Court File No. CV-18-00607131-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE Mr. JUSTICE McEwen	)	TUESDAY, THE 12TH
	)	
	)	DAY OF FEBRUARY, 2019

BETWEEN:

OXYGEN WORKING CAPITAL CORP.

Applicant

- and –

TRU LABELS INC.

Respondent

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 Harris & Partners Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Tru Labels Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Vaughn Mills Packaging Ltd. (the "Purchaser") dated January 25, 2019 and appended to the Second Report of the Receiver dated January 29, 2019 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Receiver, ~~and the applicant~~, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Kimberly Leppard sworn January 31, 2019, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hainey dated November 6, 2018; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "Encumbrances) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets. Nothing in this Order shall affect the liability of the Purchaser with respect to the Assumed Liabilities as defined in the Sale Agreement.

3. 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.

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

5. THIS COURT ORDERS AND DIRECTS that Confidential Appendices "A", "B", and "C" to the Report shall be sealed until the filing of the Receiver's Certificate in accordance with Paragraph 4 of this Order.

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

7. THIS COURT ORDERS that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or

provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

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

FEB 12 2019

PER / PAR:

Schedule A – Form of Receiver's Certificate

Court File No. CV-18-00607131-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

BETWEEN:

OXYGEN WORKING CAPITAL CORP.

Applicant

- and –

TRU LABELS INC.

Respondent

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RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the "Court") dated November 6, 2018, Harris & Partners Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Tru Labels Inc. (the "Debtor").

B. Pursuant to an Order of the Court dated February 12, 2019, the Court approved the agreement of purchase and sale made as of January 25, 2019 (the "Sale Agreement") between the Receiver and Vaughn Mills Packaging Ltd. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for

the Purchased Assets; (ii) that the conditions to Closing as set out in section 6 of the Sale 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 Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to Closing as set out in section 6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

HARRIS & PARTNERS INC., in its capacity as Receiver of the undertaking, property and assets of Tru Labels Inc., and not in its personal capacity

Per: _____

Name:

Title:

Schedule B – Purchased Assets

The right title and interest of the Debtor and the Receiver in, to and under all of the assets, properties and rights of every kind and description, personal and mixed, tangible and intangible, wherever situated, that are related to the Debtor's business of formulating and packaging of private label oatmeal, including without limitation:

(a) the machinery and equipment listed in Sch. A to the Forced Liquidation Value Appraisal presented by Danbury Global Ltd. dated November 2018; and includes leased equipment,

(b) all certifications and licenses to operate the Debtor's business;

(c) all contracts relating to the Debtor's business, including, supplier and customer contracts and orders, both written and oral;

(d) all intellectual property, recipes and formulations;

(e) all cash on hand, accounts receivable and inventory;

(f) all claims, causes of action, choses in action, rights of recovery and rights under all warranties, representations and guarantees made by suppliers of products, materials or equipment, or components thereof, arising from or relating to the Purchased Assets or the Assumed Liabilities;

(g) all personal and real property leases;

(h) all insurance agreements and benefits, including rights and proceeds, arising from or relating to the Purchased Assets or Assumed Liabilities if any subject to the insurers consent to any assignment;

(i) all telephone numbers and other communications means related to the and Debtor's business; and

(j) all goodwill of the Debtor's business.

OXYGEN WORKING CAPITAL CORP.
Applicant

-and-

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PROCEEDING COMMENCED AT
TORONTO

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APPROVAL AND VESTING ORDER

FLETT BECCARIO
190 Division Street
P.O. Box 340
Welland ON L3B 5P9

J. Ross Macfarlane (LSO# 36417N)
jrmacfar@flettbeccario.com
Tel: (905) 732-4481
Fax: (905) 732-2020

Lawyers for Harris & Partners Inc., in its capacity as Court - Appointed Receiver