

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)
JUSTICE DUNPHY)

TUESDAY, THE 12th
DAY OF JUNE, 2018

BETWEEN:

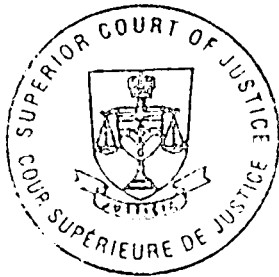
HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Respondents



APPROVAL AND VESTING ORDER

THIS MOTION, made by Deloitte Restructuring Inc., in its capacity as the Court-appointed receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties of Innovative Steam Technologies Inc. ("**IST**") and IST Boiler Components Inc. (the "**Debtor**", and together with IST, the "**Debtors**") acquired for or used in relation to a business carried on by the Debtors, for an order approving the transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement (the "**Sale Agreement**") between the Receiver and Canerector Inc. ("**Canerector**") dated June 6, 2018, to be assigned by Canerector to 8882703 Canada Inc. (the "**Purchaser**") immediately before the Closing of the Transaction, appended to the First Report of the Receiver dated June 7, 2018 (the "**First Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Receiver, HSBC Bank Canada, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Anastasia Markaroff sworn June 8, 2018 filed:

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged, and that service of the redacted First Report as effected is hereby validated so that this motion is properly returnable today, and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that any capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Sale Agreement.
3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale 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 Debtor's right, title and interest in and to the Purchased Assets described in the Sale 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 Justice Wilton-Siegel dated May 1, 2018; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) 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.

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 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 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, 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.

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

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 Debtor and shall not be void or

voidable by creditors of the Debtor, 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 pursuant to any applicable federal or provincial legislation.

9. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

10. THIS COURT ORDERS that the unredacted First Report filed including Confidential Appendix "D" and "E" to the First Report shall be sealed, kept confidential and not form part of the public record, but shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon completion of the Transaction or ~~upon further order of the Court.~~ *June 30 2018 subject to further order.* *ADD*

11. THIS COURT ORDERS ~~that the First Report of the Receiver is hereby approved and the activities of the Receiver as set out therein be and hereby are approved including the Receiver's Interim Statement of Receipts and Disbursements for the period May 1, 2018 to June 1, 2018.~~ *APP.*

[Signature]
 ENTERED AT / INSCRIT À TORONTO
 ON / BOOK NO:
 LE / DANS LE REGISTRE NO:

JUN 12 2018

PER / PAR: *MS*

Schedule A – Form of Receiver's Certificate

Court File No. CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) _____, THE _____
JUSTICE)
DAY OF _____, 2018

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice H. J. Wilton-Siegel of the Ontario Superior Court of Justice (the "**Court**") dated May 1, 2018, Deloitte Restructuring Inc. was appointed as the receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Innovative Steam Technologies Inc. ("**IST**") and IST Boiler Components Inc. (the "**Debtor**", and together with IST, the "**Debtors**") acquired for or used in relation to a business carried on by the Debtors.

B. Pursuant to an Order of the Court dated June 12, 2018, the Court approved the Asset Purchase Agreement (the "**Sale Agreement**") between the Receiver and Canerector Inc.

("Canerector"), which was assigned by Canerector to 8882703 Canada Inc. (the "Purchaser"), and provided for the vesting in the Purchaser of the Debtor's 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 Canerector of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section 11 of the Sale Agreement have been satisfied or waived by the Receiver and Canerector; 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 Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. Canerector has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 11 of the Sale Agreement have been satisfied or waived by the Receiver and Canerector; 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].

**DELOITTE RESTRUCTURING INC., in its
capacity as receiver and manager of the
undertaking, property and assets of
INNOVATIVE STEAM TECHNOLOGIES
and IST BOILER COMPONENTS INC., and
not in its personal or corporate capacity**

Per: _____

Name:

Title:

HSBC BANK CANADA
Applicant

-and-

INNOVATIVE STEAM TECHNOLOGIES INC. et al.
Respondents

Court File No. CV-18-596878-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER

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