

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.

APPLICANT

**MONITOR'S REPORT AND COMPENDIUM
(CCAA Termination)
(returnable July 24, 2018)**

July 17, 2018

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**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

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TAB 1



**Fifth Report of
KSV Kofman Inc.
as CCAA Monitor of
Discovery Air Inc.**

July 17, 2018

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OF DISCOVERY AIR INC.**

FIFTH REPORT OF KSV KOFMAN INC. AS MONITOR

July 17, 2018

1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “Court”) made on March 21, 2018 (the “Initial Order”), Discovery Air Inc. (the “Company”) was granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), and KSV Kofman Inc. was appointed monitor (the “Monitor”). A copy of the Initial Order is attached as Appendix “A”. Certain of the protections and authorizations under the Initial Order were extended to Great Slave Helicopters Ltd. (“GSH”), Air Tindi Ltd. (“ATL”), Discovery Mining Services Ltd. (“DMS”) and Discovery Air Technical Services Inc.¹ as “Non-Applicant Subsidiaries”.
2. The principal purpose of these CCAA proceedings was to conduct a sale solicitation process (“SSP”) for the Company’s:
 - a) shares of its wholly-owned operating subsidiaries, being GSH, ATL and DMS (together, the “Northern Businesses”);
 - b) 9.7% interest (the “TA Interest”) in Top Aces Holdings Inc. (“TA Holdings”), through which it holds an interest in Top Aces Inc. (“Top Aces”)²; and
 - c) other assets, including intercompany claims, causes of action and other claims the Company may have against third parties, including shareholders, officers and directors of the Company, the Northern Businesses, TA Holdings and Top Aces.

¹ Discovery Air Technical Services Inc. is an inactive corporation – substantially all of its assets were sold in January 2016. It is a Non-Applicant Subsidiary in these proceedings as it is a guarantor of certain of the Company’s secured obligations and is the tenant on the lease for the Company’s head office.

² Formerly Discovery Air Defence Services Inc.

1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
 - a) provide background information about the Company and these proceedings, including the status of the Court-approved transactions for the TA Interest (the “TA Transaction”) and the three transactions for the Northern Businesses (the “Northern Business Transactions”);
 - b) recommend that (i) these proceedings be terminated and the Monitor be discharged of its duties and obligations under the Initial Order and other Court orders made in these proceedings upon the filing with this Honourable Court of a certificate of the Monitor (the “Monitor’s Termination Certificate”) in the form attached to the proposed CCAA Termination Order (as defined below); and (ii) the Monitor and its counsel be released from any and all liability relating to any act, omission, transaction, dealing or occurrence arising prior to the filing of the Monitor’s Termination Certificate or completed pursuant to the terms of the CCAA Termination Order in respect of the CCAA proceedings or the Applicant, the Non-Applicant Subsidiaries and their respective businesses, assets and property, save and except for any claims relating to its gross negligence or wilful misconduct (the “Monitor Release”);
 - c) summarize the few outstanding issues in these proceedings that the Company, with the Monitor’s assistance, intends to complete prior to the filing of the Monitor’s Termination Certificate;
 - d) report on the Company’s updated cash flow projection for the period July 16, 2018 to August 31, 2018 (“Cash Flow Forecast”);
 - e) set out the Monitor’s basis for its support of the Company’s request that the stay of proceedings be extended from July 31, 2018 to the earlier of the date on which the Monitor’s Termination Certificate is filed or August 31, 2018;
 - f) detail the Monitor’s activities since June 15, 2018, the date to which its reports and activities were previously approved;
 - g) detail the fees and disbursements of the Monitor and its counsel, Goodmans LLP (“Goodmans”), from June 1, 2018 to June 30, 2018, and seek approval of same; and
 - h) recommend that this Honourable Court make an order (the “CCAA Termination Order”):
 - extending the stay of proceedings from July 31, 2018 to the earlier of the date on which the Monitor’s Termination Certificate is filed or August 31, 2018;
 - discharging the Monitor upon the filing of the Monitor’s Termination Certificate;

- discharging each of the Court-ordered charges created pursuant to the Initial Order upon the filing of the Monitor's Termination Certificate, subject to the payment of all obligations secured by the Court-ordered charges;
- granting the Monitor Release;
- approving the fees and disbursements of the Monitor and Goodmans for the period June 1, 2018 to June 30, 2018 and the estimated fees and disbursements of the Monitor and Goodmans for the period from July 1, 2018 until the filing of the Monitor's Termination Certificate, estimated not to exceed \$100,000 plus disbursements and HST (the "Fee Accrual"), and ordering that no further approval of the fees and disbursements of the Monitor and its counsel is required; and
- approving this Report and the activities described herein.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Company's books and records and discussions with the Company's management. The Monitor 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. 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. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. All currency references in this Report are to Canadian dollars.

2.0 Background

1. The Company was founded in 2004 and is headquartered in Toronto, Ontario.
2. The Company is a holding company that provides management services to the Northern Businesses, including strategy, corporate finance, accounting, legal, insurance, human resources and information technology. Certain of these services were also provided to Top Aces until the closing of the TA Transaction on June 28, 2018.
3. The Northern Businesses provide specialty aviation and logistics support services across Canada and in select locations internationally, including the US, Bolivia and Chile.

4. Clairvest Group Inc. and certain affiliates (“Clairvest”) is the Company’s 95.5% shareholder. The remaining shares are owned by past and present management of the Company. Clairvest is also the Company’s most significant secured creditor. At the commencement of these proceedings, the Company’s obligations owing to Clairvest under its secured debentures totalled approximately \$72.7 million, which continues to accrue interest and costs. Clairvest is also the DIP lender in these proceedings pursuant to a Court approved DIP term sheet dated March 21, 2018, as amended (the “DIP Facility”).
5. The Company issued unsecured convertible debentures in May 2011 in the face amount of \$34.5 million (the “Debentures”). The Debentures were listed on the Toronto Stock Exchange under the symbol DA.DB.A. The Company’s obligations under the Debentures presently total approximately \$35 million; interest and costs continue to accrue. On May 7, 2018, the Ontario Securities Commission issued a Cease Trade Order in respect of the Debentures. The Company is no longer a reporting issuer. The Monitor understands that the ad hoc committee of certain holders of the Debentures (“Debenture Holders”) intend to file a motion returnable July 24, 2018 for the limited purpose of seeking leave to: (a) issue a Statement of Claim against the Company and certain others who are currently subject to the stay; and (b) issue and serve a Bankruptcy Application in respect of the Company (the “Debenture Holders’ Motion”). The Monitor understands that the proposed relief will limit the lifting of the stay to the foregoing.
6. The affidavit of Paul Bernards, the Company’s Chief Financial Officer, sworn March 21, 2018, was filed with the Court in support of the Company’s application for CCAA protection and provides, *inter alia*, details regarding the Company’s background, including the reasons for the commencement of these proceedings. Mr. Bernards has also sworn an affidavit dated July 16, 2018 in support of the Company’s motion returnable July 24, 2018 (the “Bernards Affidavit”).
7. Further information regarding these proceedings is provided in the Monitor’s reports filed earlier in these proceedings, copies of which are available on its website at www.ksvadvisory.com/insolvency-cases/discovery-air. All other Court materials filed in these proceedings can also be found on the Monitor’s website.

2.1 SSP

1. The focus from the outset of these proceedings has been to sell the Company’s remaining assets through the SSP in a stabilized environment afforded by filing for CCAA protection. The SSP was approved pursuant to a Court order made on April 4, 2018.
2. The Monitor’s Fourth Report to Court dated June 15, 2018 (the “Fourth Report”) summarized the results of the SSP, the Northern Business Transactions and the TA Transaction. A copy of the Fourth Report is attached as Appendix “B”, without appendices.
3. On June 22, 2018, the Court made four separate Sale Approval and Vesting Orders, which, *inter alia*, approved the TA Transaction and the three Northern Business Transactions.

2.2 TA Transaction

1. The TA Transaction closed on June 28, 2018.
2. The TA Purchaser is an affiliate of Clairvest. The purchase price was \$20.825 million plus Assumed Liabilities (as defined in the Court approved Asset Purchase Agreement). The purchase price was satisfied by the TA Purchaser credit bidding (a) \$15.268 million of the DIP Facility, being the entire amount outstanding under the DIP Facility, and (b) \$5.557 million of Clairvest's pre-filing secured debt. The DIP Facility was accordingly extinguished on closing.

2.3 Northern Business Transactions

1. The Purchaser is working to close the Northern Business Transactions. The "Outside Date" in each Asset Purchase Agreement for the Northern Business Transactions is July 31, 2018, which date can be extended on agreement between the Company and the Purchaser. The Monitor understands that the Company and the Purchaser, a Clairvest affiliate, are continuing to work diligently to close the Northern Business Transactions prior to the Outside Date. As referenced in the Bernards Affidavit, there is a possibility that the closing of the Northern Business Transactions may not occur until August.
2. The closing of the Northern Business Transactions is complicated by the necessity to amend or restate the lending documents in place with the non-Clairvest secured lenders that have guarantees or security with one or more of GSH, ATL and DMS. The Monitor has been advised that there is no reason to believe that the Northern Business Transactions will not close.

3.0 Funding of these Proceedings

1. The DIP Facility approved under the Initial Order provided for a maximum principal amount of \$12.6 million (the "Maximum Amount"). Pursuant to a Court order made on April 26, 2018, the Maximum Amount was increased to \$15 million. The full amount of the DIP Facility has been drawn by the Company, including \$2.3 million which was deposited into the Monitor's trust account on June 26, 2018 in order to fund the balance of these proceedings and the operations of the Northern Businesses following the closing of the TA Transaction. The Company has since drawn the full amount of the DIP Facility from the Monitor's trust account.
2. The Company has prepared an updated Cash Flow Forecast for the period ending August 31, 2018, a copy of which is attached as Appendix "C", together with the Company's statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA. The Cash Flow Forecast reflects, *inter alia*, that there is projected to be sufficient funding available under the Company's CIBC credit facility for it and the Northern Businesses to continue to operate in the normal course through the proposed stay extension period.
3. Based on the Monitor's review of the Cash Flow Forecast, its underlying assumptions appear reasonable. The Monitor's statutory report on the Cash Flow Forecast is attached as Appendix "D".

4.0 Stay Extension

1. The Monitor supports the Company's request for an extension of the stay of proceedings from July 31, 2018 to the earlier of August 31, 2018 or the date on which the Monitor's Termination Certificate is filed for the following reasons:
 - a) the Company is acting in good faith and with due diligence;
 - b) the extension will provide the opportunity to complete the Northern Business Transactions should the closing date extend beyond July 31, 2018 for any reason;
 - c) the Cash Flow Forecast reflects that the Company and the Northern Businesses are projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period;
 - d) Clairvest, being the principal economic stakeholder in these proceedings, supports the stay extension;
 - e) CIBC's counsel has advised that CIBC does not oppose the extension and is in favour of the CCAA continuing until the new financing arrangements for the Northern Businesses are in place;
 - f) the other secured creditors will be served with the Company's motion record and will have the opportunity to advise of any objections that they may have; and
 - g) no creditor will be materially prejudiced if the extension is granted.
2. As set out above, legal counsel to the Debenture Holders intends to file the Debenture Holders' Motion to be heard on the same date as the Company's motion. The Monitor understands that the Company does not intend to oppose that relief. The Debenture Holders intend to seek the issuance of the bankruptcy order after the Monitor files the Monitor's Termination Certificate.

5.0 Proposed CCAA Termination Order

1. Subject to Court approval, the Monitor intends to file the Monitor's Termination Certificate on or shortly after the closing date of the Northern Business Transactions. The Monitor's Termination Certificate will be filed only after the Company pays the obligations secured by the KERP Charge and the Administration Charge (each as defined in the Initial Order) and other sundry post-filing obligations, if any, and deals with any other outstanding matters in these proceedings.

2. The proposed CCAA Termination Order provides for the Court-ordered charges to be discharged upon the filing of the Monitor's Termination Certificate, subject to the payment of all obligations secured thereby. In respect of these charges:
 - as noted above, it is intended that the Company will pay any outstanding obligations that may be secured by the KERP Charge and the Administration Charge before the Monitor's Termination Certificate is filed;
 - the DIP Facility was extinguished pursuant to the TA Transaction and, accordingly, there is no exposure under the DIP Lender's Charge or the Intercompany Charge, since the Company's rights under the Intercompany Charge were assigned to the DIP lender pursuant to the terms of the DIP Facility; and
 - the Monitor is not aware of any obligations that may be secured by the D&O Charge as: (a) the Company is in a refundable HST position based on statements of account issued by Canada Revenue Agency ("CRA"); (b) the Monitor understands that the Company has paid all post-filing source deductions and employee withholdings to CRA when due; and (c) all accrued vacation pay is to be included as part of the final payments owing to the beneficiaries of the KERP Charge.
3. In respect of the Company's refundable HST position referenced above, the Monitor understands that HST refunds of approximately \$400,000 are expected to be collected from CRA once the Company's tax return for the period ended May 25, 2017 is filed, which is expected to happen imminently. Such HST refunds would represent purchased assets and the Monitor understands that the Company will be seeking relief as part of the CCAA Termination Order directing that, should the HST refunds not be received prior to the closing of the Northern Business Transactions, the refunds be remitted to the applicable Purchaser immediately upon receipt by the Company or its Trustee in Bankruptcy, if appointed at that time.
4. Upon filing the Monitor's Termination Certificate, the CCAA proceedings will terminate and the Monitor will be discharged. Notwithstanding its discharge, the proposed CCAA Termination Order contemplates that the Monitor will continue to have the protections afforded to it at law or pursuant to the CCAA, the Initial Order and other orders issued in these proceedings to the extent it is required to address any sundry matters that arise following the termination of these proceedings. It is the Monitor's experience that this is a standard term in most discharge orders and the Monitor believes it is appropriate in the circumstances in order for it to be able to deal with issues that may arise that require the Monitor's involvement.
5. The Monitor Release will also become effective on the filing of the Monitor's Termination Certificate. The Monitor is not aware of the existence or assertion of any liability of the Monitor or its counsel in connection with these CCAA proceedings.

6.0 Overview of the Monitor's Activities

1. The Monitor's prior reports and activities up to June 15, 2018 were approved pursuant to a Court order made on June 22, 2018. Since June 15, 2018, the Monitor's activities have included the following:
 - a) attending at Court on June 22, 2018 for the Company's sale approval motion;
 - b) reviewing multiple versions of closing documents in connection with the TA Transaction;
 - c) filing the Monitor's certificate confirming the completion of the TA Transaction on June 28, 2018;
 - d) working with the Company on cash management matters, including arranging for the final DIP draw to be funded to the Monitor's trust account and coordinating advances from the trust account to the Company in accordance with the Cash Flow Forecast;
 - e) reviewing weekly cash flow projections prepared by the Company and discussing same with management and Clairvest, in its capacity as DIP lender;
 - f) reviewing monthly borrowing base certificates prepared by the Company;
 - g) reviewing and commenting on all Court materials filed in connection with this motion;
 - h) drafting this Report;
 - i) considering issues raised by the Debenture Holders, including those referenced in their Court materials, and corresponding with legal counsel in respect thereof;
 - j) responding to enquiries received from the Company's stakeholders; and
 - k) assisting the Company and the Northern Businesses to deal with their respective stakeholders in connection with these proceedings.

7.0 Professional Fees

1. The fees and disbursements of the Monitor and Goodmans from the commencement of these proceedings through May 31, 2018 were approved pursuant to a Court order made on June 22, 2018.
2. The fees and disbursements (excluding HST) of the Monitor and Goodmans from June 1, 2018 through June 30, 2018 total approximately \$91,000 and \$59,000, respectively.
3. The detailed invoices in respect of the fees and disbursements of the Monitor and Goodmans are provided in appendices to the affidavits filed by KSV and Goodmans in the accompanying motion materials.

4. The average hourly rates for KSV and Goodmans for the referenced billing periods were \$570.63 and \$789.62, respectively.
5. The Monitor is of the view that the hourly rates charged by Goodmans are consistent with the rates charged by corporate law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.
6. The Monitor is also of the view that the Fee Accrual is reasonable and appropriate in the circumstances as it provides for the estimated fees incurred or to be incurred by the Monitor and Goodmans prior to the filing of the Monitor's Termination Certificate, including the costs incurred since July 1, 2018 in connection with, *inter alia*, preparing for the completion of the Northern Business Transactions and this motion.

8.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,



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

Appendix “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

WEDNESDAY, THE 21ST

JUSTICE HAINEY)

DAY OF MARCH, 2018)

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



INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Paul Bernards, sworn March 21, 2018, and the Exhibits thereto (the "**Bernards Affidavit**"), and on reading the consent of KSV Kofman Inc. ("**KSV**") to act as the Monitor (in such capacity, the "**Monitor**"), and upon reading the pre-filing report of KSV dated March 21, 2018, in its capacity as the proposed Monitor, and on hearing the submissions of counsel for the Applicant and those subsidiaries set out in Schedule "A" hereto (each a "**Non-Applicant Subsidiary**" and collectively the "**Non-Applicant Subsidiaries**", and together with the Applicant the "**Discovery Air Group**"), the proposed Monitor and Clairvest Group Inc., no one appearing for any other party although duly served as appears from the affidavit of service of Katie Parent sworn March 21, 2018,

SERVICE AND DEFINED TERMS

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies. Although not Applicants, the Non-Applicant Subsidiaries shall enjoy certain benefits of the protections and authorizations provided by this Order, as set out herein.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system including, subject to the Definitive Documents (as hereinafter defined), the operating facility with Canadian Imperial Bank of Commerce (“**CIBC**”) and borrowings that may be made under that facility as well as the cash pooling arrangements currently in place as described in the Bernards Affidavit or replace it with another substantially

similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Discovery Air Group of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Discovery Air Group, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System (and, in particular, in its capacity as the operating facility lender), an unaffected creditor under the Plan or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* R.S.C. 1985 c. B-3, as amended (“**BIA**”) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. For greater certainty, any security held by CIBC in connection with the foregoing shall continue to retain its priority in respect of any usage or borrowings made from and after the date of this Order.

6. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents, the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course, prior to, on or after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents, the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents, until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts

payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, once a month on the first day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that the Applicant shall be entitled but not obligated to continue to make payments of interest at current rates in place as of the date of this Order (and, for greater certainty, not at any default rate) owing to each of Roynat Inc. ("**Roynat**") and ECN Aviation Inc. ("**ECN**") in connection with the secured credit facilities that it has with each such lender and, in the case of Roynat, its regularly scheduled payment of principal on April 15, 2018 provided, for greater certainty, that the maturity of the Roynat facility on such date is stayed as set out herein (all as contemplated by the cash flow forecast attached to the Bernards Affidavit).

10A **THIS COURT ORDERS** that the Applicant shall continue to make payments of interest at current rates in place as of the date of this Order (and, for greater certainty, not at any default rate) and other repayments of borrowings from time to time outstanding pursuant to the terms of the operating facility with CIBC provided, for greater certainty, that the maturity of and the final repayment of principal upon maturity or any acceleration under the CIBC facility is stayed as set out herein.

11. **THIS COURT ORDERS** that other than as set out in paragraphs 10 and 10A, and except as may otherwise specifically be permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;
- (c) with the approval of the Monitor, enter into one or more agreements for the provision of shared services with any or all of Top Aces Inc. and/or the Non-Applicant Subsidiaries; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant’ claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours’ prior written notice, and (b) at

the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE DISCOVERY AIR GROUP OR THEIR PROPERTY

15. **THIS COURT ORDERS** that until and including April 20, 2018, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

16. **THIS COURT ORDERS** that during the Stay Period, except with the written consent of the Applicant and the Monitor, or with leave of this Court, no Proceedings shall be commenced or continued against or in respect of the Non-Applicant Subsidiaries, or any of their current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Non-Applicant Subsidiaries’ Property**”, and together with the Non-Applicant Subsidiaries’ businesses, collectively, the “**Non-Applicant Subsidiaries’ Property and Business**”), arising upon or as a result of (i) the insolvency of the Applicant; (ii) the making or filing of these proceedings or of any order in these proceedings; (iii) any default or event of default arising as a result of or pursuant to either of (i) or (ii) or any default under the terms of any document entered into in connection with any of Discovery’s or the Non-Applicant Subsidiaries’ secured debt facilities including any guarantee thereunder to which any of the Applicant or the Non-Applicant Subsidiaries are a party; or (iv) any default arising out of a contract or agreement to which the Applicant and one or more Non-Applicant Subsidiaries is a party (collectively the “**Non-Applicant Subsidiary Default Events**”). Without limitation, the operation of any provision of a contract or agreement between a Non-Applicant Subsidiary and any other Person that purports to effect or cause a

termination or cessation of any rights of the Non-Applicant Subsidiary, or to accelerate, terminate, discontinue, alter, interfere with, repudiate, cancel, suspend, amend or modify such contract or agreement, in each case as a result of one or more Non-Applicant Subsidiary Default Events, is hereby stayed and restrained during the Stay Period.

NO EXERCISE OF RIGHTS OR REMEDIES

17. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

17A **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any Person against or in respect of the Non-Applicant Subsidiaries, or affecting the Non-Applicant Subsidiaries’ Property and Business, as a result of a Non-Applicant Subsidiary Default Event are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Non-Applicant Subsidiaries to carry on any business which the Non-Applicant Subsidiaries are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

18. **THIS COURT ORDERS** that during the Stay Period, no Person shall 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 Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

18A **THIS COURT ORDERS** that during the Stay Period, no Person shall 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 any other party as a result of a Non-Applicant Subsidiary Default Event, except with the written consent of the Applicant and the Monitor, or leave of this Court.

18B. **THIS COURT ORDERS** that, notwithstanding paragraphs 15 to 18A or any other provisions of this Order, upon the occurrence of an event of default under the CIBC operating facility other than a default which may arise as a result of, or otherwise relate to, the insolvency of the Applicant, the commencement of the Applicant's proceedings under the CCAA or any relief granted in these proceedings occurring after the date hereof, CIBC shall immediately upon notice to the Applicant and the Monitor be entitled to cease making advances to the Applicant and, upon 2 days' notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant, the Non-Applicant Subsidiaries, the Property or the Non-Applicant Subsidiaries' Property under or pursuant to the CIBC operating facility and any and all security granted thereunder, including without limitation, set off and/or consolidate any amounts owing by CIBC to the Applicant against the obligations of the Applicant or the Non-Applicant Subsidiaries to CIBC under the operating facility, to make demand, accelerate payment and give other notices, provided however, that CIBC may not take any further steps to enforce its security without leave of this Court, including without limitation, applying for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and/or the Non-Applicant Subsidiaries and for the appointment of a trustee in bankruptcy of the Applicant and/or the Non-Applicant Subsidiaries; and the foregoing rights and remedies of CIBC shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant, the Non-Applicant Subsidiaries, the Property, the Business or the Non-Applicant Subsidiaries' Property and Business.

CONTINUATION OF SERVICES

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility

or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

19A **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with one or more Non-Applicant Subsidiaries or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to any Non-Applicant Subsidiaries, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Non-Applicant Subsidiaries as a result of a Non-Applicant Subsidiary Default Event, and that the Non-Applicant Subsidiaries shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Non-Applicant Subsidiaries in accordance with normal payment practices of the Non-Applicant Subsidiaries or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant or any Non-Applicant

Subsidiary. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant or of the Non-Applicant Subsidiaries with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant or of the Non-Applicant Subsidiaries whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$100,000, as security for the indemnity provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 48 and 50 herein.

24. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

APPOINTMENT OF MONITOR

25. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Discovery Air Group's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (as defined herein) and its counsel and CIBC and its counsel on a periodic basis of financial and other information as agreed to between the Applicant and the DIP Lender that may be used in these proceedings, including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender or CIBC, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel and CIBC and its counsel on a periodic basis, as agreed to by the DIP Lender;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) conduct, supervise and carry out any sales process(es) with respect to the Property and the Business;
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (j) commence applications for recognition of these proceedings outside of Canada in its capacity as foreign representative without further Order of this Court; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

27. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or the Non-Applicant Subsidiaries' Property and shall take no part whatsoever in the management or supervision of the management of the Business or the Non-Applicant Subsidiaries' Property and Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the foregoing, or any part thereof.

28. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property or the Non-Applicant Subsidiaries' Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure

imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property or the Non-Applicant Subsidiaries' Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

30. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements incurred prior to or following the date hereof, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis or at such other intervals as the Applicant and the Monitor may agree.

32. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as

security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 48 and 50 hereof.

34. **THIS COURT ORDERS** that KSV in its capacity as Monitor in these proceedings be and hereby is authorized to act as a foreign representative of the Applicant and of these proceedings for the purpose of having these proceedings recognized outside of Canada.

INTERCOMPANY FINANCING

35. **THIS COURT ORDERS** that, subject to the terms of the Definitive Documents, the Applicant may advance funds to its Non-Applicant Subsidiaries after the date of this Order, whether through operation of the Cash Management System, an intercompany loan, including, without limitation, loans made pursuant to the DIP Term Sheet, or otherwise (“**Intercompany Advances**”). The Applicant’s accounts and records shall constitute, in the absence of manifest error, *prima facie* evidence of the balance of the Intercompany Advances.

36. **THIS COURT ORDERS** that the Intercompany Advances to each Non-Applicant Subsidiary shall be secured by a charge in favour of the Applicant (each, an “**Intercompany Charge**”) over the applicable Non-Applicant Subsidiary’s Property to the extent of each of their respective indebtedness to the Applicant for Intercompany Advances. The Intercompany Charges shall have the priority set out in paragraph 50 hereof.

DIP FINANCING

37. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from CEP IV Co-Investment Limited Partnership (the “**DIP Lender**”) in order to finance the Applicant’s working capital requirements and other general corporate purposes and capital expenditures and the Intercompany Advances, provided that borrowings under such credit facility shall not exceed \$12.6 million unless permitted by further Order of this Court.

38. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Applicant and the DIP Lender dated as of March 21, 2018 (the “**DIP Term Sheet**”), filed.

39. **THIS COURT ORDERS** that the Applicant and the Non-Applicant Subsidiaries, as applicable, are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents, including, without limitation, in connection with the Intercompany Advances (collectively and including the DIP Term Sheet, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant and the Non-Applicant Subsidiaries, as applicable, are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

40. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 48 and 50 hereof. Without limiting the generality of the foregoing, the Applicant’s obligations under the DIP Term Sheet and the Intercompany Advances shall also be secured by the assignment by the Applicant to the DIP Lender of the Intercompany Charges and the repayment obligations of the Non-Applicant Subsidiaries to the Applicant in respect of the Intercompany Advances, each of which are hereby assigned.

41. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge, the Intercompany Charges or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents, the DIP Lender’s Charge or the Intercompany Charges, the DIP Lender shall immediately

upon notice to the Applicant and the Monitor be entitled to cease making advances to the Applicant and, upon 2 days' notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant, the Non-Applicant Subsidiaries, the Property or the Non-Applicant Subsidiaries' Property under or pursuant to the DIP Term Sheet, Definitive Documents, the DIP Lender's Charge or the Intercompany Charges, including without limitation, set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant or the Non-Applicant Subsidiaries to the DIP Lender under the DIP Term Sheet, the Definitive Documents, the DIP Lender's Charge or the Intercompany Charges, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and/or the Non-Applicant Subsidiaries and for the appointment of a trustee in bankruptcy of the Applicant and/or the Non-Applicant Subsidiaries; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant, the Non-Applicant Subsidiaries, the Property, the Business or the Non-Applicant Subsidiaries' Property and Business.

42. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any Plan or any proposal filed by the Applicant under the BIA, with respect to any advances made under the Definitive Documents.

KEY EMPLOYEE RETENTION PLAN

43. **THIS COURT ORDERS** that the Applicants' Key Employee Retention Plan ("**KERP**"), as described in the Bernards Affidavit is hereby approved.

44. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to enter into the KERP with KERP Employees (as defined in the Bernards Affidavit).

45. **THIS COURT ORDERS** that the amounts payable to the Key Employees pursuant to the KERP are hereby secured by a charge (the "**KERP Charge**") on the Property, in favour of

the Key Employees. The KERP Charge shall have the priority set out in paragraphs 48 and 50 hereof

46. **THIS COURT ORDERS** that the aggregate amount secured by the KERP Charge granted to secure the Applicants' obligations under the KERP shall be in an amount of no more than CDN\$1.65 million.

47. **THIS COURT ORDERS** that Confidential **Exhibit "K"** to the Bernards Affidavit be and is hereby sealed pending further order of this Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

48. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge, the KERP Charge and the DIP Lender's Charge, as among them, against the Property shall be as follows:

First – Administration Charge (to the maximum amount of \$750,000);

Second – Directors' Charge (to the maximum amount of \$100,000);

Third – KERP Charge (to the maximum amount of \$1.65 million); and

Fourth – DIP Lender's Charge.

49. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the KERP Charge, the DIP Lender's Charge or the Intercompany Charges (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

50. **THIS COURT ORDERS** that:

- a) each of the Administration Charge, the Directors' Charge and the KERP Charge (all as constituted and defined herein) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") of the Applicant in favour

of any Person other than (i) any Person with a properly perfected purchase money security interest under the *Personal Property Security Act* (Ontario) or similar provincial legislation or (ii) any statutory super priority deemed trusts and liens for unremitted employee source deductions;

- b) the DIP Lender's Charge shall rank immediately in priority to Clairvest's Encumbrances granted by or against the Applicant or the Property and any other Encumbrances that rank behind such Clairvest Encumbrances; provided, for greater certainty, that the DIP Lender's Charge shall rank subordinate to any Encumbrances that have priority over such Clairvest Encumbrances; and
- c) the Intercompany Charges shall rank immediately in priority to Clairvest's Encumbrances granted by or against any Non-Applicant Subsidiary or the Non-Applicant Subsidiaries' Property and any other Encumbrances that rank behind such Clairvest Encumbrances; provided, for greater certainty, that the Intercompany Charges shall rank subordinate to any Encumbrances that have priority over such Clairvest Encumbrances with respect to the Non-Applicant Subsidiaries' Property.

51. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant and the Non-Applicant Subsidiaries shall not grant any Encumbrances over any Property or Non-Applicants Subsidiaries' Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge, the KERP Charge, the DIP Lender's Charge or the Intercompany Charges, unless the Applicant also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge, the beneficiaries of the KERP Charge, and the Administration Charge, or further Order of this Court.

52. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the DIP Term Sheet, the Definitive Documents, the DIP Lender's Charge and the Intercompany Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for

bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant or the Non-Applicant Subsidiaries, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant or the Non-Applicant Subsidiaries of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant or the Non-Applicant Subsidiaries pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

53. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the interests of the Applicant or of the Non-Applicant Subsidiaries in such real property leases.

SERVICE AND NOTICE

54. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the

names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

55. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<http://www.ksvadvisory.com/insolvency-cases/discovery-air/>’.

56. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant’s creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

57. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

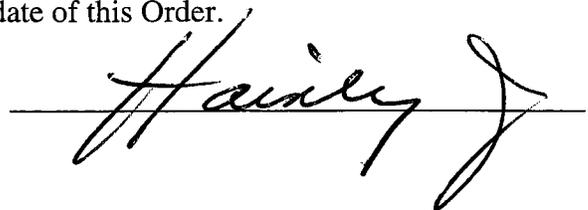
58. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

59. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

60. **THIS COURT ORDERS** that each of the Applicant and the Monitor 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 Monitor is authorized and empowered to act as the foreign representative of the Applicant for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

61. **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

62. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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

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

MAR 21 2018

PER / PAR:

Handwritten initials "NB" in black ink.

Schedule "A" – Non- Applicant Subsidiaries

1. Great Slave Helicopters Ltd.
2. Air Tindi Ltd.
3. Discovery Mining Services Ltd.
4. Discovery Air Technical Services Inc.

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

Court File No.:

CV-18-594380-COCL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DISCOVERY AIR INC. (the "APPLICANT")

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicant

Appendix “B”



**Fourth Report of
KSV Kofman Inc.
as CCAA Monitor of
Discovery Air Inc.**

June 15, 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.**

FOURTH REPORT OF KSV KOFMAN INC. AS MONITOR

June 15, 2018

1.0 Introduction

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on March 21, 2018 (the "Initial Order"), Discovery Air Inc. (the "Company") was granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Kofman Inc. was appointed monitor (the "Monitor"). A copy of the Initial Order is attached as Appendix "A". Certain of the protections and authorizations under the Initial Order were extended to Great Slave Helicopters Ltd. ("GSH"), Air Tindi Ltd. ("ATL"), Discovery Mining Services Ltd. ("DMS") and Discovery Air Technical Services Inc. as "Non-Applicant Subsidiaries" pursuant to the Initial Order.
2. The principal purpose of these CCAA proceedings is to conduct a sale solicitation process ("SSP") for the Company's:
 - a) shares of its wholly-owned operating subsidiaries, being GSH, ATL and DMS (together, the "Northern Businesses");
 - b) 9.7% interest (the "TA Interest") in Top Aces Holdings Inc. ("TA Holdings"), through which it holds an interest in Top Aces Inc. ("Top Aces") (formerly Discovery Air Defence Services Inc.); and
 - c) other assets, including intercompany claims, causes of action and other claims the Company may have against third parties, including shareholders, officers and directors of the Company, the Northern Businesses, TA Holdings and Top Aces.

1.1 Purposes of this Report

1. The purposes of this report ("Report") are to:
 - a) provide background information about the Company and these proceedings;

- b) summarize the SSP carried out by the Monitor in accordance with a Court order made on April 4, 2018 in these proceedings (the “SSP Approval Order”);
- c) summarize the terms of the following “stalking horse” asset purchase agreements (the “APAs”) submitted by affiliates of Clairvest Group Inc. (“Clairvest”) (together, the “Transactions”):
- i. an Asset Purchase Agreement dated as of March 21, 2018 (the “Top Aces APA”) among the Company and CEP IV Co-Investment Limited Partnership, Clairvest Equity Partners IV Limited Partnership, Clairvest Equity Partnership IV-A Limited Partnership, DA Holdings Limited Partnership and G. John Krediet (collectively, the “Top Aces Buyer”) pursuant to which the Top Aces Buyer has agreed to purchase the TA Interest and certain other assets owned by the Company (together with the TA Interest, the “Top Aces Property”) and assume certain liabilities related to the Top Aces business;
 - ii. three separate Asset Purchase Agreements dated as of March 21, 2018 between the Company and 10671541 Canada Inc. (the “Northern Business Buyer”), an entity incorporated by Clairvest, whereby the Northern Business Buyer has agreed to purchase:
 - the Company’s issued and outstanding shares in the capital of GSH (the “GSH Shares”), the intercompany debt owing from GSH to the Company and certain assets owned by the Company but used solely in connection with the GSH business (together with the GSH Shares, the “GSH Property”) and to assume certain liabilities related to the GSH business (such Asset Purchase Agreement being the “GSH APA”);
 - the Company’s issued and outstanding shares in the capital of ATL (the “ATL Shares”), the intercompany debt owing from ATL to the Company and certain assets owned by the Company but used solely in connection with the ATL business (together with the ATL Shares, the “ATL Property”) and to assume certain liabilities related to the ATL business (such Asset Purchase Agreement being the “ATL APA”); and
 - the Company’s issued and outstanding shares in the capital of DMS (the “DMS Shares”) and certain assets owned by the Company but used solely in connection with the DMS business (together with the DMS Shares, the “DMS Property”) and to assume certain liabilities related to the DMS business (such Asset Purchase Agreement being the “DMS APA”);
- d) set out the basis for recommending approval of the Transactions by this Court;
- e) set out the Monitor’s basis for its support of the Company’s request that the stay of proceedings be extended from June 29, 2018 to July 31, 2018;

- f) detail the Monitor's activities since April 11, 2018, the date to which its reports and activities were previously approved;
- g) detail the fees and disbursements of the Monitor and its counsel, Goodmans LLP ("Goodmans"), from the commencement of these proceedings to May 31, 2018, and seek approval of same; and
- h) Recommend that this Honourable Court make an order¹:
 - approving each of the Top Aces APA, the ATL APA, the GSH APA and the DMS APA and the Transactions contemplated therein;
 - authorizing the Company to enter into any other ancillary documents and agreements required to complete the Transactions;
 - vesting in the Top Aces Buyer and the Northern Business Buyer, as applicable, the Company's right, title and interest in and to the applicable Purchased Assets, free and clear of all liens, charges, security interests and encumbrances, other than the Permitted Encumbrances;
 - extending the stay of proceedings from June 29, 2018 to July 31, 2018;
 - approving the fees and disbursements of the Monitor and Goodmans; and
 - approving the Monitor's third report to Court dated April 24, 2018 (the "Third Report"), this Report and the activities described herein.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Company's books and records and discussions with the Company's management. The Monitor 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. An examination of the Cash Flow Forecast (as defined below) 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. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

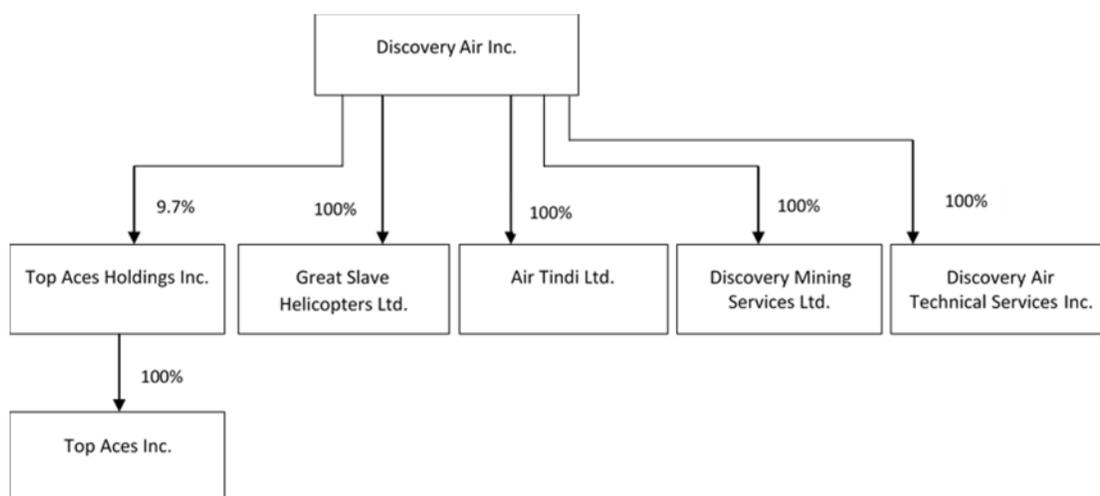
¹ Terms not defined in this section have the meanings provided to them in the APAs.

1.3 Currency

1. All currency references in this Report are to Canadian dollars.

2.0 Background

1. The Company is a holding company that provides management services to the Northern Businesses and Top Aces, including strategy, corporate finance, accounting, legal, insurance, human resources and information technology. The Company was founded in 2004 and is headquartered in Toronto, Ontario. Throughout this Report, the Company, Top Aces and the Northern Businesses 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. The Group’s condensed corporate chart, including the Company’s residual interest in TA Holdings, is provided below².



3. Clairvest is the Company’s 95.5% shareholder. The remaining shares are owned by past and present management of the Company. Clairvest is also the Company’s most significant secured creditor. As at May 31, 2018, the Company’s obligations owing to Clairvest under its secured debentures totalled approximately \$75.1 million, which continues to accrue interest and costs. Clairvest is also providing DIP financing to the Company pursuant to a DIP term sheet dated March 21, 2018, as amended (the “DIP Facility”), which was approved in the Initial Order and the amendments to which were approved by order dated April 26, 2018. As at the date of this Report, the Company has drawn approximately \$12.7 million of the \$15 million available under the DIP Facility.

² Discovery Air Technical Services Inc. is an inactive corporation – substantially all of its assets were sold in January 2016. It is a non-applicant in these proceedings as it is a guarantor of certain of the Company’s secured obligations and is the tenant on the lease for the Company’s head office.

4. The affidavit of Paul Bernards, the Company's Chief Financial Officer, sworn March 21, 2018, was filed with the Court in support of the Company's application for CCAA protection and provides, *inter alia*, details regarding the Company's background, including the reasons for the commencement of these proceedings. Mr. Bernards has also sworn an affidavit dated June 15, 2018 in support of the Company's motion for approval of the Transactions.
5. Further information regarding these proceedings and the Group's background is provided in the Monitor's reports filed earlier in these proceedings, copies of which are available on its website at www.ksvadvisory.com/insolvency-cases/discovery-air. All other Court materials filed in these proceedings can also be found on the Monitor's website.

3.0 SSP

1. The focus from the outset of these proceedings has been to carry out the SSP while, concurrently, providing a stabilized environment for the Company and the Northern Businesses to maintain normal course operations. The SSP Approval Order was made on April 4, 2018, a copy of which is attached as Appendix "B".
2. An overview of the SSP is as follows:
 - a) Immediately following the issuance of the SSP Approval Order, the Company issued a press release announcing the SSP, a copy of which is attached as Appendix "C";
 - b) The Monitor prepared an interest solicitation letter (i.e. a teaser) for Top Aces that was sent to 29 potential financial buyers. The Monitor's rationale for limiting its marketing efforts to financial buyers was set out in its First Report to Court dated March 29, 2018 (the "First Report") and is discussed in Section 3.1 below;
 - c) The Monitor prepared an interest solicitation letter for the Northern Businesses that was sent to 144 parties who might be interested in an acquisition of one or more of the Northern Businesses, including parties that had contacted the Monitor on an unsolicited basis following its appointment;
 - d) The Monitor, with the Company's assistance, prepared a confidential information memorandum ("CIM") for each of Top Aces, GSH, ATL and DMS;
 - e) Attached to the solicitation letters was a confidentiality agreement (the "CA") and a SSP acknowledgment (the "Acknowledgment") that interested parties were required to sign in order to obtain access to the applicable CIM and online data room set up by the Monitor;
 - f) Following execution of the CA and the Acknowledgment, prospective purchasers were provided with the applicable CIM(s) and were granted access to the applicable data room(s) so they could perform diligence;

- g) Over the course of the SSP, the Monitor facilitated diligence requests from a number of interested parties, including by working with management to update the data rooms with current financial and other information, as required;
 - h) Each data room included an electronic version of the applicable APA. Prospective purchasers were requested to submit offers in the form of the applicable APA together with a blacklined version of their offer against the applicable stalking horse APA;
 - i) Under the SSP Approval Order, offers for the Top Aces Property were required to be submitted to the Monitor by 5:00 pm (Eastern time) on May 21, 2018;
 - j) Under the SSP Approval Order, offers for the Northern Businesses were required to be submitted to the Monitor by 5:00 pm (Eastern time) on June 4, 2018; and
 - k) Bidders were required to provide a cash deposit equal to 15% of their proposed purchase price.
3. The acquisition opportunities were also exposed to the market through an article published in Skies Magazine on April 11, 2018. The Monitor understands that Skies Magazine is a leading publication in the aviation industry. A copy of the article is attached as Appendix "D".
4. As set out in the First Report, in order to protect the integrity of the SSP, the Initial Order and the SSP Approval Order authorized the Monitor to conduct the SSP. This was necessary given Clairvest's many connections to the Company, including: it has several representatives on the Company's Board, it is the Group's most significant financial stakeholder, entities related to it are providing DIP financing for these proceedings and other entities related to it are the stalking horse bidders in the SSP. In this regard, the Monitor sent a letter to each member of the Company's senior management team reminding them of their confidentiality obligations regarding Clairvest in connection with the SSP. A copy of the Monitor's letter to the Company's senior management team is attached as Appendix "E".

3.1 Top Aces Buyer List

1. As set out in the First Report, the Company owns approximately 9.7% of the shares of TA Holdings (which is defined above as the TA Interest). The remaining 90.3% of the TA Holdings shares are owned by Clairvest (64.75%) and a group of institutional financial investors led by JP Morgan Asset Management (25.55%). The TA Interest is subject to a shareholder agreement that restricts certain rights of minority shareholders, including that the minority shareholder will not be entitled to any board representation and will have restricted liquidity rights. Given the small size of the TA Interest, the Monitor was of the view that the most likely buyers for the TA Interest would be financial buyers.

2. Prior to these proceedings, management of Top Aces communicated to KSV, as the prospective CCAA monitor, concerns about the dissemination of confidential information concerning the TA business³. Top Aces management communicated that if strategic buyers gained access to non-public information in respect of Top Aces, such information could be used against Top Aces, which would be adverse to its competitiveness and long term viability. The same is also true if any of Top Aces' competitors acquired the TA Interest. Accordingly, the Monitor was of the view that it would be appropriate to limit the marketing of the Top Aces Property to financial buyers. The Court-approved SSP provides that the Monitor will only approach financial buyers for the Top Aces Property.

3.2 SSP Results – Top Aces Property

1. A summary of the SSP results is as follows:
 - a) The Monitor contacted twenty-nine (29) financial parties in respect of the Top Aces opportunity. One party signed a CA for Top Aces and performed diligence. Feedback received from the parties contacted included the following:
 - the TA Interest represents a small minority interest in Top Aces; and
 - parties were unwilling to make an offer that would be competitive with the value of the Top Aces APA.
 - b) Accordingly, no qualified bids were received for the TA Interest. On May 22, 2018, the offer submitted by the Top Aces Buyer was accepted, subject to Court approval. A copy of the Monitor's bid acceptance letter is attached as Appendix "F".

3.3 SSP Results – Northern Businesses

1. A summary of the SSP results for the Northern Businesses is as follows:
 - a) Of the 144 strategic and financial parties approached by the Monitor, thirty-six (36) parties signed CAs for the Northern Businesses, as detailed below:

	ATL	GSH	DMS	Total
Signed CAs	11	16	9	36
 - b) One offer was submitted in the SSP for the Northern Businesses. The offer was not a qualifying offer and, accordingly, no auction was conducted.
 - c) Feedback received from the parties that performed diligence on the Northern Business opportunity included:
 - they were unwilling to make an offer that would be competitive with the Northern Business APAs;

³ Top Aces is a supplier of contracted airborne training services to the Department of National Defense, the Canadian Armed Forces and other militaries around the world pursuant to exclusive, long term contracts.

- parties were not interested in en-bloc going-concern bids for the Northern Businesses. Rather, they were interested in portions of the Northern Businesses and/or certain of their assets; and
 - parties were concerned with the post-closing funding requirements of certain of the Northern Businesses.
- d) On June 5, 2018, the offers submitted by the Northern Business Buyer were accepted by the Monitor, subject to Court approval. A copy of the Monitor's bid acceptance letter is attached as Appendix "G".

4.0 Transactions

4.1 Top Aces APA⁴

1. The key terms and conditions of the Top Aces APA include the following:
 - a) Purchaser: Top Aces Buyer
 - b) Purchase Price (in the form of a credit bid): \$20.825 million (being the amount of the Clairvest Credit Bid Amount) plus the Assumed Liabilities. The purchase price is to be satisfied first by extinguishing the Company's indebtedness owing under the DIP Facility, with the balance by extinguishing a portion of Clairvest's pre-filing secured debt.
 - c) Purchased Assets: the Company's right, title and interest in, to and under the Top Aces Property, including:
 - i. the TA Shares;
 - ii. the assets, property and undertaking owned by the Company and used solely in connection with the business of Top Aces;
 - iii. all original books and records of Top Aces or otherwise relating to the Top Aces Business;
 - iv. each of the Contracts relating to the business carried on by Top Aces as set out in Schedule 2.1(b) of the Top Aces APA (the "Top Aces Assigned Contracts");
 - v. any and all debts, liabilities, obligations, causes of action and other claims that the Company may have against TA Holdings, Top Aces or any other Person, including without limitation the officers and directors of the Company, TA Holdings or Top Aces;
 - vi. any other property, assets and undertaking of the Company related to the Top Aces business as specifically identified by the Top Aces Buyer on or before Closing; and

⁴ Terms not defined in this section have the meanings provided to them in the Top Aces APA or the SSP.

- vii. the Residual Assets, being all other assets of the Company not being acquired by the Northern Business Buyer pursuant to the APAs for the Northern Businesses other than the Company's equity interest in any of its inactive subsidiaries and any other assets the Top Aces Buyer identifies in writing as an excluded asset.
- d) Assumed Liabilities: all liabilities and obligations owing by the Company under or in respect of the Top Aces Assigned Contracts (other than post-filing costs to be paid by the Company) and all liabilities and obligations arising from, or in relation to, the Permitted Encumbrances.
- e) Termination: the agreement may be terminated by either party if the Top Aces Buyer is not selected as the Successful Bidder on the earlier of: (i) 30 days after the Bid Deadline (the bid deadline was May 21, 2018); and (ii) Court approval of the Accepted Bid. As noted above, the Top Aces Buyer was declared the Successful Bidder on May 22, 2018.
- f) Approvals and Consents: other than Court Approval and any consent required in connection with the assignment of any Top Aces Assigned Contracts or any Purchased Assets, no authorization, consent or approval of, or filing with or notice to any Governmental Authority or any other Person is required in connection with the execution, delivery or performance of the Top Aces APA.
- g) Transition Services: to the extent necessary, the Company shall provide the Top Aces Buyer with transition services (the "Top Aces Transition Services") relating to: (i) record keeping, financial, tax and other reporting obligations and other general administrative services; and (ii) shared Contracts, services and assets both among the Company, TA Holdings and Top Aces, and among the Company, TA Holdings, Top Aces and one or more of the Northern Businesses, or between or among any combination of the foregoing parties. The Top Aces Buyer may require one or more agreements in respect of the Top Aces Transition Services.

At this time, it does not appear that any Transition Services agreement will be required.

- h) Conditions Precedent: the agreement is consistent with standard insolvency transactions, i.e. to be completed on an "as is, where is" basis with minimal representations, warranties and conditions. The conditions include that:
 - i. the SSP Approval Order shall have been issued and entered on or before April 4, 2018, or such later date as the Company and the Top Aces Buyer agree in writing. This condition was satisfied on April 4, 2018;
 - ii. the Approval and Vesting Order shall have been issued and entered on or before June 14, 2018, or such later date as the Company and the Top Aces Buyer agree in writing. In this regard, the Top Aces Buyer has agreed to extend this date to the return of this motion, being June 22, 2018;

- iii. the Top Aces Buyer shall sign, and be bound by the terms of all shareholders' agreements in respect of TA Holdings and Top Aces; and
 - iv. there shall not have been a Material Adverse Change.
2. The SSP Approval Order provides that the sale and/or vesting of any property, assets or undertaking of the Company, including the Top Aces Property, is subject to Court approval following completion of the SSP. A copy of the Top Aces APA is attached to the Affidavit of Paul Bernards sworn June 15, 2018.

4.2 Northern Business APAs⁵

1. The structure, terms and conditions of the three Northern Business APAs are virtually identical. They are summarized in the table below.

Term	GSH	ATL	DMS
Purchaser	Northern Business Buyer		
Purchased Assets	The GSH Property	The ATL Property	The DMS Property
Purchase Price	\$12.381 million plus the Assumed Liabilities.	\$19.765 million plus the Assumed Liabilities.	\$5 million plus the Assumed Liabilities.
Satisfaction of Purchase Price	<p>The Purchase Price shall be satisfied on closing by: (i) the assumption of liabilities and obligations under the Clairvest Convertible Debentures equal to the Clairvest Convertible Debentures Indebtedness Assumption Amount; and (ii) the assumption and/or satisfaction of the Assumed Liabilities⁶.</p> <p>Following the assumption by the Northern Business Buyer of the Clairvest Convertible Debentures, Clairvest has agreed that it will not pursue its claims against the Company under the Clairvest Convertible Debentures (but will preserve its claims against the guarantors).</p>		
Assumed Liabilities	<p>The Northern Business Buyer will assume all contracts relevant to the respective Northern Businesses and/or address the obligations owing to each of their lenders on terms acceptable to those lenders, including:</p> <ol style="list-style-type: none"> a) all liabilities and obligations under or in respect of the GSH/ATL/DMS Assigned Contracts (other than post-filing costs to be paid by the Company); b) liabilities and obligations under the Clairvest Convertible Debentures and the DIP Facility; c) all liabilities and obligations in respect of the Amended and Restated Credit Agreement dated May 26, 2015 among, <i>inter alia</i>, the Company, the Canadian Imperial Bank of Commerce ("CIBC") and GSH/ATL/DMS, as guarantors; d) all liabilities and obligations in respect of an Aircraft Loan Agreement, dated as of January 31, 2014, as amended, and an Aircraft Loan Agreement, dated as of March 31, 2014, each among, <i>inter alia</i>, the Company, Element Financial Corporation and GSH/ATL/DMS, as guarantors; 		

⁵ Terms not defined in this section have the meanings provided to them in the Northern Business APAs or the SSP.

⁶ The allocation of these amounts will be determined on or before closing but does not affect the purchase price.

Term	GSH	ATL	DMS
	<p>e) all liabilities and obligations in respect of an Aircraft Loan Agreement, dated as of March 26, 2012, as amended, among, <i>inter alia</i>, the Company, Roynat Inc., ATL, GSH and DMS;</p> <p>f) all liabilities and obligations arising from, or in relation to, intercompany transactions between the Company and each of GSH, ATL and DMS, respectively; and</p> <p>g) all liabilities and obligations arising from, or in relation to, the Permitted Encumbrances.</p>		
Approvals and Consents	<p>No authorization, consent, approval of or filing with or notice to any Governmental Authority or any other Person is required, except for:</p> <p>a) Court Approval;</p> <p>b) any consent required in connection with the assignment of the Assigned Contracts or any Purchased Assets (whether obtained by Court Order or otherwise); and</p> <p>c) any consent or approval in respect of any change of control provisions in Contracts (whether obtained by Court Order or otherwise).</p>		
Transition Services	<p>The Company⁷ shall, if necessary, provide Transition Services relating to:</p> <p>a) record keeping, financial, tax and other reporting obligations and other general administrative services as reasonably requested by the Northern Business Buyer; and</p> <p>b) shared Contracts, services and assets both between the Company and the respective Non-Applicant Subsidiary and among the Company, the respective Non-Applicant Subsidiary and one or more of the Company's other Northern Businesses, or between or among any combination of the foregoing parties.</p> <p>The Northern Business Buyer may require the Company to enter into one or more agreements in respect of Transition Services.</p> <p>At this time, it does not appear that any Transition Services agreement will be required.</p>		
Termination	<p>Each purchase agreement may be terminated if the Northern Business Buyer is not the Successful Bidder, by either party upon the earlier of:</p> <p>a) thirty (30) days after the Bid Deadline (June 4, 2018); and</p> <p>b) approval of the Court of the Accepted Bid.</p>		
Conditions Precedent	<p>The agreements are consistent with standard insolvency transactions, i.e. to be completed on an "as is, where is" basis with minimal representations, warranties and/or conditions. Conditions include that:</p> <p>a) the SSP Approval Order shall have been issued and entered on or before April 4, 2018, or on or before such later date as the Company and the Northern Business Buyer agree. This condition was satisfied on April 4, 2018;</p> <p>b) the Approval and Vesting Order shall have been issued and entered on or before June 28, 2018;</p> <p>c) the Northern Business Buyer shall sign, and be bound by, the terms of all shareholders' agreements in respect of the applicable Non-Applicant Subsidiary; and</p>		

⁷ Some of these services may be provided by Top Aces.

Term	GSH	ATL	DMS
	d) there shall not have been a Material Adverse Change, as defined in the Stalking Horse Agreements.		
Other	a) Each Northern Stalking Horse Agreement is an independent offer and, accordingly, is not conditional on acceptance of any of the other bids being the Successful Bid in the SSP for GSH, ATL, DMS and/or Top Aces. Copies of the Northern Business APAs are attached to the Affidavit of Paul Bernards sworn June 15, 2018.		

4.3 Recommendation

1. The Monitor believes the Transactions are appropriate for the following reasons:
 - a) the SSP was carried out in accordance with the SSP Approval Order;
 - b) in the Monitor's view, the SSP was commercially reasonable, including timelines, breadth of marketing process and information made available to interested parties, including information in the data rooms;
 - c) the duration of the SSP (roughly two months) was sufficient to allow interested parties to perform diligence and submit offers. In addition, none of the parties the Monitor contacted expressed any concern or made any requests to extend the SSP timelines;
 - d) no other qualifying offers were received for the TA Interest or for the Northern Businesses and, accordingly, the stalking horse APAs were the best offers received in the process;
 - e) the Transactions were extensively negotiated prior to these proceedings with a view to maximizing the value of the Company's business and assets;
 - f) the value of the Northern Business APAs materially exceeds the liquidation value of the respective Northern Businesses given that, *inter alia*, they are structured as share deals that provide for the assumption of all liabilities of the Northern Businesses, including secured, unsecured, contingent or otherwise⁸;
 - g) the SSP provided all prospective bidders with the opportunity to submit offers for the shares of the Northern Businesses (as contemplated by the APAs) or their assets;
 - h) all interested parties were permitted to submit offers for any or all of the Northern Businesses;
 - i) employment in Northern Canada will be preserved;

⁸ This consideration is not relevant to the sale of the TA Property, given it is a minority interest in Top Aces.

- j) Clairvest, as DIP lender and principal secured creditor, has consented to the Transactions;
 - k) CIBC has advised that it is not opposed to the requested relief and the other secured creditors will be served with the Company's motion record; and
 - l) the Monitor does not believe that further time spent marketing the Company's business and assets will result in superior transactions. Moreover, Clairvest, as DIP lender, is not prepared to continue to fund the sale process beyond the current timelines contemplated in the SSP and each of the Top Aces APA, the GSH APA, the ATL APA and the DMS APA contemplate Court approval in June, 2018, and a closing date on or before July 31, 2018.
2. Based on the foregoing, the Monitor recommends that this Honourable Court approve the Transactions.

4.4 Anticipated Timeline to Closing

1. The "Outside Date" in each of the Top Aces APA, ATL APA, GSH APA and DMS APA is July 31, 2018. The Monitor understands that the Company, the Top Aces Buyer and the Northern Business Buyer are working diligently to close the Transactions prior to that date.
2. At this time, the Monitor understands that Court approval is the final significant condition precedent to the Transactions.

5.0 Funding of these Proceedings

1. The maximum amount available under the DIP Facility is \$15 million, which was increased from \$12.6 million pursuant to a Court order made on April 26, 2018. As at the date of this Report, approximately \$12.7 million was outstanding under the DIP Facility.
2. As at the date of this Report, the Company's borrowings under the DIP Facility were less than projected in its most recent cash flow projection filed with the Court on April 24, 2018 (the "Cash Flow Forecast"), which reflected projected borrowings as at June 10, 2018 to be approximately \$13.6 million.
3. The Company previously filed with the Court a cash flow forecast for the period ending July 31, 2018 (the "Cash Flow Forecast"), being the proposed stay extension date. A copy of the Cash Flow Forecast is attached as Appendix "H".
4. The Cash Flow Forecast reflects, *inter alia*, that there is projected to be sufficient funding available for the Company and the Northern Businesses to operate in the normal course through the proposed stay extension period without a further draw on the DIP Facility. Given that the DIP Facility will expire on the closing of the Top Aces Transaction, the Company is considering making a final draw under the DIP Facility to provide additional liquidity through to closing of the Northern Business Transactions.

5. Based on the Monitor's review of the Cash Flow Forecast, the cash flow assumptions continue to appear reasonable.

6.0 Stay Extension

1. The Monitor supports the Company's request for an extension of the stay of proceedings from June 29, 2018 to July 31, 2018 for the following reasons:
 - a) the Company is acting in good faith and with due diligence;
 - b) the extension will provide the opportunity to complete the Transactions;
 - c) the Cash Flow Forecast reflects that the Company and the Northern Businesses are projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period;
 - d) Clairvest, being the principal economic stakeholder and DIP lender in these proceedings, supports the stay extension;
 - e) CIBC's counsel has advised that CIBC does not oppose the extension;
 - f) the other secured creditors will be served with the Company's motion record and will have the opportunity to advise of any objections that they may have; and
 - g) no creditor will be materially prejudiced if the extension is granted.

7.0 Anticipated Next Steps in these Proceedings

1. Subject to Court approval of the Transactions and the proposed stay extension, it is expected that the Company's next steps in these proceedings will be to:
 - a) work with the Top Aces Buyer and the Northern Business Buyer to close the Transactions;
 - b) deal with any sundry post-closing or other issues, including transitional matters (if any); and
 - c) bring a final motion to terminate these CCAA proceedings.

8.0 Overview of the Monitor's Activities

1. The Monitor's Pre-Filing Report dated March 21, 2018, First Report dated March 29, 2018, Supplement to the First Report dated April 3, 2018 and Second Report to Court dated April 11, 2018, and its activities described therein, were all approved pursuant to a Court order made on April 18, 2018.

2. The Monitor is presently seeking approval of this Report and its Third Report, a copy of which is attached as Appendix "I", without appendices. Since April 18, 2018, the Monitor's activities have included the following:
- a) carrying out the SSP in accordance with the SSP Approval Order, including drafting teasers and confidential information memoranda, reviewing information to be posted in the data rooms, populating the data rooms, contacting and engaging in discussions with prospective purchasers, negotiating CAs and facilitating diligence performed by prospective purchasers;
 - b) working with the Company on cash management matters, including submitting drawdown certificates and preparing weekly variance analyses, as required under the DIP Facility;
 - c) corresponding with the Company and Clairvest, in its capacity as DIP lender, regarding weekly variance analyses and other cash management issues;
 - d) reviewing weekly cash flow analyses and reports prepared by the Company and discussing same with management and Clairvest, in its capacity as DIP lender;
 - e) reviewing monthly borrowing base certificates prepared by the Company;
 - f) assisting in the discussions and financial analyses required to settle the First Amendment to the DIP Facility, including assisting the Company to prepare the cash flow forecast on which the amendment was based;
 - g) corresponding with the Company and legal counsel in connection with the Company's dealings with the Ontario Securities Commission ("OSC") on the form of a Court order made on April 20, 2018 and a Cease Trade Order issued by the OSC on May 7, 2018;
 - h) corresponding with the Company and its counsel regarding an audit on the Company's payroll and HST accounts;
 - i) reviewing and commenting on all draft Court materials filed for the motion to approve the amendment to the DIP Facility and this motion;
 - j) drafting the Third Report and this Report;
 - k) corresponding with the Company regarding the sale of four aircraft completed over the course of these proceedings with the consent of the Company's secured lenders;
 - l) responding to enquiries received from the Company's unsecured debenture holders and other stakeholders; and
 - m) assisting the Company and the Northern Businesses to deal with their respective stakeholders in connection with these proceedings.

9.0 Professional Fees

1. The Monitor's fees and disbursements (excluding HST) from March 21, 2018, being the commencement of these proceedings, until May 31, 2018, and those of its legal counsel, Goodmans, for the same period, total approximately \$392,000 and \$204,000, respectively. The fees of the Monitor and Goodmans also include activities prior to the date of the Initial Order in connection with preparing for these CCAA proceedings.
2. The detailed invoices in respect of the fees and disbursements of the Monitor and Goodmans are provided in appendices to the affidavits filed by KSV and Goodmans in the accompanying motion materials.
3. The average hourly rates for KSV and Goodmans for the referenced billing periods were \$493.23 and \$641.96, respectively.
4. The Monitor is of the view that the hourly rates charged by Goodmans are consistent with the rates charged by corporate law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.

10.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,



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

Appendix “C”

Discovery Air Inc.

Projected Cash Flow and Margin Calculation

For the Period Ending August 31, 2018

(Unaudited; C\$)

	Notes	22-Jul-18	29-Jul-18	05-Aug-18	12-Aug-18	19-Aug-18	26-Aug-18	31-Aug-18	Total
<i>Receipts</i>									
HST and other collections	2	-	135,000	-	-	135,000	-	400,000	670,000
Non-Applicant Subsidiaries' collections	3	1,988,097	2,142,079	1,938,240	2,429,821	3,643,744	2,371,421	2,937,121	17,450,520
<i>Total Receipts</i>		1,988,097	2,277,079	1,938,240	2,429,821	3,778,744	2,371,421	3,337,121	18,120,520
<i>Disbursements</i>									
Operating expenses of the Non-Applicant Subsidiaries	4	3,338,139	1,819,481	4,200,088	2,752,412	2,991,435	2,502,572	2,924,907	20,529,035
Payroll costs	5	-	-	75,000	1,090,000	-	-	-	1,165,000
Other sundry expenses	6	75,000	50,000	110,000	-	15,000	-	-	250,000
Debt service costs	7	38,000	-	64,000	-	38,000	-	-	140,000
Professional fees	8	204,250	-	-	120,750	-	-	-	325,000
<i>Total Disbursements</i>		3,655,389	1,869,481	4,449,088	3,963,162	3,044,435	2,502,572	2,924,907	22,409,035
<i>Net Cash Flow</i>		(1,667,292)	407,598	(2,510,849)	(1,533,342)	734,308	(131,152)	412,213	(4,288,515)
<i>Projected CIBC Borrowing Base</i>									
		22-Jul-18	29-Jul-18	05-Aug-18	12-Aug-18	19-Aug-18	26-Aug-18	31-Aug-18	
Opening CIBC indebtedness		10,769,091	12,436,383	12,028,785	14,539,634	16,072,976	15,338,668	15,469,819	
Net cash flow		(1,667,292)	407,598	(2,510,849)	(1,533,342)	734,308	(131,152)	412,213	
Closing CIBC indebtedness		12,436,383	12,028,785	14,539,634	16,072,976	15,338,668	15,469,819	15,057,606	
Net assets available for borrowing		16,296,300	16,296,300	16,296,300	18,126,937	18,126,937	18,126,937	18,126,937	
Availability/(Shortfall)		3,859,917	4,267,515	1,756,666	2,053,961	2,788,269	2,657,118	3,069,331	

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 July 16, 2018 to August 31, 2018 in respect of its proceedings under the *Companies' Creditors Arrangement Act*. The Company is the only applicant in the proceedings. In accordance with the Initial Order, the cash flow reflects the cash management system used by the Company and the Non-Applicant Subsidiaries, being Great Slave Helicopters 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 net HST refundable and payroll reimbursements from Top Aces Inc.
3. 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.
4. Represents funding by the Company for the operating expenses of the Non-Applicant Subsidiaries, including payroll costs, aircraft maintenance, 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, including payments under the Key Employee Retention Plan, which were approved pursuant to the Initial Order.
6. Represents telecommunications, technology, office supplies, utilities, accounting and other sundry expenses incurred by the Company.
7. Represents the payment of debt service costs on the Company's secured credit facilities, as follows:
 - (a) interest to ECN Aviation Inc.;
 - (b) interest and a standby overdraft fee to Canadian Imperial Bank of Commerce; and
 - (c) interest to Roynat Inc.
8. Represents payment of the estimated professional fees of the Monitor, its legal counsel and the Company's legal counsel.

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 16th day of July, 2018 for the period July 16, 2018 to August 31, 2018 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

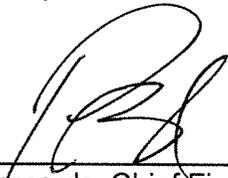
The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow.

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 16th day of July, 2018.

Discovery Air Inc.



Paul Bernards, Chief Financial Officer

Appendix “D”

**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 16th day of July, 2018, consisting of a weekly projected cash flow statement for the period July 16, 2018, to August 31, 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 17th day of July, 2018.



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

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

Court File No. CV-18-594380-00CL

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

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**FIFTH REPORT OF THE MONITOR
July 17, 2018**

GOODMANS LLP

Barristers & Solicitors

333 Bay Street, Suite 3400

Toronto, Canada M5H 2S7

L. Joseph Latham LSO #32326A

jlatham@goodmans.ca

Bradley Wiffen LSO #64279L

bwiffen@goodmans.ca

Tel: (416) 979-2211

Fax: (416) 979-1234

Lawyers for the Monitor

TAB 2

**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 THE COMPROMISE AND ARRANGEMENT OF
DISCOVERY AIR INC.**

**AFFIDAVIT OF ROBERT KOFMAN
(Sworn July 17, 2018)**

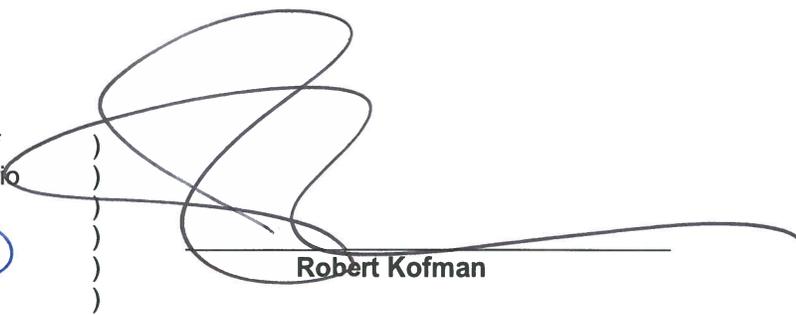
I, **ROBERT KOFMAN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President of KSV Kofman Inc., the Court-appointed Monitor (the "Monitor") of Discovery Air Inc. (the "Company"), and as such I have knowledge of the matters deposed to herein.
2. Pursuant to an order of the Ontario Superior Court of Justice ("Court") made on March 21, 2018, the Company was granted protection under the *Companies' Creditors Arrangement Act* ("CCAA") and KSV was appointed as the Monitor in these proceedings.
3. This Affidavit is sworn in support of a motion to be made in these proceedings seeking, among other things, approval of the Monitor's fees and disbursements for the period June 1 to June 30, 2018.
4. The Monitor's invoices for the period from June 1 to June 30, 2018 disclose in detail: (i) the period during which the services were rendered; (ii) the time expended by each person and their hourly rates; and (iii) the total charges for the services rendered and disbursements incurred for the relevant time period. Copies of the Monitor's invoices are attached hereto as Exhibit "A" and the billing summary is attached hereto as Exhibit "B".
5. As reflected on Exhibit "B", the Monitor's average hourly rate for the period June 1 to June 30, 2018 was \$570.63.

6. I verily believe that the time expended and the fees charged are reasonable in light of the services performed and the prevailing market rates for services of this nature in downtown Toronto.

SWORN before me at the City of
Toronto, in the Province of Ontario
this 17th day of July, 2018


A commissioner, etc.

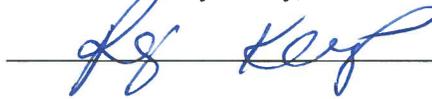

Robert Kofman

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Kofman Inc.
Expires January 22, 2021.

Attached is Exhibit "A"
Referred to in the
AFFIDAVIT OF ROBERT KOFMAN

Sworn before me

this 17th day of July, 2018



Commissioner for taking Affidavits, etc

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Kofman Inc.
Expires January 22, 2021.



Bobby Kofman
ksv advisory inc.
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ksvadvisory.com
bkofman@ksvadvisory.com

July 5, 2018

DELIVERED BY EMAIL (pbernards@discoveryair.com)

Discovery Air Inc.
170 Attwell Drive, Suite 370
Etobicoke, ON M9W 5Z5

Attention: Paul Bernards

Dear Paul:

Re: Discovery Air Inc. (the "Company")

Enclosed please find our invoice for services rendered during June, 2018 in connection with the Company's proceedings under the *Companies' Creditors Arrangement Act*.

Should you have any questions regarding the enclosed, please do not hesitate to contact us.

Yours very truly,

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

Per: Bobby Kofman

BK:lq
Encl(s)

c.c. John Asma



ksv advisory inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
T +1 416 932 6262
F +1 416 932 6266

ksvadvisory.com

INVOICE

Discovery Air Inc.
170 Attwell Drive, Suite 370
Etobicoke, ON M9W 5Z5

July 5, 2018

Invoice No: 951
HST #: 818808768 RT0001

Re: Discovery Air Inc. (the "Company")

For professional services rendered during June, 2018 in connection with the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA"), including:

- Corresponding with representatives of Torys LLP ("Torys"), counsel to Clairvest Group Inc. and its affiliates ("Clairvest"), Goldman Sloan Nash & Haber LLP ("GSNH"), counsel to the Company, Goodmans LLP ("Goodmans"), the Monitor's counsel, and/or management in connection with the CCAA proceedings;
- Reviewing the Company's weekly cash flow projections and other financial information provided by the Company, including its monthly board report for May, monthly borrowing base certificate and related schedules;
- Reviewing the Company's actual cash flow results on a weekly basis and corresponding extensively with the Company regarding same;
- Preparing weekly variance analyses comparing the actual results to the revised CCAA cash flow forecast filed with the Ontario Superior Court of Justice ("Court") on April 24, 2018 (the "Weekly Variance Analysis");
- Corresponding with the Company regarding each Weekly Variance Analysis;
- Responding to inquiries from Clairvest regarding the Weekly Variance Analysis;
- Preparing various financial analyses at the request of Clairvest and corresponding with Clairvest and internally regarding same;

- Carrying out the sale solicitation process (“SSP”) in accordance with a Court Order made on April 4, 2018, including:
 - managing the online data rooms for Air Tindi Ltd. (“ATL”), Great Slave Helicopters Ltd. (“GSH”), and Discovery Mining Services Ltd. (“DMS”);
 - following up with prospective purchasers to determine their interest in pursuing one or more of the opportunities;
 - providing management with updates on the SSP; and
 - working with management to respond to diligence requests submitted by interested parties up to the bid deadline of June 4, 2018;
- Drafting a letter dated June 5, 2018 declaring Clairvest’s “stalking horse” bidder the “successful bidder” under the SSP for the Company’s issued and outstanding shares in each of GSH, ATL and DMS;
- Attending a meeting on June 14, 2018 at Goodmans’ offices with representatives of Paliare Roland Rosenberg Rothstein LLP and Siskinds LLP, legal counsel to the Ad Hoc Committee of Holders of Debentures (the “Debenture Holders”);
- Drafting the Monitor’s fourth report to Court dated June 15, 2018 (“Fourth Report”) filed in support of, *inter alia*, the Company’s sale approval motion returnable June 22, 2018 (the “Sale Approval Motion”);
- Discussing multiple drafts of the Fourth Report prior to finalizing same on June 15, 2018;
- Reviewing and commenting on multiple versions of all Court materials filed in connection with the Sale Approval Motion, including the draft Notice of Motion, Affidavit of Paul Bernards, Factum and Approval and Vesting Orders;
- Preparing the Fee Affidavit of Robert Kofman sworn June 15, 2018;
- Reviewing the Fee Affidavit of Joe Latham sworn June 15, 2018;
- Reviewing responding motion materials filed on June 18 and 19, 2018 by the Debenture Holders, including its draft Statement of Claim and a document/information production list;
- Attending conference calls from June 18, 2018 to June 22, 2018 among legal counsel to the Company, Clairvest, the Monitor and/or the Debenture Holders in connection with the issues raised by the Debenture Holders in its responding motion record, including in respect of preserving the Company’s books and records and certain terms of the draft Approval and Vesting Orders;
- Reviewing multiple versions of draft Orders, including those proposed by the Debenture Holders, prior to the revised and final Orders being issued on consent on June 22, 2018;
- Attending at Court on June 22, 2018 re the Sale Approval Motion;
- Reviewing and commenting on the closing documents in connection with the Top Aces transaction;

- Corresponding extensively with the Company and Clairvest regarding the DIP Facility in the context of closing the Top Aces transaction;
- Executing the Monitor's Certificate as part of the closing of the Top Aces transaction on June 28, 2018;
- Reviewing correspondence from Estudio Alvarez Calderon Abogados ("EACA"), a representative of Helisafe S.A.C. ("Helisafe"), a former joint venture partner of GSH, regarding Helisafe's initiation of an arbitration proceeding before the International Chamber of Commerce (the "Arbitration");
- Corresponding with David Kleiman, the Company's general counsel, regarding the Arbitration, including in respect of Mr. Kleiman's discussions with local counsel and Clairvest regarding the steps to be taken in the Arbitration proceeding;
- Reviewing correspondence provided by Mr. Kleiman in respect of the Arbitration and discussing same internally;
- Responding to inquiries from certain of the Company's unsecured debenture holders and other stakeholders;
- Considering issues related to GSH's operations;
- Dealing with issues related to the pending closing of the ATL, GSH and DMS transactions; and
- To all other meetings, correspondence and other activities related to this matter not specifically detailed above.

Total fees and disbursements per attached time summary	\$ 90,923.58
HST	<u>11,820.07</u>
Total Due	<u>\$ 102,743.65</u>

Wire Instructions

Pay to: KSV Kofman Inc.
150 King Street W, Suite 2308
Toronto, ON M5H 1J9

Bank: BMO Bank of Montreal
First Canadian Place, 42nd Floor
Toronto, ON M5X 1A3

Bank No.: 001
Transit (ABA): 32132
Account No.: 1995665

KSV Kofman Inc.
Discovery Air Inc.

Time Summary

For the Period June 1 to 30, 2018

Personnel	Role	Rate (\$)	Hours	Amount (\$)
Robert Kofman	Overall responsibility	700	38.15	26,705.00
David Sieradzki	All aspects of mandate	600	71.00	42,600.00
Shelby Draper	Cash flow projections, variance reporting and CCAA correspondence/materials	450	42.25	19,012.50
Eli Brenner	Sale process	425	4.80	2,040.00
Other Staff and Administrative				487.50
Subtotal				90,845.00
Out of pocket disbursements				78.58
Total Fees and Disbursements				90,923.58

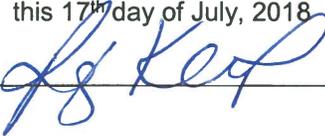
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF ROBERT KOFMAN

Sworn before me

this 17th day of July, 2018.



Commissioner for taking Affidavits, etc

Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Kofman inc
Expires January 22, 2021.

Discovery Air Inc.

Schedule of Professionals' Time and Rates

For the period June 1 to June 30, 2018

Personnel	Title	Duties	Hours	Billing Rate (\$ per hour)	Amount \$
Bobby Kofman	Managing Director	Overall responsibility	38.15	700.00	26,705.00
David Sieradzki	Managing Director	Court materials, sale process, operational matters, dealing with stakeholders	71.00	600.00	42,600.00
Shelby Draper	Senior Manager	Cash flow projections, variance reporting and CCAA correspondence/materials	42.25	450.00	19,012.50
Eli Brenner	Senior Manager	Sale process	4.80	425.00	2,040.00
Other staff and administrative		Administrative	3.00	162.50	487.50
Total fees					90,845.00
Total hours					159.20
Average hourly rate					<u>\$ 570.63</u>

TAB 3

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.

AFFIDAVIT OF L. JOSEPH LATHAM
(sworn July 17, 2018)

I, L. Joseph Latham, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am a partner at Goodmans LLP ("**Goodmans**"), legal counsel to KSV Kofman Inc. ("**KSV**") in its capacity as the Court-appointed Monitor (the "**Monitor**") in the *Companies' Creditors Arrangement Act* proceedings of Discovery Air Inc. ("**Discovery Air**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief, and whereso stated I verily believe it to be true. Goodmans does not, and does not intend to, waive privilege by any statement herein.

2. KSV was appointed as Monitor pursuant to the Initial Order of the Honourable Mr. Justice Hainey dated March 21, 2018 (the "**Initial Order**"). KSV retained Goodmans as its counsel prior to the commencement of these proceedings, and as Monitor has continued to retain Goodmans as its counsel in these proceedings.

3. Pursuant to paragraph 32 of the Initial Order, the Monitor's legal counsel is required to pass its accounts from time to time.

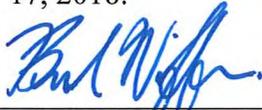
4. Attached hereto as Exhibit "A" is a copy of the invoice rendered by Goodmans in respect of the period from June 1, 2018 to June 30, 2018 (the "**Period**"). The invoice contains the fees (including details of the billing rates and total hours of each member of Goodmans who acted on behalf of the Monitor in connection with these proceedings), disbursements and HST charged by

Goodmans. As noted in the invoice, Goodmans expended a total of 75.2 hours in connection with this matter during the Period, giving rise to fees and disbursements totalling CA\$67,251.96 including HST.

5. To the best of my knowledge, Goodmans' rates, as well as its disbursements, are consistent with those in the market for the provision of similar services in these types of matters. Goodmans has had its rates and disbursements, including the rates of certain lawyers who have provided services in these proceedings, approved by this Honourable Court in respect of similar services provided in other insolvency and restructuring proceedings.

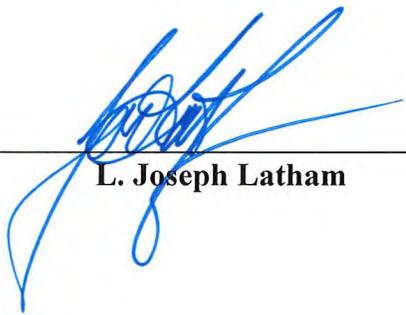
6. I verily believe that the fees and disbursements charged by Goodmans are fair and reasonable in the circumstances of these proceedings.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on July 17, 2018.



Commissioner for taking affidavits

Bradley Wiffen
LSO # 64279L



L. Joseph Latham

This is Exhibit "A" referred to in the Affidavit of
L. Joseph Latham, sworn before me this 17th day of July, 2018.

A handwritten signature in blue ink, appearing to read "E. Miller", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.

Goodmans^{LLP}

Barristers & Solicitors

Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4211
jlatham@goodmans.ca

July 11, 2018

Our File No.: 17.3242

Delivered Via Email

Discovery Air Inc.
170 Attwell Drive, Suite 370
Etobicoke, ON
M9W 5Z5

Attention: Paul Bernards

Dear Paul:

Re: Discovery Air

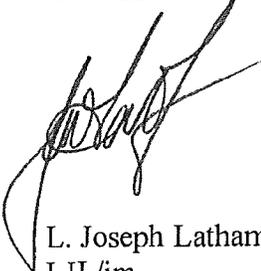
Enclosed please find Goodmans' account for services rendered to the Monitor in connection with the above matter through June 30, 2018.

If you have any questions regarding the enclosed, please do not hesitate to contact me.

Thank you for your assistance.

Yours very truly,

Goodmans LLP



L. Joseph Latham
LJL/jm
Encl.

cc: Bobby Kofman; David Sieradzki; Shelby Draper



Barristers & Solicitors
 Bay Adelaide Centre - West Tower
 333 Bay Street, Suite 3400
 Toronto, Ontario M5H 2S7
 Telephone: 416.979.2211
 Facsimile: 416.979.1234
 goodmans.ca

July 10, 2018

Discovery Air Inc.
 Attn. Paul Bernard
 370 - 170 Atwell Dr
 Toronto, ON
 Canada M9W 5Z5

ATTENTION: Bobby Kofman

OUR FILE NO. KVA 173242
 OUR INVOICE NO. 705917
 GST/HST REGISTRATION NO. R119422962

Re: Discovery Air

TO OUR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH THE ABOVE NOTED MATTER INCLUDING THE FOLLOWING:

Date	TKID	Hours	Description
06/05/18	LJL	1.80	Letter re: stalking horse bid acceptance; communications with counsel re: court dates for approval motion; logistical issues.
06/07/18	LJL	.80	Conference call with counsel re: next steps for sale process and court hearing.
06/08/18	LJL	1.30	Telephone call with M. Starnino re: status; telephone call with Company and Monitor re: next steps and logistics.
06/11/18	LAC	.60	Drafting fee approval affidavit.
06/11/18	LJL	1.60	Emails and telephone call with M. Starnino and S. Kalloghlian re: next steps and motion to approve sales; telephone call with B. Kofman re: same.
06/11/18	WBP	.20	Attending on call with Monitor re: case status and bondholder matters.
06/12/18	LAC	.90	Drafting fee affidavit.
06/12/18	LJL	2.00	Emails re: meeting with M. Starnino; emails and telephone calls with J. Stam and D. Bish re: draft motion materials; reviewing and commenting on same.
06/13/18	LAC	.50	Revising fee affidavit for comments received.
06/13/18	LJL	3.00	Reviewing and revising draft affidavit on fee approvals; reviewing and commenting on draft report; emails and telephone calls with D. Sieradzki and B. Kofman re: same; reviewing and commenting on draft affidavit and motion materials.

Date	TKID	Hours	Description
06/13/18	WBP	1.20	Reviewing draft Monitor's Fourth Report and providing comments on same; reviewing asset purchase agreements.
06/14/18	LAC	1.20	Reviewing sale approval materials and draft monitor's report.
06/14/18	LJL	3.20	Emails to finalize draft report; emails re: fee affidavits; finalizing affidavit; meeting with B. Kofman and D. Sieradzki; meeting with M. Starnino and S. Kalloghlian; debriefing with B. Kofman and D. Sieradzki; issues re: finalizing motion materials.
06/14/18	WBP	1.40	Attending meeting with Monitor and counsel to unsecured bondholders; reviewing company motion materials re: approval of sale transactions.
06/15/18	LAC	.70	Preparing motion record of the monitor and serving same on the service list.
06/15/18	DCB	1.00	Conference call re: closing documents and process; correspondence with B. Wiffen re: same.
06/15/18	LJL	2.50	Reviewing materials re: closing agenda for Top Aces transaction; conference call re: same; issues re: finalizing and serving motion materials, including Monitor's Fourth Report.
06/15/18	WBP	.60	Attending on telephone call with counsel to company and Clairvest re: closing of Top Aces transaction; discussions with J. Latham and D. Coll-Black re: same.
06/18/18	LAC	.50	Preparing motion record of the Monitor for filing with the Court.
06/18/18	LJL	.40	Receipt and brief review of materials from M. Starnino for bondholders; telephone call with B. Kofman re: same.
06/18/18	MDC	.80	Travelling to and from court to file the Motion Record and Affidavit.
06/19/18	LJL	4.00	Telephone call with B. Kofman re: materials from M. Starnino; issues re: Ontario contracts for GSH; emails and telephone calls with KSV, GSNH and Torys re: materials from Paliare re: cross motion of debenture holders; reviewing and commenting on draft order; circulating for review and comment; emails re: cross motion proceeding; discussion with J. Wadden re: protocol for document preservation; discussions re assumption of secured debt on sales and aftermath.
06/19/18	WBP	4.20	Reviewing cross-motion materials served by Ad Hoc Committee of Debentureholders; attending on call with counsel to Company and Clairvest re: transaction matters and reviewing correspondence re: same; preparing

Date	TKID	Hours	Description
			mark-up of cross-motion order and corresponding with Monitor re: same; reviewing law re: transaction and guarantee matters.
06/20/18	LJL	5.50	Emails re: concerns with draft order re: debenture holders' requested relief; emails and telephone calls with GSNH, Torys and clients re: next steps to try to resolve debenture holder requested relief; conference call with GSNH, Torys and KSV; telephone call to K. Rosenberg re: same; issues re: preservation of documents; receiving and reviewing materials from debenture holders re: proposed leave to issue oppression claim and leave to bankrupt Discovery Air.
06/20/18	WBP	1.80	Reviewing company factum in support of sale approval motion; reviewing case law re: transaction and guarantee matters; discussions with J. Latham re: debentureholder cross-motion and order.
06/21/18	LJL	6.00	Telephone call with M. Starnino and M. Forte re: debenture holders' requested relief and re: draft of order; multiple follow up discussions with M. Forte and B. Kofman; advising Torys of relief requested and concerns of debenture holders; issues re funding case after TA deal closes and advances under DIP; circulating further draft of order re: debenture holders' requests; emails and telephone calls with M. Starnino to attempt to resolve concerns over draft order; follow up with B. Kofman and M. Forte re: same; receiving draft from M. Starnino and circulating to B. Kofman and D. Sieradzki and to D. Bish (who was omitted from initial circulation).
06/21/18	WBP	1.80	Reviewing debentureholder motion materials; updating proposed form of debentureholder order and corresponding with counsel to company, Clairvest and debentureholders re: same.
06/22/18	LJL	5.40	Reviewing draft order from M. Starnino; communications with B. Kofman and D. Sieradzki re: same; emails with M. Starnino; preparing for and attending hearing for approval of sales and cross-motion of debenture holders; obtaining orders; advancing matters related to closing of TA; discussion with GSNH re: next steps; commenting on letter re: document preservation.
06/22/18	WBP	3.40	Preparing for and attending at court hearing re: approval of transactions; attending to closing matters re: Top Aces transaction.
06/25/18	DCB	2.30	Conference call re: closing; reviewing closing documents; drafting email re: same.
06/25/18	LJL	2.50	Reviewing and commenting on draft closing documents for TA shares; telephone call with Torys and GSNH re: closing agenda and next steps;



Barristers & Solicitors

Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Invoice #705917 -- page 4

Date	TKID	Hours	Description
			providing comments to Torys.
06/25/18	WBP	1.60	Attending on closing call re: Top Aces transaction; reviewing closing documents and providing comments on same.
06/26/18	DCB	.30	Correspondence re: closing documents.
06/26/18	LJL	1.50	Multiple emails and telephone calls re; draft closing documents and re: purchased assets.
06/27/18	DCB	.40	Attending to pre-closing matters.
06/27/18	LJL	2.70	Emails re: status of closing documents; receiving and reviewing same; revisions to draft post closing cash agreement; emails and telephone calls with B. Kofman and D. Sieradzki re: same.
06/27/18	WBP	.50	Preparing Monitor's certificate for execution and attending to closing matters.
06/28/18	LAC	.50	Preparing, serving and filing Monitor's Certificate re: TA transaction.
06/28/18	DCB	.90	Attending to closing matters.
06/28/18	LJL	2.80	Multiple emails and telephone calls with B. Kofman and D. Sieradzki re: final closing document; emails and telephone calls with D. Bish and J. Stam re same; emails to confirm closing and to arrange filing of Monitor's Certificate; follow up with B. Wiffen.
06/28/18	MDC	.90	Filing Monitor Certificate with Court.

OUR FEE

\$59,379.50

TKID	NAME	HOURS	RATE	TOTAL
LJL	Latham, L. Joseph	47.00 hrs	\$935.00	\$43,945.00
DCB	Coll-Black, David	4.90 hrs	\$600.00	\$2,940.00
LAC	Cohen, Loren	4.90 hrs	\$420.00	\$2,058.00
WBP	Wiffen, Bradley	16.70 hrs	\$600.00	\$10,020.00
MDC	Macdonald, Christine	1.70 hrs	\$245.00	\$416.50
				\$59,379.50

DISBURSEMENTS

Copies	135.50	
TOTAL DISBURSEMENTS		\$135.50
<hr/>		
TOTAL FEES ON THIS INVOICE		\$59,379.50
HST ON FEES		7,719.34
NON TAXABLE DISBURSEMENTS	0.00	
TAXABLE DISBURSEMENTS	135.50	
TOTAL DISBURSEMENTS ON THIS INVOICE		\$135.50
HST ON TAXABLE DISBURSEMENT		17.62
TOTAL THIS INVOICE (CANADIAN DOLLARS)		\$67,251.96
<hr/>		

THIS IS OUR ACCOUNT HEREIN
GOODMANS LLP



E. & O/E.
LJL /

This invoice may not reflect all time and disbursements incurred on this matter to date. It is payable upon receipt and in accordance with Section 33 of the *Solicitors Act* (Ontario), interest will be charged at the rate of 1.50% per annum on unpaid fees, charges or disbursements calculated one month from the date this invoice is delivered.



Barristers & Solicitors
Bay Adelaide Centre - West Tower
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7
Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Invoice #705917 -- page 6

PAYMENT OPTIONS

**Cheque payable to GOODMANS LLP - mailed to our office; OR
by Wire Transfer - to Goodmans account:**

Canadian \$ General Account

<u>Beneficiary Bank:</u>	TD Canada Trust 394 Bay Street Toronto, ON M5H 2Y3
<u>Swift Code:</u>	TDOMCATTOR
<u>Beneficiary:</u>	Goodmans LLP 333 Bay Street, Suite 3400 Toronto, ON M5H 2S7
<u>Beneficiary Bank:</u>	0004
<u>Beneficiary Transit:</u>	12162
<u>Beneficiary Account:</u>	0552488
<u>Payment Details:</u>	Re: Matter # 173242, Invoice # 705917 (Please include all invoice numbers)

*****Please also email Wire Payment Details to: collections@goodmans.ca***

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

Court File No. CV-18-594380-00CL

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

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**Affidavit of L. Joseph Latham
Sworn July 17, 2018**

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

L. Joseph Latham LSO #32326A
jlatham@goodmans.ca
Bradley Wiffen LSO #64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Monitor

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

Court File No. CV-18-594380-00CL

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

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**Monitor's Report and Compendium
(returnable July 24, 2018)**

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

L. Joseph Latham LSO #32326A

jlatham@goodmans.ca

Bradley Wiffen LSO #64279L

bwiffen@goodmans.ca

Tel: (416) 979-2211

Fax: (416) 979-1234

Lawyers for the Monitor