



COURT FILE NUMBER	2301-10472
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PROCEEDING	IN THE MATTER OF THE INTERIM RECEIVERSHIP OF PATHWAY HEALTH CORP. AND PATHWAY HEALTH SERVICES CORP.
DOCUMENT	SECOND REPORT OF THE INTERIM RECEIVER SEPTEMBER 28, 2023
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>INTERIM RECEIVER</u> KSV Restructuring Inc. 1165, 324 – 8th Avenue SW Calgary, Alberta T2P 2Z2 Attention: Jason Knight / Ross Graham Telephone: (587) 287-2605 / (587) 287-2750 Facsimile: (416) 932-6266 Email: jknight@ksvadvisory.com / rgraham@ksvadvisory.com <u>INTERIM RECEIVER'S COUNSEL</u> Burnet, Duckworth & Palmer LLP 2400, 525 – 8 th Avenue SW Calgary, AB T2P 1G1 Attention: Ryan Algar Telephone: (403) 260-0126 Facsimile: (403) 260-0332 E-Mail: ralgar@bdplaw.com

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1.0 Introduction

1. On August 10, 2023 (the “**Interim Receivership Date**”), upon the application of Avonlea-Drewry Holdings Inc. (“**ADH**”), the Court of King’s Bench of Alberta (the “**Court**”) in Action No. 2301-10472 (the “**Proceedings**”) pronounced an Order (the “**Interim Receivership Order**”) appointing KSV Restructuring Inc. (“**KSV**”) as the interim receiver (KSV in such capacity, the “**Interim Receiver**”) pursuant to section 47 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) over the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”) of Pathway Health Corp. (“**PHC**”) and Pathway Health Services Corp. (“**PHSC**”, together with PHC, the “**Companies**”). A copy of the Interim Receivership Order is attached hereto as **Appendix “A”**.
2. On July 28, 2023, the Companies’ officers and directors resigned, resulting in the Companies ceasing operations. The continued operation of the Companies was necessary to preserve the value of the business and therefore, ADH sought the appointment of the Interim Receiver to, among other things, oversee, safeguard, and preserve the Companies’ business and operations, while ADH and the Companies developed a potential restructuring plan.
3. On August 31, 2023, the Interim Receiver prepared and filed its First Report to Court (the “**First Report**”) which provided, among other things, information with respect to:
 - a) the background on the Companies and their secured creditors;
 - b) the activities of the Interim Receiver and Mr. Kim Wei, in his capacity as consultant (the “**Consultant**”) to the Interim Receiver, since the Interim Receivership Date;
 - c) the Companies’ cash flow forecast (the “**Cash Flow Forecast**”) for the period of August 18, 2023 to November 17, 2023 (the “**Cash Flow Period**”); and
 - d) ADH’s application for an Order (the “**Extension Order**”) that, among other things:
 - i. extended the Termination Date (as defined in the Interim Receivership Order) to October 2, 2023; and

- ii. lifted the stay of proceedings such that ADH is permitted to exercise its security against the shares of Slawner Ortho Lteé (“**Slawner**”), a wholly-owned subsidiary of PHSC.
- 4. On September 1, 2023, the Court granted the Extension Order, a copy of which is attached hereto as **Appendix “B”**.

1.1 Purposes of this Second Report

- 1. The purpose of this second report (the “**Second Report**”) is to provide information with respect to:
 - a) ADH’s application for the following Orders:
 - i. an Order (the “**Receivership Order**”) appointing KSV as receiver and manager (KSV, in such capacities, the “**Receiver**”) of the assets, undertakings, and properties of the Companies pursuant to section 47(1) of the BIA;
 - ii. an Order (the “**SISP Approval Order**”), approving the sale and investment solicitation process (“**SISP**”) substantially in the form attached to the SISP Approval Order; and
 - iii. an Order (the “**Stalking Horse APA Approval and Vesting Order**”), approving as a stalking horse bid, the asset purchase agreement (the “**Stalking Horse APA**”) between the Receiver as the seller and ADH as the stalking horse bidder (in such capacity, the “**Stalking Horse Bidder**”);
 - b) the activities of the Interim Receiver and the Consultant since the issuance of the First Report;
 - c) a comparison of the Cash Flow Forecast against actual results;
 - d) certain other matters and events that have occurred since the issuance of the First Report; and
 - e) such further and other relief as counsel may advise and this Court may permit.

1.2 Scope and Terms of Reference

1. In preparing this Second Report, the Interim Receiver has relied upon the Companies' unaudited financial information, books and records, information available in the public domain and discussions with the Consultant.
2. The Interim Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Second Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Interim Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Second Report is based upon the Companies' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Interim Receiver expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
4. This Second Report should be read in conjunction with the First Report and the materials filed by ADH in the Proceedings, including the affidavits of Mr. Michael Steele, the Chief Executive Officer of ADH, sworn August 9, August 29, and September 24, 2023 (the "**Third Steele Affidavit**" and collectively, the "**Steele Affidavits**").
5. Capitalized terms not defined within this Second Report are defined within the Interim Receivership Order and the Steele Affidavits.

1.3 Currency

1. Unless otherwise noted, all currency references in this Second Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these proceedings are available on the Interim Receiver's website at: www.ksvadvisory.com/experience/case/pathway-health (the "**Case Website**").

2.0 Background

1. PHC is a public company listed on the TSX Venture Exchange under the stock symbol TSXV:PHC and is the sole shareholder of PHSC. PHC's controlling shareholder is ADH, who owns approximately 56% of the outstanding voting common shares. In addition to its ownership interest in PHSC, PHC is the sole shareholder of certain active and inactive entities, which are not subject to the Proceedings (together with PHSC, the "**PHC Subsidiaries**"):
2. PHSC also has ownership interests in certain active and inactive entities, that are not subject to the Proceedings (collectively, the "**PHSC Subsidiaries**").
3. The Companies, through their ownership interests in the PHC Subsidiaries and PHSC Subsidiaries, operate community-based medical clinics in British Columbia, Alberta, Ontario, and Québec that offer multi-disciplinary therapies to patients that suffer from chronic pain. The Companies also provide medical cannabis services. A chart outlining the ownership structure of the Companies, the PHC Subsidiaries, and the PHSC Subsidiaries (collectively, the "**Pathway Group**") is attached hereto as **Appendix "C"**.

2.1 Secured Creditors

1. PHC's secured creditors are as follows:
 - a) ADH; and
 - b) Heal Global Holdings Corp. ("**Heal**").
2. Pursuant to a credit facility agreement dated July 29, 2022, ADH extended a \$3.5 million revolving credit facility to PHC (the "**Credit Facility**"). In advance of entering into the Credit Facility, PHC executed a secured promissory grid note dated May 27, 2022, in favour of ADH (the "**ADH Note**").
3. In support of the ADH Note, PHSC provided to ADH an unlimited guarantee dated May 27, 2022.

4. To secure their respective obligations to ADH, the Companies granted the following security in favour of ADH:
 - a) **PHC** – a General Security Agreement dated May 27, 2022, charging all present and after-acquired property of PHC and a Share Pledge Agreement dated May 27, 2022, charging all shares held by PHC in the capital of PHSC and other related PHC entities (the “**PHC Security**”); and
 - b) **PHSC** – a General Security Agreement dated May 27, 2022, charging all present and after-acquired property of PHSC and a Share Pledge Agreement dated July 29, 2022, charging all shares held by PHC in the capital of entities related to PHC and PHSC (the “**PHSC Security**”, together with the PHC Security, the “**ADH Security**”).
5. PHC also executed a secured convertible promissory grid note in favour of Heal, dated February 3, 2023 (the “**Heal Note**”). ADH and Mr. Steele own 100% of the common voting equity of Heal. To secure its obligations to Heal pursuant to the Heal Note, PHC granted a General Security Agreement, dated February 3, 2023, charging all present and after-acquired personal property of PHC.
6. The Interim Receiver understands that, as at the Interim Receivership Date, the outstanding indebtedness owing by the Companies to ADH and Heal totals approximately \$5,416,811 and \$1,250,000, respectively, plus fees, costs, expenses, and legal fees (respectively, the “**ADH Indebtedness**” and “**Heal Indebtedness**”).
7. Additional background information on the Companies is included in the First Report and the materials filed by ADH in these Proceedings.

3.0 Stalking Horse APA

1. The SISP provides for the inclusion of the Stalking Horse APA, which contemplates a transaction (the “**Stalking Horse Transaction**”) involving the sale of substantially all of the assets of the Companies to the Stalking Horse Bidder, unless a higher or better offer is received in accordance with the SISP. The following is a summary of the Stalking Horse APA and reference should be made to the form of Stalking Horse APA itself (enclosed with ADH’s application materials) for the full terms and conditions thereof. Capitalized terms used in this section that are not otherwise defined have the meanings ascribed to them in the Stalking Horse APA. The main components of the Stalking Horse APA are described below.

3.1 Stalking Horse Transaction and Purchase Price

1. The Stalking Horse Bidder will acquire substantially all of the Companies' right, title and interest in the Companies' business and assets, including all of the issued and outstanding shares in the capital of certain PHC Subsidiaries and PHSC Subsidiaries.
2. The purchase price (the "**Purchase Price**") to be paid by the Stalking Horse Bidder under the Stalking Horse APA consists of the aggregate sum of \$1,250,000 comprised of:
 - a) a cash payment (the "**Cash Component**"); plus
 - b) the balance of the Purchase Price by way of set off against and non-cash credit reduction of the ADH Indebtedness (the "**Non-Cash Component**").

As at the date of this Second Report, the Interim Receiver and the Stalking Horse Bidder continue to negotiate and finalize allocation of the Purchase Price between the Cash Component and Non-Cash Component.

3. The Stalking Horse Bidder shall satisfy the Purchase Price on the Closing Date by: (i) paying to the Receiver, in trust, the Cash Component no later than one (1) Business Day prior to the Closing Date; and (ii) delivery of an acknowledgement of the Stalking Horse Bidder that the ADH Indebtedness has been reduced by the amount of the Non-Cash Component).
4. As at the date of this Second Report, the Interim Receiver's legal counsel, Burnet, Duckworth & Palmer LLP ("**BD&P**") has advised the Interim Receiver that the ADH Security appears to be valid and enforceable, however, its opinion on same is still being finalized. Assuming that BD&P's security opinion does not uncover any defects in the ADH Security, the Non-Cash Component would be enforceable as against the Companies and would rank ahead of all claims, excluding any priority claims. For clarity, the Receiver will not execute the Stalking Horse APA until the ADH Security is confirmed to be valid and enforceable as against the Companies.

3.2 Conditions to Closing and Termination

1. Key conditions to closing under the Stalking Horse APA include, among other things:
 - a) the Receivership Order, SISP Approval Order, and Stalking Horse APA Approval and Vesting Order shall have been obtained and granted prior to October 2, 2023;

- b) the Stalking Horse Bidder is the Successful Bidder under the terms of the SISP;
 - c) prior to the Closing Date (which remains subject to further negotiation), there shall not have occurred any Material Adverse Change (as such term is defined in the Stalking Horse APA); and
 - d) the acknowledgement of ADH that the Companies' indebtedness has been reduced by the Non-Cash Component of the Purchase Price.
2. The Stalking Horse APA may not be terminated by the Stalking Horse Bidder unless:
- a) closing has not taken place by the Closing Date;
 - b) the Stalking Horse APA is not selected as the Successful Bid or if the Court otherwise approves a transaction other than the Stalking Horse APA;
 - c) the Court, or any other court or Governmental Authority (including the Competition Bureau) takes action to restrain, enjoin or otherwise prohibit the transactions contemplated by the Stalking Horse APA and such action is not capable of opposition or appeal;
 - d) any of the closing conditions in favour of ADH or the Receiver, as applicable, are not satisfied, waived or performed by the earlier of: (i) the date specified in the Stalking Horse APA, or (ii) the Closing Date; or
 - e) there has been a material violation or breach by a party of any covenant, representation or warranty that would prevent the satisfaction of any closing condition in favour of the other party on the Closing Date and such violation or breach has not been waived or cured in accordance with the Stalking Horse APA.

3.3 Expense Reimbursement and Transaction Fee

1. The Stalking Horse APA contemplates certain protections in favour of the Stalking Horse Bidder in consideration for it acting as the stalking horse in the SISP. These protections include an entitlement to reimbursement for its expenses and a transaction fee in an aggregate amount of \$62,500 (the “**Expense Reimbursement and Transaction Fee**”). The Expense Reimbursement and Transaction Fee is intended to compensate the Stalking Horse Bidder for its expenditures of time and money and its agreement to act as the stalking horse bidder, including the preparation of the Stalking Horse APA and in performing due

diligence, and is payable in the event that:

- a) the Stalking Horse APA is not completed for any reason other than a termination by the Stalking Horse Bidder pursuant to the Stalking Horse APA or by mutual consent of the Stalking Horse Bidder and the Receiver; or
- b) a transaction is selected as the Successful Bid in accordance with the SISP that is not the transaction contemplated by the Stalking Horse APA.

3.4 Stalking Horse APA Recommendation

1. The Receiver recommends that this Court issue an order approving the Stalking Horse APA for the following reasons:
 - a) stalking horse sale processes are a recognized mechanism in insolvency processes to maximize recoveries, while creating stability and certainty of a transaction for the business' assets;
 - b) it is in the best interests of the Companies' stakeholders that the Stalking Horse APA be preserved in order to have the opportunity to maximize value and to protect downside risk in the event that a Superior Offer is not submitted;
 - c) the Interim Receiver is of the view that the Expense Reimbursement and Transaction Fee, which represents approximately 5.0% of the Purchase Price under the Stalking Horse APA is reasonable in the circumstances and will not discourage interested parties from submitting offers in the SISP;
 - d) the Stalking Horse APA will provide stability and certainty which the receiver believes is in the best interests of the Companies' assets; and
 - e) the validity and enforceability of the ADH Security as against the Companies shall be confirmed by BD&P prior to the Receiver entering into the Stalking Horse APA.

4.0 SISP

1. This section summarizes the key provisions of the proposed SISP; however, interested parties are encouraged to review the SISP in its entirety. A copy of the document outlining the proposed SISP (the “**SISP Procedure Document**”) is attached to the SISP Approval Order. To fully understand the SISP, readers must also review the SISP Procedure Document.
2. As outlined in the Third Steele Affidavit, ADH is seeking approval of the SISP, which was developed in consultation with the Interim Receiver and the Consultant, to solicit interest in, and opportunities for, one or more or any combination of: (i) a sale of all, or substantially all, of the Companies’ business and operations (the “**Business**”) and/or the Property; or (ii) a restructuring, recapitalization or other form of reorganization or refinancing of the Companies’ or Business (the “**Opportunity**”). Subject to the Court granting the SISP Approval Order and the Receivership Order, the Receiver will carry out the SISP.
3. The SISP is anchored by the Stalking Horse APA, which provides certainty to the Companies and its stakeholders of a going-concern transaction, while also enabling the Receiver to test the market and pursue the possibility of a superior transaction.
4. Pursuant to the SISP, interested parties are able to submit offers to:
 - a) acquire all, substantially all or a portion of the Property or the Business whether through an asset purchase, share purchase or a combination thereof; or
 - b) make an investment in, restructure, reorganize or refinance the Business.
5. The following table provides a summary of the key process milestones and dates under the proposed SISP. The dates set out in the SISP may be extended by the Receiver, at its sole discretion.

Milestone	Proposed Deadline
Court approval of SISP	October 2, 2023
Commencement of SISP	October 13, 2023
Final Bid Deadline	November 17, 2023
Auction (if required)	November 24, 2023
Stalking Horse APA Approval and Vesting Order hearing (auction required)	Subject to Court availability
Outside Date	December 15, 2023

4.1 Solicitation of Interest

1. Pursuant to the provisions of the SISP, as soon as reasonably practicable, but in any event by no later than October 13, 2023, the Receiver is obligated to:
 - a) prepare a list of potential bidders, including: (i) parties that have approached the Receiver indicating an interest in the Opportunity; and (ii) local and international strategic and financial parties who the Receiver believes may be interested in purchasing all or part of the Business or Property or investing in the Companies pursuant to the SISP (collectively, the **“Potential Interested Parties”**);
 - b) cause a notice of the SISP and such other relevant information which the Receiver considers appropriate, to be published on the Case Website and in the *National Post* and *Insolvency Insider*, and in any other publications as the Receiver considers appropriate;
 - c) prepare: (i) a non-confidential teaser letter (the **“Teaser”**) describing the Opportunity; and (ii) a non-disclosure agreement (an **“NDA”**); and
 - d) disseminate the Teaser and NDA to the Potential Interested Parties.

4.2 Selection of Potential Bidders

1. Any Potential Interested Party who has delivered an executed NDA and a letter setting out the details of the Potential Bidder required by the SISP (including the identity of the bidder, contact information and full disclosure of the principals of the bidder and its direct and indirect equity holders) will be deemed a **“Potential Bidder”**.
2. All Potential Bidders will be granted access to a virtual data room and provided with a confidential information memorandum, both to be prepared and maintained by the Receiver.
3. Potential Bidders will be provided access to such due diligence materials and information relating to the Property and Business as the Receiver deems appropriate. Selected due diligence materials may be withheld from certain Potential Bidders if such materials represent proprietary or sensitive competitive information of the Companies and the disclosure of such materials to such Potential Bidders would not be in the best interests of the Companies or its stakeholders.

4.3 Qualified Bids

1. Potential Bidders who wish to make a formal offer to purchase or make an investment in the Companies' Business or Property shall submit a binding offer (a "**Final Bid**") by no later than 5:00 p.m. (Calgary time) on November 17, 2023 (the "**Final Bid Deadline**"). To be considered a "**Qualified Bid**", a Final Bid must be submitted by the Final Bid Deadline and comply with the requirements outlined in the SISP Procedure Document.
2. If no Qualified Bids are submitted by the Final Bid Deadline or if the Qualified Bids, or combination thereof, received do not constitute a Superior Offer (as such term is defined in the SISP Procedure Document, the Stalking Horse Bidder shall be deemed the Successful Bidder.

4.4 Auction

1. If the Receiver determines that one or more, or a combination thereof, of the Qualified Bids constitutes a Superior Offer, the Receiver shall provide the parties making Superior Offer(s) and the Stalking Horse Bidder the opportunity to make further bids through the auction process (the "**Auction**"). In the event that the Auction is required, it shall be conducted in accordance with the procedures set forth in the SISP Procedure Document.
2. At the end of the Auction, the Receiver shall select the winning bid, or combination of winning bids, in its discretion (the "**Winning Bid**"). The Receiver will negotiate a definitive agreement in respect of the Winning Bid, in accordance with the provisions hereof, and the Winning Bid shall thereafter be the "**Successful Bid(s)**" (the person(s) who made the Successful Bid(s), being the "**Successful Bidder(s)**"). If the Stalking Horse Bidder is not a Successful Bidder, the Receiver shall pay to the Stalking Horse Bidder the Expense Reimbursement and Transaction Fee (as defined and described in the SISP Procedure Document) out of the proceeds of the closing of the Successful Bid(s).
3. If an Auction is conducted, the Qualified Bidder with the second highest or otherwise best Qualified Bid at the Auction, as determined by the Receiver, will be designated as the backup bidder (the "**Backup Bidder**"); provided that the Stalking Horse Bidder shall not be a Backup Bidder, unless it elects to provide a Minimum Incremental Overbid (as such term is defined in the SISP Procedure Document) in the Auction.

4. The Backup Bidder shall be required to keep its initial Qualified Bid, or if the Backup Bidder submitted one or more Minimum Incremental Overbids at the Auction, the Backup Bidder's final Minimum Incremental Overbid (the "**Backup Bid**"), open until the earlier of: i) two Business Days after the date of closing of the Successful Bid; and ii) the Outside Date (as such term is defined in the SISP Procedure Document).

4.5 Approval Motion

1. If the Stalking Horse Bidder is not the Successful Bidder, the Receiver shall apply to the Court (the "**Approval Motion**") for an order (the "**Sale Approval and Vesting Order**") approving the Successful Bid, the Successful Additional Bid (if applicable), and the Backup Bid (if applicable), and authorizing the Receiver to enter into any and all necessary agreements with respect to the Successful Bidder, the Successful Additional Bidder, and/or the Backup Bidder.

4.6 SISP Recommendation

1. The Receiver recommends that this Court issue an order approving the SISP for the following reasons:
 - a) the SISP provides for a marketing of the Companies' assets by the Receiver, who has acted in its capacity as Interim Receiver since August 10, 2023, and has considerable experience conducting sales processes generally;
 - b) the SISP provides an opportunity to complete a transaction with greater value than the Stalking Horse APA, if one is identified, which benefits all stakeholders;
 - c) it is in the best interests of the Companies' stakeholders that the Stalking Horse APA be preserved in order to have the opportunity to maximize value and to protect downside risk in the event that a superior offer is not submitted;
 - d) in the Interim Receiver's view, the five-week duration of the SISP is sufficient to allow interested parties to perform diligence and submit offers. The duration of the SISP reflects a balancing between ensuring that sufficient time is available to attempt to identify a superior transaction, and the costs of conducting this proceeding for a further period of time (which excess costs would be borne by stakeholders). The Interim Receiver also notes that any interested parties will have the benefit of using the definitive Stalking Horse APA to advance and frame their bid. The Final Bid

Deadline can be extended by the Interim Receiver or the Court providing additional flexibility if required; and

- e) as at the date of this Second Report, the Interim Receiver is not aware of any objections to the SISP.

5.0 Activities of the Consultant and Interim Receiver

5.1 Activities of the Consultant

1. Since the date of the First Report (August 31, 2023), the Consultant has, among other things:
 - a) continued to operate the Pathway Group's operations;
 - b) on a weekly basis, identified all critical payments immediately requiring funding and provided the Interim Receiver with a schedule detailing the same (the “**Critical Payments**”);
 - c) preserved the integrity of patient records stored physically or hosted on an external electronic medical records system;
 - d) prepared weekly reporting on the actual receipts and disbursements of the Companies compared to the Cash Flow Forecast;
 - e) maintained the financial record keeping of the Companies; and
 - f) engaged in various discussions with ADH and Aphria Inc. (“**Aphria**”), the Companies’ strategic business partner and customer, regarding a potential restructuring plan and funding required during the Proceedings.

5.2 Activities of the Interim Receiver

1. Since the date of the First Report (August 31, 2023), the Interim Receiver has, among other things:
 - a) corresponded regularly with legal counsel to ADH with respect to the Proceedings, including the development of the SISP;

- b) assisted the Companies with their ongoing communications to both internal and external stakeholders, including Aphria;
- c) reviewed and commented on the materials filed by ADH in support of its application to this Court;
- d) monitored the affairs of the Companies' business, including the weekly receipts and disbursements and the Critical Payments with specific reference and comparison to the Cash Flow Forecast;
- e) responded to calls and emails from creditors, suppliers, customers, landlords and other stakeholders;
- f) disclaimed the leases for certain operating locations;
- g) maintained the Case Website for these Proceedings; and
- h) prepared this Second Report.

6.0 The Companies' Performance Against the Cash Flow Forecast

1. As detailed in the First Report, and pursuant to paragraph 5(b) of the Interim Receivership Order, the Companies prepared a Cash Flow Forecast which covered the periods of August 18, 2023 through to November 17, 2023. A copy of the Cash Flow Forecast was included in the First Report.
2. A summary of the Companies' actual receipts and disbursements compared to the Cash Flow Forecast for the five-week period of August 18, 2023 to September 22, 2023 (the "**Reporting Period**") is as follows:

\$	Actual	Cash Flow Forecast	Variance
Receipts	396,800	261,600	135,000
Operating Disbursements	(285,300)	(302,700)	17,400
Net Cash Flow	111,500	(41,000)	152,500

3. For the Reporting Period, the Companies were generally in line with expected disbursements through September 22, 2023. Net cash flow was higher due to receiving customer receipts earlier than forecasted and the collection of GST/HST refunds which were not forecasted for in the Cash Flow Forecast.

7.0 Other Matters

1. In addition to the items discussed herein, other matters that may be of interest to the Court and stakeholders are as follows:
 - a) events regarding 2563367 Ontario Ltd. o/a Silver Medical Clinic ("**SMC**"), a wholly-owned subsidiary of PHSC;
 - b) the sale of PHSC's 100% ownership of the voting common shares in Slawner (the "**Slawner Shares**") to a third-party; and
 - c) the disclaimer of certain locations leased by the Companies.

7.1 2563367 Ontario Ltd. o/a Silver Medical Clinic

1. Pursuant to a lease agreement dated December 31, 2018 (the "**SMC Lease**") between SMC and 2129152 Ontario Inc. (the "**Landlord**"), SMC had leased a premises located at Unit 9, 4646 Dufferin Street in Toronto, Ontario (the "**SMC Premises**"). PHC (under its former name, The Clinic Network Canada Inc.) provided a guarantee to the Landlord dated December 31, 2018, for all obligations, debts and liabilities of SMC to the Landlord, under the SMC Lease.

On August 31, 2023, the Interim Receiver received a letter (the "**August 31 Letter**") from counsel to the Landlord, a copy of which is attached hereto as **Appendix "D"** stating that:

- a) SMC had defaulted on its lease obligations and had not paid rent for the months of July, August and September 2023. As a result, arrears owing by SMC were approximately \$150,000 (including amounts due for September 2023) (the "**Outstanding Rent**"); and
- b) the Landlord was now free to take steps under article 16.1 of the SMC Lease without further notice to SMC (which included the Landlord taking possession of and realizing on the assets located at the SMC premises).

2. Subsequent to receipt of the August 31 Letter, the Interim Receiver, with assistance from the Consultant, prepared a desktop valuation of the assets located at the SMC Premises and determined that the net book value of the same was approximately \$80,000. Further, the Interim Receiver was advised by the Consultant that there were certain priority payables owing by SMC, including unpaid wages owing to former employees of approximately \$51,000 and HST payable of approximately \$270,000.
3. On September 5, 2023, the Receiver sent correspondence to ADH's counsel which:
 - a) provided a copy of the August 31 Letter;
 - b) provided copies of correspondence received from the Consultant which appeared to indicate that Dr. Michael Gofeld, (a doctor who the Interim Receiver understands was operating SMC's clinic) had abandoned the SMC clinic and its operations;
 - c) estimated the net realizable value of the assets located at the SMC Premises (after the deduction of the Outstanding Rent and certain priority claims);
 - d) reiterated that the Interim Receivership Order did not extend to SMC and, as a result, the Interim Receiver had no power to take possession of the physical assets of SMC nor intervene in any action taken by the Landlord; and
 - e) barring further advice from ADH, the Interim Receiver was prepared to communicate to the Landlord that PHC's guarantee constitutes an unsecured claim and the Interim Receiver took no position with respect to the Landlord exercising its rights under the SMC Lease.

A copy of the correspondence sent by the Interim Receiver on September 5, 2023 (excluding attachments) is attached hereto as **Appendix "E"**.

4. On September 7, 2023, after receiving further information from the Interim Receiver and the Consultant, counsel to ADH advised that ADH did not appear to have security as against SMC and, as a result, was not taking a position with regard to the SMC Lease at this stage.
5. After receiving the response from ADH's counsel, the Interim Receiver sent a letter to the Landlord's counsel stating that the Interim Receiver took no position with respect to the Landlord's position. A copy of the Interim Receiver's letter dated September 7, 2023 is attached hereto as **Appendix "F"**.

6. On September 22, 2023, the Interim Receiver was contacted by the Information and Privacy Commissioner of Ontario (the “**IPC**”), who informed the Interim Receiver that there were abandoned medical records located at the SMC Premises (the “**Abandoned Records**”). The IPC requested a response to the following inquiries:
 - a) whether the Interim Receiver or the Companies have any intention of taking custody or control of the Abandoned Records and assets left at the SMC Premises; and
 - b) if possession were not being taken, whether the Interim Receiver was aware of any individual who would be taking responsibility for the Abandoned Records.
7. On September 25, 2023, the Interim Receiver sent a letter to the IPC:
 - a) advising that the Interim Receiver held no power or authority over the assets, operations, or obligations of SMC nor the clinic operated by SMC;
 - b) confirming that the Interim Receiver did not intend to take possession of, or responsibility for, the Abandoned Records; and
 - c) directing the IPC to contact Dr. Michael Gofeld, the last known medical director and operator of SMC.
8. Copies of the correspondence received from the IPC and the Interim Receiver’s response to same are collectively attached hereto as **Appendix “G”**.

7.2 Slawner Share Sale

1. Pursuant to the Extension Order, the stay of proceedings was lifted to permit ADH to exercise its security against the Slawner Shares.
2. On September 7, 2023, following the granting of the Extension Order, the Interim Receiver received a Notice of Intention to Sell pursuant to sections 60(4) and (5) of the *Personal Property Security Act* (Alberta) that provided notice of ADH’s commitment to exercising the sale of the Slawner Shares as soon as possible. A copy of the Notice of Intention is attached hereto as **Appendix “H”**.

3. The Interim Receiver understands that the sale of the Slawner Shares is expected to close on or about September 28, 2023. ADH has advised the Interim Receiver that the proceeds from the sale of the Slawner Shares will be provided to the Interim Receiver for ongoing funding of the Companies' operations.

7.3 Lease Disclaimers

1. Prior to the commencement of these Proceedings, the Companies maintained several medical clinic and office leases located in British Columbia, Québec, Alberta, and Ontario. Immediately following its appointment, the Interim Receiver communicated to all landlords that leases were expected to continue in the normal course unless informed otherwise.
2. As the Consultant worked to bring back employees and restart the Companies' operations, the Interim Receiver, at the recommendation and advice of the Consultant, determined that a remote / online model was the most cost effective for the Companies' go forward operations. Accordingly, the Consultant recommended that all leases, except for the premises located at 10 Four Seasons Place, Toronto, Ontario (which serves as the Companies' headquarters and storage for the Companies' books and records) be terminated and disclaimed.
3. As at the date of this Second Report, the Interim Receiver disclaimed and terminated the leases at the following locations:
 - a) 110, 8180 MacLeod Trail SE, Calgary, Alberta;
 - b) 10143 50st NW, Edmonton, Alberta;
 - c) 378, 4th Ave South, Lethbridge, Alberta;
 - d) 107, 2787 Jacklin Road, Victoria, British Columbia;
 - e) 7600 Boulevard Viau, Montreal, Québec; and
 - f) Suite 203A, 16 Four Seasons Place, Toronto, Ontario.

8.0 Professional Fees

1. Pursuant to paragraph 21 of the Interim Receivership Order, the Interim Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Interim Receivership Order.
2. The Interim Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs.
3. The total fees for the Interim Receiver for the period of August 1 to September 24, 2023, were \$78,413.25, plus disbursements of \$342.83, plus GST of \$3,937.80, for a total of \$82,693.88.
4. The total fees of BD&P, as counsel to the Interim Receiver, for the period of August 5 to September 24, 2023, were \$30,652.50, plus disbursements of \$118.50, plus GST of \$1,537.56, for a total of \$32,308.56.
5. A summary of the accounts rendered by the Interim Receiver and its legal counsel is attached hereto as **Appendix “I”**. Detailed accounts are available for review by the Court upon request. These fees constitute fees of the professionals involved in this matter, at their ordinary rates multiplied by actual time spent on this matter.
6. It is the Interim Receiver’s opinion that the fees and disbursements of the Interim Receiver and BD&P accurately reflect the work done by the Interim Receiver, and on behalf of the Interim Receiver by BD&P, in connection with the receivership and the administration of the receivership for the period of August 1 to September 24, 2023.
7. It is the Interim Receiver’s opinion that the fees and disbursements of BD&P are fair and reasonable and justified in the circumstances. The Interim Receiver recommends approval of BD&P’s accounts by this Court.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Interim Receiver respectfully recommends that this Honourable Court grant the Orders substantially in the form sought by ADH.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as Court-appointed interim receiver of
Pathway Health Corp. and Pathway Health Services Corp.,
and not in its personal or corporate capacity**

APPENDIX A

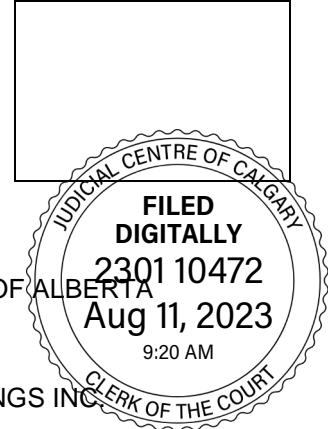
[ATTACHED]

CERTIFIED

by the Court Clerk as a true copy of the
document digitally filed on Aug 11, 2023

E. Wheaton

Clerk's Stamp:



COURT FILE NUMBER

2301- 10472

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

AVONLEA-DREWRY HOLDINGS INC.

DEFENDANTS

PATHWAY HEALTH CORP., PATHWAY HEALTH SERVICES CORP., PATHWAY HEALTHCARE TECHNOLOGIES CORP., 2563367 ONTARIO LIMITED and SLAWNER ORTHO LTEE.

DOCUMENT

INTERIM RECEIVERSHIP ORDER

CONTACT INFORMATION OF PARTY

Dentons Canada LLP

FILING THIS DOCUMENT:

Bankers Court

15th Floor, 850 - 2nd Street S.W.

Calgary, Alberta T2P 0R8

Attn: Derek Pontin

Ph. (403) 268-6301 Fx. (403) 268-3100

File No.:

DATE ON WHICH ORDER WAS PRONOUNCED: August 10, 2023

LOCATION WHERE ORDER WAS
PRONOUNCED:

Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS
ORDER:

The Honourable Justice S. D. Hillier

UPON the without notice application of Avonlea-Drewry Holdings Inc. ("**ADH**") in respect of Pathway Health Corp. and Pathway Health Services Corp. (collectively, the "**Debtors**" and each a "**Debtor**"; **AND UPON** having read the Application and the Affidavit of Michael Steele sworn, August 9, 2023; **AND UPON** reading the consent of KSV Restructuring Inc. to act as interim receiver (the "**Interim Receiver**") of the Debtors, to be filed; **AND UPON** hearing from counsel for ADH;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of the application for this order (the "**Order**") is hereby dispensed with and this application is properly brought *ex-parte*.

APPOINTMENT

2. Pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), KSV Restructuring Inc. is hereby appointed Interim Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").
3. Unless otherwise ordered by the Court, the date of termination of the Interim Receivership (the "**Termination Date**") shall be the earliest of:
 - (a) the taking of possession of the Property by a receiver, within the meaning of subsection 243(2) of the BIA; and
 - (b) September 5, 2023, unless renewed by further Order of this Court prior to the expiry date.
4. Absent further Order of this Court, the Interim Receiver shall not operate, manage or carry on the business of the Debtors, with the exception of the rights, duties and powers set out herein.

INTERIM RECEIVER'S POWERS

5. The Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:
 - (a) to monitor the Debtors' receipts and disbursements, the Debtors' business and dealings with the Property, including, without limitation, the right to access all Records, and other information, computers, data, electronic or cloud-stored data, databases, or documents relating to the operations and finances, including, without limiting the generality of the foregoing, having direct access to the Debtors' accounting records, programs, banking statements, records and online banking data;
 - (b) to work with the Debtors, or any agent appointed by the Interim Receiver in respect of the Debtors, to prepare and update a rolling 13-week cash flow forecast (the "**Cash Flow**") and to administer a funding request model for the periodic submission and approval of necessary expenditures, to be reviewed and approved by the Interim Receiver in its discretion, with reference to the Debtors' critical operational requirements and preservation of enterprise value;
 - (c) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the placement of such insurance coverage as may be necessary or desirable;
 - (d) to engage consultants, contractors, appraisers, agents, experts, auditors, accountants, managers, legal 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 Interim Receiver's rights, powers and duties, including without limitation those conferred by this Order;

- (e) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Interim Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Interim Receiver in its capacity as Interim Receiver of the Debtors and not in its personal capacity;
- (j) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority, and any renewals thereof for and on behalf of and, if thought desirable by the Interim Receiver, in the name of the Debtors;
- (k) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (l) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have, including to make a proposal under Part III, Division I of the BIA, or assign the Debtors (or either of them) into bankruptcy;
- (m) to the extent that the Interim Receiver requires access to the Debtors' medical practice management system data ("**Practice Records**"), the following protocol shall apply:

- (i) Practice Records include documents which contain "individually identifying", "diagnostic, treatment and care information" and "registration information" concerning "health services" with respect to patients of the Debtors, as such terms are defined in the *Health Information Act*, RSA c H-5 ("**HIA**") or any other similar legislation in any other province or territory;
- (ii) the Interim Receiver shall be authorized and empowered by the Court to receive the Practice Records from each of the Debtors, as applicable, in accordance with Sections 35(1)(h), 36(c), and 66 of the *HIA* and Section 7.2 of the *Health Information Regulation*, AR 70/2001 ("**HIR**") or any other similar regulation in any other province or territory;
- (iii) this Order shall constitute an information manager agreement in accordance with Section 7.2 of the *HIR*;
- (iv) in carrying out its obligations with respect to Practice Records, the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of the Order, save and except for any gross negligence or willful misconduct on its part;
- (v) upon receipt of any Practice Records, the Interim Receiver will anonymize the Practice Records, removing all "individually identifying" "health information" and "diagnostic, treatment and care information", as such terms are defined in the *HIA*, wherever it may appear in the Practice Records (the "**Anonymized Records**");
- (vi) the Interim Receiver shall use only the Anonymized Records, and not the complete Practice Records, for the purposes of preparing any report in connection with its powers set forth in this Order; and
- (vii) the Interim Receiver shall not share the Anonymized Records with any party except in compliance with the *HIA* and the *HIR*,

and in each case where the Interim 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 Debtors, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

6. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other

entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Interim Receiver upon the Interim Receiver's request.

7. All Persons shall forthwith advise the Interim 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 Debtors, 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 8 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 Interim Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
8. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

MAINTENANCE OF THE DEBTOR'S BUSINESS

9. Subject to, and not in limitation of, the provisions of this Order, the Interim Receiver is authorized to retain, on such terms of engagement as the Interim Receiver deems appropriate in its discretion, Mr. Kim Wei (the "**Consultant**") in such capacity as may be required to best manage and maintain

the Debtors' day-to-day operations. The Interim Receiver shall not be deemed to be a successor employer to the Consultant in any fashion (including as set out at paragraph 17 hereof). Pursuant to the power and authority set forth herein, the Interim Receiver may delegate responsibility to the Consultant for managing and ensuring best commercial practices in respect of, among other things:

- (a) the hiring and termination of employees, staffing requirements of the Debtors and the Debtors' subsidiaries to ensure efficient operations;
- (b) selection and management of vendors, contractors, suppliers and operational contracts;
- (c) reporting to the Interim Receiver with respect to the preparation of and revisions to the Cash Flow;
- (d) providing detailed and supported funding requests to the Interim Receiver; and
- (e) such other day-to-day operational requirements for the Debtors and the Debtors' subsidiaries to continue in business in the ordinary course during the Interim Receiver's appointment.

NO PROCEEDINGS AGAINST THE INTERIM RECEIVER

10. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

11. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OR REMEDIES

12. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors or the Interim Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with 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 Order shall:
- (a) empower the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.
13. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Interim Receiver at the first available opportunity.

NO INTERFERENCE WITH THE INTERIM RECEIVER

14. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Interim Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

15. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking

services, payroll services, insurance, transportation, services, utility or other services to the Debtors,

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Interim Receiver or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of the Debtors' current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors (through the Interim Receiver) in accordance with the cash management processes set out hereunder, or such other practices as may be agreed upon by the supplier or service provider and the Interim Receiver, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

16. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Interim Receiver (the "**Post Interim Receivership Accounts**") and the monies standing to the credit of such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

17. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Interim Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Interim 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 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*, SC 2005, c47 ("**WEPPA**").
18. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c. 5, the Interim Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for Property and to their advisors, but only to the extent desirable or required to further discussions regarding 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 Interim Receiver, or in the alternative destroy all such information.

LIMITATION ON ENVIRONMENTAL LIABILITIES

19. (a) Notwithstanding anything in any federal or provincial law, the Interim Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Interim Receiver's appointment; or
 - (ii) after the Interim Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Interim Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts an Interim Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Interim Receiver to remedy any environmental condition or environmental damage affecting the Property, the Interim Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Interim Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Interim Receiver to contest the order; or

- B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Interim Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE INTERIM RECEIVER'S LIABILITY

- 20. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order, neither the Interim Receiver nor Consultant shall incur any liability or obligation that exceeds an amount for which they may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Interim Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

INTERIM RECEIVER'S ACCOUNTS

- 21. The Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Interim Receiver and counsel to the Interim Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Interim Receiver's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$270,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Interim Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Interim Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 22. The Interim Receiver and its legal counsel shall pass their accounts from time to time.
- 23. Prior to the passing of its accounts, the Interim 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 the legal fees and disbursements, incurred at the normal rates and charges of the Interim 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 INTERIM RECEIVERSHIP

- 24. The Interim Receiver be at liberty and it is hereby empowered to borrow, by way of a revolving credit or otherwise set up with ADH (or its designate), such monies from time to time as it may

consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (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 exercise of the powers and duties conferred upon the Interim 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 "**Interim Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Interim Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

25. Neither the Interim Receiver's Borrowings Charge nor any other security granted by the Interim Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
26. Notwithstanding any other provision of this Order, this Order is without prejudice to any argument in respect of priority or allocation that the Canada Revenue Agency (the "**CRA**") may raise, on notice to the Interim Receiver, within a reasonable time after service of this Order on the CRA and in any event before the Termination Date.
27. The Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Interim Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
28. The monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Interim Receiver's Certificates.
29. The Interim Receiver shall be authorized to repay any amounts borrowed by way of Interim Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

30. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Interim Receiver's Charge and Interim Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

31. The Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
32. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Interim Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Interim Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
33. Nothing in this Order shall prevent the Interim Receiver from acting as a receiver, receiver and manager or a trustee in bankruptcy of the Debtors.
34. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Interim 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 Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Interim Receiver in any foreign proceeding, or to assist the Interim Receiver and its agents in carrying out the terms of this Order.
35. The Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Interim 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. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Interim Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
37. Any interested party, including Canada Revenue Agency in respect of the priorities set out at paragraphs 21 and 24 hereof, may apply to this Court, at any time prior to the Termination Date, to vary or amend this Order on not less than 7 days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

WEBSITE

38. The Interim Receiver shall establish and maintain a website in respect of these proceedings and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publicly available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Interim Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
39. Service of this Order shall be deemed good and sufficient by counsel for ADH serving the same on the Debtors and counsel for the Interim Receiver, and the Interim Receiver thereafter posting the Order on its website and sending notice of the Order to all known creditors of the Debtors.
40. Service of this Order may be effected by facsimile, electronic mail, personal delivery, regular mail or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order, with the exception of regular mail, which is deemed to be effective 3 business days following mailing of this Order.



Justice of the Court of King's Bench of Alberta

**SCHEDULE A
RECEIVER CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that **KSV Restructuring Inc.**, the Interim Receiver (the "**Interim Receiver**") of all of the assets, undertakings and properties of Pathway Health Corp. and Pathway Health Services Corp. appointed by Order of the Court of King's Bench of Alberta and Court of King's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the 10th day of August, 2023 (the "**Order**") made in action number [●], has received as such Interim Receiver from the holder of this certificate (the "**Lender**") the principal sum of [\$], being part of the total principal sum of \$1,000,000 that the Interim 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 Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Interim Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Interim 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 Interim 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 Interim 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__.

KSV Restructuring Inc., solely in its capacity as Interim Receiver of the Property (as defined in the Order), and not in its personal or corporate capacity

Per: _____
Name: Jason Knight
Title: Managing Director

APPENDIX B

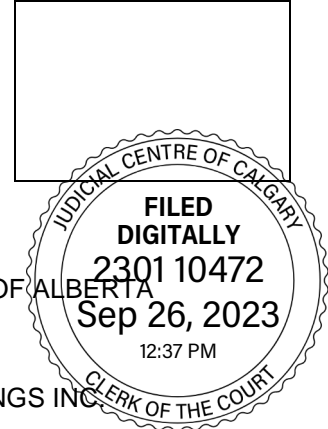
[ATTACHED]

CERTIFIED

by the Court Clerk as a true copy of the
document digitally filed on Sep 26, 2023

E. Wheaton

Clerk's Stamp:



COURT FILE NUMBER

2301- 10472

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

AVONLEA-DREWRY HOLDINGS INC.

DEFENDANTS

PATHWAY HEALTH CORP., PATHWAY HEALTH SERVICES CORP., PATHWAY HEALTHCARE TECHNOLOGIES CORP., 2563367 ONTARIO LIMITED and SLAWNER ORTHO LTEE.

DOCUMENT

INTERIM RECEIVERSHIP EXTENSION ORDER

CONTACT INFORMATION OF PARTY

Dentons Canada LLP

FILING THIS DOCUMENT:

Bankers Court

15th Floor, 850 - 2nd Street S.W.

Calgary, Alberta T2P 0R8

Attn: Derek Pontin

Ph. (403) 268-6301 Fx. (403) 268-3100

File No.:

DATE ON WHICH ORDER WAS PRONOUNCED: September 1, 2023

LOCATION WHERE ORDER WAS
PRONOUNCED:

Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS
ORDER:

The Honourable Justice B. E. C. Romaine

UPON the *ex-parte* Application of Avonlea-Drewry Holdings Inc. ("**ADH**"); **AND UPON** having read the First Report of the Interim Receiver, dated August 31, 2023 (the "**First Report**"); **AND UPON** having read the Affidavit of Michael Steele, sworn August 29, 2023; **AND UPON** reviewing the interim receivership order granted by the Honourable Justice S. D. Hillier on August 10, 2023 (the "**Interim Receivership Order**") appointing KSV Restructuring Inc. (the "**Interim Receiver**") as interim receiver of Pathway Health Corp. and Pathway Health Services Corp. (the "**Companies**"), **AND UPON** reviewing the Affidavit of Service confirming service on the service list contained therein; **AND UPON** hearing from counsel for ADH and counsel for the Interim Receiver;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Notice of application for this order (the “**Order**”) is dispensed with and this Order is properly sought and obtained *ex-parte*, in the circumstances.

EXTENSION

2. The Termination Date described at paragraph 3 of the Interim Receivership Order is hereby amended and extended to October 6, 2023.

LIFTING OF THE STAY

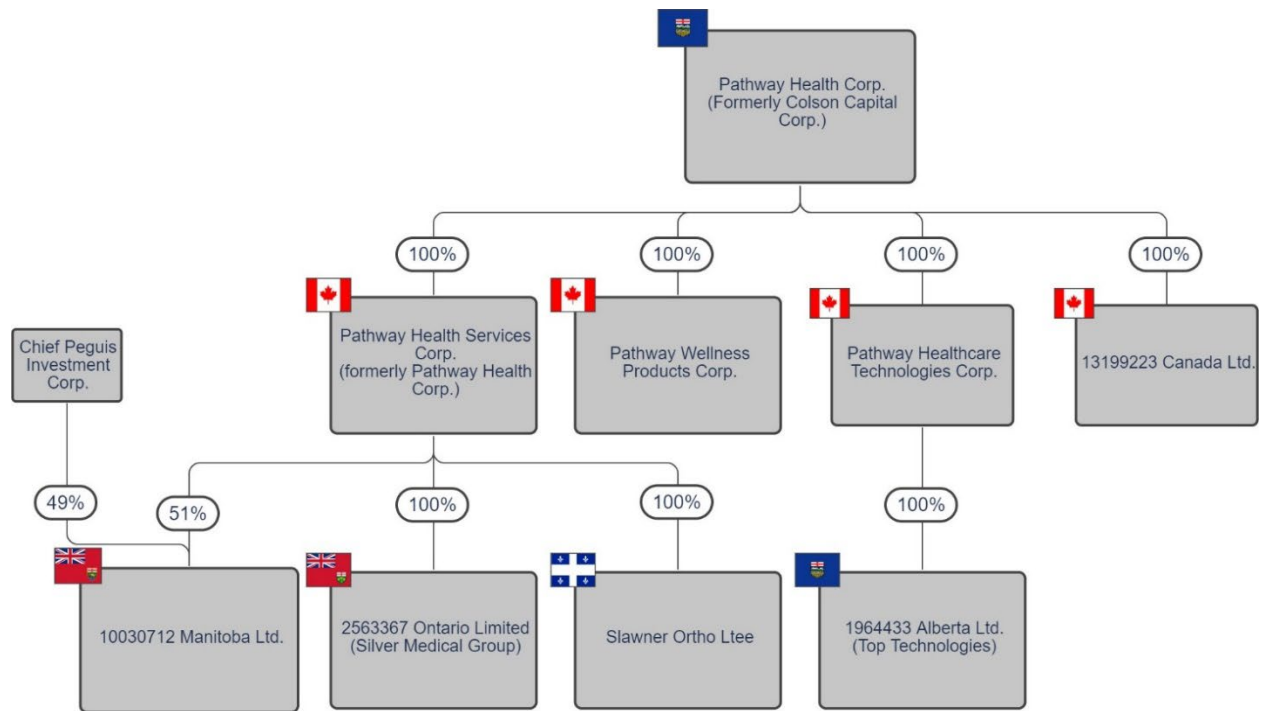
3. The stay of proceedings in place pursuant to the Interim Receivership Order is hereby lifted for the limited purpose of ADH enforcing its security upon the shares of Slawner Ortho Ltee, a subsidiary of Pathway Health Services Corp. (“**PHSC**”).
4. Except as expressly provided herein, all terms of the Interim Receivership Order shall remain in full force and effect.



Justice of the Court of King's Bench of Alberta

APPENDIX C

[ATTACHED]



APPENDIX D

[ATTACHED]

Andrew Winton

Direct 416 644 5342
awinton@lolg.ca

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730
www.lolg.ca

**Lax
O'Sullivan
Lisus
Gottlieb**

August 31, 2023

BY EMAIL

Ryan Algar
Burnet Duckworth & Palmer LLP
2400, 525 8th Avenue SW
Calgary, AB T2P 1G1

Dear Mr. Algar:

4646 Dufferin Street – 2563367 Ontario Ltd. – Tenant's Default Under Lease

We are writing this letter to inform you that the Tenant under the lease dated December 31, 2018 with respect to premises located at 4646 Dufferin Street, Toronto, Ontario (the "**Lease**") has not paid rent for the months of July and August 2023. The monthly rent is \$49,862.24 (including HST), which is payable on the 1st of each month in advance.

Notice was provided to the Tenant of its default for July, which has not been cured within 30 days. Moreover, the default for August was required to be cured within 5 days. As a consequence of the Tenant's failure to cure these defaults, the Landlord is now free to take steps under article 16.1 of the Lease without further notice to the Tenant.

As the Interim Receiver has now been appointed over the Guarantor under the Lease, we are writing to inquire as to the Interim Receiver's intentions with respect to its obligations prior to determining how to respond to the Tenant's default. We require a response by end of day tomorrow – September 1.

Yours truly,



Andrew Winton

AJW/cg

cc: Jason Knight, KSV Advisory Inc.

APPENDIX E

[ATTACHED]

Jason Knight

From: Ross Graham
Sent: September 5, 2023 5:08 PM
To: 'Pontin, Derek'
Cc: Ryan Algar; Jason Knight; O'Sullivan, James; Takhar, Pavin
Subject: Pathway Health - 256 Ontario Matter
Attachments: 2023 08 31 - Letter from A. Winton to Receiver & Counsel.pdf; Re: Posts on linkedin; FW: Posts on linkedin

Derek,

On August 31, the Interim Receiver received communication from the landlord of the clinic space occupied by 2563367 Ontario Ltd. ("256") (attached). The letter states that 256 has defaulted under its lease and has not paid rent for the months of July and August. I understand rent is approximately \$50,000 per month, putting arrears at ~\$150,000 (including amounts due for September on the 1st of the month). The letter continues with information that Pathway is a guarantor of these amounts and, due to the default, the landlord is now prepared to take steps under the lease to distrain the assets onsite.

Those cc'd here may recall that we discussed this clinic back in mid-August. At the time, we were made aware there was a doctor on site who was taking steps to operate the clinic, keep staff retained, and maintain operations. This doctor has appeared to have also ran into issues with the landlord, and as per the attached LinkedIn update, it seems he has abandoned the clinic and its operations.

Kim has indicated there is approximately \$400K of equipment, furniture, and other assets located onsite (book value). Neither a formal, nor desktop, valuation of these assets is available currently. Assuming 50% of this value is recoverable, this would put the potential net benefit of the assets at approximately \$50,000 (after payment of the rent arrears). This of course, does not factor in the cost of professional fees or disposal costs.

As you know, the Interim Receivership order does not extend to 256. As a result, the Interim Receiver has no power here to intervene and dispose of these assets for 256. Barring further advice from ADH, the Interim Receiver is prepared to tell the landlord Pathway's guarantee constitutes an unsecured claim and the Receiver takes no position with respect to the landlord exercising its rights under the lease agreement.

Please let me know if ADH would like to proceed differently.



Ross Graham
Senior Manager

T 587.287.2750
M 403.808.8255
E rgraham@ksvadvisory.com

KSV Advisory Inc.
Suite 1165, 324 – 8th Avenue SW
Calgary, Alberta T2P 2Z2
T 416.932.6266 | www.ksvadvisory.com

APPENDIX F

[ATTACHED]



ksv restructuring inc.

Suite 1165, 324 – 8th Avenue SW
Calgary, Alberta T2P 2Z2
T +1 587 287 2750
F +1 416 932 6266

rgraham@ksvadvisory.com

ksvadvisory.com

September 5, 2023

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8

Attention: Andrew Winton
Delivered via email

**RE: In the matter of the interim receivership of Pathway Health Corp. and its subsidiary,
Pathway Health Services Corp. (collectively, "Pathway" or the "Companies")
Lease of premises located at 4646 Dufferin Street, Toronto, Ontario (the "Lease")**

As you are aware, on August 10, 2023, pursuant to an order of the Court of King's Bench of Alberta (the "**Order**"), KSV Restructuring Inc. ("**KSV**") was appointed as interim receiver (in such capacity, the "**Interim Receiver**") of all of the current and future assets, undertakings and properties of Pathway (the "**Property**"). A copy of the Order and other materials filed in the proceedings are available on the Interim Receiver's case website at www.ksvadvisory.com/experience/case/pathway-health.

Pursuant to the terms of the Order, the Interim Receiver is, among other things, empowered and authorized to conduct the following actions where necessary:

- monitor the Companies' receipts, business, and dealings with the Property;
- receive, preserve, and protect any part or parts of the Property; and
- to receive and collect all monies and accounts now owed or hereafter owing to the Companies.

LEASE GUARANTEE

The Interim Receiver understands that one or more of the Companies is a guarantor for certain lease obligations owing by 2563367 Ontario Ltd as a tenant under the Lease (the "**Guarantee**"). At this time, the Interim Receiver considers the Guarantee to be a pre-filing obligation originating before the Order. As such, any amounts payable by the Companies under the Guarantee are stayed in accordance with paragraph 11 of the Order.

The Interim Receiver takes no position with respect to the landlord exercising its remedies under the Lease. Please provide the Receiver with a summary of any amounts recovered by the landlord that it would otherwise be claiming under the Guarantee at your earliest convenience. Should you have any questions with respect to the above, please contact Ross Graham at (587) 287-2750 or at rgraham@ksvadvisory.com.

Yours very truly,

KSV Restructuring Inc.,
solely in its capacity as Interim Receiver of Pathway Health Corp. and
Pathway Health Services Corp, and not in its personal or corporate capacity

APPENDIX G

[ATTACHED]

From: Ross Graham
Sent: September 25, 2023 10:33 AM
To: Harpreet Bains
Cc: Ryan Algar; Jason Knight
Subject: RE: IPC File HR23-00410 - Abandoned Records at Silver Pain Centre

Hi Harpreet,

On August 10, 2023, pursuant to an order of the Court of King's Bench of Alberta (the "Order"), KSV Restructuring Inc. ("KSV") was appointed as interim receiver (in such capacity, the "Interim Receiver") of all of the current and future assets, undertakings and properties of Pathway (the "Property"). A copy of the Order and other materials filed in the proceedings are available on the Interim Receiver's case website at www.ksvadvisory.com/experience/case/pathway-health. On August 30, 2023, the Interim Receiver's appointment was extended through to October 2, 2023.

Pursuant to the terms of the Order, the Interim Receiver is, among other things, empowered and authorized to conduct the following actions where necessary:

- monitor the Companies' receipts, business, and dealings with the Property;
- receive, preserve, and protect any part or parts of the Property; and
- to receive and collect all monies and accounts now owed or hereafter owing to the Companies.

It is the Interim Receiver's understanding that Silver Pain Centre is owned and operated by 2563367 Ontario Ltd. ("256"), a company which is not subject to the Order. Accordingly, the Interim Receiver does not take a position with respect to the present operations of the Silver Pain Centre. Nonetheless, the Interim Receiver can offer the following information:

- the Interim Receiver understands that Pathway's secured creditor does not, and the Interim Receiver can confirm it does not, currently have an intention to petition the Court for enhanced powers over 256 to gain access to the clinic and secure its assets/records;
- the Interim Receiver was aware a certain Dr. Michael Gofeld (who was the Medical Director of record for the certification by the OMA and the Ontario Ministry of Health) was formerly operating the clinic; and
- the Interim Receiver understands that, on or about, July 28, 2023, prior to the Interim Receiver's appointment, Pathway transferred access and control of the EMR to Dr. Gofeld and Dr. Kevin Smith (asst. Medical Director). However, the Interim Receiver also understands that these individuals may have abandoned the clinic and any associated records on, or about, September 4, 2023.



Ross Graham
Senior Manager

T 587.287.2750
M 403.808.8255
W www.ksvadvisory.com

From: Harpreet Bains <Harpreet.Bains@ipc.on.ca>
Sent: Friday, September 22, 2023 9:08 AM
To: Ross Graham <rgraham@ksvadvisory.com>
Subject: IPC File HR23-00410 - Abandoned Records at Silver Pain Centre
Importance: High

Dear Ross Graham,

Hope this email finds you well. I am writing to you regarding a matter reported to the Office of the Information and Privacy Commissioner of Ontario (the IPC) relating to abandoned records containing patients' personal health information left at the Silver Pain Centre.

It has been brought to this office's attention that the Silver Pain Centre was owned and operated by Pathway Health Corp which went bankrupt. It is my understanding that KSV Restructuring Inc, specifically Jason Knight and yourself were appointed by the Court of King's Bench of Alberta as the Interim Receiver's on August 10, 2023.

Based on your interim receiver status, I ask that you kindly respond to the following questions:

1. Do you/KSV Restructuring Inc. have any intention of taking custody or control of the abandoned records at issue left at the Silver Pain Centre? If so, please provide details (i.e. timeline of steps that will be taken to ensure compliance with the *Personal Health Information Protection Act (PHIPA)*).
2. If you are not taking custody or control of the abandoned records at issue, are you aware of any individual(s) who will be taking this responsibility? Please provide details including their contact information.

I ask that you respond to the above questions as soon as possible. If you have any questions or concerns, please do not hesitate to contact me.

Kind regards,



Harpreet Bains
Analyst / analyste

Information and Privacy Commissioner of Ontario
Commissaire à l'information et à la protection de la vie privée de l'Ontario

2 Bloor Street East / 2 rue Bloor Est
Suite 1400
Toronto, Ontario M4W 1A8

Direct(e): 416-357-5904
Toronto Area / région de Toronto: 416-326-3333
Toll Free / sans frais: 1-800-387-0073
TTY: 416-325-7539

harpreet.bains@ipc.on.ca
www.ipc.on.ca



NOTICE TO THE PUBLIC: Services provided by the Information and Privacy Commissioner of Ontario (IPC) are available to the public and public sector organizations, as well as the health and child and family services sectors. Please note, while we continue to receive enquiries and process incoming appeals and complaints, we are not offering in-person services or drop-in visits at our physical office. In-person meetings are by scheduled appointment only.

For more information, please contact us during our hours of operations from 9:00 am – 5:00 pm, Monday to Friday, by emailing info@ipc.on.ca or calling 1-800-387-0073.

You can also visit our website and file your appeal online at www.ipc.on.ca.

CONFIDENTIALITY NOTICE: This e-mail and attached material is intended for the use of the individual or institution to which it is addressed and may not be distributed, copied or disclosed to other unauthorized persons. This material may contain confidential or personal information that may be subject to applicable Ontario laws. If you receive this transmission in error, please notify me immediately at the telephone number listed above, and do not print, copy, distribute or disclose it further. Thank you for your co-operation and assistance.

AVIS AU PUBLIC : Les services fournis par le commissaire à l'information et à la protection de la vie privée de l'Ontario (CIPVP) sont accessibles au public et aux organismes du secteur public, ainsi qu'aux secteurs de la santé et des services à l'enfance et à la famille. Veuillez noter que, bien que nous continuions à recevoir des demandes de renseignements et à traiter les appels et les plaintes reçus, nous n'offrons pas de services en personne ni de visites sans rendez-vous à notre bureau physique. Les rencontres en personne se font uniquement sur rendez-vous.

Pour plus d'informations, veuillez nous contacter pendant nos heures d'ouverture de 9 h à 17 h, du lundi au vendredi, en envoyant un courriel à info@ipc.on.ca ou en composant le 1-800-387-0073.

Vous pouvez également consulter notre site Web et déposer votre appel en ligne à l'adresse www.cipvp.ca.

AVIS DE CONFIDENTIALITÉ : Le présent courriel et ses pièces jointes sont destinés à la personne ou à l'institution à laquelle ils sont adressés, et il est interdit de les distribuer, de les copier ou de les divulguer à des personnes non autorisées. Ils peuvent contenir des renseignements confidentiels ou personnels assujettis aux lois applicables de l'Ontario. Si vous avez reçu le présent courriel par erreur, veuillez m'en informer immédiatement au numéro de téléphone susmentionné et ne pas l'imprimer, le copier, le distribuer, ni le divulguer. Merci de votre collaboration.

APPENDIX H

[ATTACHED]

**NOTICE OF INTENTION TO SELL
SECTION 60(4) AND (5) OF THE
PERSONAL PROPERTY SECURITY ACT (ALBERTA)**

TO: Pathway Health Services Corp.
c/o KSV Restructuring Inc.
Suite 1165, 324 – 8th Ave SW
Calgary, AB T2P 2Z2


TAKE NOTICE that certain assets of Pathway Health Services Corp. (the “**Debtor**”) as set out in Schedule “A” hereto (the “**Collateral**”) shall be sold by Avonlea-Drewry Holdings Inc. (the “**Secured Party**”). The Secured Party possesses a security interest in the Collateral pursuant to the provisions of a General Security Agreement, dated May 27, 2022, and a Share Pledge Agreement, dated July 29, 2022, between the Secured Party and the Debtor (the “**Security Agreements**”);

AND FURTHER TAKE NOTICE that:

1. The amount required to satisfy the obligations secured under the Security Agreements, as at August 3, 2023, is \$5,416,811.00, plus interest and costs.
2. The sum actually in arrears exclusive of the operation of any acceleration clause in the Security Agreement is \$5,416,811.00, plus interest and costs.
3. The Debtor is in default of the Security Agreements by nonpayment of amounts due and owing to the Secured Party, among other defaults.
4. The estimated expenses of enforcing the Security Agreements, holding, repairing, processing, or preparing the Collateral for disposition are \$75,000.
5. Upon payment of all amounts due under paragraphs 1 and 4, prior to the disposition of the collateral, any person entitled to receive this notice may redeem the Collateral. An updated statement of account for the indebtedness will be provided to such persons at the time of redemption, upon request.
6. Upon payment of all amounts shown in paragraph 2, curing the defaults set out in paragraph 3, and payment of the reasonable expenses of enforcing the Security Agreements, holding, repairing, processing or preparing for disposition and disposing of the collateral and any other reasonable expense incurred by the Secured Party, prior to the disposition of the Collateral, the Debtor may reinstate the Security Agreement.
7. Unless the Collateral is redeemed or the Security Agreements are reinstated prior to the disposition of the Collateral, the Collateral will be disposed of and the Debtor may be liable for any deficiency.
8. Disposition of the Collateral will be made by way of private sale to Jose Cardoso and Annie Morin, or nominee, after the date that is 20 days following the issuance of this Notice, for a purchase price that is significantly less than the amount owing to the Secured Party.

Dated at the City of Calgary, in the Province of Alberta this 7th day of September, 2023.

**AVONLEA-DREWRY HOLDINGS INC.
by its solicitors Dentons Canada LLP**

DocuSigned by:

Per: 156B6CBFCA0D47B...
Derek Pontin

Schedule "A"

1. All shares of Slawner Ortho Ltee owned by Pathway Health Services Corp.

APPENDIX I

[ATTACHED]

District: Alberta
Division: Calgary
Court File No.: 2301-10472

**IN THE MATTER OF THE INTERIM RECEIVERSHIP OF
PATHWAY HEALTH CORP. & PATHWAY HEALTH SERVICES CORP.
FOR THE PERIOD OF AUGUST 1, 2023 TO SEPTEMBER 24, 2023**

	Invoice	Fees	Costs	Sub-total	GST	Total
<u>Interim Receiver's Fees</u>						
Aug 1, 2023 to Aug 31, 2023	3252	57,019.25	342.83	57,362.08	2,868.10	60,230.18
Sep 1, 2023 to Sep 24, 2023	DRAFT	21,394.00	-	21,394.00	1,069.70	22,463.70
Total Receiver's Fees		78,413.25	342.83	78,756.08	3,937.80	82,693.88
<u>Interim Receiver's Counsel Fees</u>						
Aug 1, 2023 to Aug 31, 2023	203480670	23,476.00	50.00	23,526.00	1,175.30	24,701.30
Sep 1, 2023 to Sep 24, 2023	DRAFT	7,176.50	68.50	7,245.00	362.26	7,607.26
Total Interim Receiver's Counsel Fees		30,652.50	118.50	30,771.00	1,537.56	32,308.56
Total Professional Fees		109,065.75	461.33	109,527.08	5,475.36	115,002.44