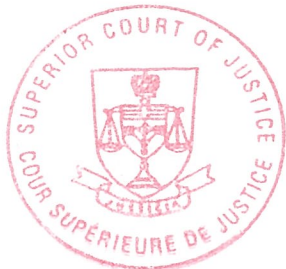


CV-18-604434-00CL

Court File No.: _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GREAT SLAVE HELICOPTERS LTD.

APPLICANT

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on Tuesday, September 4, 2018, at 9:30 a.m. at 330 University Avenue, Toronto, Ontario M5G 1R7.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date September 4, 2018

Issued by


Local Registrar **May Nikolaidis**

Address of
court office:

Superior Court of Justice
330 University Avenue, 7th Floor
Toronto ON
M5G 1R7

TO: SERVICE LIST

APPLICATION

1. The Applicant, Great Slave Helicopters Ltd. (“**GSH**” or the “**Applicant**”) makes this application for an initial order (the “**Initial Order**”) substantially in the form included in the Application Record, *inter alia*:
 - (a) Abridging the time for and validating the service of the Notice of Application and the Application Record;
 - (b) Declaring that GSH is a company to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
 - (c) Appointing KSV Kofman Inc. (“**KSV**”) as Monitor of the Applicant in these proceedings;
 - (d) Granting a stay of proceedings taken or that might be taken in respect of the Applicant or any of its assets, property and undertakings (the “**Property**”) or the director and officers of the Applicant and further extending a limited stay of proceedings to the Applicant’s affiliates, 10671541 Canada Inc. (“**Acquireco**”), Air Tindi Ltd. (“**ATL**”) and Discovery Mining Services Ltd. (“**DMS**” and together with Acquireco, GSH and ATL, the “**Group**”) and their respective Property and directors and officers;
 - (e) Authorizing the Applicant to carry on business in a manner consistent with the preservation of its Property and business and to make certain payments in connection with its business;
 - (f) Granting an administration charge (the “**Administration Charge**”) for the benefit of the Monitor, Monitor’s counsel and counsel for the Applicant in the maximum amount of \$750,000;
 - (g) Directing the Applicant to indemnify its director and officers for certain liabilities they may incur as director or officers of the Applicant after the commencement of the within proceedings and granting a charge securing any liability for such indemnity to the maximum amount of \$850,000 (the “**Directors’ Charge**”);

- (h) Granting a charge (the “**Intercompany Charge**”) in favour of Acquireco to secure funds advanced to the Applicant by Acquireco through the operation of the Group’s existing cash management system;
- (i) Granting the following priority charges over the Property, such charges to rank in the priority set out in the Initial Order and described in the affidavit of Alasdair Martin, dated August 31, 2018 (the “**Initial Affidavit**”):
 - (i) First – the Administration Charge in the aggregate amount of \$750,000;
 - (ii) Second – the Directors’ Charge in the aggregate amount of \$850,000;
 - (iii) Third – the Intercompany Charge;
- (j) Authorizing the Group to continue its existing cash management system which is operated through its operating line with CIBC, without any liability to the Group’s operating bank;
- (k) Such further and other relief as this Honourable Court may deem just.

2. The grounds for the application are:

BACKGROUND

- (a) GSH is incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, and c.C-44, as amended (the “**CBCA**”) and is owned 100% by 10671541 Canada Inc. (“**Acquireco**”);
- (b) GSH owns 100% of Discovery Air Innovations Chile SpA (“**DA SpA**”), which manages Discovery Air Innovations Chile Ltda (“**DA Chile**”), a partnership owned by GSH and DA SpA;
- (c) GSH also owns Northlinx International Inc., a Washington company;

- (d) GSH is one of the largest onshore helicopter operators in Canada and conducts operations through most parts of western and northern Canada as well as internationally;
- (e) GSH has incurred significant losses over the last two fiscal years;
- (f) The stresses affecting its business have included many external and internal factors including a slowdown of the oil and gas and mining sectors, significant capital expenditures required for ongoing maintenance and a depression in the helicopter charter services markets globally;
- (g) In addition, GSH's business is highly seasonal with a significant percentage of its gross revenue earned in June to September of each year while requiring ongoing significant funding for maintenance and other operating expenses throughout the entirety of the year;
- (h) Forecasts for GSH indicate that GSH will not be profitable in the foreseeable future in its present state and is forecasting that it will require significant liquidity in the coming months;

OUTSTANDING DEBT

- (i) Until recently, GSH was wholly owned by Discovery Air Inc. ("DAI"), who filed for protection pursuant to the CCAA on March 21, 2018, as a result, in part, to the then imminent maturity of over \$127 million of debt, including over \$93 million of secured debt which had been guaranteed by GSH and certain of its affiliates;
- (j) Currently, GSH is in default of its existing obligations under its secured guarantee in favour of Clairvest Group Inc. and its affiliates, including certain funds managed by Clairvest Group Inc. (collectively, "Clairvest") under the CV Secured Debentures (as defined in Exhibit "A" to the Initial Affidavit) and under its obligations to ECN Aviation Inc. ("ECN");
- (k) In addition to ECN, two additional lenders have secured claims against GSH, whether as principal debtor or guarantor; namely, Canadian Imperial Bank of

Commerce (“**CIBC**”) and Roynat Inc. (“**Roynat**”) and the commencement of these proceedings and the declaration of insolvency by GSH will constitute defaults under the various loan and security agreements in favour of each of these lenders;

- (l) As a guarantor of all the secured obligations owing to Clairvest, CIBC, ECN and Roynat, GSH’s secured obligations are far in excess of \$100 million;
- (m) GSH also has unsecured obligations of approximately \$8.5 million, before considering intercompany obligations and off-balance sheet obligations, including severance and contingent liabilities, which consist primarily of unpaid trade obligations and certain amounts owing to first nations groups in connection with GSH’s joint ventures;

REQUESTED RELIEF

- (n) GSH continues to face significant challenges operationally and financially and is currently in default, or will be in default as a result of the commencement of these proceedings and its declaration of insolvency;
- (o) Clairvest, among others, has advised that it is not prepared to waive or forbear against those defaults or provide further support of GSH’s business absent the commencement of these proceedings;
- (p) The present intention is to return to Court as soon as practicable to seek an order authorizing the Monitor to conduct a sale and investment process (“**SISP**”) for the business and assets of GSH;
- (q) The Applicant is seeking the CCAA Initial Order substantially in the form of the model order adopted for CCAA proceedings commenced in Toronto, Ontario with the changes thereto as set out in the blackline included in this Application Record;

Stay of Proceedings

- (r) Given the cross-guarantees and obligations of Acquireco of the outstanding secured debt owing to the secured lenders, the Applicant is seeking to extend the benefit of

a limited stay of proceedings in these proceedings to Acquireco, ATL and DMS and their officers and directors in order to: (i) ensure stability through this restructuring process; and (ii) avoid a situation where the existing defaults outstanding as a result of the DAI CCAA proceedings or the insolvency of GSH and the commencement of these proceedings are relied on as the basis for commencing adversarial proceedings or steps against Acquireco, ATL and/or DMS;

- (s) The extension of the stay is to ensure the stability and preservation of the value of the business until the anticipated SISP has been completed;

Cash Management

- (t) In order to continue operations during these proceedings, it is intended that the Applicant will continue to utilize the existing CIBC cash management system that is currently in place with Acquireco, ATL and DMS;
- (u) Acquireco is the borrower under the CIBC operating line and, as such, Acquireco will provide Intercompany Advances to GSH from time to time in the normal course;
- (v) To ensure that any notional borrowing by GSH is accounted for, it is proposed that the Intercompany Charge be granted in favour of Acquireco to secure such Intercompany Advances;

Monitor

- (w) KSV was appointed as monitor in DAI's CCAA proceedings and has consented to act as Monitor of the Applicant in this proceeding, subject to Court approval;

General

- (x) Those further grounds set out in the Initial Affidavit;
- (y) The provisions of the CCAA and the inherent and equitable jurisdiction of this Court;

(z) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 14.05(2), 16, 38 and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

(aa) Such further and other grounds as the lawyers may advise.

3. The following documentary evidence will be used at the hearing of the application:

(a) The Initial Affidavit;

(b) The pre-filing report of the proposed Monitor, including its consent to act in these proceedings; and

(c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

September 4, 2018

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Lawyers for the Applicant

TO: The Attached Service List

CV-18-604 434-00CL

Court File No:

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ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
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ONTARIO

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced TORONTO

NOTICE OF APPLICATION

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