Report of
KSV Kofman Inc.
as Proposed CCAA Monitor of
Discovery Air Inc.

March 21, 2018

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COURT FILE NO.: CV-18-594380-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DISCOVERY AIR INC.

REPORT OF KSV KOFMAN INC. AS PROPOSED MONITOR

March 21, 2018

1.0 Introduction

1. KSV Kofman Inc. ("KSV") understands that Discovery Air Inc. (the "Company") intends to make an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the C*ompanies' Creditors Arrangement Act*, *R.S.C. 1985, c. C-36*, as amended (the "CCAA"), for an initial order (the "Initial Order") granting the Company protection under the CCAA and appointing KSV as the CCAA monitor in these proceedings ("Monitor"). KSV has consented to act as Monitor.

2. The principal purpose of these restructuring proceedings is to create a stabilized environment to conduct a sale solicitation process ("SSP") for the Company's wholly-owned operating subsidiaries, Great Slave Helicopters Ltd. ("GSH"), Air Tindi Ltd. ("ATL") and Discovery Mining Services Ltd. ("DMS"). The SSP will also market for sale the Company's residual interest in Top Aces Holdings Inc. ("TA Holdings"), through which the Company holds an interest in Top Aces Inc. ("Top Aces"), formerly Discovery Air Defence Services Inc. Approval of the SSP is anticipated to be sought within two weeks of the issuance of the Initial Order, if issued by the Court.

3. The Affidavit of Paul Bernards, the Company's Chief Financial Officer, sworn March 21, 2018 and filed in support of the Company's application for CCAA protection (the "Affidavit"), provides, *inter alia*, the Company's background, including the reasons for the commencement of these proceedings.

4. KSV is filing this report ("Report") as the proposed Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:

   a) provide KSV's qualifications to act as Monitor;

   b) provide background information about the Company;

   c) report on the Company's cash flow projection for the period March 19, 2018 to June 30, 2018 ("Cash Flow Forecast");

   d) summarize the terms of a debtor-in-possession loan facility ("DIP Facility") in the maximum principal amount of $12.6 million to be made available to the Company by CEP IV Co-Investment Limited Partnership (the "DIP Lender"), an affiliate of Clairvest Group Inc. (together with its affiliates, "Clairvest") pursuant to a DIP term sheet dated March 21, 2018 (the "DIP Term Sheet");

   e) discuss the rationale for:

      - extending the stay of proceedings over GSH, ATL, DMS and an inactive wholly-owned subsidiary, Discovery Air Technical Services Inc. ("DATS") (together with GSH, ATL and DMS, the "Non-Applicant Subsidiaries"), and each of their officers and directors, for the limited purpose of preventing creditor actions against the Non-Applicant Subsidiaries due to the Company's insolvency or its filing for CCAA protection;

      - a $750,000 charge on all of the Company's property to secure the fees and disbursements of the Company's counsel, the Monitor and its counsel in these proceedings (the "Administration Charge");

      - a $100,000 charge in favour of the directors and officers of the Company (the "D&O Charge");

      - a $1.65 million charge (the "KERP Charge") in favour of the beneficiaries of the Company's proposed key employee retention plan ("KERP") and the Company's request to seal the confidential exhibit to the Affidavit which includes the identity and personal compensation information of the employees entitled to the KERP;

      - a charge in favour of the DIP Lender to secure advances under the DIP Facility (the "DIP Lender's Charge");

      - a charge in favour of the Company over the property, assets and undertaking of each of the Non-Applicant Subsidiaries for any intercompany advances which may be made by the Company to the Non-Applicant Subsidiaries ("Intercompany Advances") during these proceedings (each an "Intercompany Charge", and all of them collectively the "Intercompany Charges");

      - the proposed priority in the proposed Initial Order of the Administration Charge, D&O Charge, KERP Charge, DIP Lender's Charge and Intercompany Charges; and

f) recommend that this Court grant the relief sought by the Company in its CCAA application materials.

1.2 Restrictions

1. In preparing this Report, KSV has relied upon the Company's audited and unaudited financial information, including certain of its books and records, and discussions with the Company's management, the Company's counsel and representatives of Clairvest and its counsel. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.

2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by KSV in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

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

1.4 KSV's Qualifications to Act as Monitor

1. KSV is qualified to act as Monitor in these proceedings:

   a) KSV is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). KSV is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA; and

   b) KSV has extensive experience acting as a monitor under the CCAA in a wide variety of industries, including experience in the aviation and specialized aviation services industries[1].

2. KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached as Appendix "A".

[1] Completed in its predecessor entities, being the Toronto restructuring practice of RSM Richter Inc. and Duff & Phelps Canada Restructuring Inc.

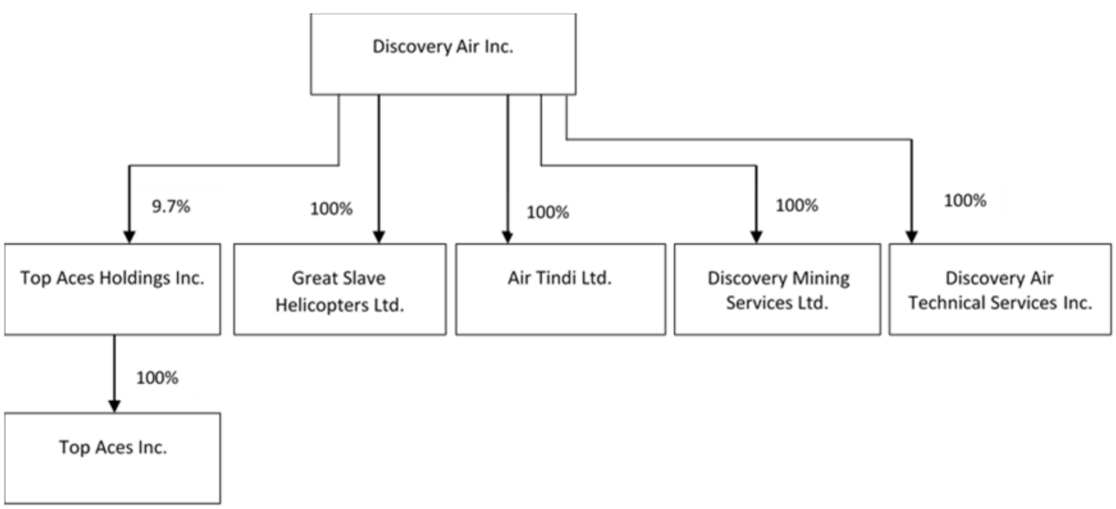
3. KSV was engaged by Clairvest on November 28, 2016 with respect to the Company. Although engaged in late 2016, KSV's mandate has had several long inactive periods, with its mandate being most active in the last several weeks. Since the date of its engagement, KSV has been consulted periodically when liquidity or operating issues arose that could require the Company to file for CCAA protection. To date, KSV's mandate has focused on the structure of these proceedings, reviewing and commenting on application materials, assisting the Company to prepare its Cash Flow Forecast, drafting communication documents to be used in the context of a filing and preparing sale process materials for the SSP (which is proposed to be conducted by the Monitor, as discussed further below).

4. In acting as Monitor in these proposed proceedings, and in any Court-supervised insolvency mandate, KSV acts as an independent officer of the Court and is cognizant to carry out its duties and obligations accordingly. In carrying out its mandate pursuant to the engagement noted in paragraph 3 above, KSV was mindful of the possibility of its potential appointment as a Court officer. KSV's engagement letter states that its advisory engagement will terminate immediately prior to its appointment as a Court officer in any formal insolvency proceeding involving the Company and explains its duties and obligations in performing such role.

2.0 Company Background

1. The Company is a holding company that provides management services to the Non-Applicant Subsidiaries and Top Aces, including strategy, corporate finance, accounting, legal, aviation insurance, human resources and information technology[2]. The Company was founded in 2004 and is headquartered in Toronto, Ontario. (Throughout this Report, the Company and the Non-Applicant Subsidiaries are collectively referred to as the "Group").

2. The Group provides specialty aviation and logistics support services across Canada and in select locations internationally, including the US, Bolivia and Chile. A condensed corporate chart of the Group, including the Company's residual interest in TA Holdings, is provided below.



[2] Some of these services have recently been transferred to the Non-Applicant Subsidiaries, as relevant for their specific operations, and to Top Aces.

3. A summary of the operations of the Non-Applicant Subsidiaries is provided below:

   a) GSH is one of Canada's largest onshore helicopter operators. It operates from its two main bases located in Yellowknife, Northwest Territories and Calgary, Alberta, as well as from sub-bases throughout Canada and in select locations in South America. GSH provides mineral and oil and gas exploration support, forest fire suppression, support to government agencies and other services, including environmental surveying, utilities/pipeline patrol, power line construction and telecommunications support.

   b) ATL is a commercial fixed wing charter company with its main base in Yellowknife, Northwest Territories. ATL operates a diversified fleet of fixed wing aircraft and provides scheduled and charter passenger and cargo services, as well as medevac equipped aircraft services, primarily in Northern Canada. Its customers include government agencies, multinational diamond mining companies, various junior mining, exploration companies and the general public on scheduled and chartered flights.

   c) DMS provides fully scalable remote exploration camps and expediting, logistics and staking services to gold, base metal, uranium and diamond exploration companies operating in the Northwest Territories, Nunavut, Yukon, Northern Saskatchewan and Northern Ontario. DMS provides and manages custom-designed, all-weather exploration camps and assists with its customers' logistical needs.

   d) DATS is an inactive wholly-owned subsidiary. DATS is included in these proceedings as a Non-Applicant Subsidiary as it is the tenant of leased premises in Etobicoke, Ontario which serve as the Company's head office. It is also a guarantor of various secured obligations described in this Report.

4. The Company presently has seven employees. Three of the Company's employees are senior officers of the Group. The remaining employees also serve in key finance and legal functions and provide support to the senior officers and to the Group generally. The Company's employees are not unionized and none of the Company or the Non-Applicant Subsidiaries maintain a pension plan.

5. Prior to May 26, 2017, the Company's Class A common shares were publicly traded on the Toronto Stock Exchange ("TSX") under the symbol DA.A. On May 26, 2017, Clairvest along with certain management shareholders of the Company, which together owned 91% of the Company's shares at the time, acquired the remaining 9% of the Company's Class A common shares through a going-private transaction (the "GPT"). The GPT was approved by the Court on May 24, 2017 and closed on May 26, 2017.

6. Following the GPT, the Company's shares were de-listed from the TSX. The Company continues to be a reporting issuer in respect of unsecured listed convertible debentures which it issued in May, 2011 in the face amount of $34.5 million (the "Unsecured Listed Debentures"). The Unsecured Listed Debentures are listed on the TSX under the symbol DA.DB.A. As at January 31, 2018, approximately $34.7 million was outstanding under the Unsecured Listed Debentures, inclusive of interest. The Unsecured Listed Debentures mature on June 30, 2018.

7. As detailed in the Affidavit, on numerous occasions since Clairvest's initial financing in 2011, the Company has faced liquidity issues, including as recently as late 2017, which have been resolved through financing transactions with Clairvest. Notwithstanding those transactions, the Company continues to face urgent liquidity needs as a result of, *inter alia*:

   a) an anticipated margin shortfall under its operating line of credit with Canadian Imperial Bank of Commerce ("CIBC") that is presently forecasted to arise during the week of March 19, 2018 and to continue to increase thereafter. Additionally, this facility matures on April 30, 2018[3];

   b) the maturity on April 15, 2018 of its obligations (approximately $5.1 million) owing to Roynat Inc. ("Roynat") under a secured aircraft financing facility;

   c) the maturity on May 5, 2018 of its secured obligations (approximately $72.7 million) owing to Clairvest under its secured debentures; and

   d) the maturity on June 30, 2018 of its obligations owing under the Unsecured Listed Debentures (approximately $34.5 million and $1.4 million of principal and interest, respectively).

8. As set out in the Affidavit, the Company is unable to meet or refinance these obligations and Clairvest has advised that it is no longer prepared to provide further funding absent a resolution of the financial challenges facing the Company.

9. Further detailed information concerning the Company and its background is provided in the Affidavit. In order to avoid duplication, that discussion has not been repeated in this Report.

2.1 Financial Overview

1. The Company has incurred significant losses over its last three fiscal years resulting from, among other things, a slowdown in the resource sector and a change in regulatory policies in 2017 that caused the grounding of certain Top Aces aircraft on two separate occasions, at which time Top Aces was wholly owned by the Company.

2. A summary of the Company's consolidated financial results for its fiscal years ending January 31, 2016, 2017 and 2018 is provided in the table below. The table also includes a summary of the Shareholders' Deficit, which has increased on a year-over-year basis, reflecting the ongoing negative performance of the Non-Applicant Subsidiaries.

[3] On December 15, 2017, the Company announced that the maturity date of its CIBC facility had been extended to January 31, 2019 subject to acceleration in certain circumstances. Given the current circumstances, the maturity date of the CIBC facility is effectively April 30, 2018.

(C$000s; consolidated)	January 31, 2016 (audited)	January 31, 2017 (audited)	January 31, 2018 (unaudited) [4]
Revenue	182,181	171,055	143,117
Income from equity investments	1,553	798	858
Expenses	(157,082)	(150,085)	(136,740)
EBITDA	26,652	21,768	7,235
Depreciation and amortization	(21,273)	(19,748)	(17,379)
Finance costs	(19,676)	(20,431)	(21,506)
Other (gains) and losses	(3,350)	(2,682)	(6,010)
Income tax recovery	2,820	3,018	8,704
Income (loss) from discontinued operations, net of tax	(1,184)	27	-
Total comprehensive loss	(16,011)	(18,048)	(28,956)
Retained Earnings/(Deficit)	(37,838)	(55,886)	(80,222)

3. The above table reflects that, *inter alia*:

   a) the Company has incurred losses over the last three fiscal years totalling approximately $63 million, with those losses increasing on a year-over-year basis;

   b) revenue has declined over the period; and

   c) EBITDA was insufficient to cover the Company's debt service costs (principal and interest) and to fund its capital expenditures, which are consistently significant.

4. The Company's deteriorating financial performance has necessitated numerous transactions and/or amendments with multiple lenders, including Clairvest, to its secured credit facilities (and the credit facilities of the Non-Applicant Subsidiaries), to extend maturity dates and to address various defaults, as more fully detailed in the Affidavit.

[4] As a result of transactions more fully detailed in the Affidavit, effective December 14, 2017, the Company has a 9.7% interest in Top Aces. Accordingly, Top Aces is recorded as an investment in its year-end financial statements; however, the fiscal 2018 financial results presented above include Top Aces' results for the period February 1, 2017 to December 14, 2017. The fiscal 2016 and 2017 statements include Top Aces' results for those periods.

3.0 Creditors

3.1 Secured Creditors

1. The following table summarizes the Group's secured obligations, including amounts owing to each creditor as of January 31, 2018[5], based on the Company's books and records.

Creditor	Principal Debt Outstanding	Maturity Date
Clairvest	$72.7 million	May 5, 2018
CIBC	$14.8 million	April 30, 2018
ECN Aviation Inc. ("Element")	$8.6 million	April 1, 2020
Roynat	$5.1 million	April 15, 2018
Textron Financial Corporation ("Textron")	$13.1 million	April 1, 2023

2. The details of each of these facilities are provided in the Affidavit.

3. The Company intends to continue to service principal and interest on these facilities during these proceedings; however, the Initial Order provides a stay in respect of the obligation to repay the amounts due on the maturing facilities.

3.1.1 Security Opinion

1. KSV retained Goodmans LLP ("Goodmans") prior to these proceedings to act as its legal counsel in the event the Initial Order is granted and KSV is appointed as the Monitor. At KSV's request, Goodmans provided an opinion on Clairvest's security which, subject to the assumptions and qualifications contained therein, concluded that: (a) the security granted to Clairvest by the Company and the Non-Applicant Subsidiaries[6], as registered under the *Ontario Personal Property Security Act* ("PPSA"), creates a valid and perfected security interest in the personal property collateral of each of the Company and the Non-Applicant Subsidiaries which is situated in Ontario; and (b) Clairvest has a perfected, first-ranking security interest in the shares of GSH, ATL, DMS and TA Holdings owned by the Company. Goodmans has also advised that, while they have not rendered or sought opinions in other Provinces or Territories, searches under applicable personal property security regimes in each Province (other than Quebec) and Territory have been performed and that Clairvest has registrations in each such Province or Territory. A copy of the security opinion will be made available to the Court should the Court wish to review it.

2. To date, Goodmans has only been asked to perform a review of the Clairvest security since the proposed proceedings contemplate: (a) the SSP, in which Clairvest entities will rely on its security for the purpose of submitting stalking horse offers for the Company's shares of GSH, ATL, DSM and TA Holdings, as further detailed below; and (b) interim financing being provided by a Clairvest entity with related charges to rank prior to the Clairvest security in each instance.

[5] Other than CIBC, which reflects the Company's indebtedness as at March 16, 2018 and includes amounts owing under outstanding letters of credit totalling approximately $4.2 million.

[6] As DATS is an inactive corporation, Goodmans was instructed not to undertake a review of security granted by DATS.

3.2 Unsecured Creditors

1. The Company's principal unsecured creditors are holders of the Unsecured Listed Debentures. The Unsecured Listed Debentures were issued in the principal amount of $34.5 million pursuant to an indenture dated May 12, 2011, as amended. The Unsecured Listed Debentures mature on June 30, 2018 and accrue interest at a rate of 8.375% per annum, payable on a semi-annual basis.

2. KSV understands that the Company will not be able to meet its obligations in respect of the Unsecured Listed Debentures when they mature on June 30, 2018. On that date, principal and interest in the amounts of approximately $34.5 million and $1.4 million, respectively, will become due and payable. At this time, the Company is current on its Unsecured Listed Debenture obligations, including funding in December, 2017, its most recent semi-annual interest payment of approximately $1.4 million.

3. Based on the Company's books and records as at January 31, 2018, accounts payable and accrued liabilities, excluding the Unsecured Listed Debentures and intercompany obligations, totalled approximately $2 million.

4.0 Cash Flow Forecast

1. The Company prepared the consolidated Cash Flow Forecast, which covers the period March 19, 2018 to June 30, 2018. The Cash Flow Forecast and the Company's statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "B".

2. The Cash Flow Forecast reflects that borrowings under the DIP Facility are projected to peak at approximately $11.9 million during the week ended June 3, 2018. The Cash Flow Forecast also reflects that the Company is projected to require approximately $6.9 million under the DIP Facility until the expiry of the initial stay period on April 20, 2018. Funding is required for the Company and the Non-Applicant Subsidiaries to continue to operate in the normal course, including to meet their respective payroll and other operating expenses. The Cash Flow Forecast has been prepared on the basis that the Company remains in margin under the CIBC facility during these proceedings.

3. Based on KSV's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "C".

5.0 DIP Facility[7] and Intercompany Funding

1. The terms of the DIP Facility are detailed in the DIP Term Sheet. A copy of the DIP Term Sheet is attached to the Affidavit. The significant terms of the DIP Facility are summarized below.

   a) Borrower: the Company, which, if approved by the Court, would make advances to the Non-Applicant Subsidiaries, as required, as "Intercompany Advances" to be secured by the Intercompany Charges in favour of the Company over the business and assets of the applicable Non-Applicant Subsidiary.

   b) Lender: CEP IV Co-Investment Limited Partnership

   c) Loan Amount: $12.6 million

   d) Maturity date: unless otherwise agreed by the parties, the earlier of: (i) the occurrence of any Event of Default that is continuing and has not been cured or waived in writing by the DIP Lender; (ii) the closing of one or more sale transaction(s) for all or substantially all of the Company's assets; and (iii) December 21, 2018.

   e) Interest rate: 10% per annum. Upon the occurrence of an Event of Default, the interest rate will increase to 14% per annum.

   f) Fees and expenses: there are no commitment or other fees included in the DIP Term Sheet other than the Company covering the DIP Lender's reasonable out-of-pocket expenses, including all reasonable legal expenses, incurred by the DIP Lender in connection with these proceedings.

   g) DIP Lender's Charge: all obligations of the Company under the DIP Facility are to be secured by a Court-ordered charge over the Company's property, assets and undertaking. The charge is to rank in priority only to Clairvest's existing security pursuant to its secured debentures but subordinate to all existing security which ranks in priority to Clairvest's existing security.

   h) Intercompany Charges: pursuant to the Initial Order, Intercompany Advances from the Company to each Non-Applicant Subsidiary are to be secured by an Intercompany Charge on the assets, property and undertaking of such Non-Applicant Subsidiary which will in each case rank behind any existing secured obligations of the Non-Applicant Subsidiaries that currently rank in priority to the security held by Clairvest in the assets of that Non-Applicant Subsidiary.

   i) Reporting: reporting obligations include the provision of weekly "rolling" cash flow projections and a weekly budget-to-actual variance analysis.

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[7] Terms not defined in this section have the meaning provided to them in the DIP Term Sheet.

j) Conditions: key Conditions include:

   i. the entry of the Initial Order and the granting of the DIP Lender's Charge;

   ii. execution and delivery of intercompany loan documents between the Company and each of the Non-Applicant Subsidiaries, in each case on terms acceptable to the DIP Lender; and

   iii. assignments of such intercompany loan documents by the Company to the DIP Lender.

k) Events of Default: The following is a summary of the material Events of Default:

   i. the issuance of a Court Order terminating the CCAA proceedings or lifting the stay in the CCAA proceedings to permit the enforcement of any security, or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Company or the Non-Applicant Subsidiaries;

   ii. the issuance of any Court Order: (i) staying, reversing, vacating or otherwise modifying the DIP Lender's Charge; or (ii) that adversely impacts or could reasonably be expected to adversely impact the rights and interests of the DIP Lender; provided, however, that any such order that provides for payment in full forthwith of all of the obligations of the Company under the DIP Facility shall not constitute an Event of Default;

   iii. any update to the DIP Agreement Cash Flow Projection indicating that the Company would require additional funding above the Maximum Amount to meet its obligations at any time during the period of the DIP Agreement Cash Flow Projection; and

   iv. a Court Order is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, of the Company or the Non-Applicant Subsidiaries that has or will have a Material Adverse Effect.

5.1 Recommendation

1. KSV considered the following factors when reviewing the reasonableness of the DIP Facility, as well as those set out in Section 11.2 of the CCAA:

   a) KSV understands that the DIP Lender is not willing to provide the required interim financing other than on the terms and conditions set out in the DIP Term Sheet;

   b) without the DIP Facility, the Company will be unable to fund its business and the continued operations of the Non-Applicant Subsidiaries will be at risk, including payroll, fuel costs, maintenance and other capital expenditures and general operating expenses. Accordingly, absent funding under the DIP Facility, the operations of the Company would be discontinued;

c) KSV compared the terms of the DIP Facility to other DIP facilities approved by Canadian courts in CCAA proceedings commenced in 2017 and 2018. The comparison is attached as Appendix "D". Based on KSV's analysis, the cost of the proposed DIP Facility is lower than other recent DIP financings approved by this and other Canadian courts;

d) substantially all of the other DIP facilities approved by Canadian courts provide a corresponding super-priority DIP charge over all other creditors. In these proceedings, the DIP Lender's Charge is contemplated to respect the existing secured lender priorities of the Group and rank in priority to creditors who presently rank subordinate to Clairvest's existing security interests;

e) given the complexity of the Group's debt structure and the structure of these proceedings, KSV is of the view that the Company would not be able to identify a lender who would be willing to provide a DIP facility which respects the existing priorities of the secured creditors of the Group;

f) KSV believes that approval of the DIP Facility is in the best interests of the Group's stakeholders and will enhance the prospects of maximizing value in the circumstances. The DIP Facility is projected to be sufficient to fund the normal course operations of the Group through the completion of these proceedings while the SSP is carried out. KSV does not believe that creditors will be prejudiced from approval of the DIP Facility – to the contrary, they will benefit from it as it will allow the business to continue to operate, which will enhance value versus the alternative, which is the discontinuation of operations and the potential liquidation of its assets; and

g) KSV has considered the proposed Intercompany Charges. As set out in the Cash Flow Forecast, the primary use of the advances under these charges is to fund the ordinary course payments of the Non-Applicant Subsidiaries during these proceedings. Given that the Non-Applicant Subsidiaries are not CCAA debtors, they intend to continue to pay their obligations as they come due. The Intercompany Charges respect the existing secured lender priorities of the Group. Accordingly, for the reasons noted in the preceding paragraph, KSV is of the view that the Intercompany Charges benefit these proceedings and do not prejudice any creditors.

2. Based on the foregoing, KSV believes that the terms of the DIP Facility are reasonable in the circumstances.

6.0 Stay of Proceedings

1. The Company is the sole applicant in these proceedings; however, the Company is seeking to extend a limited stay of proceedings to the Non-Applicant Subsidiaries and their officers and directors in order to: (a) enhance stability during the restructuring process; and (b) avoid the risk that the insolvency of the Company and the commencement of these proceedings are relied upon as the basis to commence adversarial proceedings, terminate contracts or to take other adverse actions which could disrupt the operations and impair the value of the Non-Applicant Subsidiaries.

2. KSV understands that the Non-Applicant Subsidiaries are parties to hundreds of contracts pursuant to which termination provisions may be triggered as a result of a CCAA filing by the Company. Certain of these contracts are required for the Non-Applicant Subsidiaries to carry on business in the ordinary course. Perhaps most importantly, the Non-Applicant Subsidiaries' secured creditors have complex financing arrangements that include the Company, and it is not practical to stay those obligations at the Company level without also staying those obligations and related cross-defaults and other rights at the Non-Applicant Subsidiaries level. The Company plans to service principal and interest costs arising in respect of its secured debt during the CCAA proceedings (other than to Clairvest), but to stay any maturing principal obligations and any defaults, cross-defaults and similar rights that would permit acceleration and/or enforcement.

3. As a result of the risks identified above, KSV believes that extending the stay of proceedings to the Non-Applicant Subsidiaries and their officers and directors is in the best interests of the Company, its stakeholders and the success of these proceedings.

7.0 Court Ordered Charges

7.1 Administration Charge

1. The Company is seeking an Administration Charge in an amount not to exceed $750,000 to secure the fees and expenses of the Monitor, its counsel and the Company's counsel.

2. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required by certain of the professionals engaged to assist a debtor company and to protect them in the event that the Company is unable to pay their fees and costs during the CCAA process.

3. The Company worked with KSV to estimate the proposed amount of the Administration Charge.

4. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Company's proceedings and the services to be provided by professionals involved in these proceedings.

7.2 DIP Lender's Charge

1. The Company is seeking a charge for the DIP Lender to secure its advances under the DIP Facility. KSV is of the view that the DIP Lender's Charge is required and it is appropriate that this relief be sought at the outset of these proceedings as: (i) the Group is in immediate need of liquidity; (ii) the terms of the DIP Facility are reasonable for the reasons set out in Section 5.1 of this Report; (iii) the DIP Lender is not prepared to provide DIP financing without the benefit of the DIP Lender's Charge; and (iv) it is not contemplated that the DIP Lender's Charge will rank in priority to any creditors that presently rank in priority to Clairvest.

7.3 Intercompany Charge

1. The Company's cash management system is described in the Affidavit. Given the centralization of the cash management system, including its revolving line of credit with CIBC, to the extent that the Non-Applicant Subsidiaries require funding, it is to be advanced by the Company. The Initial Order contemplates that the Company will continue to make Intercompany Advances during these proceedings to the Non-Applicant Subsidiaries to fund their businesses.

2. The proposed Initial Order contemplates that the Intercompany Advances will be secured by Intercompany Charges over the assets of each of the Non-Applicant Subsidiaries to the extent of the Intercompany Advances made to each such Non-Applicant Subsidiary. In accordance with the terms of the DIP Term Sheet, the Company's rights under the Intercompany Charges will be assigned to the DIP Lender as security for the Company's obligations under the DIP Facility.

3. KSV is of the view that the Intercompany Charges are reasonable both for the reasons set out in paragraph 5.1(g) above and on the same basis as the DIP Lender's Charge, including that the Intercompany Charges do not upset the priorities of the existing secured lenders in the Group, other than Clairvest, which requires the structure of this facility. Clairvest has consented to the structure of this facility.

7.4 D&O Charge

1. KSV understands that the Company is current on all pre-filing obligations for which directors may be personally liable, including payroll obligations and sales taxes. The Cash Flow Forecast contemplates that all such amounts will continue to be paid in the ordinary course and the Company is projected to have sufficient liquidity to do so provided the DIP Facility is approved. The proposed D&O Charge provides protection for the directors and officers in the event that the Company fails to pay certain obligations which may give rise to liability for directors and officers.

2. In these proceedings, the main risk of directors' and officers' exposure is unpaid payroll and vacation pay. Payroll presently totals approximately $70,000 per pay period (every two weeks). The D&O Charge of $100,000 is intended to cover one payroll cycle, including source deductions and vacation pay.

3. KSV is of the view that the D&O Charge is reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial to the Company and these proceedings.

7.5 KERP Charge

1. The KERP was developed by the Company and its advisors, in consultation with KSV. It is intended to enhance the prospect that key employees, including the Company's officers, provide their assistance during these proceedings. The Company is seeking approval of a KERP and the creation of a related charge in the amount of $1.65 million to secure the payments due under the KERP. If approved, the KERP will cover six employees, each of whom is considered to be integral to the successful completion of these proceedings, including the sale process contemplated by these proceedings.

2. KSV is of the view that the KERP amounts are reasonable and that the KERP Charge will provide security for individuals entitled to the KERP. This will add stability to the business and the SSP during these proceedings.

3. KSV is of the view that it is appropriate for the Company to seek this relief at the outset of the proceedings in order to provide certainty to employees and reduce the risk that they resign. The involvement of these individuals in the process will benefit all stakeholders as it will increase the likelihood that the businesses can continue in the long term.

4. The Company is requesting an order sealing the confidential exhibit to the Affidavit which contains personal information for the employees entitled to participate in the KERP. KSV believes it is appropriate to seal this exhibit as this type of information is typically sealed in order to avoid disruption to the debtor company and to protect the privacy of the beneficiaries of the KERP. KSV does not believe that any stakeholder will be prejudiced if the KERP information is sealed.

5. In connection with the KERP, Top Aces has agreed to reimburse the Company for approximately 40% of the KERP amount as the KERP employees also continue to provide certain support functions to Top Aces.

7.6 Priority of Charges

1. The Company is seeking approval of the Court-ordered charges set out below:

    a) First, the Administration Charge;

    b) Second, the D&O Charge; and

    c) Third, the KERP Charge.

2. The Initial Order provides that: (a) the Administration Charge, the D&O Charge and the KERP Charge will rank in priority to all other security interests and encumbrances; and (b) the DIP Lender's Charge and the Intercompany Charges (with respect solely to the property of the Non-Applicant Subsidiaries) will have the same priority as the existing Clairvest secured debt (i.e. subordinate to secured lenders with prior ranking security vis-à-vis Clairvest, being CIBC on accounts receivable and certain inventory and capitalized parts and Roynat, Element and Textron on specific aircraft and certain engines and other assets).

3. The Initial Order contemplates a comeback motion, which will provide stakeholders with an opportunity to address any concerns with the proposed priorities of the Court-ordered charges.

8.0 Potential US Recognition Proceeding

1. The Affidavit discusses the possibility that the Company may require protection in the United States under Chapter 15 of Title 11 of the *United States Code*. Should a US proceeding be commenced, the Initial Order provides that KSV (as Monitor, if appointed) is authorized to act as the Company's "foreign representative".

2. At this time, no proceedings are contemplated in any foreign jurisdiction, including the US. However, in the event of any urgent developments in the US, it is helpful that the Monitor has the authority to act immediately with respect to recognition proceedings, without needing to re-attend before the Court to seek such authority.

9.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:

    a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and

    b) within five days of the issuance of the Initial Order to:

        i. make the Initial Order publicly available in the manner prescribed under the CCAA;

        ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than $1,000 advising that the order is publicly available; and

        iii. prepare a list, showing the names and addresses of those creditors (other than employees), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.

2. If appointed Monitor, KSV will also post the Initial Order and all motion materials on its website in accordance with the *E-Service Protocol*.

10.0 Relief to be Sought at the Comeback Motion

1. The Company, Clairvest and KSV have developed the SSP, for which Court approval is expected to be sought at the next motion in these proceedings on notice to the Service List. It is contemplated that the SSP motion will be heard within two weeks of the date of the Initial Order, if issued.

2. It is contemplated that the SSP will include "stalking horse" bids submitted by entities incorporated by Clairvest for the Company's equity interests in GSH, ATL, DMS and its residual interest in TA Holdings. The stalking horse bids will assist to provide certainty to stakeholders that the operating businesses of the Group will continue on a going-concern basis. The attributes of the SSP will be addressed further in the Court materials to be filed in the context of the SSP approval motion, including a Monitor's report.

3. Subject to Court approval, it is contemplated that the SSP will be carried out by the Monitor.

11.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(f) of this Report.

* * *

All of which is respectfully submitted,

KSV Kofman Inc.

KSV KOFMAN INC.
IN ITS CAPACITY AS PROPOSED MONITOR OF
DISCOVERY AIR INC.
AND NOT IN ITS PERSONAL CAPACITY

Appendix “A”

Court File No.: ___________

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DISCOVERY AIR INC.

APPLICANT

CONSENT

KSV KOFMAN INC. hereby consents to act as the court-appointed monitor of the Applicant in connection with its proceedings pursuant to the *Companies' Creditors Arrangement Act* and pursuant to the terms of an order substantially in the form filed.

DATED this 25 day of March, 2018

KSV KOFMAN INC.

Per: ______________________

Name: ROBERT KOFMAN
Title: PRESIDENT

Appendix “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DISCOVERY AIR INC.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Discovery Air Inc. (the "Applicant") have developed the assumptions and prepared the attached statement of projected cash flow as of the 21st day of March, 2018 for the period March 19, 2018 to June 30, 2018 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto this 21st day of March, 2018.

Discovery Air Inc.

Paul Bernards, Chief Financial Officer

Discovery Air Inc.
Cash Flow Forecast
For the Period Ending June 30, 2018
(Unaudited; C$)

	Notes	25-Mar-18	1-Apr-18	8-Apr-18	15-Apr-18	22-Apr-18	29-Apr-18	6-May-18	13-May-18	20-May-18	27-May-18	3-Jun-18	10-Jun-18	17-Jun-18	24-Jun-18	30-Jun-18	Total
Receipts																	
Collections from Non-Applicant Subsidiaries	2	1,040,384	1,151,933	1,044,782	2,111,239	955,782	1,100,782	900,782	1,392,512	2,161,239	1,567,512	1,225,782	1,422,275	2,399,912	1,627,275	1,522,275	21,624,466
HST collections	3	-	-	-	28,000	-	-	-	-	28,000	-	-	270,000	28,000	-	-	354,000
Total Receipts		1,040,384	1,151,933	1,044,782	2,139,239	955,782	1,100,782	900,782	1,392,512	2,189,239	1,567,512	1,225,782	1,692,275	2,427,912	1,627,275	1,522,275	21,978,466
Disbursements																	
Payments to Non-Applicant Subsidiaries for operations	4	2,693,459	2,676,992	2,321,066	1,693,755	1,892,688	812,190	3,835,250	1,013,602	2,579,685	876,417	2,780,359	2,051,266	1,562,191	1,820,897	1,986,167	30,595,984
Payroll costs	5	-	10,000	-	10,000	-	-	10,000	-	10,000	-	10,000	-	10,000	-	10,000	70,000
Occupancy costs	6	-	13,373	-	-	-	-	13,373	-	-	-	13,373	-	-	-	-	40,119
Other sundry expenses	7	50,000	50,000	50,000	100,000	50,000	50,000	50,000	50,000	100,000	50,000	50,000	50,000	50,000	50,000	50,000	850,000
Debt service payments	8	-	73,105	-	204,000	-	-	116,711	-	39,000	-	147,685	-	39,000	-	-	619,501
Professional fees	9	-	325,000	-	-	-	-	235,000	-	-	-	225,000	-	-	-	-	785,000
Total Disbursements		2,743,459	3,148,470	2,371,066	2,007,755	1,942,688	862,190	4,260,334	1,063,602	2,728,685	926,417	3,226,417	2,101,266	1,661,191	1,870,897	2,046,167	32,960,603
Net Cash Flow		(1,703,075)	(1,996,536)	(1,326,284)	131,484	(986,906)	238,592	(3,359,552)	328,910	(539,446)	641,095	(2,000,635)	(408,991)	766,721	(243,622)	(523,892)	(10,982,137)

DIP Funding Requirement		25-Mar-18	1-Apr-18	8-Apr-18	15-Apr-18	22-Apr-18	29-Apr-18	6-May-18	13-May-18	20-May-18	27-May-18	3-Jun-18	10-Jun-18	17-Jun-18	24-Jun-18	30-Jun-18
Opening funding requirement		11,426,956	13,130,031	15,126,568	16,452,851	16,321,368	17,308,273	17,069,681	20,429,233	20,100,323	20,639,769	19,998,675	21,999,309	22,408,300	21,641,579	21,885,201
Net cash flow		(1,703,075)	(1,996,536)	(1,326,284)	131,484	(986,906)	238,592	(3,359,552)	328,910	(539,446)	641,095	(2,000,635)	(408,991)	766,721	(243,622)	(523,892)
Closing funding requirement		13,130,031	15,126,568	16,452,851	16,321,368	17,308,273	17,069,681	20,429,233	20,100,323	20,639,769	19,998,675	21,999,309	22,408,300	21,641,579	21,885,201	22,409,093
Permitted borrowings under CIBC facility	10	11,794,280	10,364,456	10,364,456	10,364,456	10,364,456	10,364,456	10,347,456	10,582,072	10,582,072	10,582,072	10,007,072	11,001,072	11,001,072	11,001,072	11,001,072
DIP funding requirement		(1,335,751)	(4,762,111)	(6,088,395)	(5,956,911)	(6,943,817)	(6,705,225)	(10,081,777)	(9,518,251)	(10,057,697)	(9,416,602)	(11,992,237)	(11,407,228)	(10,640,507)	(10,884,129)	(11,408,021)

Discovery Air Inc.
Notes to Cash Flow Forecast
For the Period Ending June 30, 2018
(Unaudited; $C)

Purpose and General Assumptions

1. The purpose of this analysis is to present a cash flow forecast for Discovery Air Inc. (the "Company") for the period March 19, 2018 to June 30, 2018 in respect of its proceedings under the Companies' Creditors Arrangement Act. The Company is the only applicant in the proposed proceedings. The cash flow reflects the cash management system used by the Company and the Non-Applicant Subsidiaries (the "Non-Applicant Subsidiaries"), being Great Slave Helicopter Ltd ("GSH"), Air Tindi Ltd. ("ATL") and Discovery Mining Services Ltd ("DMS").

   The cash flow forecast has been prepared based on hypothetical assumptions developed and prepared by the Company's management.

Hypothetical Assumptions

2. Represents projected accounts receivable collections for GSH, ATL and DMS, which are assumed to be collected in accordance with existing customer payment terms and practices.

3. Represents net HST refundable.

4. Represents funding by the Company for the operating expenses of the Non-Applicant Subsidiaries, including payroll costs, aircraft maintenance and equipment purchases, fuel, occupancy costs, insurance, travel, employee training, aircraft and vehicle leases and debt service costs in respect of ATL's loan facility with Textron Financial Corporation. All such expenses are projected to be paid in the normal course in accordance with existing terms and payment practices.

5. Represents net payroll for the Company's employees.

6. Represents rent for the Company's head office in Toronto, Ontario and for a leased office premises in London, Ontario.

7. Represents costs related to telecommunications, technology, office supplies, utilities, accounting and other sundry expenses incurred by the Company.

8. Represents debt service payments on the Company's secured credit facilities, as follows:

   (a) interest to ECN Aviation Inc.;

   (b) interest, standby letter of credit fees and a standby overdraft fee to Canadian Imperial Bank of Commerce ("CIBC");

   (c) final scheduled principal payment ($189,000) owing to Roynat Inc. ("Roynat"), which facility matures on April 15, 2018. The projection contemplates continued interest payments to Roynat during the projection period; and

   (d) interest on the DIP facility (10%).

9. Represents payment of the estimated professional fees of the Monitor, its legal counsel and the Company's legal counsel.

10. Net assets available for borrowing is calculated in accordance with CIBC's existing lending formula. The DIP facility is structured to fund any amounts required in excess of the Company's borrowing base.

Appendix “C”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DISCOVERY AIR INC.

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Discovery Air Inc. (the "Applicant"), as of the 21st day of March, 2018, consisting of a weekly projected cash flow statement for the period March 19, 2018, to June 30, 2018 ("Cash Flow"), has been prepared by management of the Applicant for the purpose described in Note 1, using the assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Applicant. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;

b) as at the date of this report, the assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow; or

c) the Cash Flow does not reflect the assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 21st day of March, 2018.

KSV Kofman Inc

KSV KOFMAN INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
DISCOVERY AIR INC.
AND NOT IN ITS PERSONAL CAPACITY

Appendix “D”

Debtor-in-Possession Facilities Approved in 2017 and 2018 CCAA Proceedings
As at March 21, 2018

Debtor	Jurisdiction	Monitor/Information Officer	Filing Date	Industry	Lender	Commitment (Notes 1 and 2)	Fees	Interest Rate
Discovery Air Inc.	**Ontario**	**KSV Kofman Inc. (Proposed)**	**21-Mar-18**	**Aviation**	**Clairvest Group Inc.**	**$12,600,000 (Note 3)**	**The DIP Lender's reasonable out of pocket expenses including legal expenses incurred in connection with these CCAA proceedings.**	**10%**
Société en commandite Tilly de Laval et Promotions Anne Delisle Inc.	Quebec	Lemieux Nolet Inc.	14-Feb-18	Excavation	La Financiere Transcapitale Inc.	$750,000	**(Note 4)**	**(Note 4)**
Banro Corporation, Banro Group (Barbados) Limited, Banro Congo (Barbados) Limited, Namoya (Barbados) Limited, Lugushwa (Barbados) Limited, Twangiza (Barbados) Limited, Kamituga (Barbados) Limited	Ontario	FTI Consulting Canada Inc.	22-Dec-17	Mining	Gramercy Funds Management LLC, Baiyin International Investment Limited	US$20,000,000	All DIP lender's costs and expenses **(Note 5)**	12%
Copper Sands Land Corp.	Saskatchewan	Deloitte Restructuring Inc.	20-Dec-17	Mining	Staheli Construction Co. Ltd.	$1,250,000	$30,000 Facility Fee $15,000 fee if the DIP Facility is repaid prior to January 31, 2018	15%
Azzimov Inc., Azzimov Mobile Inc.	Quebec	PricewaterhouseCoopers Inc.	18-Dec-17	Technology	ACG S.E. LP	$1,000,000	Facility Fee: 4% applicable to each tranche	15%
669699 N.B. Ltd., MP Atlantic Wood Ltd. and New Future Lumber Ltd.	New Brunswick	Powell Associates Ltd.	29-Nov-17	Lumber Manufacturing	Kindred Financial Inc.	$500,000	Commitment fee: $25,000	12%
RCR International Inc. and WJ Dennis & Company	Quebec	Ernst & Young Inc.	21-Nov-17	Manufacturing	Bank of Montreal	$3,000,000	All legal expenses incurred by the DIP Lender for the preparation, negotiation and performance of the DIP Financing.	11%
BuildDirect.com Technologies Inc.	British Columbia	PricewaterhouseCoopers Inc.	31-Oct-17	Technology	Pelecanus Investments Ltd., Lyra Growth Partners Inc., Beedie Capital Partners Fund 1 Limited Partnership	US$15,000,000	Costs of the DIP Lenders including the costs of a financial advisor Administration Charge: to the maximum amount of $500,000	12%
Java-U Group Inc., Java-U Food Services Inc., Café Java-U Inc. and Java-U RTA INc.	Quebec	Raymond Chabot Inc.	06-Oct-17	Retail	3070352 Canada Inc.	$400,000	**(Note 4)**	**(Note 4)**
Toys "R" Us (Canada) Ltd. Toys "R" Us (Canada) Ltee ("Toys Canada")	Ontario	Grant Thornton Limited	19-Sep-17	Retail	JPMorgan Chase Bank, N.A.	Canadian DIP Term Loan: US$200 million Canadian DIP Revolving Loan: US$300 million **(Note 6)**	US$20.7 million (estimated fees as per the CCAA cash flow projection)	**(Note 7)**
WD Navarre Canada, ULC	Ontario	KSV Kofman Inc.	18-Sep-17	Distribution	Wells Fargo Bank, N.A. JPMorgan Chase Bank, N.A., SunTrust Robinson Humphrey Inc., and Sun Trust Bank	US$15,000,000	Closing Fee: $150,000 Unused Line Fee: monthly fee of 0.25%/annum LC Facility Fees: monthly fee of 7%/annum and all customary charges in respect of the letters of credit Field Exam Fees: as detailed in the Report	10.25% - US Revolving Loan (6% plus Agent's prime rate of 4.25%) 9.2% - Canadian Revolving Loan (6% plus prime rate of 3.2%) Default Interest: 2% plus applicable Interest Rate
Index Energy Mills Corporation	Ontario	Grant Thornton Limited	16-Aug-17	Energy	Index Equity US LLC	$5,000,000	All DIP lender's costs and expenses **(Note 5)**	6%
Canada North Group Inc., Canada North Camps., Campcorp Structures Ltd., D.J. Catering Ltd., 816956 Alberta Ltd., 1371047 Alberta Ltd.	Alberta	Ernst & Young Inc.	06-Jul-17	Oil and Gas	Business Development Bank of Canada	$2,500,000	Administration fee of $250 per month Loan Processing Fee of $15,000	9% (Floating Base Rate per BDC (4.8%) plus 4.2%)
Sears Canada Inc.	Ontario	FTI Consulting Canada Inc.	22-Jun-17	Retail	Wells Fargo	DIP ABL: $300,000,000 DIP Term Loan: US$150,000,000 **(Note 8)**	Structuring Fee: DIP ABL Facility: 1.25% Unused Line Fee: DIP ABL Facility: 0.375% Commitment Fee: DIP Term Loan Facility: 3.5% Exit Fee: DIP Term Loan Facility: 1.5%	LIBOR floor) or USPR+10% (4% USPR Floor) DIP ABL Facility: BA/LIBOR+4.5% or PR/BR+3.5% DIP ABL L/C Fees: (a) 4.5% per annum for Standby L/C and (b) 4% per annum for Commercial L/C.
Gestion Eric Savard Inc., et al.	Quebec	Raymond Chabot Inc.	18-May-17	Medical	Fiera Capital Corporation	$5,400,000	**(Note 4)**	**(Note 4)**
Express Fashion Apparel Canada Inc. and Express Canada GC GP Inc.	Ontario	Alvarez & Marsal Canada Inc.	04-May-17	Retail	N/A	N/A	N/A	N/A
Walton International Group Inc. et al.	Alberta	Ernst & Young Inc.	28-Apr-17	Real Estate	Century Services Corp.	$7,000,000	Facility Fee: up front fee of 2% of the available advances Break Fee: $250,000	12.75%
Orbite Technologies Inc. ("Orbite")	Quebec	PricewaterhouseCoopers Inc.	28-Apr-17	Industrial Technology	Orbite's debenture holders	$6,800,000	Engagement fee: 1% of the DIP	9.25%
Alliance Hanger Inc.	Quebec	KPMG Inc.	16-Feb-17	Manufacturing and Distribution	9170-9402 Quebec Inc.	$5,000,000	N/A	Interest free
Grafton-Fraser Inc.	Ontario	Richter Advisory Group Inc.	25-Jan-17	Retail	GSO Capital Partners	$5,500,000	Facility Fee: $55,000 Annual Administration Fee: US$15,000	Approximately 15% (CDOR+14%)
Developpement Lachine Est Inc.	Quebec	Raymond Chabot Inc.	13-Jan-17	Real Estate	**(Note 4)**	**(Note 4)**	**(Note 4)**	**(Note 4)**

General Notes:

1. This analysis is based on information available on the applicable Monitor's website. All currency references are in Canadian dollars, unless otherwise noted.
2. All or substantially all of the DIP facilities detailed above were granted a DIP Lender's Charge on a super priority status.

Specific Notes:

3. The Initial Order contemplates that the DIP Facility will take priority over the security held by Clairvest only and would not prime any secured creditor which ranks in priority to Clairvest.
4. The terms of the DIP facilities, if any, were not available on the applicable Monitor's website.
5. The public information did not specify the fees associated with this DIP facility other than the DIP lender's costs.
6. The DIP lender has provided funding of up to US $2.3 billion to the direct parent of Toys Canada as the principal borrower and to Toys Canada as the Canadian borrower which includes a Canadian DIP Term Loan of US$200 million and a Canadian DIP Revolving Loan of US $300 million. Given the magnitude of these DIP facilities relative to the DIP Facility, KSV, as proposed Monitor, did not consider them relevant in its assessment of the DIP Facility in the context of these proceedings.
7. The public information did not specify the interest rate associated with this DIP facility other than that it will bear interest at a slightly higher marginal interest rate than the existing ABL Credit Facility.
8. Given the magnitude of the DIP facilities relative to the DIP Facility, the Proposed Monitor did not consider them relevant in its assessment of the DIP Facility in the context of these proceedings.