

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

**SECOND AND FINAL REPORT OF THE RECEIVER OF
O2 INDUSTRIES INC.**

February 7, 2022

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I. INTRODUCTION

1. Pursuant to an application made by Kensington Private Equity Fund (the "**Agent**"), by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 27, 2021 (the "**Appointment Order**"), RSM Canada Limited was appointed as receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of O2 Industries Inc. ("**O2**" or the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"). A copy of the Appointment Order is attached hereto as **Appendix "A"**.

2. On July 14, 2021, the Receiver served a motion record, returnable on July 23, 2021, for the purpose of seeking
 - (a) an order:
 - (i) approving the sale transaction (the "**Transaction**") contemplated by the asset purchase agreement between the Receiver, the Debtor and 2841551 Ontario Limited ("**2841551**") made as of May 28, 2021 (the "**APA**");
 - (ii) vesting in 2841551 or such other person(s) as it may designate in accordance with the APA (the "**Purchaser**") the right, title and interest of the Debtor and the Receiver, if any, in and to the "Purchased Assets" (as defined in the APA) (the "**Purchased Assets**"), free and clear of all claims and encumbrances upon delivery of a certificate from the Receiver to the Purchaser;

- (b) an order:
 - (i) approving the First Report of the Receiver dated July 14, 2021 (the “**First Report**”) and the conduct and activities of the Receiver described therein;
 - (ii) approving the fees and disbursements of the Receiver and its counsel Chaitons LLP (“**Chaitons**”); and
 - (iii) approving the Receiver’s Interim Statement of Receipts and Disbursements as at July 2, 2021.

- 3. A copy of the First Report, without appendices, filed in support of the Receiver’s motion is attached hereto as **Appendix “B”**.

- 4. On July 23, 2021 the Receiver’s motion was heard and Justice Koehnen granted:
 - (a) an Approval and Vesting Order authorizing the Receiver to complete the Transaction and, upon the completion of the sale transaction and the issuance of a Receiver’s Certificate, vesting title in and to the Purchased Assets in the Purchaser (the “**Approval and Vesting Order**”); and
 - (b) an order approving the First Report, the conduct and activities of the Receiver and the fees and disbursements of the Receiver and its counsel described therein and the Receiver’s Statement of Receipts and Disbursements as at July 2, 2021. (the “**Approvals Order**”).

5. Copies of the Approval and Vesting Order, Approvals Order and the Endorsement of Justice Koehnen related thereto, respectively, are attached hereto as **Appendix “C”, Appendix “D”** and **Appendix “E”**.
6. The Appointment Order, the Approval and Vesting Order, the Approvals Order, the First Report and other Court documents have been posted on the Receiver’s website, which can be found at rsmcanada.com/o2-industries.

II. PURPOSE OF REPORT

7. The purpose of this second and final report to the Court (the **“Second Report”**) is to:
 - (a) report to the Court on the activities of the Receiver since the date of the First Report to February 7, 2022;
 - (b) report to the Court on the completion of the Transaction;
 - (c) provide the Court with a summary of the Receiver’s cash receipts and disbursements for the period May 27, 2021 to February 7, 2022 (the **“R&D”**);
and
 - (d) seek an order:
 - (i) approving the Second Report and the Receiver’s conduct and activities described herein, and the R&D;
 - (ii) approving the fees and disbursements of the Receiver for the period July 1, 2021 to January 31, 2022 and an estimate of the Receiver’s fees

and disbursements to complete the administration of the receivership proceeding;

- (iii) approving the fees and disbursements of Chaitons for the period June 1, 2021 to January 31, 2022 and an estimate of Chaitons' fees and disbursements with respect to the Receiver completing the administration of the receivership proceeding;
- (iv) approving the Final Cash Payment (as defined below); and
- (v) discharging the Receiver upon the Receiver filing a certificate with the Court confirming that the Receiver has completed the Remaining Duties (as defined below) (the "**Receiver's Discharge Certificate**") and authorizing the Receiver to complete certain administrative matters following the discharge of the Receiver.

III. TERMS OF REFERENCE

8. In preparing this Second Report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the "**Information**"). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

9. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

IV. BACKGROUND

10. The Debtor is an Ontario company that designs and sells personal respirators for consumer, healthcare, and military/law enforcement markets.
11. Kensington Capital Partners Limited (together with its affiliates and managed funds, "**Kensington**"), is a Canadian alternative asset management firm that holds a portfolio of global private equity investments. The Agent is an investment fund managed by Kensington.
12. The Agent was a secured creditor of O2 pursuant to three convertible promissory notes issued by the Debtor to the Agent and a general security agreement.
13. The Debtor was in default of its obligations to the Agent and the Agent sought the appointment of the Receiver pursuant to a Notice of Application dated May 25, 2021.
14. On May 27, 2021, the Court issued the Appointment Order.

V. COMPLETION OF THE TRANSACTION

15. Pursuant to the terms of the APA, the Transaction was scheduled to close on July 30, 2021, being the "Outside Date" when the sale was required to close or such later date as may be agreed by the Purchaser and the Receiver.

16. Minor amendments were made to the APA and the final form of the APA was executed on July 29, 2021.

17. The Purchase Price payable to the Receiver for the Purchased Assets was finalized as follows (defined terms are as set out in the APA):
 - (i) the payment or assumption of the Priority Claims – \$Nil

 - (ii) the payment of the Cure Costs – \$Nil;

 - (iii) the release and discharge from the Senior Secured Obligations of US\$2,425,632.84; and

 - (iv) the payment of the amount of \$100,000, estimated by the Receiver to be the aggregate fees, disbursements and expenses of the Receiver for the period from the Closing Time to the Discharge Date (the **“Estimated Fees”**);

18. The Transaction closed on July 30, 2021.

19. Pursuant to the APA, certain Purchased Assets were transferred to the Purchaser by O2 or the Receiver subsequent to July 30, 2021, including tax refunds and *“Cash”* defined in the APA as *“all cash and cash equivalents, bank accounts and bank balances, monies in possession of banks and other depositories, refunds or rebates, term deposits and similar cash property, in each case of the Company, and includes (i) Cash held by or for the benefit of the Company at the Closing Time,*

and (ii) Cash received by the Company, or held by or for the benefit of the Company, from and after the Closing Time”.

VI. POST-CLOSING ACTIVITIES

20. The employment of the remaining O2 employees was terminated by O2. With the exception of one employee, the O2 employees were re-hired by 2841551.
21. Subsequent to the closing of the Transaction, one of O2's former employees was retained by O2 on a temporary basis to assist in the wind-down of operations including the following obligations:
 - (a) prepare the final payroll and prepare and file 2021 T4s;
 - (b) process payment for operating expenses incurred by O2 up to July 30, 2021;
 - (c) prepare/file O2's outstanding HST return(s) and close the account;
 - (d) prepare the year-end financial statements for the July 31, 2021 year end;
 - (e) prepare supporting documentation and coordinate with O2's auditors for the filing of the amended 2020 and 2021 corporate tax returns; and
 - (f) close O2's bank accounts and transfer the balance of CA\$50,404 to the Receiver.
22. O2's corporate tax returns were filed on September 27, 2021 and O2's wind-down was essentially complete by October 18, 2021.

23. During the period from July 30, 2021 to October 18, 2021, the Receiver monitored the wind-down of O2's operations and continued to control the Debtor's cash receipts and disbursements in accordance with the Appointment Order. On October 18, 2021 O2's bank accounts were closed and the funds were transferred to the Receiver's trust account.
24. In December 2021, the Receiver arranged for WSIB annual returns to be filed for 2020 and 2021. Apparently, O2 had never registered for a WSIB account or filed any returns. Based on information provided by the Debtor, the Receiver calculated that premiums of \$549.62 were payable for the post-receivership period of O2's operations and that amount was remitted to WSIB in January 2022.

VII. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

25. Attached as **Appendix "F"** is the Receiver's Interim Statement of Receipts and Disbursements (the "**R&D**") for the period May 27, 2021 to February 7, 2022 (the "**Period**"). During the Period, receipts were \$710,407, consisting of:
- (a) \$116,039 in transfers from O2 to the Receiver of funds received or collected by the Debtor from and after the making of the Appointment Order or required to fund the Receiver's expenses;
 - (b) an advance of \$542,991 from the Agent under the Receiver's Borrowing Charge for the purpose of funding the business of O2 and the fees, disbursements and expenses of the Receiver in the execution of the Receiver's duties and powers; and

(c) an income tax refund in the amount of \$51,378.

26. Disbursements were \$664,972 and included:

(a) payments to the Purchaser pursuant to the APA totaling \$324,853 comprised of Cash of \$273,475 and an income tax refund of \$51,378; and

(b) transfers to O2 of \$124,717 to fund operating expenses.

27. Attached as **Appendix "G"** is the Debtor's Cash Flow for the period May 27, 2021 to October 18, 2021 (the "**Debtor's Cash Flow Results**") which sets out the Debtor's operating costs and receivership costs. During this period, the Debtor's receipts from sales and government receipts were US\$203,848 and disbursements were approximately US\$504,000 excluding receivership costs and transfers to 2841551.

VIII. PROFESSIONAL FEES

28. As set out in the Approvals Order, the Court has already approved the fees and disbursements of the Receiver up to June 30, 2021, and the fees and disbursements of Chaitons up to May 31, 2021.

29. The Receiver's accounts for the period July 1, 2021 to January 31, 2022 total \$61,716.50 in fees, plus HST of \$8,023.16 for a total amount of \$69,739.66 (the "**Receiver's Invoices**"). The Receiver estimates that its fees and disbursements from February 1, 2022 to the completion of the administration of the receivership proceeding will be \$12,500 inclusive of HST (together with the Receiver's Invoices, the "**Receiver's Accounts**"). Copies of the Receiver's Invoices, together with a

summary of the Receiver's Invoices, the total billable hours charged and the average hourly rate charged per the Receiver's Invoices, are set out in the Affidavit of Bryan A. Tannenbaum sworn February 7, 2022 attached hereto as **Appendix "H"**.

30. The accounts of the Receiver's counsel, Chaitons, total \$8,782.50 in fees and disbursements and \$1,100.13 in HST for a total of \$9,882.63 for the period June 1, 2021 to July 31, 2021 (the "**Chaitons Invoice**"). Chaitons estimates that its fees and disbursements from January 1, 2022 to the completion by the Receiver of the administration of the receivership proceeding will be \$6,780.00 inclusive of HST (together with the Chaitons Invoice, the "**Chaitons Accounts**"). A copy of the Chaitons Invoice, together with a summary of the personnel, hours and hourly rates described in the Chaitons Invoice, is set out in the Affidavit of Sam Rappos sworn February 3, 2022 attached to this report as **Appendix "I"**.

IX. DISCHARGE OF THE RECEIVER

31. As of the date of this Second Report, the Receiver's remaining duties (the "**Remaining Duties**") include the following:
- (a) paying the unpaid portion of the Receiver's Accounts and the Chaitons Accounts;
 - (b) in accordance with the APA, paying to the Purchaser the remaining Cash of \$25,940.74 (the "**Final Cash Payment**") in the Receiver's trust account after payment of the Receiver's Accounts, the Chaitons Accounts and a holdback of \$215.00 for accrued bank charges; and

- (c) preparing the Final Statement of Receiver pursuant to section 246(3) of the Bankruptcy and Insolvency Act including the Receiver's Final Statement of Receipts and Disbursements.

32. As the Receiver's administration is substantially complete, and in order to avoid the costs of making a further motion to the Court to obtain the Receiver's discharge, the Receiver is presently seeking an order discharging RSM from the powers, duties and obligations attendant to its appointment as Receiver upon the filing of the Receiver's Discharge Certificate, with the proviso that RSM may perform such incidental duties as may be required by it as Receiver to complete its obligations pursuant to its appointment as Receiver including, but not limited to, the Remaining Duties.

X. CONCLUSION

33. The Receiver respectfully requests that the Court make an Order:
- (a) approving the Second Report and the Receiver's conduct and activities described herein;
 - (b) approving the R&D;
 - (c) approving the Receiver's Accounts;
 - (d) approving the Chaitons Accounts;
 - (e) approving the Final Cash Payment; and

- (f) discharging the Receiver upon the Receiver filing the Receiver's Discharge Certificate with the Court;

All of which is respectfully submitted to this Court as of this 7th day of February, 2022.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
O2 Industries Inc. and not in its personal capacity



Per: Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

APPENDIX A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

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THURSDAY, THE 27TH

JUSTICE CONWAY

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DAY OF MAY, 2021

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KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS
AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C.43, AS AMENDED

RECEIVERSHIP ORDER

THIS APPLICATION made by Kensington Private Equity Fund (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 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing RSM Canada Limited (“**RSM**”), as receiver (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of O2 Industries Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day by videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Richard Nathan sworn May 25, 2021 and the Exhibits thereto and the pre-filing report of RSM in its capacity as proposed Receiver dated May 26, 2021 (the “**Pre-Filing Report**”), and on hearing the submissions of counsel for the Applicant and RSM, no one appearing for the Debtor although duly served, and on reading the consent of RSM to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the 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 101 of the CJA, RSM is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor 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 market the Property pursuant to the sale procedures attached to the Pre-Filing Report (the “**Sale Procedures**”);
- (b) to monitor the business of the Debtor;
- (c) to control the Debtor’s cash receipts and disbursements;
- (d) to cause the Debtor 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 Debtor;

- (e) 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;
- (f) to receive and collect all funds, monies, cheques, instruments, accounts and payments (collectively, "**Funds**") now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such Funds, including, without limitation, to enforce any security held by the Debtor;
- (g) with the consent of the Applicant, to cause the Debtor to settle, extend or compromise any indebtedness or claims owing to, or by, the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) 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 Debtor, 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;
- (j) to cause the Debtor to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) with the consent of the Applicant and without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; 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 63(4) of the Ontario *Personal Property Security Act* (the “PPSA”) or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;

- (k) subject to the Sale Procedures, 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;
- (l) 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;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and
- (n) 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, including the Debtor, and without interference from any other Person.

4. **THIS COURT ORDERS** that, notwithstanding anything to the contrary in this Order, the Receiver shall not (a) manage or operate the business of the Debtor, or (b) take possession or control of any Property of the Debtor other than the Funds in the Post Receivership Accounts (as defined below). Nothing in this Order shall be construed as resulting in the Receiver being an officer, director, employer, responsible person or operator in respect of the Debtor or its business

within the meaning of any statute, regulation or law (including the common law) for any purpose whatsoever.

SALE PROCEDURES

5. **THIS COURT ORDERS** that the Sale Procedures are hereby approved, subject to any amendments to the Sale Procedures that may be made in accordance therewith.

6. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to carry out the Sale Procedures and to take such steps and execute such documentation, whether in the Receiver's name or in the name and on behalf of the Debtor, as may be necessary or incidental to the Sale Procedures.

7. **THIS COURT ORDERS** that the Receiver and the Debtor are hereby authorized to execute an asset purchase agreement among the Receiver, the Debtor and 2841551 Ontario Limited (the "**Stalking Horse Bidder**"), substantially in the form attached to the Pre-Filing Report, with such amendments or modifications as the Stalking Horse Bidder and the Receiver may agree (the "**Stalking Horse Agreement**"). The transaction contemplated pursuant to the Stalking Horse Agreement is hereby approved as the Stalking Horse Bid pursuant to and for purposes of the Sale Procedures, provided that nothing herein approves the sale or vesting of any Property to the Stalking Horse Bidder and that the sale and vesting of any Property pursuant to the Stalking Horse Agreement shall be considered by this Court on a subsequent motion made to this Court if the Stalking Horse Bidder is the Successful Bidder pursuant to the Sale Procedures.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

8. **THIS COURT ORDERS** that the Receiver shall have unfettered access to any Property or Records (as defined below) of the Debtor that the Receiver shall request for the purpose of fulfilling its duties under this Order.

9. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, representatives, 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 and shall grant immediate and continued access to the Property to the Receiver as the Receiver may request.

10. **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, information technology, cloud storage, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 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.

11. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage (including any cloud system), 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.

12. **THIS COURT ORDERS** that the Debtor shall provide each of the relevant landlords with notice of the Debtor'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 Debtor'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

13. **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

14. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor 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 Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that all rights and remedies against the Debtor, 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 Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor 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

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

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor 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 Debtor 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 Debtor, and that the Debtor shall be entitled to the continued use of its 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 Debtor 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

18. **THIS COURT ORDERS** that all Funds received or collected by the Debtor or 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

19. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Debtor, or the Receiver on the Debtor's 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 or otherwise, 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

20. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall be permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders and their advisors in connection with the Sale Procedures, 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 Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

21. **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 *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* 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

22. **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

23. **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 (including statutory, deemed and constructive trusts), liens, charges and encumbrances, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any Person, but subject to (a) sections 14.06(7), 81.4(4), and 81.6(2) of the BIA, and (b) any security interest in the Property that has been perfected prior to the date hereof by (i) PPSA registration number 20210111 1943 1531 1528 in favour of The

Toronto-Dominion Bank, and (ii) PPSA registration number 20201203 0949 1862 6319 in favour of 1537638 Ontario Limited (collectively, the “**Perfected Security Interests**”).

24. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their 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 the Commercial List of the Ontario Superior Court of Justice.

25. **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

26. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow from the Applicant, or another Person with the prior written consent of the Applicant, 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 \$700,000 (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 business of the Debtor or 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 Encumbrances in favour of any Person, but subordinate in priority to the Receiver’s Charge, the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA, and the Perfected Security Interests.

27. **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.

28. **THIS COURT ORDERS** that the Receiver is at liberty to and shall 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.

29. **THIS COURT ORDERS** that until all obligations in respect of a particular Receiver’s Certificate (a “**Prior Issued Certificate**”) shall have been repaid in full, the obligations under any Receiver’s Certificate issued subsequent in time to the Prior Issued Certificate shall rank subordinate in priority to the obligations under the Prior Issued Certificate, unless otherwise agreed to by the holder of the Prior Issued Certificate.

SERVICE AND NOTICE

30. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (Ontario) (the “**Rules**”), this Order shall constitute an order for substituted service pursuant to Rule 16.04. Subject to Rule 3.01(d), service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://www.rsmcanada.com/o2-industries>.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute 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 or electronic message to the Debtor’s creditors or other interested parties and their advisors at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by (i) electronic message or personal delivery shall be deemed to be received on the date of transmission or delivery, as applicable, (ii) courier shall be deemed to be received on the next business day following the date of forwarding thereof, or (iii) ordinary mail shall be deemed to be received on the third business day after mailing. For greater certainty, any such electronic

distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

GENERAL

32. **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.

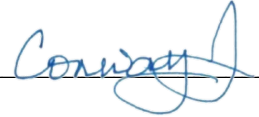
33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or a jurisdiction outside Canada 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.

35. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or 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.

36. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, 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 substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

37. **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, the Applicant and any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in blue ink, appearing to read "Conway J.", is written over a horizontal line.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties of O2 Industries Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 27, 2021 (the "**Order**") made in an action having Court file number __-CL-_____, 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 \$ _____ 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 Toronto, Ontario.

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__.

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

Per: _____

Name:

Title:

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(D) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

KENSINGTON PRIVATE EQUITY FUND - and - **O2 INDUSTRIES INC.**

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicant

APPENDIX B

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

**FIRST REPORT OF THE RECEIVER OF
O2 INDUSTRIES INC.**

July 14, 2021

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I. INTRODUCTION

1. Pursuant to an application made by Kensington Private Equity Fund (the “**Agent**”), by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 27, 2021 (the “**Appointment Order**”), RSM Canada Limited was appointed as receiver (the “**Receiver**”), without security, of all of the assets, undertakings and properties of O2 Industries Inc. (“**O2**” or the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the “**Property**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.

2. The Appointment Order authorizes the Receiver to, among other things:
 - (a) market the Property pursuant to the sale procedures (the “**Sale Procedures**”) attached to the Receiver’s pre-filing report (the “**Pre-Filing Report**”);

 - (b) execute an asset purchase agreement among the Receiver, the Debtor and 2841551 Ontario Limited (the “**Stalking Horse Bidder**”), substantially in the form attached to the Pre-Filing Report, to serve as the stalking horse bid for purposes of the Sale Procedures (the “**Stalking Horse Bid**”);

 - (c) monitor the business of the Debtor;

 - (d) control the Debtor’s cash receipts and disbursements; and

 - (e) cause the Debtor to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:

- (i) with the consent of the Agent and without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; 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.
- 3. The Appointment Order provides that the Receiver shall not (a) manage or operate the business of the Debtor, or (b) take possession or control of any Property of the Debtor other than the Funds in the Post Receivership Accounts (each as defined in the Appointment Order). Moreover, nothing in the Appointment Order is to be construed as resulting in the Receiver being an officer, director, employer, responsible person or operator in respect of the Debtor or its business within the meaning of any statute, regulation or law (including the common law) for any purpose whatsoever.
- 4. The Appointment Order and other Court documents have been posted on the Receiver's website, which can be found at rsmcanada.com/o2-industries.
- 5. The Receiver has retained the firm of Chaitons LLP ("**Chaitons**") to act as the Receiver's independent legal counsel.

II. PURPOSE OF REPORT

- 6. The purpose of this first report to the Court (the "**First Report**") is to:

- (a) report to the Court on the activities of the Receiver from the date of its appointment to July 14, 2021;
- (b) provide background information about the Property;
- (c) provide the Court with information on the marketing of the Property as well as the results of the Sale Procedures conducted by the Receiver;
- (d) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period May 27, 2021 to July 2, 2021 (the "**R&D**"); and
- (e) seek an order:
 - (i) approving the sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated as of May 28, 2021 between the Receiver, the Debtor and the Stalking Horse Bidder (the "**APA**") and approving and ratifying the execution of the APA by the Receiver and the Debtor, with such further minor amendments thereto as the Receiver and the Buyer (as defined below) may agree;
 - (ii) vesting in the Stalking Horse Bidder or such other person(s) as the Stalking Horse Bidder may designate in accordance with the APA (the "**Buyer**") all of the right, title and interest of the Debtor to the Purchased Assets (as defined in the APA), free and clear of all Encumbrances other than Permitted Encumbrances (both as defined in the APA), upon closing of the Transaction and the delivery of a Receiver's certificate to the Buyer;

- (iii) approving the First Report and the Receiver's conduct and activities described herein;
- (iv) approving the R&D;
- (v) approving the fees of the Receiver and Chaitons for the period ending June 30, 2021 and May 31, 2021, respectively.

III. TERMS OF REFERENCE

- 7. In preparing this First Report and making the comments herein, the Receiver has relied upon certain information from third-party sources (collectively, the "**Information**"). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
- 8. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

IV. BACKGROUND

- 9. The Debtor is an Ontario company that designs and sells personal respirators for consumer, healthcare, and military/law enforcement markets.

10. Kensington Capital Partners Limited (together with its affiliates and managed funds, "**Kensington**"), is a Canadian alternative asset management firm that holds a portfolio of global private equity investments. The Agent is an investment fund managed by Kensington.
11. The Agent is a secured creditor of O2 pursuant to three convertible promissory notes issued by the Debtor to the Agent and a general security agreement. The Debtor is indebted to the Agent in the amount of US\$2,030,574.29 as of May 25, 2021 (inclusive of accrued interest to that date but exclusive of expenses, costs, and other charges).
12. The Debtor is in default on its obligations to the Agent.
13. On May 14, 2021, the Agent delivered (i) a demand letter to the Debtor declaring all obligations owing by the Debtor to the Agent to be due and payable and demanding payment in full of the obligations, and (ii) a Notice of Intention to Enforce Security.
14. On May 18, 2021, the Debtor waived its rights to the notice period provided for in the Notice of Intention to Enforce Security and consented to the immediate enforcement of the Agent's security, including the appointment of a receiver.
15. The Agent sought the appointment of the Receiver pursuant to a Notice of Application dated May 25, 2021.
16. On May 27, 2021, the Court issued the Appointment Order appointing RSM Canada Limited as the Receiver.

V. RECEIVER'S ACTIVITIES TO DATE

A. Monitoring and Control of Cash Receipts and Disbursements

17. The Appointment Order provides that the Receiver is to monitor the business of the Debtor and control the Debtor's cash receipts and disbursements. Subsequent to its appointment, the Receiver arranged for:
- (a) the Debtor to grant the Receiver access to O2's online banking platform in order for the Receiver to view the daily activity in the Debtor's three Canadian bank accounts set up at The Toronto-Dominion Bank (the "**TD Accounts**");
 - (b) the Debtor to provide to the Receiver on a weekly basis a printout of the activity in the Debtor's bank account at a branch of The Toronto-Dominion Bank ("**TD Bank**") located in the United States;
 - (c) the Debtor to set up the Receiver as an approver of O2's electronic funds payments and wire transfers from the TD Accounts;
 - (d) the Debtor to submit to the Receiver for review a list of disbursements for payment with copies of supporting invoices;
 - (e) the Receiver to attend O2's regular management meetings to obtain updates on various matters and answer any questions with respect to the receivership proceedings; and

- (f) the Debtor to provide the Receiver with the Debtor's updated cash flow projections on a weekly basis showing actual results and forecast activity to the end of August 2021.
18. The Appointment Order provides that all funds received or collected by the Debtor or the Receiver from and after the making of the Appointment Order from any source whatsoever is to be deposited into one of more new accounts to be opened by the Receiver. The Receiver has set up two trust accounts (one in Canadian currency and one in US currency) at Bank of Montreal (the "**BMO Accounts**") for the receivership administration. Subject to the Debtor's cash requirements, cash collections are transferred from the TD Accounts to the BMO Accounts on a weekly basis.
19. The Receiver has not taken possession or control of any property of the Debtor other than the funds transferred from the TD Accounts to the BMO Accounts.

B. Employee Claims

20. The Debtor advised the Receiver that ten former employees were owed termination pay by O2. The Receiver sent information on the Wage Earner Protection Program ("**WEPP**") to the nine employees who are eligible to apply for payment by WEPP.
21. Two of the employees who are owed termination pay and one other former employee advised the Receiver that they are also owed wages, vacation pay and/or reimbursement for expenses. With management's assistance, the

Receiver has reviewed and determined whether any of the amounts claimed are valid claims against the Debtor.

C. Statutory Notices

22. On June 4, 2021, the Receiver sent a Notice and Statement of Receiver pursuant to Section 245(1) of the *Bankruptcy and Insolvency Act* (Canada) to the known creditors of the Debtor (the “**245 Notice**”). A copy of the 245 Notice is attached hereto as **Appendix “B”**.

VI. MARKETING OF THE PROPERTY

23. The Appointment Order authorizes the Receiver to solicit bids for a sale transaction in respect of all or certain of the property, assets and undertakings of the Debtor pursuant to the Sale Procedures. The Sale Procedures provide for 2841551 Ontario Limited, who the Receiver understands is related to Kensington, to act as the stalking horse bidder in the sale process and to submit an asset purchase agreement for the acquisition of substantially all of the business and assets of the Debtor. On May 28, 2021, the Receiver, the Debtor and the Stalking Horse Bidder executed the Stalking Horse Bid, which constituted a qualified bid under the Sale Procedures.
24. The Sale Procedures and the key provisions of the Stalking Horse Bid are described in detail in the Pre-filing Report. A copy of the Pre-Filing Report is attached as **Appendix “C”** to this report.

25. The timeline for execution of the Sale Procedures is summarized in the table below:

Milestone	Deadline
Commencement of Sale Process	Promptly following the granting of the Appointment Order
Bid Deadline	5:00 p.m. EST on July 8, 2021
Auction Date (if applicable)	July 15, 2021
Approval Hearing Date	July 22, 2021
Outside Date	July 30, 2021

26. The Receiver commenced its marketing of the Property on May 27, 2021 by sending an information sheet summarizing the acquisition opportunity (the “**Teaser**”) to 35 prospective purchasers identified by the Debtor. From June 2 to June 9, 2021, the Teaser was sent to 85 additional parties identified by the Receiver.
27. The Receiver set up an online data room with information on O2’s business and assets to which parties who signed a Confidentiality Agreement (“**CA**”) were given access.
28. On June 1, 2021, an advertisement of the acquisition opportunity was published in the national edition of the National Post (the “**National Post Ad**”).
29. On June 14, 2021, notice of the acquisition opportunity was included in the Assets for Sale section of the weekly e-newsletter *Insolvency Insider* distributed to restructuring professionals, including trustees, lawyers, lenders and other interested parties (the “**Insolvency Insider Ad**”).

30. Copies of the Teaser, the National Post Ad and Insolvency Insider Ad are attached as **Appendix “D”** to this report.

31. In total, 130 distinct parties were contacted by or contacted the Receiver. Of the 130 parties, 15 parties requested a CA and 10 parties signed back the CA and were given access to the online data room set up by the Receiver.

VII. NO OTHER OFFERS RECEIVED

32. As of 5:00 p.m. on July 8, 2021, despite the extensive marketing efforts described above, no offers, other than the Stalking Horse Bid, were submitted for the Property.

33. As no offers were submitted for the Property other than the Stalking Horse Bid, the Stalking Horse Bid is the successful bid pursuant to the Sale Procedures.

VIII. THE TRANSACTION AND THE APA

34. A copy of the APA is attached as **Appendix “E”** to this report. The APA provides for, *inter alia*, the following (defined terms are as set out in the APA):

- (a) the Purchase Price payable to the Receiver for the Purchased Assets shall be (collectively, the “**Purchase Price**”):
 - (i) the payment or assumption of the Priority Claims;
 - (ii) the payment of the Cure Costs;
 - (iii) the release and discharge from the Senior Secured Obligations; and

- (iv) the payment of the amount of CDN\$100,000, estimated by the Receiver to be the aggregate fees, disbursements and expenses of the Receiver for the period from the Closing Time to the Discharge Date (the **“Estimated Fees”**);
 - (b) the Buyer shall pay and satisfy the Purchase Price on the Closing Date as follows:
 - (i) payment in cash or assumption of the Priority Claims;
 - (ii) payment in cash of all Cure Costs;
 - (iii) payment of the Estimated Fees in cash to the Receiver; and
 - (iv) the irrevocable release and discharge by the Kensington Lenders of the Debtor and the Receiver from the Senior Secured Obligations; and
 - (c) the Buyer acknowledges and agrees that, except as expressly set forth in the APA, the Purchased Assets and the business related thereto are purchased and the assumed liabilities are assumed by the Buyer on an *“as is, where is”* basis.
35. Subject to Closing, the Buyer agrees to assume, pay, discharge, perform, as the case may be, from and after the Closing Time, the following obligations and liabilities of the Debtor with respect to the Purchased Assets (collectively, the **“Assumed Liabilities”**), which Assumed Liabilities consist solely of:

- (a) all obligations and liabilities under the Assigned Agreements to the extent first arising and relating to the period on or after the Closing Date;
- (b) all obligations and liabilities related to the operation of the Purchased Assets on or after the Closing Date; and
- (c) the Assumed Employee Obligations, being comprised of:
 - (i) all liabilities for salary, wages, commissions, vacation pay, and other compensation and benefits (including accrued vacation and sick days, as well as any other benefits and other similar arrangements) relating to the employment of all Transferred Employees from and after the Closing Date; and
 - (ii) all liabilities for vacation pay entitlement in respect of Transferred Employees accrued or payable prior to and after the Closing Date.

IX. APPROVAL OF THE TRANSACTION

36. The Receiver undertook the sale process in accordance with the Court-approved Sale Procedures. The marketing process was appropriate for the type of business and assets in question and provided sufficient market exposure to the Property. Notice of the sale of the Property was sent to 130 parties, and the sale of the Property was advertised in the National Post newspaper.
37. As a result of the marketing efforts undertaken, 10 parties executed the CA and were given access to the Receiver's data room.

38. The Receiver is of the view that sufficient efforts were made to obtain a price in excess of the Stalking Horse Bid and that the marketing process was conducted fairly, in accordance with the Court approved Sale Procedures, and the best outcome was achieved under the circumstances. The length of the marketing process was appropriate.
39. The Receiver regards the Transaction as the best and only available transaction for the Debtor in its current circumstances. The Transaction is the most advantageous transaction to the creditors of the Debtor, taking into account the ongoing costs being incurred, including the interest continuing to accrue on the Debtor's indebtedness to the Agent. The Transaction provides the Agent with an opportunity to recover its loan, as the alternative recourse would be a liquidation of the Debtor's assets that would result in a significant shortfall to the Agent. The Receiver therefore recommends that this Court grant an Order approving the Transaction, authorizing the Receiver to carry out the terms of the APA, and vesting title in the Purchased Assets to the Buyer upon the closing of the Transaction.

X. SECURED OR PRIORITY CLAIMS

40. The following is a list of the parties that have registered financing statement against the Debtor under Ontario's Personal Property Security Registration System as of July 13, 2021 (the "**PPSA Search**").

Name of Registrant	Description
KENSINGTON PRIVATE EQUITY FUND	INVTRY., EQUIP., ACCTS, OTHER, MV INCL.
1537638 ONTARIO LIMITED (“1537638”)	EQUIPMENT - TOSHIBA E-STUDIO 2010AC S/N CNAK24843 AND CNAK24835 AND ACCESSORIES
THE TORONTO-DOMINION BANK	INVTRY., EQUIP., ACCTS, OTHER, MV INCL.

A copy of the PPSA Search is attached as **Appendix “F”** to this report.

41. Management of the Debtor has informed the Receiver that the TD registration secures obligations of the Debtor under certain corporate credit cards issued by TD Bank. The credit card indebtedness was reduced to \$0 as of May 27, 2021 and management advises that any balances on the credit cards will be kept current.
42. Management has advised the Receiver that 1537638’s registration relates to two leased photocopiers. The Debtor released the two photocopiers to 1537638 on June 17, 2021.
43. The Receiver has obtained a written opinion from Chaitons that, subject to standard qualifications and limitations, the Security provided to the Agent is perfected, valid and enforceable against the Debtor in accordance with its terms.

XI. RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

44. Attached as **Appendix “G”** is the Receiver’s Interim Statement of Receipts and Disbursements (the “**R&D**”) for the period May 27, 2021 to July 2, 2021 (the “**Period**”). During the Period, receipts were \$116,039, consisting of transfers from O2 to the Receiver of funds received or collected by the Debtor from and after the

making of the Appointment Order or required to fund the Receiver's expenses. Disbursements were \$69,480.

45. The Receiver has requested an advance of US\$350,000 from the Agent under the Receiver's Borrowing Charge for the purpose of funding the business of O2 and the fees and expenses of the Receiver in the execution of the Receiver's duties and powers. As of the date of this report, funding has not yet been received.
46. Attached as **Appendix "H"** is the Debtor's Cash Flow for the period May 27, 2021 to July 2, 2021 (the "**Debtor's Cash Flow Results**") which sets out the Debtor's operating costs and receivership costs. During the Period, the Debtor's receipts were US\$124,513 and disbursements were US\$308,822.

XII. PROFESSIONAL FEES

47. The Receiver's accounts for the period ending June 30, 2021 total \$86,612.50 in fees, plus HST of \$11,259.63 for a total amount of \$97,872.13 (the "**Receiver's Accounts**"). A copy of the Receiver's Accounts, together with a summary of the accounts, the total billable hours charged per the accounts, and the average hourly rate charged per the accounts, is set out in the Affidavit of Bryan A. Tannenbaum sworn July 13, 2021 attached hereto as **Appendix "I"**.
48. The account of the Receiver's counsel, Chaitons, totals \$17,147.50 in fees and \$2,229.18 in HST for a total of \$19,376.38 for the period ending May 31, 2021 (the "**Chaitons Account**"). A copy of the Chaitons Account, together with a summary of the personnel, hours and hourly rates described in the Chaitons Account, is set

out in the Affidavit of Maya Poliak sworn July 14, 2021, 2021 attached to this report as **Appendix “J”**.

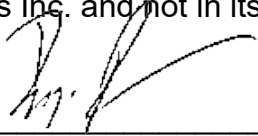
XIII. CONCLUSION

49. The Receiver respectfully requests that the Court make an Order:
- (a) approving the Transaction and authorizing and directing the Receiver to carry out the terms of the APA, together with any further minor amendments thereto as the Receiver and the Buyer may agree;
 - (b) vesting in the Buyer all of the right, title and interest of the Debtor in and to the Purchased Assets, free and clear of all Encumbrances other than Permitted Encumbrances, upon closing of the Transaction and the delivery of a Receiver's certificate to the Buyer;
 - (c) approving the First Report and the Receiver's conduct and activities to July 14, 2021;
 - (d) approving the R&D; and
 - (e) approving the Receiver's Accounts and the Chaitons Account.

All of which is respectfully submitted to this Court as of this 14th day of July, 2021.

RSM CANADA LIMITED

In its capacity as Court-appointed Receiver of
O2 Industries Inc. and not in its personal capacity



Per: Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

APPENDIX C

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) FRIDAY, THE 23rd DAY
)
JUSTICE KOEHNEN) OF JULY, 2021

BETWEEN

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS
AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, C. C-43, AS AMENDED**

APPROVAL AND VESTING ORDER

THIS MOTION, made by RSM Canada Limited, in its capacity as the Court-appointed receiver (the “**Receiver**”), of the undertaking, property, and assets of O2 Industries Inc. (the “**Debtor**”), for an order approving the sale transaction (the “**Transaction**”) contemplated by an asset purchase agreement among the Receiver, the Debtor and 2841551 Ontario Limited (“**2841551**”) made as of May 28, 2021 (the “**Asset Purchase Agreement**”) and appended to the first report of the Receiver dated July 14, 2021 (the “**First Report**”), and vesting in 2841551 or

such other person(s) as 2841551 may designate in accordance with the Asset Purchase Agreement (the “**Purchaser**”) the right, title and interest of the Debtor and the Receiver, if any, in and to the Purchased Assets (as defined in the Asset Purchase Agreement), was heard this day virtually by Zoom videoconference due to the COVID-19 crisis.

ON READING the First Report and the appendices thereto, and on hearing the submissions of counsel for the Receiver and the Applicant, no one else appearing for any other person on the service list, although properly served as evidenced by the affidavit of service filed with the Court,

1. **THIS COURT ORDERS** that capitalized terms used and not otherwise defined in this Order shall have the meanings ascribed to them in the Asset Purchase Agreement.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Asset Purchase Agreement by the Receiver and the Debtor is hereby authorized and approved, with such minor amendments as the Receiver and the Purchaser agree. The Receiver and the Debtor are 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.

3. **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 right, title and interest of the Debtor and the Receiver, if any, in and to the 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, constructive or otherwise),

liens, executions, levies, charges, causes of action, or other financial or monetary claims (including all Excluded Liabilities), 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 Receivership Order of The Honourable Madam Justice Conway dated May 27, 2021 or any other Order of the Court in these proceedings; 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**”). For greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **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.

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

6. **THIS COURT ORDERS** that (a) following completion of the Transaction, the Receiver or the Debtor are hereby authorized and permitted to execute and file articles of amendment or

such other documents or instruments as may be required to change the legal name of the Debtor, and such articles, documents or instruments shall be deemed to be duly authorized, valid and effective and shall be accepted by the Ontario Ministry of Government Services or other official without the requirement (if any) of obtaining director, shareholder or other approval pursuant to any federal or provincial legislation, and (b) upon the official change of the legal name of the Debtor, the name of the Debtor in the within title of proceedings shall be deleted and replaced with the new legal name of the Debtor, and any document filed thereafter in these proceedings (other than the Receiver's Certificate) shall be filed using such revised title of proceedings.

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 Debtor's records pertaining to the Debtor's past and current employees, including personal information of those 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) (the "BIA") 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 BIA 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, the United States or any other jurisdiction to give effect to this Order and to assist the Receiver and the Debtor and their respective 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 Debtor and 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 Debtor and the Receiver and their respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.



Schedule A – Form of Receiver’s Certificate

Court File No. CV-21-00663208-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS
AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, C. C-43, AS AMENDED**

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 27, 2021, RSM Canada Limited was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of O2 Industries Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated July 23, 2021 (the “**Order**”), the Court approved the asset purchase agreement made as of May 28, 2021 (the “**Asset Purchase Agreement**”) among the Receiver, the Debtor and 2841551 Ontario Limited (“**2841551**”), and provided for the vesting in 2841551 or such other person(s) as it may designate in accordance with the Asset

Purchase Agreement (the “**Purchaser**”) of the right, title and interest of the Debtor and the Receiver, if any, 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 as set out in the Asset Purchase Agreement 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 satisfied the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Asset Purchase Agreement;
2. The conditions to Closing as set out in sections 7.1, 7.2 and 7.3 of 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 _____, 2021.

**RSM CANADA LIMITED,
in its capacity as Receiver of the undertaking,
property and assets of O2 Industries Inc., and
not in its personal capacity**

Per: _____

Name:

Title:

KENSINGTON PRIVATE EQUITY FUND
Applicant

- and -

O2 INDUSTRIES INC.
Respondent

Court File No. CV-21-00663208-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Sam Rappos (LSO #51399S)
Tel: (416) 218-1137
E-mail: samr@chaitons.com

Lawyers for RSM Canada Limited,
Court-appointed Receiver

APPENDIX D

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) FRIDAY, THE 23rd DAY
)
JUSTICE KOEHNEN) OF JULY, 2021

BETWEEN

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS
AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, C. C-43, AS AMENDED**

ORDER

THIS MOTION, made by RSM Canada Limited, in its capacity as the Court-appointed receiver (the “**Receiver**”), of the undertaking, property, and assets of O2 Industries Inc., was heard this day virtually by Zoom videoconference due to the COVID-19 crisis.

ON READING the first report of the Receiver dated July 14, 2021 (the “**First Report**”) and the appendices thereto, and on hearing the submissions of counsel for the Receiver and the

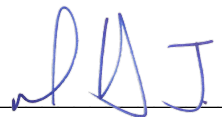
Applicant, no one else appearing for any other person on the service list, although properly served as evidenced by the affidavit of service filed with the Court,

1. **THIS COURT ORDERS** that the First Report, and the conduct and activities of the Receiver as set out therein, be and are hereby approved.

2. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the First Report, the Affidavit of Bryan Tannenbaum sworn July 13, 2021, and the Affidavit of Maya Poliak sworn July 14, 2021, be and are hereby approved.

3. **THIS COURT ORDERS** that the Receiver's Statement of Receipts and Disbursements as at July 2, 2021 appended to the First Report, be and is hereby approved.

4. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be.

_____ 

Court File No. CV-21-00663208-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER

CHATTONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Sam Rappos (LSO #51399S)
Tel: (416) 218-1137
E-mail: samr@chattons.com

Lawyers for RSM Canada Limited,
Court-appointed Receiver

APPENDIX E

Wong, Brenda

From: Koehnen, Mr. Justice Markus (SCJ)
Sent: Friday, July 23, 2021 9:49 AM
To: Sam P. Rappos; JUS-G-MAG-CSD-Toronto-SCJ Commercial List; Harvey G. Chaiton
Cc: Wong, Brenda; Tannenbaum, Bryan; Antoinette De Pinto; JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: Re: O2 Industries Inc., Court File No. CV-21-00663208-00CL
Attachments: Kensington AVO 20210723.pdf; Kensington fees 20210723.pdf

Email Endorsement

The Receiver moves for orders approving a sale of assets pursuant to a stalking horse bid and approval of its fees and disbursements.

I am satisfied that the orders should issue and have attached a signed AVO and a signed fee approval order.

The stalking horse bid was previously approved by the court. As more fully described in the Receiver's First Report, it marketed the properties extensively. It began marketing on May 27, 2021 with a bid deadline of July 8. It sent information sheets to 35 prospective purchasers identified by the debtor. It was advertised in the National Post and in the Insolvency Insider. It communicated with 130 potential purchasers; 15 of whom requested a confidentiality agreement and 10 of which signed a confidentiality agreement and received access to an online data room. I am satisfied that this complies with the Sound Air principles.

The only offer received was the stalking horse bid. In the circumstances, there is little choice but to approve that bid.

I am satisfied that the fees of the Receiver and its counsel are reasonable in light of the overall effort required and expended.

Justice Markus Koehnen

Ontario Superior Court of Justice
361 University Ave.
Toronto, Ont.
M5G 1T3

APPENDIX F

**RSM Canada Limited as
Court Appointed Receiver of
O2 Industries Inc.**

**Interim Statement of Receipts and Disbursements
For the period May 27, 2021 to February 7, 2022**

	<i>In CDN\$</i>
Receipts	
Advance from Secured Creditor (1)	\$ 542,991
Income tax refund	51,378
Transfers from O2 Industries Inc.	116,039
Total receipts	\$ <u>710,407</u>
Disbursements	
Accounting Services	\$ 12,715
Legal Fees and disbursements	25,930
Miscellaneous	4,994
Operating Expenses	124,717
Transfer to Buyer of Purchased Assets (2)	324,853
Wage Earner Protection Program - Priority Claim	615
Receiver's fees	148,329
HST/PST paid	22,817
Total disbursements	\$ <u>664,972</u>
Excess of Receipts over Disbursements	\$ <u><u>45,436</u></u>

Notes:

- (1) The amount of \$542,991 represents funds advanced by Kensington Private Equity Fund under Receiver Certificates No. 1 and 2 of US\$350,000 and CA\$100,000, respectively.
- (2) The Receiver sold to 2841551 Ontario Limited (the "Buyer") the Purchased Assets (as defined in the Asset Purchase Agreement ("APA")). The Purchased Assets included Cash (as defined in the APA) which was transferred to the Buyer.

The purchase price paid included the release and discharge of the Debtor and the Receiver from the Senior Secured Obligations (as defined in the APA) and the only cash consideration paid to the Receiver was the amount of CA\$100,000 (advanced under Receiver Certificate No. 2) to cover the Receiver's estimated fees, disbursements and expenses for the period from closing of the sale transaction to the Receiver's discharge.

This Appendix forms part of the Receiver's Second Report dated February 7, 2022 and should only be read in conjunction therewith.

APPENDIX G

O2 Industries Inc.

Cash Flow

For the period May 24, 2021 to October 18, 2021

	<i>in US\$</i>
Cash receipts	
Sales	\$ 83,116
Government Receipts (1)	120,731
Advance from secured lender (2)	430,670
Total receipts	<u>\$ 634,518</u>
Cash disbursements	
Consultants Fees	\$ 100,434
Insurance	44,927
Legal Fees and disbursements	9,561
Loan repayment	7,500
Other operating costs	26,423
Receiver's fees and expenses (3)	147,973
Payroll	242,292
Rent	26,498
Transfers to 2841551 (4)	187,181
Warehouse and shipping	47,138
Fx gain (loss)	4,937
Total disbursements	<u>\$ 844,865</u>
Net cash in / (out)	\$ (210,347)
Cash - opening balance	<u>331,511</u>
Cash - ending balance (3)	<u>\$ 121,163</u>

Notes

- (1) Government Receipts represents payments received under the Canada Emergency Rent Subsidy (CERS) and Canada Emergency Wage Subsidy (CEWS) programs and HST refunds.
- (2) This amount represents funds advanced by Kensington Private Equity Fund to the Receiver.
- (3) This amount represents the fees and disbursements of the Receiver and its legal counsel, as described in greater detail on the Receiver's Interim Statement of Receipts and Disbursements.
- (4) The Receiver sold to 2841551 Ontario Limited ("2841551") the Purchased Assets (as defined in the Asset Purchase Agreement ("APA")). The Purchased Assets included Cash (as defined in the APA) which was transferred to 2841551.
- (5) As of October 18, 2021, the cash on hand included US\$79,935 held in the Receiver's post receivership account and US\$41,228 held in O2's account. O2's account was closed on October 18, 2021 and the US\$41,228 was transferred to the Receiver's account.

This Appendix forms part of the Receiver's Second Report dated February 7, 2022 and should only be read in conjunction therewith.

APPENDIX H

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

AFFIDAVIT OF BRYAN A. TANNENBAUM

(Sworn February 7, 2022)

I, **BRYAN A. TANNENBAUM**, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am President of RSM Canada Limited and as such I have personal knowledge of the matters to which I hereinafter depose, save and except those matters based upon information and belief, in which case I have stated the source of such facts, all of which I verily believe to be true.
2. Pursuant to an Order of the Ontario Superior Court of Justice dated May 27, 2021, RSM Canada Limited ("**RSM**" or the "**Receiver**") was appointed as receiver without security, of all of the assets, undertakings and properties of O2 Industries Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof.
3. Attached hereto and marked as **Exhibit "A"** to this my affidavit are copies of invoices issued by RSM for fees and disbursements incurred by the Receiver in respect of these proceedings for the period July 1, 2021 to January 31, 2022 (the "**Period**"). The total fees charged for the Period are \$61,716.50 plus HST of \$8,023.16 for a total of \$69,739.66. The average hourly rate charged during the Period was \$502.17.

4. The invoices are a fair and accurate description of the services provided and the amounts charged by RSM for the Period.

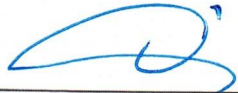
5. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing the invoices in Exhibit "A", the total billable hours charged, the total fees charged and the average hourly rate charged.

6. I make this affidavit in support of a motion for an Order approving the Receiver's fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME remotely by Bryan A.)
Tannenbaum, stated as being located at the)
City of Toronto in the Province of Ontario,)
before me at the City of Vaughan in the)
Province of Ontario, on February 7, 2022,)
In accordance with O. Reg. 431/20,)
Administering Oath or Declaration Remotely)



BRYAN A. TANNENBAUM



A Commissioner, etc.

Daniel Raphael Weisz,
a Commissioner, etc., Province of Ontario, for
RSM Canada LLP and RSM Canada Limited.
Expires February 4, 2024.

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF BRYAN A. TANNENBAUM SWORN
REMOTELY BEFORE ME THIS 7th DAY OF FEBRUARY, 2022**



A Commissioner, etc.

Daniel Raphael Weisz,
a Commissioner, etc., Province of Ontario, for
RSM Canada LLP and RSM Canada Limited.
Expires February 4, 2024.



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date August 3, 2021

Client File 8281376/10000

Invoice 3

No. 6409853

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period ending July 31, 2021.

Date	Professional	Description
7/2/2021	Brenda Wong	Check online banking to confirm receipt of funds transferred from O2's Toronto-Dominion Bank ("TD") account; download online statement for the TD accounts and review activity.
7/5/2021	Brenda Wong	Review email from Zaffa International, LLC ("Zaffa") and forward to O2, review O2 comments re same and draft response to Zaffa; send follow-up email to O2 re proposed response to employee re expense claim; download and review TD and BMO Bank of Montreal ("BMO") online statements; email BMO re service charges posted to account; respond to email from Shopify; respond to email from creditor; review email from J. Hunt re cash receipts last week; email employee to request supporting documentation for expense claim.
7/5/2021	Bryan Tannenbaum	Review B. Wong email attaching letter from Zaffa's lawyer regarding UFC sponsorship contract; email to B. Wong re same.
7/6/2021	Brenda Wong	Download TD statement; review cash position re timing of funding; prepare Receiver Certificate; email to E. Odeh re preparation of statement of receipts and disbursements ("R&D") for Receiver's report; email to E. Odeh re drafting a response to employee email, review and make edits; attend O2 status update call; review updated cash flow forecast.
7/6/2021	Anne Baptiste	Post receipt.
7/6/2021	Bryan Tannenbaum	Review emails re cash flow projections; attend O2 status update call.
7/6/2021	Echa Odeh	Email Wage Earner Protection Program ("WEPP") package to employee; submit WEPP information to Service Canada; email Insolvency Insider to request it cancel Receiver's ad; draft and send email to employee regarding claim.
7/7/2021	Brenda Wong	Download TD online statement and review activity; review and respond to employee emails re expenses claimed, email to J. Greenspan re same; review

Date	Professional	Description
		O2 payments this week and approve payments via TD OLBB; update draft report.
7/7/2021	Anne Baptiste	Prepare bank reconciliation.
7/7/2021	Bryan Tannenbaum	Review employee's response regarding her expense report.
7/7/2021	Echa Odeh	Prepare draft R&D; prepare draft affidavit of fees and fee summary.
7/8/2021	Brenda Wong	Review and respond to emails from O2 re employee expense claim; email to employee to request additional support; discussion with J. Hunt and A. Tourian re employee expense claim; review and respond to E. Odeh email re questions on the R&D; update draft report; discuss draft report with B. Tannenbaum, make additional changes and send to H. Chaiton of Chaitons LLP ("Chaitons") for review; review draft statements of R&D and email comments to E. Odeh; download and review TD online statement; email J. Hunt re status of CRA trust exam and review response; draft response to employee re expense claim.
7/8/2021	Bryan Tannenbaum	Review various emails regarding employee expense claim; review and respond to H. Chaiton email regarding status of offers; review email from prospective purchaser that he will not be submitting an offer; review B. Wong email to H. Chaiton regarding employee claim and B. Wong email summarizing claim; review revised draft report; discuss same with B. Wong and additional changes before sending to Chaitons for review; email from B. Wong re offers received; email from B. Wiffen of Goodmans LLP ("Goodmans") regarding receipt of offers and reply sent; review B. Wiffen email re vesting order.
7/8/2021	Echa Odeh	Make changes to draft R&D; prepare cheque requisition for payment to Datasite.
7/9/2021	Brenda Wong	Prepare draft email re employee's expense claim and send to J. Greenspan and A. Trouian; send email to employee re expense claim, review response and forward to O2; review Chaitons changes to draft report and email to B. Tannenbaum re questions on draft report.
7/9/2021	Bryan Tannenbaum	Review B. Wong letter to employee; attend O2 call.
7/9/2021	Echa Odeh	Make further changes to R&D.
7/12/2021	Brenda Wong	Download TD online statements and review activity, download BMO online statements, review activity and forward to J. Hunt; send response to employee re expense claim and review response; review updated statement of R&D and make changes; review email from J. Hunt re cash collected last week; review D. Weisz comments on draft report; review and make changes to affidavit of fees.
7/12/2021	Daniel Weisz	Review draft report and provide comments.
7/12/2021	Bryan Tannenbaum	Review B. Wiffen draft of form of vesting order; review email from B. Wong to H. Chaiton to send draft report to B. Wiffen for review; review email from U-Freight Logistics; review B. Wong email to J. Hunt re same; sign affidavit of fees; review R&D and cash flow projections.
7/13/2021	Brenda Wong	Compile appendices for Receiver's report, make changes to the report; review terms of Asset Purchase Agreement ("APA"); send follow up email to Kensington Private Equity Fund ("Kensington") re the Receiver's funding request; attend O2 update call; review U-Freight email and invoices outstanding; emails with E. Odeh re submission of information for employee

Date	Professional	Description
		claim and corrections to EIF form, email to employee re WEPP application; review updated cash flow and funding requirements; review Goodmans comments on the draft report; make additional changes to the draft report and send to Chaitons for review.
7/13/2021	Bryan Tannenbaum	Telephone call from A. Shiner re report edits; email from Chaitons regarding executed stalking horse agreement; review Goodmans comments to the Court report and the APA and discuss with B. Wong.
7/13/2021	Echa Odeh	Submit employee WEPP information to Service Canada.
7/14/2021	Brenda Wong	Review changes to report, reference report to source documents and make additional edits; review changes to APA and send to J. Szasz for signing; respond to creditor email; call from Canada Revenue Agency re results of trust exam; exchange emails with Chaitons re finalizing report and APA; review draft order; review and respond to emails from A. Shiner re employee claim; email to R. Szasz re status of U-Freight; respond to email from U-Freight.
7/14/2021	Bryan Tannenbaum	Review and edit of revised court report, including emails with S. Rappos of Chaitons LLP and B. Wong; emails regarding O2 subsidiary and inclusion in the purchase; execute revised APA; send to buyer; review draft Order and comments provided; execute final Receiver's report; various emails regarding U-Freight; email regarding borrowing funds.
7/15/2021	Bryan Tannenbaum	Receipt and review of closing agenda from Goodmans; review B. Wong email regarding receipt of funds; receipt and review of Receiver's Motion Record sent to service list from Chaitons.
7/15/2021	Brenda Wong	Check online banking for receipt of advance from lender and emails with Kensington re funds received and interest charged on advance; emails with J. Greenspan re status of discussions with former employee re WEPP claim; respond to emails from B. Wiffen re Receiver's Certificates issued by Receiver; review Ernst & Young ("E&Y") draft statement of work for preparation of 2021 tax return, discuss with D. Weisz and email to H. Chaiton re same.
7/16/2021	Brenda Wong	Check online banking for receipt of funding; email to J. Greenspan re funding received to date; review motion record and arrange for posting to Receiver's webpage; download online statement; approve TD wire payment; respond to creditor email; emails with O2 re employee settlement.
7/19/2021	Brenda Wong	Download TD online statement and review activity; send BMO transaction report to J. Hunt; email to J. Hunt re Receiver's expenses to be paid and O2 funding required this week; emails with J. Hunt re funds advanced and APA purchase price; email to A. Shiner re settlement of employee claim and review responses; emails with J. Hunt re employee vacation pay claim; email to H. Chaiton re form of release re employee claim; review updated cash flow; emails with J. Hunt re O2 bank recs; emails with Chaitons and J. Hunt re E&Y statement of work; follow up with J. Greenspan re schedules for APA.
7/20/2021	Brenda Wong	Download TD online statement and review transactions; email to R. Nathan re interest calculation for Receiver Certificate; emails with J. Hunt re funding; emails with Kensington and Goodmans re Receiver Certificate, finalize certificate and send to Goodmans and Kensington; prepare cheque requisitions for transfer of funds to O2 and payment of expenses; attend O2 update call; emails to Chaitons re releases and contractor agreement; email to

Date	Professional	Description
		Goodmans re release for equity swap; review and respond to email from J. Greenspan re payment of vacation pay owed to former employee; review closing agenda; respond to email from creditor re questions on APA.
7/20/2021	Daniel Weisz	Process electronic payments and transfers.
7/20/2021	Bryan Tannenbaum	Various emails regarding final payments to employees; review and execute Receiver's Certificate No. 1; email re employee settlement.
7/21/2021	Anne Baptiste	Post receipts and disbursements.
7/21/2021	Brenda Wong	Review email from J. Hunt re bills to be paid this week; email to J. Hunt re priority claims and review response; email to J. Greenspan re Cure Costs; authorize EFT payment; call from former employee inquiring re status of sale; review draft release and emails with S. Rappos re same, send draft release to O2 for review; emails with S. Rappos re independent contractor agreement and email to B. Wiffen re same; email to S. Lee-Scott re employee termination notices; review and sign disbursement cheque; download TD online statement and review activity.
7/22/2021	Brenda Wong	Download and review TD online statement; review draft APA schedules and email and discussion with B. Tannenbaum re same; review Goodmans email re independent contractor, email to Chaitons re draft agreement and review response; forward draft agreement to J. Greenspan; follow up with Chaitons re scope of draft release and email to J. Greenspan re same; review A. Shiner changes to release.
7/22/2021	Bryan Tannenbaum	Receipt and review of J. Greenspan emails attaching the closing schedules; email from B. Wong to S. Rappos regarding employee release and possible issue; review B. Wiffen email to B. Wong regarding retaining employee as contractor after the sale closing to clean up matters; review B. Wong email regarding purchase price, cure costs and adjustments; discussion with B. Wong on closing procedures and calculations of adjustments.
7/23/2021	Brenda Wong	Review email from and discussion with S. Lee-Scott re date when employees are to be terminated and final payrolls; send release to employee to review.
7/23/2021	Bryan Tannenbaum	Attend Zoom Court for approval of the sale to Kensington; review of Judges endorsement and signed Order; forward same to A. Shiner and J. Greenspan; attend Zoom call on the closing agenda with B. Wiffen, A. Shiner, J. Greenspan, R. Szasz, and others.
7/26/2021	Brenda Wong	Review TD online statements for last week; send to J. Hunt BMO statements and general ledger for last week; respond to J. Hunt emails re final payroll; review emails from B. Wiffen re draft closing documents and updated closing agenda; review and respond to emails from A. Tourian re independent contractor agreement and send to J. Hunt for review.
7/26/2021	Echa Odeh	Phone call to employee regarding WEPP.
7/26/2021	Bryan Tannenbaum	Review B. Wong email to J. Hunt regarding independent contractor arrangement.
7/27/2021	Brenda Wong	Review updated cash flow and projected expenses and emails with J. Hunt re same; discussion with E. Odeh re employee WEPP claim and review draft response; attend O2 status update call; review updated schedules to APA; attend call re update on closing agenda; email to J. Hunt re post-dated rent

Date	Professional	Description
		cheques; prepare Receiver Certificate No. 2 and email to Kensington wire transfer instructions for the Receiver's CAD account.
7/27/2021	Echa Odeh	Phone call with B. Wong regarding employee enquiry; draft and send email to employee.
7/27/2021	Bryan Tannenbaum	Zoom call with group on the closing agenda with S. Rappos joining.
7/28/2021	Brenda Wong	Review emails from counsel re closing documents; send Receiver Certificate No 2 to B. Tannenbaum for signing.
7/28/2021	Bryan Tannenbaum	Receipt and review of B. Wiffen email regarding secured creditor indebtedness calculation as at July 30, 2021; receipt and review of B. Wiffen email regarding prepaids; review B. Wong email to R. Nathan with wire instructions; receipt and review of B. Wiffen email regarding post-closing sale of inventory definition; response sent; review S. Rappos email to B. Wiffen regarding Receiver's Certificate of \$100K; review B. Wiffen email with Receiver's Certificate for closing; execute closing documents to be held in escrow pending closing and return to Goodmans; discussion on same with B. Wong.
7/29/2021	Brenda Wong	Check BMO online banking for receipt of funding under Receiver Certificate No. 2; email to Kensington to confirm receipt of funding; download TD online statement and review activity; review updated funding request and emails with J. Hunt re same; submit request for transfer of funds from Receiver's account to O2's account; review emails re closing documents; attend O2 status update call.
7/29/2021	Brenda Wong	Review and respond to email from U-Freight to O2 re disposition of inventory.
7/29/2021	Echa Odeh	Arrange for closing of electronic data room.
7/29/2021	Anne Baptiste	Post receipts; post disbursement.
7/29/2021	Bryan Tannenbaum	Email from R. Szasz regarding his execution of closing documents; review B. Wong email confirming receipt of the \$100K; review B. Wong email regarding transfer of funds to pay payroll next week, etc.; execute Receiver's Certificate and return to B. Wiffen; review R. Szasz email to U-Freight regarding customer interested in purchasing inventory; review B. Wiffen email regarding proposed final form of the APA; sign and return; Zoom call with the group on closing agenda and finalization of the transaction.
7/30/2021	Brenda Wong	Review BMO and TD online statements to confirm transfer of funding to O2; respond to shareholder inquiry; email to A. Tourian re post-closing; review Encore invoice and EFT for payment of same, email to J. Hunt re EFT correction, review revised EFT and authorize for payment; review emails re closing document; review email from employee requesting extension, discuss with A. Tourian and A. Shiner and respond to employee; review email from ShipBob and email to O2 re same.
7/30/2021	Bryan Tannenbaum	Review B. Wiffen email with folder containing the closing documents executed by the parties; review email from U-Freight and B. Wong response; issue email authorizing release of Receiver's documents from escrow to proceed to closing, etc.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	30.0	\$ 625	\$ 18,750.00
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	1.9	\$ 595	1,130.50
Brenda Wong, CIRP, LIT	Senior Manager	29.2	\$ 485	14,162.00
Echa Odeh	Senior Associate	6.0	\$ 250	1,500.00
Anne Baptiste	Estate Administrator	1.4	\$ 110	154.00
Total hours and professional fees		<u>68.5</u>		\$ 35,696.50
HST @ 13%				4,640.55
Total payable				\$ 40,337.05

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt.
 RSM Canada Limited



RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

GST/HST: 80784 1440 RT 0001

T +1 416 480 0160
F +1 416 480 2646

w www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date September 9, 2021

Client File 8281376/10000

Invoice 4

No. 6433069

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period ending August 31, 2021.

Date	Professional	Description
8/2/2021	Brenda Wong	Download O2 Toronto-Dominion Bank ("TD") online statement and review activity for last week.
8/3/2021	Brenda Wong	Download and send Bank of Montreal ("BMO") statement to J. Hunt; follow up with J. Hunt re contractor agreement; send Receiver Certificate No. 2 to Kensington Private Equity Fund; follow up with Chaitons LLP ("Chaitons") re its accounts for June and July; review Purchased and Excluded Asset schedules to Asset Purchase Agreement ("APA"); respond to email from ShipBob; respond to Zuffa re question on APA; emails with J. Hunt re payments this week; review email from J. Hunt re bonus payments; review summary of activities.
8/3/2021	Bryan Tannenbaum	Receipt, review and execution of independent contractor agreement with J. Hunt; receipt and review of Zuffa request for information related to non-purchased assets and response to B. Wong; receipt and review of ShipBob email and B. Wong response.
8/4/2021	Brenda Wong	Download and review TD online statement; review Wage Earner Protection Program ("WEPP") Statement of Account and email to E. Odeh re same; review and/or respond to emails re employee expenses; review payments for processing this week, emails with J. Hunt and A. Tourian re same, authorize EFT payment; review employee response re release to be signed and common law claim for severance and forward to J. Greenspan.
8/4/2021	Donna Nishimura	Prepare cheque requisition for payment of invoice and submit for payment.
8/5/2021	Brenda Wong	Review and respond to email from J. Hunt re Canada Revenue Agency ("CRA") Notice of Assessment re payroll account; review emails from J. Greenspan and A. Shiner re employee claim for severance; send response to employee, review email from employee and respond to same; review and respond to email from S. Lee-Scott re IT expenses post-closing; email to

Date	Professional	Description
		employee re unpaid credit card expenses; download and review TD online statement; discussion with CRA re Notice of Assessment received re outstanding payroll liability; discussion with employee re claim for common law termination pay.
8/6/2021	Brenda Wong	Email S. Lee-Scott re status of inventory at U-Freight and ShipBob; download TD online statement and review activity.
8/6/2021	Anne Baptiste	Prepare bank reconciliations.
8/9/2021	Brenda Wong	Download BMO online statement and send to J. Hunt with general ledger and copy of invoice paid by Receiver; download TD online statement and review activity; review J. Hunt invoice and send to A. Tourian for approval; review Chaitons invoice; prepare cheque requisitions; follow up with A. Tourian and J. Hunt re year end; follow up re status of inventory at U-Freight and ShipBob.
8/10/2021	Brenda Wong	Review signed release and email to employee to request date be inserted, email to J. Greenspan, A. Tourian and A. Shiner re status; download TD statement and review activity; approve wire payment; emails with A. Tourian re cash to be transferred to Ventus Respiratory Technologies ("Ventus"); emails with J. Hunt re credit cards to be paid and cash to be transferred to Ventus.
8/11/2021	Brenda Wong	Review completed release form from employee; email J. Hunt re payments to be processed and review and approve online EFT; download and review TD online statement.
8/11/2021	Daniel Weisz	Process electronic payments.
8/11/2021	Anne Baptiste	Post disbursements.
8/12/2021	Brenda Wong	Review and respond to creditor email; download and review TD online statement; start drafting Receiver's second report to the Court; review and respond to email from R. Szasz re unpaid supplier and send email to supplier re receivership; review email from J. Hunt re status of O2 wind-up.
8/16/2021	Brenda Wong	Respond to creditor email; download TD online statement and review activity; review J. Hunt invoice and forward to A. Tourian for approval; respond to email from S. Lee-Scott re Iron Mountain.
8/17/2021	Brenda Wong	Download and review online statement; prepare cheque requisition for payment of invoice; respond to email from S. Lee-Scott re Iron Mountain.
8/17/2021	Bryan Tannenbaum	Telephone call with B. Wong regarding status of closing items including employee termination claim, inventory, accounting, etc.
8/18/2021	Anne Baptiste	Post disbursement.
8/18/2021	Brenda Wong	Send email to Iron Mountain re third party property to be removed.
8/18/2021	Daniel Weisz	Process electronic payment.
8/20/2021	Bryan Tannenbaum	Review outstanding matters, etc., to complete.
8/23/2021	Brenda Wong	Email BMO online statement to J. Hunt; email J. Hunt re APA purchase price; download TD online statement for last week; review and respond to email from Iron Mountain; review and respond to email from P. Whitby re Visa card.
8/23/2021	Bryan Tannenbaum	Receipt and review of emails on various matters.
8/24/2021	Brenda Wong	Review and respond to email from J. Hunt re employee Visa card under O2's credit agreement; review letter from CRA re RP0001 and forward same to

Date	Professional	Description
		J. Hunt; review and respond to email from J. Greenspan re post-closing orders.
8/25/2021	Brenda Wong	Email J. Hunt re refund of post-closing sales receipts and review responses; respond to email from S. Lee-Scott re O2 communications; call and email from former employee re Visa card balance and emails with TD and J. Hunt re same; discussion with J. Hunt re Visa card; download TD statement.
8/26/2021	Brenda Wong	Review emails from TD and email to B. Tannenbaum re outstanding balance on TD Visa card; email to J. Greenspan re proposed payment of Visa card balance; respond to emails/call from creditors inquiring re status; download TD online statement and emails with J. Hunt re deposits received this week; respond to J. Hunt email re disposition of promissory note to O2; review updated cash flow statement.
8/26/2021	Bryan Tannenbaum	Receipt and review of U-Freight email regarding inventory in storage; receipt and review of R. Szasz response; receipt and review of B. Wong email regarding TD Visa balance; send response.
8/30/2021	Brenda Wong	Review email from U-Freight; download TD online statement; email BMO online statement to J. Hunt.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	5.4	\$ 625	\$ 3,375.00
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	0.3	\$ 595	178.50
Brenda Wong, CIRP, LIT	Senior Manager	10.7	\$ 485	5,189.50
Anne Baptiste/Donna Nishimura	Estate Administrator	0.9	\$ 110	99.00
Total hours and professional fees			17.3	\$ 8,842.00
HST @ 13%				1,149.46
Total payable				\$ 9,991.46

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date October 1, 2021

Client File 8281376/10000

Invoice 5

No. 6456352

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period September 1 to 30, 2021.

Date	Professional	Description
9/1/2021	Brenda Wong	Email J. Hunt re year-end financial statements, July HST return; email Toronto-Dominion Bank ("TD") re copy of credit agreement, review agreement, email J. Hunt re outstanding balance, email TD to approve payment of VISA balance; email J. Greenspan re Ventus Respiratory Technologies ("Ventus") sales contact; respond to emails from former customers.
9/7/2021	Brenda Wong	Download TD statement and review; download BMO Bank of Montreal ("BMO") statement and send to J. Hunt; review J. Hunt invoices and forward to A. Tourian for approval and submit requisition for payment of same; review and respond to email from J. Hunt re FedEx charges to pay, authorize EFT payment; review and respond to email from S. Lee-Scott re O2 inventory and Ventus will not be selling the Curve.
9/9/2021	Brenda Wong	Review summary of activities; review correspondence from Service Canada re Wage Earner Protection Program ("WEPP") payments and draft forms for payment of priority claim; download TD online statement.
9/9/2021	Daniel Weisz	Process electronic payments.
9/9/2021	Donna Nishimura	Prepare cheque requisition for payment of invoice and submit for payment.
9/9/2021	Echa Odeh	Prepare cheque requisition, WEPP payment form and letter to WEPP.
9/10/2021	Anne Baptiste	Prepare bank reconciliation.
9/13/2021	Brenda Wong	Download BMO statement and email to J. Hunt with copy of invoice paid by Receiver; download TD online statement; review and respond to J. Hunt re final HST return; respond to creditor email; review and respond to J. Hunt re outstanding O2 account receivable; review email re draft corporate income tax return ("T2") and review same.

Date	Professional	Description
9/15/2021	Bryan Tannenbaum	Review various emails between R. Szasz and J. Chen; receipt and review and approve of B. Wong email regarding a deal to sell the O2 inventory stored at ShipBob's Ottawa warehouse.
9/15/2021	Brenda Wong	Review email and call to A. Tourian re release and sale of ShipBob Ottawa inventory, email B. Tannenbaum re same.
9/16/2021	Brenda Wong	Review emails from A. Tourian re ShipBob inventory; exchange emails with B. Wiffen of Goodmans LLP re sale of O2 inventory excluded from Asset Purchase Agreement.
9/16/2021	Anne Baptiste	Post disbursements.
9/16/2021	Bryan Tannenbaum	Review B. Wong email regarding ShipBob and Kensington Private Equity Fund's approval of sale of inventory.
9/17/2021	Brenda Wong	Review and respond to email from B. Wiffen re O2 inventory sale; email J. Greenspan to request approval of sale and review response; review email from A. Tourian re ShipBob and respond with edits to the proposed communication; email ShipBob re Ottawa inventory.
9/17/2021	Bryan Tannenbaum	Receipt and review of B. Wong email re the abandonment of O2 inventory stored at ShipBob's Ottawa location.
9/20/2021	Brenda Wong	Download TD and BMO online bank statements and review activity, send BMO statement to J. Hunt; follow up with J. Hunt re outstanding A/R; review R. Szasz email re U-Freight inventory to be abandoned, draft email to U-Freight and send to R. Szasz and J. Greenspan for review; emails with A. Tourian re ShipBob US inventory; email ShipBob re US inventory to be abandoned; email U-Freight re inventory to be abandoned.
9/20/2021	Bryan Tannenbaum	Receipt and review of B. Wong email to J. Chen re O2 was unable to secure a sale of the inventory and will no longer pursue options for a sale.
9/21/2021	Brenda Wong	Review and respond to email from J. Hunt re updated reconciliation of amounts due to Ventus.
9/22/2021	Brenda Wong	Review emails from J. Hunt; forward invoice to A. Tourian for approval.
9/23/2021	Brenda Wong	Email to J. Hunt re Ventus reconciliation; email to A. Tourian re finalizing of T2 return and review response from J. Hunt; review and respond to email from J. Hunt re final matters to complete.
9/23/2021	Anne Baptiste	Post disbursement.
9/23/2021	Daniel Weisz	Process electronic payment.
9/27/2021	Brenda Wong	Download and review BMO and TD statements; review email from J. Hunt re EFT payment, review EFT payment detail and email to J. Hunt re same; approve EFT payment.
9/29/2021	Brenda Wong	Review copy of T2 return and email with J. Hunt re expected refund.
9/29/2021	Bryan Tannenbaum	Receipt and review of B. Wong email attaching T2 income tax return and anticipated income tax refund.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	0.9	\$ 625	\$ 562.50
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	0.3	\$ 595	178.50
Brenda Wong, CIRP, LIT	Senior Manager	5.5	\$ 485	2,667.50
Echa Odeh	Senior Associate	0.4	\$ 250	100.00
Anne Baptiste/Donna Nishimura	Estate Administrator	0.6	\$ 110	66.00
Total hours and professional fees		<u>7.7</u>		\$ 3,574.50
HST @ 13%				464.69
Total payable				\$ 4,039.19

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.



RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

GST/HST: 80784 1440 RT 0001

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date November 3, 2021

Client File 8281376/10000

Invoice 6

No. 6490840

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period October 1 to 31, 2021.

Date	Professional	Description
10/1/2021	Bryan Tannenbaum	Review accounting and cash in account; email to B. Wong to consider interim repayment of Receiver's certificate(s).
10/4/2021	Brenda Wong	Download Toronto-Dominion Bank ("TD") and BMO Bank of Montreal ("BMO") online statements, send BMO statements to J. Hunt; review summary of activities; review J. Hunt invoice and send to A. Tourian for approval; review of cash balances and cash flow variances; review of asset purchase agreement ("APA") and email to B. Tannenbaum re disposition of surplus funds; email to B. Wiffen of Goodmans LLP re surplus funds; review email from J. Hunt re Bereskin Parr invoice and approve EFT; prepare/review cheque requisitions for payment of invoices; respond to creditor inquiry.
10/4/2021	Daniel Weisz	Process electronic payments.
10/4/2021	Donna Nishimura	Prepare cheque requisition for payment of invoice and submit for payment.
10/4/2021	Bryan Tannenbaum	Review and respond to email from B. Wong re disposition of surplus funds.
10/5/2021	Brenda Wong	Email J. Greenspan and A. Tourian re surplus funds to be transferred to Ventus Respiratory Technologies ("Ventus") and respond to questions; prepare paperwork for processing of transfer and email Ventus to notify that EFT was processed; review and respond to email from Intact Insurance.
10/5/2021	Daniel Weisz	Process electronic payment.
10/5/2021	Anne Baptiste	Post disbursement.
10/6/2021	Bryan Tannenbaum	Telephone call from interested party from Halifax wanting to purchase O2.
10/8/2021	Anne Baptiste	Post disbursements.
10/10/2021	Anne Baptiste	Prepare bank reconciliations.
10/12/2021	Brenda Wong	Download and review TD online statement; download BMO online statement and email copy to J. Hunt.

Date	Professional	Description
10/18/2021	Brenda Wong	Download and review BMO and TD account statements; emails with J. Hunt re HST refund received and closing TD accounts and O2's HST account, email to B. Tannenbaum re same; email to A. Tourian re HST refund received and winding up J. Hunt's involvement; review emails to/from TD re bank charges and closing accounts; review and approve EFT to transfer funds from TD account to Receiver's trust account; review/respond to emails with S. Lee-Scott re mail from Canada Revenue Agency ("CRA") and suppliers; review J. Hunt invoice and submit for approval and payment; review email from TD confirming O2's accounts closed and review final statements.
10/18/2021	Daniel Weisz	Process electronic payment.
10/18/2021	Bryan Tannenbaum	Receipt and review of B. Wong email regarding final HST refund and closing account by J. Hunt.
10/18/2021	Anne Baptiste	Post disbursement.
10/20/2021	Brenda Wong	Check BMO online banking to confirm receipt of transfer from O2 and submit paperwork for posting of same.
10/25/2021	Anne Baptiste	Post receipt.
10/25/2021	Brenda Wong	Review and respond to creditor inquiry.
10/26/2021	Brenda Wong	Respond to inquiry re assets of O2.
10/27/2021	Brenda Wong	Respond to email from S. Lee-Scott, send email to creditor re receivership.
10/28/2021	Brenda Wong	Review email from S. Lee-Scott re CRA notice that it will exercise the right of set-off re the debt owed by O2 to National Research Council.
10/28/2021	Brenda Wong	Receive call from Workplace Safety and Insurance Board re outstanding returns and debt owed to Ontario government.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

November 3, 2021

Invoice 6

Page 3

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	1.2	\$ 625	\$ 750.00
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	0.4	\$ 595	238.00
Brenda Wong, CIRP, LIT	Senior Manager	4.6	\$ 485	2,231.00
Anne Baptiste/Donna Nishimura	Estate Administrator	1.0	\$ 110	110.00
Total hours and professional fees		<u>7.2</u>		\$ 3,329.00
HST @ 13%				432.77
Total payable				\$ 3,761.77

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt.
RSM Canada Limited



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date December 3, 2021

Client File 8281376/10000

Invoice 7

No. 6512449

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period November 1 to 30, 2021.

Date	Professional	Description
11/1/2021	Brenda Wong	Review and respond to emails from J. Hunt re Encore Insurance Services ("Encore") refund; review August bank statements to confirm receipt of \$2,376 refund; email to Encore to request payment information.
11/2/2021	Brenda Wong	Review and respond to emails from Encore re payment information, prepare cheque requisition and submit invoice with supporting documents for processing.
11/2/2021	Daniel Weisz	Process electronic payment.
11/2/2021	Anne Baptiste	Post disbursement.
11/3/2021	Brenda Wong	Review summary of activities.
11/3/2021	Donna Nishimura	Prepare cheque requisition for payment of invoice and submit for payment.
11/4/2021	Anne Baptiste	Post disbursement.
11/8/2021	Anne Baptiste	Post disbursement.
11/8/2021	Brenda Wong	Review invoice from J. Hunt, forward to A. Tourian for approval and submit for payment.
11/8/2021	Daniel Weisz	Process electronic payment.
11/18/2021	Brenda Wong	Respond to email inquiry re sale of company.
11/22/2021	Brenda Wong	Review Notices of Assessment re 2020 and 2021 corporate tax returns; respond to request for information from shareholder.
11/23/2021	Anne Baptiste	Prepare bank reconciliations.
11/24/2021	Brenda Wong	Review correspondence from Workplace Safety and Insurance Board ("WSIB") and email to J. Hunt and A. Tourian re O2's WSIB account; call and email to WSIB re O2 filing requirements; respond to call from Statistics Canada.

December 3, 2021

Invoice 7

Page 2

Date	Professional	Description
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	0.2	\$ 595	\$ 119.00
Brenda Wong, CIRP, LIT	Senior Manager	1.8	\$ 485	873.00
Anne Baptiste/Donna Nishimura	Estate Administrator	0.9	\$ 110	99.00
Total hours and professional fees		<u>2.9</u>		\$ 1,091.00
HST @ 13%				141.83
Total payable				\$ 1,232.83

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt.
RSM Canada Limited



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date January 5, 2022

Client File 8281376/10000

Invoice 8

No. 6533777

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period December 1 to 31, 2021.

Date	Professional	Description
12/2/2021	Brenda Wong	Review notice from Workplace Safety and Insurance Board ("WSIB"), send follow-up email to WSIB re filing of outstanding returns; email J. Hunt and A. Tourian re WSIB annual reconciliation.
12/3/2021	Daniel Weisz	Process electronic payment.
12/3/2021	Donna Nishimura	Prepare cheque requisition for payment of invoice and submit for payment.
12/6/2021	Brenda Wong	Review emails from Ventus Respiratory Technologies ("Ventus") re ShipBob and email to ShipBob.
12/8/2021	Brenda Wong	Return call from Canada Revenue Agency re status of and direction for T2 refund to be issued to O2; prepare letter to BMO to close USD account; review and respond to email from ShipBob.
12/8/2021	Bryan Tannenbaum	Review and sign letter to BMO Bank of Montreal to close USD account.
12/9/2021	Anne Baptiste	Prepare bank reconciliations.
12/9/2021	Brenda Wong	Respond to email inquiry.
12/13/2021	Brenda Wong	Follow up with J. Hunt re supporting documents for the WSIB Annual Reconciliation and review worksheets provided.
12/14/2021	Anne Baptiste	Post disbursement.
12/14/2021	Brenda Wong	Make edits to 2020 WSIB Annual Reconciliation Form, prepare 2021 WSIB Annual Reconciliation Form and email to WSIB.
12/15/2021	Brenda Wong	Review and revise draft statement of receipts and disbursements ("SRD").
12/15/2021	Echa Odeh	Print general ledger for USD and CAD accounts and prepare draft interim SRD; emails with B. Wong regarding same.
12/16/2021	Brenda Wong	Make additional changes to the draft SRD; review draft interim report of receiver ("S246 Report").

Date	Professional	Description
12/16/2021	Echa Odeh	Prepare draft S246 Report.
12/29/2021	Brenda Wong	Review emails from Ventus re patents; review confirmatory assignment and email comments and questions to Ventus re same.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	0.2	\$ 625	\$ 125.00
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	0.1	\$ 595	59.50
Brenda Wong, CIRP, LIT	Senior Manager	3.6	\$ 485	1,746.00
Echa Odeh	Senior Associate	1.6	\$ 250	400.00
Anne Baptiste/Donna Nishimura	Estate Administrator	0.6	\$ 110	66.00
Total hours and professional fees		<u>6.1</u>		\$ 2,396.50
HST @ 13%				311.55
Total payable				\$ 2,708.05

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.



RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

GST/HST: 80784 1440 RT 0001

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
O2 Industries Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date February 2, 2022

Client File 8281376/10000

Invoice 9

No. 6556945

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of O2 Industries Inc. ("O2") for the period January 1 to 31, 2022.

Date	Professional	Description
1/3/2022	Brenda Wong	Review invoice and submit for payment.
1/3/2022	Daniel Weisz	Process electronic payment.
1/3/2022	Bryan Tannenbaum	Receipt and review of various emails regarding assignment of O2 patents; telephone call with B. Wong re same.
1/4/2022	Brenda Wong	Make edits to draft S246 Report and send to B. Tannenbaum for review and signature and fax to Office of the Superintendent of Bankruptcy ("OSB"); return call from Iron Mountain.
1/4/2022	Bryan Tannenbaum	Review and sign S246 Report.
1/5/2022	Brenda Wong	Review summary of activities.
1/5/2022	Donna Nishimura	Prepare cheque requisition for payment of invoice and submit for payment.
1/6/2022	Daniel Weisz	Process electronic payment.
1/6/2022	Anne Baptiste	Post disbursements.
1/10/2022	Brenda Wong	Receipt of income tax refund cheque, prepare paperwork for deposit of same and email to Ventus Respiratory Technologies ("Ventus") re receipt; call Canada Revenue Agency to notify that refund cheque was received.
1/10/2022	Bryan Tannenbaum	Receipt and review of B. Wong email re income tax refund; receipt and review of A. Tourian responding email.
1/11/2022	Brenda Wong	Updating draft report; update cash flow summary.
1/12/2022	Brenda Wong	Reconcile cash flow to bank and update cash flow summary; make updates to the draft report; review and respond to email from Ventus re O2 leased equipment to be picked up by the lessor.

Date	Professional	Description
1/13/2022	Brenda Wong	Make changes to the draft report; review correspondence from Workplace Safety and Insurance Board and return call re amounts owed by O2, draft letter to OSB; prepare fee affidavit for Second Report.
1/13/2022	Bryan Tannenbaum	Receipt and review of B. Wong email regarding status, accounting, and discharge; discussions with B. Wong; email to secured creditor and B. Wiffen of Goodmans LLP ("Goodmans") re status and proceeding to discharge; receipt and review of draft final report to Court; email comments to B. Wong.
1/15/2022	Anne Baptiste	Prepare bank reconciliation.
1/17/2022	Brenda Wong	Prepare estimate of Receiver's fees to completion.
1/18/2022	Anne Baptiste	Post receipt.
1/18/2022	Brenda Wong	Update the draft report; email to Chaitons LLP ("Chaitons") re discharge application, fee estimate and Receiver's draft report.
1/20/2022	Brenda Wong	Emails with Chaitons re Receiver's discharge application, update draft report and estimate of fees to completion.
1/24/2022	Brenda Wong	Email CBSC Capital re its equipment to be picked up from O2's former leased premises; discuss with B. Tannenbaum re legal fees and email from J. Greenspan re O2 directors' issue; respond to J. Greenspan email.
1/24/2022	Bryan Tannenbaum	Receipt and review of J. Greenspan email regarding settlement with creditor; telephone discussion with B. Wong re same.
1/25/2022	Bryan Tannenbaum	Receipt and review of email regarding Goodmans opinion re parties to be included on release.
1/27/2022	Brenda Wong	Review emails from S. Lee-Scott and CBSC re pickup of equipment.
1/31/2022	Brenda Wong	Review email and draft agreement re settlement of claim and email and discussion with B. Tannenbaum re same; send response to J. Greenspan and Goodmans; review email from PCK re revised assignment document re intellectual property and email to Ventus re same; review O2 mail forwarded by Ventus.
1/31/2022	Bryan Tannenbaum	Review B. Wong email regarding settlement and B. Wiffen's comments to directors/Ventus; review B. Wong draft reply and discuss same; review of B. Wong email with comments, etc.; B. Wong email to S. Rappos of Chaitons re finalization of Receiver's draft report to Court; receipt and review of B. Wong email attaching assignment for the O2 patents, design and trademarks, etc.; review of B. Wiffen response to B. Wong comments; review J. Greenspan email requesting if R. Szasz can sign for O2; email to B. Wiffen to follow up on payment of Goodmans account and review response; receipt and review of B. Wiffen email attaching the revised/updated settlement agreement.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	4.2	\$ 625	\$ 2,625.00
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	0.2	\$ 595	119.00
Brenda Wong, CIRP, LIT	Senior Manager	8.2	\$ 485	3,977.00
Anne Baptiste/Donna Nishimura	Estate Administrator	0.6	\$ 110	66.00
Total hours and professional fees		<u>13.2</u>		\$ 6,787.00
HST @ 13%				882.31
Total payable				\$ 7,669.31

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

**THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF BRYAN A. TANNENBAUM SWORN
REMOTELY BEFORE ME THIS 7th DAY OF FEBRUARY, 2022**



A Commissioner, etc.

Daniel Raphael Weisz,
a Commissioner, etc., Province of Ontario, for
RSM Canada LLP and RSM Canada Limited.
Expires February 4, 2024.

**In the Matter of the Receivership of
O2 Industries Inc.
Summary of Receiver's Fees
For the Period ending July 1, 2021 to January 31, 2022**

Invoice Date	Period	Hours	Fees	HST	Total	Average Hourly Rate
3-Aug-21	July 1 to 31, 2021	68.5	\$ 35,696.50	\$ 4,640.55	\$ 40,337.05	\$ 521.12
9-Sep-21	August 1 to 31, 2021	17.3	8,842.00	1,149.46	9,991.46	511.10
1-Oct-21	September 1 to 30, 2021	7.7	3,574.50	464.69	4,039.19	464.22
3-Nov-21	October 1 to 31, 2021	7.2	3,329.00	432.77	3,761.77	462.36
3-Dec-21	November 1 to 30, 2021	2.9	1,091.00	141.83	1,232.83	376.21
5-Jan-22	December 1 to 31, 2021	6.1	2,396.50	311.55	2,708.05	392.87
1-Feb-22	January 1 to 31, 2022	13.2	6,787.00	882.31	7,669.31	514.17
Total		122.9	\$ 61,716.50	\$ 8,023.16	\$ 69,739.66	\$ 502.17

KENSINGTON PRIVATE EQUITY FUND
Applicant

-and-

O2 INDUSTRIES INC
Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF BRYAN A. TANNENBAUM

RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King Street West, Suite 700, Box 27
Toronto, ON M5H 4C7
Tel: 416-480-0160
Fax: 416-480-2646

Bryan A. Tannenbaum, Lic # 1388
Tel: 416-238-5055
bryan.tannenbaum@rsmcanada.com

Court-appointed Receiver of O2 Industries Inc.
and not in its personal capacity

APPENDIX I

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN

KENSINGTON PRIVATE EQUITY FUND

Applicant

- and -

O2 INDUSTRIES INC.

Respondent

**IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS
AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, C. C-43, AS AMENDED**

AFFIDAVIT OF SAM RAPPOS
(sworn February 3, 2022)

**I, SAM RAPPOS, of the City of Markham, in the Province of Ontario MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a partner with the law firm of Chaitons LLP (“Chaitons”), lawyers for RSM Canada Limited, in its capacity as Court-appointed receiver (the “Receiver”) of the property, assets and undertakings of O2 Industries Inc., and as such have knowledge of the matters to which I hereinafter depose.

2. Attached hereto and marked as Exhibit “A” is a copy of the account dated July 31, 2021 issued by Chaitons to the Receiver totalling \$9,882.63 (comprised of fees of \$8,462.50, disbursements of \$320.00 and HST of \$1,100.13) with respect to this proceeding.

3. I confirm that the account described above accurately reflects the services provided by Chaitons in this matter and the fees and disbursements claimed by it from June 1, 2021 to July 31, 2021.

4. Attached hereto as **Exhibit "B"** is a summary of additional information with respect to Chaitons' account, indicating all members of Chaitons who have worked on this matter, their year of call to the bar, total time charged and hourly rates, and I hereby confirm that this list represents an accurate account of such information.

5. I estimate that Chaitons' fees and disbursements to be incurred in connection with providing services to the Receiver from January 1, 2022 up to the completion of the administration of the receivership will be \$6,780 (inclusive of HST).

SWORN before me at the City)
of Toronto, Province of Ontario,)
this 3rd day of February, 2022)


_____)

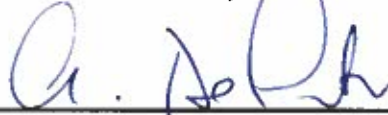
A Commissioner, etc.



SAM RAPPOS

Antoinette DePinto, a Commissioner, etc.,
Province of Ontario, for Chaitons LLP,
Barristers and Solicitors.
Expires November 23, 2023.

**THIS IS EXHIBIT "A" TO
THE AFFIDAVIT OF SAM RAPPOS
SWORN BEFORE ME THIS 3rd
DAY OF FEBRUARY, 2022**



A Commissioner Etc.

Chaitons^{LLP}

INVOICE NUMBER: 281782

July 31, 2021

RSM CANADA LIMITED
11 KING STREET WEST, SUITE 700
TORONTO, ON M5H 4C7

Re: O2 Industries Inc.
Our file: 006998-67857

FOR PROFESSIONAL SERVICES RENDERED on this matter up to and including July 31, 2021:

PROFESSIONAL FEES

SUBJECT TO HST	\$8,462.50	
SUB-TOTAL		\$8,462.50

DISBURSEMENTS

NON TAXABLE	\$320.00	
SUB-TOTAL		\$320.00
HST at 13.00%		\$1,100.13

GRAND TOTAL		\$9,882.63
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Amount payable on the current invoice	\$9,882.63
Plus outstanding invoices on this matter	\$0.00
Amount Due	<u>\$9,882.63</u>
Trust Balance	

HST No R124110933

INVOICE NUMBER: 281782

E. & O.E. Payment due on receipt of the account. In Accordance with the Solicitor's Act, interest will be charged on any unpaid balance at the rate of 0.5% per annum commencing one month after delivery of this account.

PROFESSIONAL FEES:

- Jun 16, 21 Emails with B. Wong;
- Jun 17, 21 Review Terrazign agreements; telephone call with B. Wiffen with respect to same and employee expense reimbursement claims;
- Jun 29, 21 Review email from B. Wong re Employee claim; telephone conference call with B. Tannenbaum and B. Wong;
- Jul 9, 21 Reviewed and commented on draft report;
- Jul 13, 21 Reviewed and drafted e-mails regarding motion matters; reviewed comments received from Goodmans on the report; reviewed stalking horse agreement; reviewed documents and reviewed and responded to e-mails regarding sale transaction matters;
- Jul 14, 21 Drafted notice of motion; reviewed and drafted e-mails regarding sale transaction matters; reviewed documents related to sale transaction; drafted AVO and second order; reviewed and responded to comments received from Goodmans on draft materials; updated service list; prepared materials for motion record;
- Jul 15, 21 Reviewed and drafted e-mails regarding motion;
- Jul 19, 21 Reviewed and responded to e-mails regarding sale transaction matters;
- Jul 20, 21 Reviewed and responded to e-mails regarding sale transaction;
- Jul 21, 21 Drafted release regarding employee; reviewed and responded to e-mails regarding sale transaction;
- Jul 22, 21 Reviewed and commented on independent contractor agreement; reviewed and responded to e-mails regarding same;
- Jul 23, 21 Prepared for and attended motion regarding sale approval; reviewed and drafted e-mails regarding same;
- Jul 27, 21 Attended conference call regarding closing matters;

Jul 28, 21 Reviewed closing documents and related materials; reviewed and responded to e-mails regarding same;

Jul 30, 21 Reviewed and drafted e-mails regarding closing of transaction;
To all matters of a general nature not more particularly referred to herein;

TOTAL PROFESSIONAL FEES **\$8,462.50**
HST at 13.00% 1,100.13

DISBURSEMENTS:

Non-Taxable:

File Motion Record(s) Non-taxable \$320.00
\$320.00

TOTAL DISBURSEMENTS **\$320.00**

GRAND TOTAL **\$9,882.63**

CHAITONS LLP

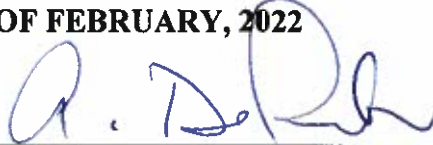


per: _____
Harvey Chaiton

LAWYERS' SUMMARY:

Lawyers and legal assistants involved	Hourly Rate	Hours Billed	Total Billed
HARVEY G. CHAITON	\$750.00	1.70	\$1,275.00
SAM RAPPOS	\$575.00	12.50	\$7,187.50
Total:		14.20	\$8,462.50

**THIS IS EXHIBIT "B" TO
THE AFFIDAVIT OF SAM RAPPOS
SWORN BEFORE ME THIS 3rd
DAY OF FEBRUARY, 2022**



A Commissioner Etc.

SUMMARY

Lawyer	Year of Call	Hours Billed	Hourly Rate	Amount Billed
Harvey Chaiton	1982	1.70	\$750	\$1,275.00
Sam Rappos	2005	12.50	\$575	\$7,187.50
Total Hours and Amounts Billed		14.20		\$8,462.50
Average Hourly Rate			\$596	
Total Disbursements				\$320.00
Total Taxes (HST)				\$1,100.13
TOTAL				\$9,882.63