. Fritz	2024-07-24	Correspondence with appointing secured creditor; Roswell sales process offer review and correspondence.	1.4
J. Hue	2024-07-25	Telephone call with creditors; enter and save claims as received with Service Canada and update tracker.	0.6
J. Fritz	2024-07-25	CRA correspondence re: trust examination and online access matters; interested parties and sales process correspondence; building maintenance matters.	1.7
B. Warga	2024-07-25	Call with M. Petrak re: interested parties; drafting of sales package; correspondence to/from K. Cancilla and CRA re: SRED; discussion with J. Fritz re: file matters.	4.2
L. Demchuk	2024-07-26	Prepare wire transfer request form and process.	0.3
J. Hue	2024-07-26	WEPP administration matters.	0.5



Staff	Date	Comments	Hours
B. Warga	2024-07-26	Call with J. Fritz re: sales package; call with Malach re: mail.	0.7
J. Fritz	2024-07-26	PADM Medical and Textiles sales process document, interested parties, and former Management correspondence; GST filing.	2.1
J. Parisi	2024-07-28	Review sales package and provide comments.	0.5
J. Fritz	2024-07-29	Medical and Textiles sales process; correspondence with interested parties; DHT sales process post offer matters.	3.4
B. Warga	2024-07-30	Call with M. Petrak re: interested parties; correspondence to/from interested parties and scrap/salvage companies; updates to sales package; discussion with J. Fritz re: file matters and sales process.	2.3
J. Fritz	2024-07-30	WEPP administration; interested parties correspondence and administration re: DHT sales process and Medical/Textiles sales process.	3.3
J. Fritz	2024-07-31	WEPP administration; CRA correspondence; sales process administration re: Medical/Textiles.	1.2
B. Warga	2024-07-31	Calls with M. Petrak re: interested parties; call with interested party; calls with salvage/scrap companies; review of SRED response for PADM Medical.	2.7



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Strictly Private & Confidential

Royal Bank of Canada
24th Floor, 335 8th Avenue SW
Calgary, Alberta
T2P 1C9

Attention: Alex Wang, Senior Manager, Special Loans and Advisory Services

Date	Invoice
September 16, 2024	CINV3083946 CUS0082967

Re: PADM Group Inc. - In Receivership

For work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 64,330.00
GST/HST (5%) 101518124RT0001	3,216.50
TOTAL	<u>\$ 67,546.50</u>

Summary of Time Charges:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
B. Warga, Partner	69.3	575.00	39,847.50
J. Fritz, Sr. Manager	47.5	475.00	22,562.50
J. Hue, Sr. Associate	3.0	300.00	900.00
L. Demchuck, Associate	5.1	200.00	1,020.00
Total	<u>124.9</u>		<u>\$ 64,330.00</u>



Staff	Date	Comments	Hours
B. Warga	2024-08-01	Meeting on-site with M. Petrak; calls with G. Kopec re: scrap; calls with M. Petrak re: interested parties; review of various e-mail correspondence re: file matters; call with RBC's counsel re: file update; billing; review of Clarke Scitech Agreement	2.8
J. Fritz	2024-08-01	Medical/Textiles sales process administration and interested party correspondence; CRA deemed trust audit review and correspondence; primary secured creditor correspondence.	1.9
L. Demchuk	2024-08-01	Draft cheque requisition and prepare wire request form for approval.	0.3
B. Warga	2024-08-02	Meeting on-site with salvage company; calls with M. Petrak re: interested parties; various e-mail correspondence to/from interested parties.	2.9
J. Fritz	2024-08-02	DHT asset sale correspondence; Medical/Textiles asset sale correspondence and administration.	2.6
J. Fritz	2024-08-05	PADM sales process interested parties' correspondence.	0.3
B. Warga	2024-08-06	Review of PADM Group SRED; call with counsel to RBC re: Roswell asset sale; correspondence to BDC re: same; drafting of First Report.	2.4
J. Hue	2024-08-06	Filing WEPP claims as received with Service Canada; update the WEPP tracker and email former employee confirmation; telephone call with former employee.	0.4
J. Fritz	2024-08-06	DHT and Medical/Textiles sale process administration and correspondence; secured creditor correspondence.	0.9
B. Warga	2024-08-07	Correspondence to/from scrap dealers; correspondence to/from PADM re: interested parties; correspondence to RBC re: borrowing certificate.	1.2
J. Fritz	2024-08-07	Sales process correspondence to interested parties and former management (re: contacts and information distribution).	1.6
B. Warga	2024-08-08	Drafting of Addendum to sales package; call with M. Petrak; correspondence with interested broker.	2.3
J. Fritz	2024-08-08	Sales process administration; correspondence with management re: sales process/tax matters; CRA correspondence re: audit and account access; distribution of Sales Package Addendum; WEPP administration.	5.2
B. Warga	2024-08-09	Correspondence to/from BDC re: purchase price allocation; correspondence to/from PADM re: interested parties; correspondence to scrap dealers.	1.1
B. Warga	2024-08-12	Call with M. Petrak re: interested parties; processing of deposits and disbursements; review of various email correspondence.	2.4
J. Hue	2024-08-12	Call and email with employee regarding WEPP claim.	0.6



Staff	Date	Comments	Hours
J. Fritz	2024-08-12	Insurance review and correspondence with broker and management re: renewal; CRA correspondence and testing re: online access.	2.6
L. Demchuk	2024-08-12	Process deposit.	0.2
B. Warga	2024-08-13	Drafting of First Report; correspondence with PADM re: interested parties; correspondence to/from Taylor McCaffrey re: Receiver's Certificate and Clarke Scitech agreement; drafting of scrap invoice.	4.2
J. Hue	2024-08-13	Filing WEPP claims as received with Service Canada; update tracker and email employee update; telephone call with former employee regarding WEPP claim.	0.6
J. Fritz	2024-08-13	Unit B equipment removal matters; sales process correspondence.	0.6
L. Demchuk	2024-08-13	Correspondence with B. Warga and Versabank re: incoming funds; record deposit in Ascend.	0.3
B. Warga	2024-08-14	Review of e-mail correspondence from PADM and interested parties; attendance on-site at Unit B re: asset removal; drafting of Confidential Supplement.	1.8
J. Fritz	2024-08-14	DHT Sales process correspondence; secured creditor review; CRA access and tax correspondence.	2.1
L. Demchuk	2024-08-14	Draft cheque requisitions for approval; process deposit; process payables; print and mail cheques; scan support to file.	0.8
B. Warga	2024-08-15	Attendance on-site at Unit B re: water line decommissioning and prospective tenant access; correspondence to/from PADM re: electronic file access; calls with K. Cancilla re: premises; correspondence with landlord; correspondence with Vipond.	2.8
B. Warga	2024-08-16	Call with interested parties; review of submitted offers; call with M. Petrak; call with J. Fritz re: options.	2.5
J. Fritz	2024-08-16	Interested party correspondence; Textiles/Medical sales process administration.	0.7
B. Warga	2024-08-19	Correspondence to/from M. Petrak re: sales process and interested party; summarization of offers; review of correspondence re: trademark transfers; call with M. Petrak.	2.3
J. Fritz	2024-08-19	Sales process matters; call with M. Petrak; pre-pack intangible agreement review and edits; compilation of data and correspondence with C. Belanger; WEPP enquiry; creditor correspondence; CRA correspondence; ongoing insurance matters.	2.6
L. Demchuk	2024-08-19	Correspondence re: incoming wire payment funds.	0.2
B. Warga	2024-08-20	Draft of updates to RBC and BDC; attendance at Unit B for scrap removal and equipment maintenance; meeting with Malach re: rent extension on Unit B space; review of insurance policy renewal.	5.1
J. Fritz	2024-08-20	Sales process matters; primary secured creditor correspondence; R&D and payables; pension review and correspondence.	2.3
L. Demchuk	2024-08-20	Draft cheque requisition; process payable.	0.4



Staff	Date	Comments	Hours
B. Warga	2024-08-21	Attendance at Unit B for equipment repair and scrap removal; discussions with M. Petrak re: interested parties; deposit.	3.1
J. Fritz	2024-08-21	Secured creditor correspondence; other creditor enquiries; CRA correspondence re: online access and audit.	0.8
L. Demchuk	2024-08-21	Record and process deposit; process payables; print and mail cheques; scan support to file.	0.4
B. Warga	2024-08-22	Call with interested party and M. Petrak; review and edits to draft LOI; correspondence to/from legal counsel; review of correspondence to/from insurance provider.	2.6
J. Fritz	2024-08-22	Textile sale matters: call with interested party and M. Petrak; LOI review and revisions; GST compilation and filing; WEPP enquiries; insurance coverage correspondence.	2.7
B. Warga	2024-08-23	Calls with M. Petrak; correspondence to/from interested party; correspondence to/from J. Fritz re: insurance.	2.3
J. Fritz	2024-08-23	Interested party EOI; CRA access correspondence; insurance correspondence.	1.2
L. Demchuk	2024-08-23	Draft cheque requisition form; enter and process payables; print cheques and mail; scan support to file.	0.5
B. Warga	2024-08-26	Call with Taylor McCaffrey re: security opinion; calls with M. Petrak re: interested parties; e-mail correspondence to/from interested party; review of LOI.	3.2
J. Fritz	2024-08-26	Sales process matters; review of pre-pack electronic document compilation and follow-up with C. Belanger; patent correspondence; correspondence with counsel; security redemption.	3.4
B. Warga	2024-08-27	Update call with BDC and counsel; correspondence to/from interested parties; correspondence to/from Taylor McCaffrey re: LOI; calls with M. Petrak.	3.1
J. Hue	2024-08-27	Telephone call with creditor regarding WEPP claim; email J. Fritz Service Canada payment letters.	0.3
J. Fritz	2024-08-27	Secured creditor update; WEPPA administration; asset correspondence re: BDC secured interests; DHT sales process correspondence; insurance correspondence; patent correspondence.	2.4
L. Demchuk	2024-08-27	Draft cheque requisition for approval; prepare wire transfer request for processing; correspondence with Versabank; record payment in Ascend and save support to file.	0.4
B. Warga	2024-08-28	Correspondence with landlord, K. Cancilla, and Malach re: occupancy; call with M. Petrak; correspondence to interested party.	2.1
J. Hue	2024-08-28	Filing claims as received with Service Canada; update the tracker and correspondence with creditor.	0.4



Staff	Date	Comments	Hours
J. Fritz	2024-08-28	DHT sales process matters and correspondence; correspondence with counsel; secured creditor information requests; pension correspondence; CRA trust audit correspondence.	1.7
B. Warga	2024-08-29	Meeting on-site at Unit B with landlord; call with RBC and BDC counsel re: LOI; updates to R&D and drafting of revised cash flows; e-mail correspondence to/from RBC/BDC; call with M. Petrak re: file matters.	3.1
J. Fritz	2024-08-29	Insurance correspondence; patent correspondence; sales process matters.	0.9
L. Demchuk	2024-08-29	Draft cheque requisition for approval; prepare wire transfer request for processing; record payment in Ascend; save support to file; other correspondence re: banking matters.	0.5
B. Warga	2024-08-30	Call with RBC; call with M. Petrak; various correspondence to RBC/BDC re: LOI; e-mail correspondence to/from interested parties.	1.4
J. Fritz	2024-08-30	Sales process correspondence.	0.3
B. Warga	2024-09-03	Call with counsel to RBC and BDC; call with interested party; calls with M. Petrak; review of insurance correspondence.	1.6
J. Fritz	2024-09-03	Primary secured creditors correspondence; interested party correspondence; other sales process matters.	1.4
L. Demchuk	2024-09-03	Verify cheque for Versabank.	0.1
B. Warga	2024-09-04	Correspondence to/from M. Petrak re: interested party.	0.4
J. Fritz	2024-09-04	Insurance review and broker correspondence; pension claim review.	0.8
L. Demchuk	2024-09-04	Prepare cheque requisition; draft wire request form for approval; correspondence with Versabank; enter and process payables; print and mail cheques; scan support to file.	0.7
B. Warga	2024-09-05	Drafting of First Report; correspondence with J. Fritz and M. Petrak re: file matters.	2.2
J. Fritz	2024-09-05	Priority claim correspondence.	0.3
L. Demchuk	2024-09-05	Prepare deposit slip; correspondence with Versabank and J. Fritz re: banking information.	0.3
B. Warga	2024-09-06	Call with M. Petrak re: interested parties; drafting of Confidential Supplement.	2.2
J. Fritz	2024-09-06	Insurance review and correspondence; CRA attendance matters.	0.7
B. Warga	2024-09-09	Call with CRG re: site attendance; review of various e-mail correspondence re: file matters; call with M. Petrak; return of interested party deposit.	1.5
J. Fritz	2024-09-09	DHT sales process correspondence; compilation of CRA Trust Examination data.	2.7
B. Warga	2024-09-10	Attendance at Unit B; meeting with M. Petrak; call with scrap dealer; interested party correspondence; attendance on-site with	4.1



Staff	Date	Comments	Hours
		scrap dealer and M. Petrak; various correspondence to/from M. Petrak and K. Cancilla re: Roswell assets; call with Taylor McCaffrey re: court hearing; CRA discussions with J. Fritz; drafting of distribution analysis.	
J. Hue	2024-09-10	Filing WEPP claim as received with Service Canada; update the WEPP tracker; telephone call with creditor regarding WEPP submission status; follow up call with Service Canada and relay issue with former employee due to two SIN filings resolved.	0.7
J. Fritz	2024-09-10	CRA auditor meeting and information requests; CRA access matters; pre-pack asset conveyance correspondence; tax data compilation and correspondence; Roswell landlord and services correspondence.	2.7
B. Warga	2024-09-11	Review of APA; calls with interested party; review of security analysis; review of various e-mail correspondence re: asset sale matters.	2.6
J. Fritz	2024-09-11	Correspondence with DHT prospective purchaser; correspondence with primary secured creditors and counsel re: DHT sales process; counsel correspondence; C. Belanger call and correspondence re: DHT data; APA review and edits; Winnipeg location matters.	2.1

Appendix H – Fees and Disbursements of Taylor McCaffrey LLP

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

**SUMMARY OF LEGAL FEES AND DISBURSEMENTS
TAYLOR MCCAFFREY LLP**

Date	Invoice #	Fees	Disbursements	GST	PST	Total	Hours
03-Jun-24	703732	\$ 63,679	\$ 493	\$ 3,200	\$ 4,458	\$ 71,830	187.5
18-Jul-24	706587	22,855	359	1,155	1,600	25,969	79.1
22-Aug-24	708410	17,789	89	894	1,245	20,017	82.6
09-Sep-24	709393	8,631	2	432	604	9,668	26.6
TOTAL		\$ 112,953	\$ 943	\$ 5,681	\$ 7,907	\$ 127,483	375.8

Appendix I – Fees and Disbursements of Gowlings WLG

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

**SUMMARY OF LEGAL FEES AND DISBURSEMENTS
GOWLINGS WLG**

Date	Invoice #	Fees	Disbursements	GST	Total	Hours
30-Jun-24	20302352	\$ 3,384	\$ 57	\$ 171	\$ 3,612	4.7
TOTAL		\$ 3,384	\$ 57	\$ 171	\$ 3,612	4.7

Appendix J – Statement of Receipts and Disbursements for the period May 23, 2024 to September 13, 2024

PADM GROUP INC., PADM MEDICAL INC., AND ROSWELL DOWNHOLE TECHNOLOGIES INC.
STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period May 23, 2024 to September 13, 2024

	<u>Amount</u>	<u>Notes</u>
Receipts		
Cash on hand	\$ 75,293	
Accounts Receivable	16,439	
Collection of Purchased Accounts Receivable	73,512	
GST Collected	13,315	
GST Refund	11,165	
Interest	10,123	
Receiver's Borrowings	500,000	
Recycling	1,810	
Sale of Assets (includes net pre-pack proceeds)	1,389,232	
WCB Refunds	11,380	
Total Receipts	2,102,269	
Disbursements		
Contractors	108,215	
Equipment Rental	1,984	
Filing Fees	241	
GST Paid on Disbursements	1,009	
GST Paid on Legal Fees and Disbursements	5,250	
GST Paid on Receiver Fees and Disbursements	8,509	
GST Remittances	10,261	
Insurance	19,877	
IT Support and Accounting Services	1,416	
Legal Fees and Disbursements	108,704	(1)
Patent Renewal	1,181	
PST Paid on Disbursements	231	
PST Paid on Legal Fees and Disbursements	7,303	
Receiver Fees and Disbursements	170,184	(2)
Redemption of Security	1,646	
Rent	-	(3)
Transfer of Purchased Accounts Receivable Collections to Purchaser	73,512	
Utilities	13,209	
Total Disbursements	532,733	
Excess of Receipts over Disbursements as at September 13, 2024	\$ 1,569,536	

Notes:

- (1) Excludes invoiced fees and disbursements of Taylor McCaffrey LLP for the period August 1, 2024 to August 30, 2024 of \$9,667.75 (inclusive of GST and PST).
- (2) Excludes invoiced fees and disbursements of the Receiver for the period August 1, 2024 to September 11, 2024 of \$67,546.50 (inclusive of GST).
- (3) The Receiver has made arrangements with counsel representing the landlord of 47 Aero Drive NW, Unit 17, Calgary, Alberta for continued occupancy. Approximately \$78,383 will be paid by the Receiver for the period May 23, 2024 to August 31, 2024.