

I hereby certify this to be a true copy of

the original ORDER

Dated this 16 day of August 2023

Cassandra Sigurdson

for Clerk of the Court

COURT FILE NUMBER 2301-06740

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF (APPLICANT)

HSBC BANK CANADA

DEFENDANTS
(RESPONDENTS)

HIGHWOOD EQUIPMENT TECHNOLOGIES INC., BRENT H. KOHLS, COLIN REYNOLD KNAPP, KEVIN JOHN KERR and ROBERT WAWRZYNOWSKI

DOCUMENT

SETTLEMENT APPROVAL AND VESTING ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8 Avenue SW
Calgary, Alberta T2P 1G1
Attention: David LeGeyt / Ryan Algar
Phone Number: (403) 260-0210 / 0126
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File No. 46030-22

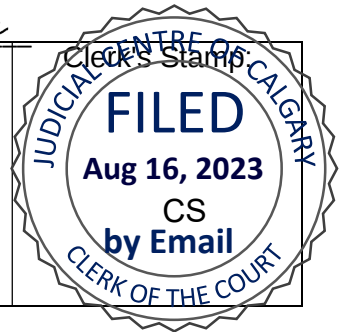
DATE ON WHICH THE ORDER WAS PRONOUNCED: August 8, 2023

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable S.D. Hillier

LOCATION OF HEARING: Edmonton Courts Centre

UPON the application of Ernst & Young Inc. (the "**Receiver**") in its capacity as the receiver and manager (the "**Receiver**") of the assets, undertakings and properties of Highwood Equipment Technologies Inc. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by a Settlement Agreement (the "**Settlement Agreement**") between the Receiver and Alshawamikh Oil Services SAOC (the "**Purchaser**") dated July 31, 2023 and appended to the Second Report of the Receiver dated July 31, 2023 (the "**Report**"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the assets described in the Settlement Agreement (the "**Purchased Assets**");

AND UPON HAVING READ the Receivership Order dated June 2, 2023 (the "**Receivership Order**"), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, and any other parties appearing, no one appearing for



any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION & SETTLEMENT AGREEMENT

2. The Transaction and Settlement Agreement are commercially reasonable and in the best interest of the Debtor and its stakeholders. The Transaction is hereby approved and execution of the Settlement 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 completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

3. Upon delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Closing Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets listed in **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:
 - (a) any encumbrances or charges created by the Receivership Order;

- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta) or the *Prompt Payment and Construction Lien Act* (Alberta); and
- (d) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "D"** (collectively, "**Permitted Encumbrances**"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets

4. Upon delivery of the Receiver's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Settlement Agreement. Presentment of this Order and the

Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Settlement Agreement.
7. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from 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. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.
8. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other

indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

9. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
10. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
11. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

MISCELLANEOUS MATTERS

12. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) 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 transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, 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.

13. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
14. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, 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 order and to provide such assistance to the Receiver, as an officer of the 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.
15. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at www.ey.com/ca/highwood

and service on any other person is hereby dispensed with.

16. Service of this Order may be effected by facsimile, electronic mail, personal delivery or

courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

A handwritten signature in black ink, appearing to read "J. Hill", is written above a horizontal line.

Justice of the Court of Queen's Bench of Alberta

Schedule "A"
Form of Receiver's Certificate

COURT FILE NUMBER	2301-06740	Clerk's Stamp:
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF (APPLICANT)	HSBC BANK CANADA	

DEFENDANTS (RESPONDENTS) **HIGHWOOD EQUIPMENT TECHNOLOGIES INC., BRENT H. KOHLS, COLIN REYNOLD KNAPP, KEVIN JOHN KERR and ROBERT WAWRZYNOWSKI**

DOCUMENT **Receiver's Certificate**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Burnet, Duckworth & Palmer LLP 2400, 525 – 8 Avenue SW Calgary, Alberta T2P 1G1 Attention: David LeGeyt / Ryan Algar Phone Number: (403) 260-0210 / 0126 Fax Number: (403) 260-0332 Email Address: dlegeyt@bdplaw.com ralgar@bdplaw.com File No. 46030-22
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RECITALS

- A. Pursuant to an Order of the Honourable Justice D.B. Nixon of the Court of King's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated June 2, 2023, Ernst & Young Inc. was appointed as the receiver (the "**Receiver**") of the undertakings, property and assets of Highwood Equipment Technologies Inc. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated August 8, 2023 the Court approved the agreement of purchase and sale made as of July 31, 2023 (the "**Settlement Agreement**") between the Receiver and Alshawamikh Oil Services SAOC (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 2 of the Settlement 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, capitalized terms have the meanings set out in the Settlement Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Settlement Agreement;
2. The conditions to Closing as set out in section 2 of the Settlement Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); 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]**.

**ERNST & YOUNG INC., in its
capacity as Receiver of the
undertakings, property and assets
of HIGHWOOD EQUIPMENT
TECHNOLOGIES INC. and not in
its personal or corporate capacity.**

By: _____

**Name: Peter Chisholm
Title: Senior Vice President**

Schedule "B"
Purchased Assets

Schedule 1 Assets

Table 1	
No.	Asset description
1	The Material Assets
2	Hoist 86 Package meeting PDO C6 Requirements (elements per Table 2)
3	Substructure (elements per Table 2)
4	Programme Logistic Controller for Hoist 85

Table 2	
No.	Asset description
1	Documentation & Certification for all components – All COC, manuals and drawings
2	Operational control system (hardware and software) for the complete hoist package with all functions, software transferable licenses and all passwords.
3	Major hoist package components included but are not limited to the following: a. Carrier trailer complete with levelling jacks, stands, base beam, hydraulic stairs, walkways, headache rack, accumulator roof, hard lines and fireproof jumper hoses for accumulator system, mast base and outriggers b. Draw works assembly, VFD motor and blower, lubrication system, braking system, HPU and emergency release kit. c. Hydraulic Power Unit, including 150 HP and 300 HP setups with a hydraulic tank, fluid, hoses, manifolds, cooler and controls d. Man riding winch complete with wire rope, chain, hook end, and anchor wedge e. Service Utility winch complete with wire rope and 15m pneumatic control system f. Mast complete with crown, monkey board, raising cylinders, scoping cylinders, lighting, standpipe, Kelly hose, load & guy lines manual tong weights, tong suspension system, catheads, cathead slings and MB talk-back system g. Travelling Blocks h. TDS complete with Dolley, controls, service loop, I/O panel and its components. i. Automatic elevators with eight inserts j. Bail Links, set of two with cylinder clamps and upper eyelet bushings k. Drill line l. Driller's cabin/floor trolley, complete with lifting cylinder, sling, cat line fairleads, m. Remote control for Raising and Lowering Mast (Including batteries 2) n. Work floor complete with all sections, hydraulic cylinders, pinning system, stairs, railings and anti-slip floor matting o. Driller's Cabin, complete with A/C, cyber chair, I/O panel & internal components, twin monitors, talk back system, windshield wipers, window shades and lighting p. Remote control for raising and lowering the mast, including two batteries and charger. q. Hoist I/O panel with all internal components r. Hoist fully wired and operational
4	Catwalk Trailer a. Complete with all hydraulics, fully operational b. I/O panel & internal components c. Remote control with two batteries and charger

	d. Catwalk fully wired and operational
5	VFD Trailer a. Complete trailer with front, back and side walkways, railings and stairs b. Two C15 CAT generators in acoustic enclosures c. Two fuel tanks, hardware and distribution pump d. Two roof mounted AC units e. Roof mounted brake resistor and stand f. VFD building complete with all operational equipment g. generator synchronization controls h. VFD with controllers for DW and MP i. MCC complete with profinet communication cards j. 150 and 300 HP soft starter k. Transformer l. Plug board complete with plugs and receptacles. m. VFD trailer fully wired and operational
6	Mud pump Skid a. Mud pump complete with VFD motor and driveline b. Discharge block with dampener, valve and line c. PRV valve, discharge line and bypass system d. Mud pump lubrication system with electric pump and tank e. Plunger lubrication system f. I/O panel complete with touch screen and all internal components g. Mud Pump Skid fully wired and operational
7	Miscellaneous a. RIDE system complete b. Spare tires for the four trailers
8	Sub-Structure Trailer a. Complete with diesel-powered HPU, in an acoustic enclosure b. operator's station c. hydraulic self-walking system d. hydraulic floor raising system e. hydraulic BOP handling system f. stairs, railings and anti-slip floor covering

Schedule 2 Spare Parts

No.	Description
1.	Sensors for mud tank systems of H-85 & 86
2.	Talkback system for monkey board of H-85
3.	Floor trolley lifting sling of H-85
4.	Spare tires of H-85
5.	Accumulator roof cover for H-85
6.	Guy line load cells for H-85
7.	Remote control for catwalk H-85
8.	HPU for Circulation tank for H-86
9.	Mud pump for Brine tank for H-86
10.	Non-slip floor matting for H-86
11.	Non-slip floor matting for Substructure
12.	AC unit for driller's cabin for H-86
13.	Standpipe, for mast of H-86

Schedule 3 Material Assets

1. Hoist trailer and hoist system
 - a. Highwood Machine Tool, LLC service rig chassis: SN 1H9SR60H4NW797003
 - b. Highwood Global, LP mast assembly: SN 5136
 - c. Control System: SN 42-1000-3
 - d. Namco ARS800 800HP drawworks: SN 10299
 - e. Hydraulic power unit
 - f. Ingersoll-Rand 150kg man rider winch: SN D22 06 23MR02
 - g. American Block WSSD150 well service block: SN 220727
 - h. Drillers cabin
2. Generator and MCC trailer
 - a. Highwood Machine Tool, LLC trailer chassis: SN 1H9SV70G9NW797006
 - b. AC drive house equipment: SN PPACFD224030954
 - c. Caterpillar C18 770kVA/616kW genset: SN CAT00C18PLXK03664
 - d. Caterpillar C18 770kVA/616kW genset: SN CAT00C18TLXK03825
3. Mud system
 - a. AmeriMex 600HP motor: SN 3045466
 - b. Mud skid
4. Power catwalk
 - a. Highwood Global, LP Catwalk chassis: SN 1H9S662BXNW797009
5. Substructure
 - a. Highwood Global, LP Substructure chassis: SN 1H9SA70B0NW797010
6. Top drive assembly
 - a. Highwood Global, LP 150-ton top drive assembly: SN 5055

Schedule "C"
Encumbrances

PPR Registrations

Secured Party	Registration Number	Debtor(s)	Collateral Description
HSBC BANK CANADA 407 - 8 AVENUE S.W. CALGARY, AB T2P 1E5	20031330044	HIGHWOOD EQUIPMENT TECHNOLOGIES INC. 10 CIMARRON ESTATES MANOR OKOTOKS, AB T1S 0J8	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR
BUSINESS DEVELOPMENT BANK OF CANADA BOX 6,505 BURRARD ST VANCOUVER, BC V7X 1M3	21010419072	HIGHWOOD EQUIPMENT TECHNOLOGIES INC. 10 CIMARRON ESTATES MANOR OKOTOKS, AB T1S0J8	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY, EXCEPT CONSUMER GOODS. PROCEEDS: GOODS, INVENTORY, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES AND ACCOUNTS (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT) AND INSURANCE PROCEEDS.
HSBC BANK CANADA 407 8TH AVENUE SW CALGARY, AB T2P 1E5	21052725240	HIGHWOOD EQUIPMENT TECHNOLOGIES INC. PO BOX 1359 OKOTOKS, AB T1S 1B3	All documents of title, certificates, invoices, statements, transportation documents or similar instruments and the goods represented thereby, in each case which are at any time in actual or constructive possession of the secured creditor or held in trust for, or to the order of, the secured creditor.
NFS LEASING, INC. 900 CUMMINGS CENTER, SUITE 226-U BEVERLY, MA 01915	22021812384	HIGHWOOD EQUIPMENT TECHNOLOGIES INC. 64230 393 LOOP E OKOTOKS, AB T1S0L1	ALL ASSETS OF THE DEBTOR, NOW OWNED OR HEREAFTER ACQUIRED. NOTICE - PURSUANT TO AN AGREEMENT BETWEEN DEBTOR AND SECURED PARTY. DEBTOR HAS AGREED NOT TO GRANT A SECURITY INTEREST IN THE ABOVE COLLATERAL TO ANY OTHER ENTITY. ACCORDINGLY, THE ACCEPTANCE OF ANY SECURITY INTEREST BY ANYONE OTHER THAN THE SECURED PARTY IS LIKELY TO CONSTITUTE TORTIOUS

			INTERFERENCE WITH THE SECURED PARTY'S RIGHTS. IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURED INTEREST IN THE ABOVE COLLATERAL CONTRARY TO THE ABOVE, THE SECURED PARTY ASSERTS A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.
NFS LEASING, INC. 900 CUMMINGS CENTER, SUITE 226-U BEVERLY, MA 01915	22021826073	HIGHWOOD EQUIPMENT TECHNOLOGIES INC. 64230 393 LOOP E OKOTOKS, AB T1S0L1	ALL ASSETS OF THE DEBTOR, NOW OWNED OR HEREAFTER ACQUIRED. NOTICE - PURSUANT TO AN AGREEMENT BETWEEN DEBTOR AND SECURED PARTY. DEBTOR HAS AGREED NOT TO GRANT A SECURITY INTEREST IN THE ABOVE COLLATERAL TO ANY OTHER ENTITY. ACCORDINGLY, THE ACCEPTANCE OF ANY SECURITY INTEREST BY ANYONE OTHER THAN THE SECURED PARTY IS LIKELY TO CONSTITUTE TORTIOUS INTERFERENCE WITH THE SECURED PARTY'S RIGHTS. IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURED INTEREST IN THE ABOVE COLLATERAL CONTRARY TO THE ABOVE, THE SECURED PARTY ASSERTS A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.

Schedule "D"
Permitted Encumbrances

N/A