



**First Report of
KSV Kofman Inc.
as CCAA Monitor of
Great Slave Helicopters Ltd.**

September 11, 2018

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COURT FILE NO.: CV-18-604434-00CL

**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 GREAT SLAVE HELICOPTERS LTD.**

FIRST REPORT OF KSV KOFMAN INC. AS MONITOR

September 11, 2018

1.0 Introduction

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on September 4, 2018 (the "Initial Order"), Great Slave Helicopters Ltd. (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. ("KSV") was appointed monitor (the "Monitor"). A copy of the Initial Order is attached as Appendix "A".
2. The principal purpose of these restructuring proceedings is to create a stabilized environment to conduct a Court-approved sale and investment solicitation process ("SISP") for the Company's business and assets.
3. KSV is filing this report ("Report") in its capacity as Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company and these proceedings;
 - b) discuss the proposed SISP;
 - c) report on the Monitor's discussions concerning the allocation of costs in these proceedings among certain of the Company's secured lenders;
 - d) summarize the Company's proposed key employee retention plan ("KERP");
 - e) report on the Company's cash flow projection for the period September 10, 2018 to November 25, 2018 ("Cash Flow Forecast");

- f) discuss the reasons to extend the stay of proceedings from October 4, 2018 to November 23, 2018; and
- g) provide the Monitor's reasons for recommending that this Honourable Court make an order (the "Order"):
 - i. approving the SISP and authorizing the Monitor to conduct the SISP;
 - ii. granting a \$1.8 million charge (the "KERP Charge") in favour of the beneficiaries of the KERP;
 - iii. sealing the confidential exhibit to the Affidavit of Adrian Pasricha sworn September 11, 2018 (the "Affidavit"), which includes the identity and personal compensation information of the KERP employees;
 - iv. extending the stay of proceedings from October 4, 2018 to November 23, 2018; and
 - v. approving this report and the Pre-Filing Report dated August 31, 2018 (the "Pre-Filing Report") and the activities of the Monitor detailed therein.

1.2 Restrictions

1. In preparing this Report, KSV has relied upon the Company's unaudited financial information, including certain of its books and records, and discussions with the Company's management, the Company's counsel, representatives of Clairvest Group Inc. and its affiliates, including certain funds managed by Clairvest Group Inc. ("Clairvest"), the Company's largest secured creditor and indirect shareholder of the Group, and Clairvest's counsel. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by KSV in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountant Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Company's forecasted results will be achieved.

1.3 Currency

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

2.0 Background

1. The Company is one of Canada's largest onshore helicopter operators. It operates from its two main bases located in Yellowknife, Northwest Territories, and Calgary, Alberta, as well as from sub-bases throughout Canada (including Inuvik, Norman Wells and Fort Simpson, Northwest Territories; Terrace, Prince Rupert and Kelowna, British Columbia; and Dryden, Ontario) and in various locations in Chile, South America.
2. The Company provides mineral and oil and gas exploration support, forest fire suppression, support to government agencies and other services, including environmental surveying, utilities/pipeline patrol, power line construction and telecommunications support.
3. The Company has approximately 200 employees. Its Chilean subsidiary, Discovery Air Innovations Chile Ltda. has approximately 55 employees. The Company's employees are not unionized and the Company does not maintain a pension plan.
4. The Initial Order provides a limited stay of proceedings over the Company's parent, 10671541 Canada Inc. ("106"), and two affiliated entities, Air Tindi Ltd. ("ATL") and Discovery Mining Services Ltd. ("DMS") (together, the "Non-Applicants" and with the Company, the "Group") for the purpose of preventing creditor actions against the Non-Applicants due to the Company's insolvency, its filing for CCAA protection and the relief sought and obtained in any orders of the Court made in the CCAA proceedings.
5. Clairvest is the Company's largest secured creditor. As at August 30, 2018, the Company's obligations owing to Clairvest under its secured debentures totalled approximately \$71.3 million. The Company's other secured equipment lenders are ECN Aviation Inc. ("ECN"), which is owed approximately \$7.8 million and has a secured interest in eight Company helicopters with subordinate security in all other assets, and Roynat Inc. ("Roynat"), which is owed approximately \$4.3 million and has a secured interest in four Company helicopters with subordinate security in all other assets. ATL and DMS have secured obligations to each of ECN and Roynat in relation to the amounts owed to them by the Company.
6. CIBC is the Group's operating lender. Pursuant to the Initial Order, the Company was authorized to continue to use its consolidated cash management system. CIBC was owed approximately \$15.2 million as at August 30, 2018.
7. The affidavit of Alasdair Martin, the Company's President, sworn August 31, 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. Martin has also filed an affidavit in support of this motion.
8. Further information regarding these proceedings and the Company's background is provided in the Pre-Filing Report, a copy of which is attached as Appendix "B", without appendices.
9. The Court materials filed in these proceedings are available on the Monitor's website at www.ksvadvisory.com/insolvency-cases/great-slave-helicopters.

3.0 SISP¹

1. The purpose of the SISP is for the Monitor to conduct a process to provide interested parties with opportunities to submit competing offers on an “as is, where is” basis to:
 - a) acquire all or any part of the Company’s business and assets (“Sale Proposal”);
 - b) make an investment in the Company (“Investment Proposal”); or
 - c) liquidate any or all of the Company’s assets (“Liquidation Proposal”).

A copy of the proposed SISP is attached as Appendix “C”.

2. The following table summarizes the proposed SISP milestones and timelines. The SISP contemplates that any of the deadlines can be extended by up to two weeks without an order of the Court.

Milestone	Deadline
Commencement of SISP	September 14, 2018
Bid Deadline	October 17, 2018
Notification Date	October 24, 2018
Bid Acceptance Date	October 31, 2018
Closing Date Deadline	November 23, 2018

3. Key terms of the SISP are summarized as follows²:
 - a) Consultative Rights: the SISP provides that the Monitor will consult with, or seek the assistance of, the Company and CIBC, Clairvest, ECN³ and Roynat (collectively, the “Lenders”) with respect to any matter relating to the SISP. Consultation shall only be required with those Lenders that have first priority to the sale proceeds from the Assets subject to that particular issue or transaction; provided, however, that the Monitor in its sole discretion may consult with Lenders it considers appropriate with respect to any matter relating to the SISP.
 - b) Joint Ventures: the Company maintains strategic partnerships through joint venture agreements with numerous aboriginal groups in northern and western Canada. The joint ventures allow the Company to provide helicopter services in remote aboriginal communities with limited or no overland access. In each instance, the majority shareholder of the joint venture entity is the aboriginal group. The Company’s interests in the joint ventures are to be marketed for sale as part of the SISP.

¹ All capitalized terms not otherwise defined in this section of the Report have the meaning set out in the SISP.

² The summary of the SISP contained in this section is for information purposes only. The full details of the SISP are provided in Appendix “C”. Interested parties are strongly encouraged to read the SISP in its entirety.

³ See Section 4 of this Report which provides an update on discussions with ECN and Roynat.

- c) Notice: the Company will issue a press release providing notice of the SISP and any other relevant information that the Company and the Monitor consider appropriate (the “Notice”). The Notice will be disseminated through Canada Newswire in Canada and such other jurisdictions as the Monitor, in consultation with the Company, considers appropriate.
- d) Publication: the SISP authorizes but does not direct the Monitor to publish a notice of the SISP in *The Globe and Mail* (National Edition) or any other newspaper or industry journal.
- e) Marketing: with the assistance of the Company, the Monitor has prepared the following:
 - i. a list of financial and strategic parties who may be interested in this opportunity, as well as a list of parties who may be interested in submitting a Liquidation Proposal;
 - ii. a non-disclosure agreement (“NDA”);
 - iii. a document describing the opportunity and the SISP (“Teaser”), which the Monitor will send, together with the NDA, to all prospective purchasers as soon as possible following the granting of the SISP Order, should it be granted, and to any other party who requests a copy of the Teaser or who is identified by the Company or the Monitor as a potential bidder; and
 - iv. a confidential information memorandum (“CIM”).
- f) Data Room: a virtual data room has been set up by the Monitor, with the assistance of the Company, for interested parties to perform diligence. The information available in the data room includes, *inter alia*, financial and corporate information, information regarding management and employees, operational data, contracts, information concerning legal, environmental and safety considerations and detailed specifications of the Company’s helicopters and other assets.
- g) Participation Requirements: any party who wishes to participate in the SISP (an “Interested Party”) must provide the Monitor with:
 - i. an executed NDA;
 - ii. the identity of the principals of the Interested Party;
 - iii. an acknowledgement of the terms of the SISP (in the form attached as Schedule “A” to the SISP); and
 - iv. such form of financial disclosure and credit support or enhancement that allows the Monitor to determine the Interested Party’s financial wherewithal and other capabilities to complete a transaction, if the Monitor considers this necessary, in its sole discretion.

Each Interested Party who meets the criteria noted above will be deemed a “Bidder”. The Monitor will provide each Bidder with a copy of the CIM and access to the data room.

- h) Due Diligence: the Monitor, with the Company's assistance, will provide each Bidder with due diligence information, including access to the data room, management presentations and on-site inspections (as considered appropriate, in the Monitor's discretion).
- i) Formal Offers: Bidders who wish to submit a Sale Proposal, Investment Proposal or Liquidation Proposal must do so by the Bid Deadline, being October 17, 2018.
- j) Final Bid Criteria: in order to be considered a Final Bid:
 - i. a Sale Proposal must, *inter alia*, be in the form of an authorized and executed definitive purchase agreement in a form of Asset Purchase Agreement consistent with transactions of this nature;
 - ii. an Investment Proposal must, *inter alia*, be in the form of a duly authorized and executed term sheet describing the detailed terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction; and
 - iii. a Liquidation Proposal must, *inter alia*, contain the detailed terms and conditions of the proposed transaction, including identification of the assets subject to the transaction, the value attributed to each asset, the obligations to be assumed and/or costs to be paid by the liquidator, consideration payable and/or commission rate, including any net minimum guarantee amounts and/or participation percentages, and the liquidation term.

Bidders are strongly discouraged from submitting Letters of Intent or Expressions of Interest. Bids are to be binding and irrevocable until the earlier of: (i) 30 days after the Bid Deadline and (ii) approval by the Court of the relevant Accepted Bid. Other attributes of the Final Bid Criteria include:

- i. a refundable cash deposit is required in an amount equal to 15% of the purchase price contemplated by the Bidder's Final Bid or, in the case of an Investment Proposal, 15% of the value of the Investment Proposal;
- ii. that the transaction provides value to the Company's creditors and other stakeholders (having regard to the relative priority of creditor claims);
- iii. a description of the specific Business and/or Assets to be acquired by the Bidder;
- iv. details of any liabilities to be assumed by the Bidder;
- v. no conditions precedent except those that are customary in a transaction of this nature, including not being subject to further due diligence and/or financing;

- vi. a description of any desired arrangements with respect to transition services that may be required from the Company, including funding for same; and
 - vii. that the transaction not contemplate any bid protections, such as a break fee, termination fee, expense reimbursement or similar type of payment.
- k) Qualified Bid: if a Sale Proposal, Investment Proposal or Liquidation Proposal meets the Final Bid Criteria, as determined by the Monitor, it will be deemed a “Qualified Bid” and the Bidder in respect of each Qualified Bid will be a “Qualified Bidder”. The Monitor will notify each Bidder whether its Sale Proposal, Investment Proposal or Liquidation Proposal is a Qualified Bid within five (5) Business Days of the Bid Deadline (“Notification Date”).
- l) Accepted Bid: an “Accepted Sale Bid”, if any, will be determined by the Monitor in consultation with the Company and the Lenders. A party that submits an Accepted Sale Bid is referred to as a “Successful Sale Bidder”. An “Accepted Investment Bid”, if any, will be determined by the Monitor in consultation with the Company and the Lenders. A party that submits an Accepted Investment Bid is referred to as a “Successful Investment Bidder”. An “Accepted Liquidation Bid”, if any, will be determined by the Monitor in consultation with the Company and the Lenders. A party that submits an Accepted Liquidation Bid is referred to as a “Successful Liquidation Bidder”. The Monitor will notify each Successful Sale Bidder, Successful Investment Bidder and Successful Liquidation Bidder, as applicable, within five (5) Business Days of the Notification Date (“Bid Acceptance Date”).
- m) Court Approval: within seven Business Days of the Bid Acceptance Date, the Company shall file an Approval Motion with the Court in respect of the Accepted Bids.
- n) Unsold Assets: any Asset that is not sold or liquidated or otherwise dealt with pursuant to an Accepted Bid may be sold by the Company, with the assistance of the Monitor and in consultation with the Lenders; provided, however, that if the consideration that the Company receives for such Asset(s) in any one transaction exceeds \$250,000 or \$1 million in the aggregate, then the Company will seek Court approval of such sale. Where the Company intends to sell assets subject to a Lender’s security and the value of the transaction exceeds \$25,000, but is less than \$250,000, the Company shall seek the consent of that Lender.

3.1 SISP Recommendation

1. The Monitor recommends that this Court issue the SISP Order for the following reasons:
 - a) in the Monitor’s view, the SISP is commercially reasonable and is intended to canvass the market for going-concern, investment and/or liquidation proposals;

- b) in the Monitor's view, the duration of the SISP is sufficient to allow interested parties to perform diligence and to submit offers. It is contemplated that the SISP will commence immediately following the making of the Order, should it be granted, and the SISP provides flexibility for the Monitor to extend any deadline in the SISP by up to two weeks without Court approval, if determined by the Monitor to be necessary;
- c) in developing the timelines for the SISP, the Monitor considered that KSV, as Court appointed monitor in the CCAA proceedings commenced on March 21, 2018 by Discovery Air Inc. ("DAI"), the Company's former shareholder, recently carried out a Court approved sale process which included seeking offers for DAI's 100% equity interest in the Company. Accordingly, many of the parties to be approached under the SISP are familiar with the Company having already performed diligence on the Company's business and assets;
- d) the SISP has been designed to be consultative with the Lenders. The Monitor intends to communicate at least on a bi-weekly basis with each of the Lenders so that they are kept apprised of the status of the SISP and efforts to sell their collateral, to the extent it is included in the SISP; and
- e) the SISP provides prospective bidders with the opportunity to submit offers for all or portions of the Company's business and assets and/or to submit investment proposals or liquidation proposals. Accordingly, the SISP was designed to maximize value and also enhances the opportunity to sell all or portions of the Company on a going-concern basis.

4.0 Lender Discussions Regarding Cost Sharing

1. Since the making of the Initial Order, the Monitor and its counsel have been engaged in discussions with each of ECN's and Roynat's legal counsel regarding the allocation of certain costs in these proceedings among the Lenders, including professional costs. The Monitor advised of the cost allocation issue in its Pre-Filing Report. The objective of these discussions was to have all owned aircraft included in the SISP, subject to a fair and reasonable cost sharing arrangement acceptable to the Lenders.
2. On September 7, 2018, ECN advised that it has decided to exclude its eight helicopters from the SISP. Accordingly, arrangements will be made for an orderly return to ECN of its helicopters such that any operational impact is minimized. In the coming weeks, the Monitor understands that the Company and ECN will negotiate a protocol, pursuant to which, *inter alia*, the Company will continue to use ECN's helicopters for a period of time, following which ECN will take possession of its helicopters on an orderly basis.
3. As of the date of this Report, a cost-sharing formula has not been agreed with Roynat but discussions continue. The Monitor is hopeful that an agreement will be reached. The Monitor and its counsel will update the Court on the status of these discussions on the return of this motion.

5.0 KERP

1. The KERP was developed by the Company, in consultation with the Monitor. The KERP is in the maximum amount of \$1.8 million. The Company is seeking approval of the KERP and the creation of a related charge in the amount of \$1.8 million to secure the payments due under the KERP. The KERP charge is to rank subordinate to the Administrative Charge and in priority to the Directors' Charge; it will not have priority over ECN's or Roynat's security.
2. The KERP is intended to enhance the prospect that key employees provide their assistance throughout these proceedings. Key employees include certain of the Company's officers, pilots, safety, maintenance and operational personnel.
3. Of the \$1.8 million, approximately \$820,000 is in the form of employment guarantees to a specific date. These amounts will be paid as wages in the normal course as part of the Company's payroll. This portion of the KERP reduces over time. The balance of the KERP amounts is "stay bonuses"⁴ which are to be paid to an employee provided the employee has neither been terminated for cause nor resigned before a specific date.
4. The Monitor has been advised that certain of the Company's employees have recently resigned. The Monitor believes that the KERP will reduce the risk of further resignations. The involvement of the KERP employees should benefit all stakeholders as it will increase the likelihood that the Company's business, or a portion thereof, can be sold on a going-concern basis. The KERP will also assist to maximize recoveries for all stakeholders generally.
5. The Company is requesting an order sealing the confidential exhibit to the Affidavit which contains personal information for the KERP employees. The Monitor believes it is appropriate to seal this exhibit as this type of information is typically sealed to avoid disruption to the debtor company and to protect the privacy of the KERP employees. The Monitor does not believe that any stakeholder will be prejudiced if the KERP information is sealed.

6.0 Cash Flow Forecast

1. The Company has prepared a Cash Flow Forecast for the period ending November 25, 2018. The Cash Flow Forecast and the Company's statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "D". The Cash Flow Forecast reflects that the Company has sufficient liquidity to continue to operate through the requested extension period without the need for a debtor-in-possession loan facility.
2. Based on KSV's review of the Cash Flow Forecast, the assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "E".

⁴ In the case of one employee, its more appropriately considered an "incentive".

7.0 Stay Extension

1. The Monitor supports the Company's request for an extension of the stay of proceedings from October 4, 2018 to November 23, 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 carry out the SISP;
 - c) the Cash Flow Forecast reflects that the Company has sufficient liquidity to continue to operate during the proposed stay extension period;
 - d) Clairvest, being the largest secured creditor and indirect sole shareholder of GSH, supports the stay extension; and
 - e) no creditor will be materially prejudiced if the extension is granted.

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)(g) of this Report.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS MONITOR OF
GREAT SLAVE HELICOPTERS LTD.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

Court File No. CV-18-604434-0001

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE MR.)

TUESDAY, THE 4TH

JUSTICE HAINEY)

DAY OF SEPTEMBER, 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 GREAT SLAVE HELICOPTERS LTD.

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 Alasdair Martin, sworn August 31, 2018, and the Exhibits thereto (the "**Martin 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 August 31, 2018, in its capacity as the proposed Monitor, and on hearing the submissions of counsel for the Applicant and 10671541 Canada Inc. ("**10671541**"), and the subsidiaries set out in Schedule "**A**" hereto together with the Applicant (the "**Northern 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 Jennifer Stam sworn **September 2, 2018**, (each of the subsidiaries and 10671541 a "**Non-Applicant Party**" and collectively the "**Non-Applicant Parties**"),

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 Parties 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, subject to 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 Martin Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management**

System”). 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 Northern Air Group of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, and shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Northern Air Group, pursuant to the terms of the documentation applicable to the Cash Management System. Further, such bank 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 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, 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 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, and (iii) 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 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 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.

10A. **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 (all as contemplated by the cash flow forecast filed).

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 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 or continue any one or more agreements for the provision of shared services with any or all of Top Aces Inc. and/or the Non-Applicant Parties; 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 NORTHERN AIR GROUP OR THEIR PROPERTY

15. **THIS COURT ORDERS** that until and including October 4, 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 Parties, 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 Parties’ Property**”, and together with the Non-Applicant Parties’ businesses, collectively, the “**Non-Applicant Parties’ 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 the Applicant’s or the Non-Applicant Parties’ secured debt facilities including any guarantee thereunder to which any of the Applicant or the Non-Applicant Parties are a party; or (iv) any default arising out of a contract or agreement to which the Applicant and one or more Non-Applicant Parties is a party (collectively the “**Non-Applicant Party Default Events**”). Without limitation, the operation of any provision of a contract or agreement between a Non-Applicant Party and any other Person that purports to effect or cause a termination or cessation of any rights of the Non-Applicant Party, 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 Party 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 Parties, or affecting the Non-Applicant Parties’ Property and Business, as a result of a Non-Applicant Party 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 Parties to carry on any business which the Non-Applicant Parties 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 Party 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 (together, "**CCAA Related Defaults**") (which for clarity, shall include any such defaults arising from CCAA Related Defaults under any documentation held by other lenders to the Applicant or the Non-Applicant Parties), 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 Parties, the Property or the Non-Applicant Parties' 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 Parties 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 Parties and for the appointment of a trustee in bankruptcy of the Applicant and/or the Non-Applicant Parties; 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 Parties, the Property, the Business or the Non-Applicant Parties' 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 Parties 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 Parties, 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 Parties as a result of a Non-Applicant Party Default Event, and that the Non-Applicant Parties 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 Parties in accordance with normal payment practices of the Non-Applicant Parties 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 Party. 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 Parties 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 Parties 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 \$850,000, as security for the indemnity provided in paragraph 222 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 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 2 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 Northern 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 CIBC and its counsel on a periodic basis of financial and other information as agreed to between the Applicant and CIBC that may be used in these proceedings, including reporting on a basis to be agreed with the CIBC;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting which may be required by the CIBC, which information shall be reviewed with the Monitor and delivered to CIBC and its counsel on a periodic basis;
- (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 Parties' Property and shall take no part whatsoever in the management or supervision of the management of the Business or the Non-Applicant Parties' 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 Parties' 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 Parties' 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 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 37 and 39 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 10671541 may advance funds to the Applicant after the date of this Order, whether through operation of the Cash Management System, an intercompany loan, or otherwise (“**Intercompany Advances**”). 10671541’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 the Applicant shall be secured by a charge in favour of 10671541 (an “**Intercompany Charge**”) over the Property to the extent of the indebtedness to 10671541 for Intercompany Advances. The Intercompany Charge shall have the priority set out in paragraph 37.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. **THIS COURT ORDERS** that the priorities of the Directors’ Charge, the Administration Charge, the Intercompany 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 \$850,000;

Third – The Intercompany Charge;

38. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors’ Charge and the Administration Charge or the Intercompany Charge (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.

39. **THIS COURT ORDERS** that each of the Administration Charge and the Directors' 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; (ii) any Person with a registered interest as defined by the Convention on International Interests in Mobile Equipment or (iii) any statutory super priority deemed trusts and liens for unremitted employee source deductions.

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

41. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge and the Intercompany Charge 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**") 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 and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges shall create or be deemed to constitute a breach by the Applicant 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 creation of the Charges; and
- (c) the payments made by the Applicant pursuant to this Order 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.

42. **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 Parties in such real property leases.

SERVICE AND NOTICE

43. **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.

44. **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/great-slave-helicopters/>’.

45. **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

46. **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.

47. **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.

48. **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.

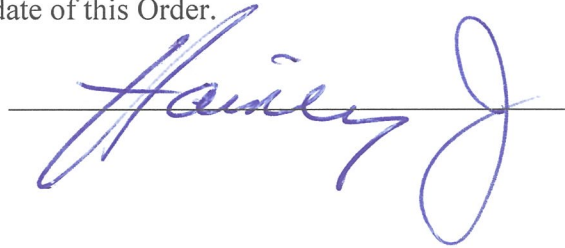
49. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as the foreign

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representative of the Applicant for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

50. **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.

51. **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.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 04 2018

PER / PAR:



Schedule "A" – Non- Applicant Subsidiaries

1. Air Tindi Ltd.
2. Discovery Mining Services Ltd.

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

Court File No.:

CV-18-604434-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GREAT
SLAVE HELICOPTERS LTD. (the "APPLICANT")

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

INITIAL ORDER

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Appendix “B”



**Report of
KSV Kofman Inc.
as Proposed CCAA Monitor of
Great Slave Helicopters Ltd.**

August 31, 2018

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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.**

REPORT OF KSV KOFMAN INC. AS PROPOSED MONITOR

August 31, 2018

1.0 Introduction

1. KSV Kofman Inc. ("KSV") understands that Great Slave Helicopters Ltd. (the "Company") intends to make an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an initial order (the "Initial Order") granting the Company protection under the CCAA and appointing KSV as the CCAA monitor in these proceedings ("Monitor"). KSV has consented to act as Monitor.
2. The principal purpose of these restructuring proceedings is to create a stabilized environment to conduct a Court-approved sale and investment solicitation process ("SISP") for the Company's business and assets. Approval of the SISP is anticipated to be sought within two weeks of the issuance of the Initial Order.
3. The Affidavit of Alasdair Martin, the Company's President, sworn August 31, 2018 and filed in support of the Company's application for CCAA protection (the "Affidavit"), provides, *inter alia*, the Company's background, including the reasons for the commencement of these proceedings.
4. KSV is filing this report ("Report") as the proposed Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide KSV's qualifications to act as Monitor;
 - b) provide background information about the Company;

- c) report on the Company's cash flow projection for the period September 4, 2018 to October 7, 2018 ("Cash Flow Forecast");
- d) discuss the rationale for:
 - extending a limited stay of proceedings over the Company's sole shareholder, 10671541 Canada Inc. ("106"), and two affiliated entities, Air Tindi Ltd. ("ATL") and Discovery Mining Services Ltd. ("DMS") (together with 106, the "Non-Applicants", and with the Company, the "Group"), and each of the Group's officers and directors, for the limited purpose of preventing creditor actions against the Non-Applicants due to the Company's insolvency, its filing for CCAA protection and the relief sought and obtained in any orders of the Court made in the CCAA proceedings;
 - a \$750,000 charge on all of the Company's property to secure the fees and disbursements of the Company's counsel, the Monitor and its counsel in these proceedings (the "Administration Charge");
 - a \$850,000 charge in favour of the director and officers of the Company (the "D&O Charge");
 - a charge in favour of 106 over the property, assets and undertaking of the Company for any intercompany advances which may be made during these proceedings by 106 to the Company in accordance with the Group's existing cash management system ("Intercompany Advances") (each an "Intercompany Charge", and all of them collectively, the "Intercompany Charges"); and
 - the priorities afforded in the proposed Initial Order to the Administration Charge, the D&O Charge and the Intercompany Charge; and
- e) recommend that this Court grant the relief sought by the Company in its CCAA application materials.

1.2 Restrictions

1. In preparing this Report, KSV has relied upon the Company's unaudited financial information, including certain of its books and records, and discussions with the Company's management, the Company's counsel, representatives of Clairvest Group Inc. and its affiliates, including certain funds managed by Clairvest Group Inc. ("Clairvest"), the Company's largest secured creditor and indirect shareholder of the Group, and Clairvest's counsel. KSV has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
2. KSV expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by KSV in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own diligence and any reliance placed by any party on the information presented herein shall not be considered sufficient for any purpose whatsoever.

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

1.3 Currency

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

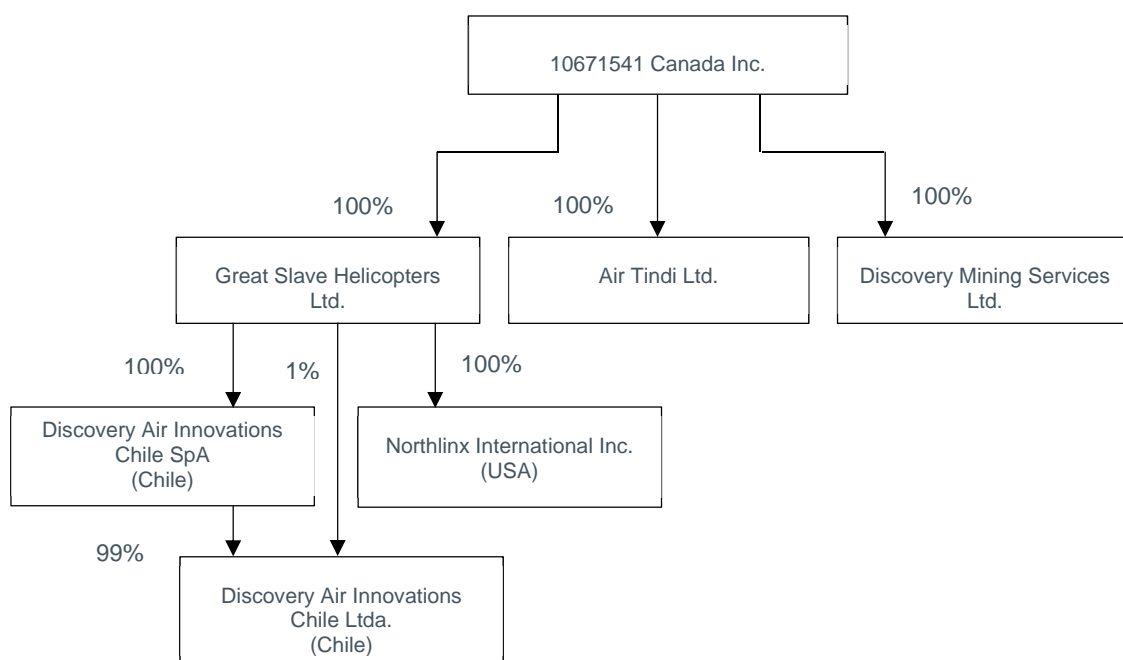
1.4 KSV's Qualifications to Act as Monitor

1. KSV is qualified to act as Monitor in these proceedings:
 - a) KSV is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). KSV is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA;
 - b) KSV is familiar with the Company, its management team and its stakeholders, having been appointed on March 21, 2018 as monitor (the "DAI Monitor") in the CCAA proceedings of Discovery Air Inc. ("DAI"), the Company's former shareholder. As DAI Monitor, KSV worked with the management team of the Company and DAI to carry out a Court-approved sale process that resulted in the sale of DAI's 100% equity interest in the Company to 106. Pursuant to a Court Order made on July 24, 2018, DAI's CCAA proceedings were terminated, with such termination to become effective upon the filing of a certificate by KSV, as DAI Monitor. The certificate will be filed on September 4, 2018; and
 - c) KSV's team has extensive experience acting as a monitor under the CCAA in a wide variety of industries, including experience in the aviation and specialized aviation services industries.
2. KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached as Appendix "A".

2.0 Company Background

1. The Company is one of Canada's largest onshore helicopter operators. It operates from its two main bases located in Yellowknife, Northwest Territories, and Calgary, Alberta, as well as from sub-bases throughout Canada (including Inuvik, Norman Wells and Fort Simpson, Northwest Territories; Terrace, Prince Rupert and Kelowna, British Columbia; and Dryden, Ontario) and in various locations in Chile, South America. GSH provides mineral and oil and gas exploration support, forest fire suppression, support to government agencies and other services, including environmental surveying, utilities/pipeline patrol, power line construction and telecommunications support.
2. The Company was incorporated in 1984 and its registered head office is in Yellowknife, Northwest Territories.

3. Consideration has been given to the appropriate venue for filing purposes. Ontario has been selected and KSV, as proposed Monitor, is satisfied that it is appropriate in the circumstances given, *inter alia*, the Court's oversight of the DAI CCAA proceedings and the Company's connections to Ontario, which are addressed in the Affidavit. These connections include that its four most significant creditors (CIBC, ECN Aviation Inc. ("ECN"), Roynat Inc. ("Roynat") and Clairvest) and their respective counsel are each based in Ontario, its sole director is located in Ontario and it is presently providing services in Ontario, such as fire suppression services pursuant to a contract with Ontario Ministry of Natural Resources. Additionally, this Court's familiarity with DAI's CCAA proceedings is likely to be beneficial to these proceedings. KSV does not believe that there is material prejudice to creditors by having the Court oversee these proceedings.
4. A condensed corporate chart for the Group is provided below.



5. A summary of the other entities reflected in the corporate chart, including the Non-Applicants, is provided below:
 - a) 106 is a holding company that submitted "stalking horse" bids in a sale process carried out in DAI's CCAA proceedings. 106 acquired DAI's 100% equity interest in each of the Company, ATL and DMS in three separate transactions, each of which was approved by the Court on June 22, 2018; the transactions closed on August 14, 2018.
 - b) ATL is a commercial fixed wing charter company with its main base in Yellowknife, Northwest Territories. ATL operates a diversified fleet of fixed wing aircraft and provides scheduled and charter passenger and cargo services, as well as medevac equipped aircraft services, primarily in northern Canada. Its customers include government agencies, mining companies, various mining exploration companies and the general public on scheduled and chartered flights.

- c) DMS provides fully scalable remote exploration camps and expediting, logistics and staking services to gold, base metal, uranium and diamond exploration companies operating in the Northwest Territories, Nunavut, Yukon, northern Saskatchewan and northern Ontario. DMS provides and manages custom-designed, all-weather exploration camps and assists with its customers' logistical needs.
 - d) Discovery Air Innovations Chile SpA ("DA SpA") is a subsidiary of the Company which owns 99% of Discovery Air Innovations Chile Ltda. ("DA Chile"). The Company owns the other 1% of DA Chile. The Company also owns an inactive US subsidiary, Northlinx International Inc. ("Northlinx"). There is presently no intention for DA SpA, DA Chile or Northlinx to commence insolvency proceedings.
 - e) The Company maintains strategic partnerships through joint venture agreements with numerous aboriginal groups in northern and western Canada. These strategic alliances allow the Company to provide helicopter services in remote aboriginal communities with limited or no overland access. The Company's interest in each of these entities is not reflected in the corporate chart above. In each instance, the majority shareholder of the incorporated joint venture entities is the aboriginal group. The Company intends to work closely with each of its joint venture partners during these proceedings. It is also the Company's intention for its interest in these joint venture entities to be marketed on a going-concern basis as part of the SISP.
6. The Company presently has approximately 200 employees, excluding DA Chile, which employs approximately 55 individuals. The Company's employees are not unionized and the Company does not maintain a pension plan.
7. Clairvest is the Company's largest secured creditor. As at August 30, 2018, the amount owing to Clairvest by 106 under secured debentures totalled approximately \$71.3 million. This obligation is guaranteed by the Company on a secured basis. As detailed in the Affidavit:
- a) the Company is presently in default of its obligations under its secured guarantee in favour of Clairvest;
 - b) the Company, together with Clairvest, has been engaged for some time in efforts to restructure its business and operations so as to be viable on a long-term basis; and
 - c) based on the Company's current and projected financial position and its projected liquidity needs, the Company is insolvent. Clairvest has advised that it is unwilling to continue to support the Company absent the commencement of these proceedings to carry out a Court approved SISP.
8. Further information concerning the Company, its background and its current situation is provided in the Affidavit. In order to avoid duplication, that discussion has not been repeated in this Report.

2.1 Financial Overview

1. The Company has incurred significant losses over its last three fiscal years resulting from, among other things, a slowdown in the resource sector, significant repairs and maintenance expenditures required for ongoing maintenance of its helicopter fleet and a global depression in the helicopter charter services markets.
2. A summary of the Company's unaudited¹ financial results for its fiscal years ended January 31, 2017 and 2018 is provided in the table below.

(C\$000s; consolidated)	January 31, 2018 (unaudited)	January 31, 2017 (unaudited)
Net revenue	48,108	52,074
Income from equity investments	596	548
Expenses	(48,676)	(52,792)
EBITDA	28	(170)
Depreciation and amortization	6,118	5,932
Allocation of corporate IT and HR	785	1,030
Finance costs	257	1,364
Other (gains) and losses	166	1,455
Management and interest fees	(812)	(1,440)
Income tax expense (recovery)	653	(1,976)
Total comprehensive loss	(7,139)	(6,535)
Retained Earnings/(Deficit)	(55,811)	(49,076)

3. The above table reflects that, *inter alia*:
 - a) the Company has incurred losses over the last two fiscal years totalling approximately \$13.7 million, with those losses increasing on a year-over-year basis; and
 - b) revenue has declined over the two-year period.
4. The Company's losses have continued through the first six months of the current fiscal year. The Company is not generating sufficient EBITDA to cover the Company's debt service costs and to fund its capital expenditures. This is partly due to the seasonality of the Company's business – its busy season is June through September.

¹ The Company's standalone financial statements were never audited as they were consolidated with DAI's audited financial statements.

3.0 Creditors

3.1 Secured Creditors

1. The following table summarizes the Company's secured obligations, including amounts owing to each creditor as at August 30, 2018 based on the Company's books and records.

Secured Creditor	Company Involvement	Security	Obligation
Clairvest	Guarantor	General security on all property, assets and undertaking (ranking subordinate to ECN and Roynat on their respective helicopters and to CIBC on the Company's working capital assets)	\$71.3 million
CIBC	Guarantor	General security on the Company's working capital assets (accounts receivable and inventory), with subordinate security in all other assets	\$15.2 million ²
ECN	Guarantor	Secured interest in eight Company helicopters, with subordinate security in all other assets	\$7.8 million
Roynat	Borrower	Secured interest in four Company helicopters, with subordinate security in all other assets	\$4.3 million

2. The details of each of these facilities are provided in the Affidavit. The rights and interests of each of these secured creditors are governed by an Intercreditor Agreement dated March 26, 2012, as amended.
3. KSV is cognizant of the potential for there to be a need to allocate the costs of these proceedings among the Company's secured creditors. Should this become an issue over the course of these proceedings, KSV, if appointed, intends to work with the lenders to propose a cost allocation methodology appropriate in the circumstances. Any proposed cost allocation methodology would be subject to Court approval.
4. As set out in the Affidavit, the commencement of these proceedings will constitute a default under each of the Company's secured credit facilities. Accordingly, as described in Section 5 of this Report, the temporary stay of proceedings over the Non-Applicants is required so that creditors do not commence enforcement proceedings against the Non-Applicants, particularly ATL and DMS, which will allow each entity to continue to operate in the normal course while the restructuring of the Company is implemented in an orderly manner. Neither ATL's nor DMS' operations are to be affected by these proceedings, and they will continue to operate in the ordinary course. The extension of the stay to the Non-Applicants will assist ATL and DMS to continue to operate without disruption.

3.2 Unsecured Creditors

1. Based on the Company's books and records as at June 30, 2018, accounts payable and accrued liabilities totalled approximately \$8.5 million, excluding intercompany, employee and contingent obligations.

² Includes outstanding letters of credit of approximately \$935,000.

2. Other than intercompany and contingent creditors (discussed below), the Company's significant unsecured creditors are trade vendors, including fuel suppliers, spare parts vendors and repairs and maintenance service providers.
3. As described in the Affidavit, the Company's deteriorating financial performance necessitated increased borrowings from its former parent, DAI, which was the borrower on all significant credit facilities used to fund the operations of its subsidiaries, including the Company. As a result, the Company's intercompany obligation as at June 30, 2018 totaled approximately \$154 million, which was an asset acquired by 106 from DAI in the transactions completed in DAI's CCAA proceedings.
4. The Company's contingent creditors include claimants in ongoing litigation and an arbitration commenced in Peru by a former partner of the Company's Peruvian operation. KSV understands that the Peruvian business was wound up several years ago.

4.0 Cash Flow Forecast

1. The Company prepared the Cash Flow Forecast, which covers the period September 4, 2018 to October 7, 2018 (the "Period"). The Cash Flow Forecast and the Company's statutory report on the cash flow prepared pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "B".
2. The Cash Flow Forecast reflects that the Company is projected to generate sufficient cash flow to operate in the normal course during the Period, including to fund payroll and other operating expenses, without the need of a debtor-in-possession ("DIP") facility at this time.
3. The Cash Flow Forecast has been prepared on the basis that the Group remains in margin under the CIBC facility during these proceedings and that the Company is authorized to continue to use its existing cash management system (as detailed in the Affidavit) during these proceedings. CIBC lends against the marginable accounts receivable and inventory of ATL, DMS and the Company. It is contemplated that there will be no change during these proceedings to the Group's existing cash management system - 106 will continue to receive advances under the CIBC credit agreement to the extent of the Group's eligible borrowing base and 106 will then provide Intercompany Advances to the Company as required. Such Intercompany Advances are to be secured by the Intercompany Charge, in these proceedings, which is to be subject to the security held by CIBC in the assets of 106.
4. Based on KSV's review of the Cash Flow Forecast, the assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "C".
5. KSV understands that the Company has had preliminary discussions with Clairvest regarding a DIP facility in the event that additional funding is required during these proceedings. If required, any DIP facility will be subject to Court approval.

5.0 Stay of Proceedings

1. Given the cross-guarantees and defaults under the outstanding secured facilities with CIBC, ECN and Roynat, the Company is seeking to extend the benefit of a limited stay of proceedings in these proceedings to the Non-Applicants and their officers and directors in order to provide stability through the restructuring process and to avoid a situation where defaults arising due to the commencement of these proceedings are relied upon as the basis for commencing adversarial proceedings, contract terminations or other adverse steps against the Non-Applicants, including the commencement of claims and actions against their officers and directors. Extending the stay of proceedings to the Non-Applicants and their officers and directors reduces the risk that their businesses will be disrupted and will facilitate the involvement of the officers and directors, which is in the interest of these proceedings. Without extending the stay, the business of the Group could be adversely impacted resulting, potentially, in a disorderly wind-down of the Company and the Non-Applicants.
2. The extension of a limited stay of proceedings over non-applicants was approved in DAI's recent CCAA proceedings, including over the Company, ATL and DMS. This structure preserved the normal course operations of the non-applicants in those proceedings, which resulted in Court approved share sale transactions with 106. Accordingly, the Company's stakeholders, including its secured creditors, are familiar with this structure and it worked effectively in DAI's CCAA proceedings.
3. As a result of the risks identified above, KSV believes that extending the stay of proceedings to the Non-Applicants and their officers and directors is in the best interests of the Company, its stakeholders and these proceedings.

6.0 Court Ordered Charges

6.1 Administration Charge

1. The Company is seeking an Administration Charge in an amount not to exceed \$750,000 to secure the fees and expenses of the Monitor, its counsel and the Company's counsel.
2. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required by certain of the professionals engaged to assist a debtor company and to protect those professionals in the event the Company is unable to pay their fees and costs during the CCAA process.
3. The Company worked with KSV to estimate the proposed amount of the Administration Charge.
4. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Company's CCAA proceedings and the services to be provided by professionals involved in these proceedings.

6.2 D&O Charge

1. KSV understands that the Company is current on all pre-filing obligations for which its sole director may be personally liable, including payroll obligations and sales taxes. The Cash Flow Forecast contemplates that all such amounts will continue to be paid in the ordinary course and the Company is projected to have sufficient liquidity to do so. The proposed D&O Charge provides protection for the director and officers in the event the Company fails to pay certain obligations which may give rise to liability for the Company's director and officers.
2. In these proceedings, the main risk of director's and officers' exposure is unpaid payroll and vacation pay. Payroll presently totals approximately \$750,000 per pay period (every two weeks), including source deductions and vacation pay. The D&O Charge of \$850,000 is intended to cover one payroll cycle plus an estimate of \$100,000 for the Company's monthly sales tax obligation.
3. KSV is of the view that the D&O Charge is reasonable in the circumstances and that the continued involvement of the director and officers is beneficial to the Company and these proceedings and to the conduct of an orderly SISP.

6.3 Intercompany Charge

1. The Group's cash management system is described in the Affidavit. Given the centralization of the cash management system, including its revolving line of credit with CIBC, to the extent that the Company required funding before this filing, it was advanced by 106. The Initial Order contemplates that 106 will continue to make Intercompany Advances during these proceedings to the Company, ATL and DMS to fund their businesses; however, the Intercompany Charge is only to secure advances from 106 to the Company.
2. KSV is of the view that the Intercompany Charge is reasonable as its proposed treatment respects the priorities of the existing secured creditors in the Group, other than Clairvest, which has consented to the proposed Intercompany Charge, as detailed in 6.4 (2) below.

6.4 Priority of Charges

1. The Initial Order provides that the Court-ordered charges shall have the following priority:
 - a) Administration Charge;
 - b) D&O Charge; and
 - c) Intercompany Charge.
2. The Intercompany Charge shall rank in priority to Clairvest's security and any other creditors that rank behind such Clairvest security; however, the Intercompany Charge shall rank subordinate to any existing secured creditor that ranks in priority to Clairvest's security.
3. The Initial Order contemplates a comeback motion, which will provide stakeholders with an opportunity to address any concerns, including in respect of the proposed Court-ordered charges.

7.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
 - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
 - b) within five days of the issuance of the Initial Order to:
 - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
 - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than \$1,000 advising that the order is publicly available; and
 - iii. prepare a list, showing the names and addresses of those creditors (other than employees), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
2. KSV intends to post the Initial Order and all motion materials on its website in accordance with the *E-Service Protocol*.

8.0 Relief to be Sought at the Comeback Motion

1. The Company, in consultation with KSV, has developed a SISP, for which Court approval is expected to be sought at the next motion in these proceedings on notice to the Service List. It is contemplated that the SISP approval motion will be heard within two weeks of the date of the Initial Order, if issued.
2. The Company is presently finalizing the terms of a key employee retention plan ("KERP"). Approval of a KERP is likely to be sought at the next motion in these proceedings.
3. Details of the SISP and the KERP will be discussed further in the materials to be filed in relation to the SISP approval motion.

9.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC.
IN ITS CAPACITY AS PROPOSED MONITOR OF
GREAT SLAVE HELICOPTERS LTD.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “C”

SALE AND INVESTMENT SOLICITATION PROCESS

Introduction

On September 4, 2018, Great Slave Helicopters Ltd. (the “**Debtor**”) commenced a proceeding (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Pursuant to the initial order issued by the Court in the CCAA Proceeding (the “**Initial Order**”), KSV Kofman Inc. was appointed as monitor (the “**Monitor**”) in the CCAA Proceedings.

The following Schedules are incorporated into this Sale and Investment Solicitation Process (“**SISP**”): (a) Schedule “A” – Form of Acknowledgment of Sale and Investment Solicitation Process; and (b) Schedule “B” – Addresses for Notice.

The Debtor intends to bring a motion (the “**SISP Motion**”) before the Court on or about September 14, 2018 for an order (the “**SISP Order**”) approving this SISP. The Monitor will conduct the SISP in accordance with the SISP Order. Under the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP or a portion thereof on the terms set out herein.

In this document, unless the context otherwise requires, words importing the singular include the plural and vice versa. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Initial Order. Except where otherwise expressly provided, all dollar references are to Canadian dollars. A “**Business Day**” means any day, other than Saturday or Sunday, on which the principal commercial banks in Toronto are open for commercial banking business during normal banking hours.

Commencement of the SISP and Identifying Bidders

1. The purpose of the SISP is to conduct a process to provide interested parties with opportunities to submit competing offers on an “as is, where is” basis to: (a) acquire the Debtor’s business (the “**Business**”) or all, substantially all or any part of the assets owned by the Debtor (the “**Assets**”, and such proposal, a “**Sale Proposal**”), (b) make an investment in the Debtor by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Debtor with one or more lenders and/or investors or security holders (an “**Investment Proposal**”), or (c) to liquidate all, substantially all or any part of the Assets (a “**Liquidation Proposal**”, and all such opportunities, collectively, the “**Opportunities**”). The SISP shall apply to each of the Opportunities and the related processes and transactions.
2. Any sales pursuant to this SISP will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the

Monitor, the Debtor or any of their respective directors, officers, agents, advisors or other representatives unless otherwise agreed in a definitive agreement.

3. All of the Debtor's right, title and interest in and to any of the Assets to be sold pursuant to any transaction(s) contemplated herein will be sold free and clear of the pledges, liens, security interests, encumbrances, claims, charges, options and interests therein and thereon as may be set out in the Court order approving such sale.

Timeline

4. The following table sets out the key milestones and deadlines under the SISP, which milestones and deadlines may be extended or amended by the Monitor in its discretion by up to two weeks without Court approval:

Milestone	Deadline
Commencement of SISP	September 14, 2018
Bid Deadline	October 17, 2018
Notification Date	October 24, 2018
Bid Acceptance Date	October 31, 2018
Closing Date Deadline	November 23, 2018

Any such extensions or amendments (other than the Closing Date Deadline) shall be communicated to all Bidders in writing and posted on the Monitor's Website at <http://www.ksvadvisory.com/insolvency-cases/great-slave-helicopters>.

Solicitation of Interest: Notice of the SISP

5. The Debtor will issue a press release providing notice of the SISP and any such other relevant information as the Debtor and Monitor consider appropriate (a "**Notice**") with Canada Newswire for designated dissemination in Canada and such other jurisdictions as the Monitor, in consultation with the Debtor, considers appropriate.
6. The Monitor shall be entitled, but not obligated, to arrange for a Notice to be published in The Globe and Mail (National Edition), and any other newspaper or industry journal as the Monitor considers appropriate, if any, if it believes that such advertisement would be useful in the circumstances.

7. The Monitor, with the assistance of the Debtor and its counsel, advisors and other representatives (all such persons, collectively, “**Representatives**”), shall prepare:
 - (a) a list of potential financial bidders, strategic bidders and liquidation bidders who may be interested in a GSH Transaction (collectively, “**Potential Bidders**”);
 - (b) letters in connection with the SISP describing the Opportunities, outlining the processes under the SISP and inviting recipients of such letters to participate in the SISP (“**Teaser Letters**”);
 - (c) a form of non-disclosure agreement to be used in connection with the solicitation of bids in this SISP (an “**NDA**”);
 - (d) a confidential information memorandum describing the Opportunities (a “**CIM**”), which will be made available by the Monitor to Bidders (as defined below) that execute an acceptable NDA; and
 - (e) to the extent considered necessary by the Monitor, in consultation with the Debtor, prepare forms of transaction documents to be used by Interested Parties (as defined below) in submitting bids and proposals to the Monitor, the form and substance of such transaction documents to be acceptable to the Monitor (the “**Transaction Documents**”);
8. The Monitor, with the assistance of the Debtor and its Representatives, shall establish an electronic data room in connection with the SISP (the “**Data Room**”) that may be updated from time to time during the SISP.
9. The Monitor and its Representatives may consult with, or seek the assistance or cooperation of, the Debtor and CEP IV Co-Investment Limited Partnership, Clairvest Equity Partners IV Limited Partnership, Clairvest Equity Partnership IV-A Limited Partnership, DA Holdings Limited Partnership, G. John Krediet, Canadian Imperial Bank of Commerce, Element Financial Corporation and Roynat Inc. (collectively, the “**Lenders**”) with respect to any matter relating to this SISP and the conduct thereof. In this document, where the Monitor and the Debtor and their respective Representatives are required to consult with Lenders, such consultation shall only be required with those Lenders that have first priority to the sale proceeds from the Assets that are the subject of such consultation; provided, however, that the Monitor in its sole discretion may consult with any and all Lenders that it considers appropriate with respect to any matter relating to this SISP and the conduct thereof .
10. The Debtor and its Representatives shall cooperate fully with the Monitor and its Representatives and provide such assistance as is reasonably requested by the Monitor in connection with the SISP.

11. The Monitor will send the applicable Teaser Letter(s) and applicable form or forms of NDA to all applicable Potential Bidders as soon as reasonably practicable after the granting of the SISP Order and to any other party who requests a copy of a Teaser Letter and NDA or who is identified by the Debtor or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Delivery of CIM

12. Any party who wishes to participate in the SISP (an “**Interested Party**”), including any Potential Bidder, must provide to the Monitor:
 - (a) an NDA executed by it, and a letter setting forth the identity of the Interested Party, the contact information for such Interested Party and full disclosure of the direct and indirect principals of the Interested Party;
 - (b) an acknowledgment of the applicable Opportunity in which the Interested Party is interested, in the form attached hereto as Schedule “A”; and
 - (c) if the Monitor considers it necessary, such form of financial disclosure and credit quality support or enhancement that allows the Monitor to make a reasonable determination as to the Interested Party’s financial and other capabilities to consummate a Sale Proposal, Investment Proposal or Liquidation Proposal.
13. If it is determined by the Monitor, in its reasonable business judgment, that an Interested Party: (i) has delivered the documents contemplated in paragraph 12 above; and (ii) has the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or other transaction pursuant to the SISP, then such Interested Party will be deemed to be a “**Bidder**”. For greater certainty, the Monitor may, in its reasonable business judgment, determine that an Interested Party may be deemed a Bidder in one Opportunity, but not another.
14. The Monitor will provide each Bidder with a copy of the CIM and access to the Data Room. Bidders and Qualified Bidders (as defined below) must rely solely on their own independent review, investigation and/or inspection of all information and of the Business and Assets in connection with their participation in the SISP and any transaction they enter into with the Debtor. The Debtor, the Monitor and their respective directors, officers, agents and advisors make no representation or warranty whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the CIM or the Data Room; (ii) provided through the due diligence process or otherwise made available pursuant to the SISP; or (iii) otherwise made available to a Potential Bidder, Interested Party, Bidder or Qualified Bidder, except to the extent expressly

contemplated in any definitive documentation duly executed and delivered by the Successful Bidder (as defined below) duly executed by the Debtor and approved by the Court.

15. At any time during the SISP, the Monitor may, in its reasonable business judgment, eliminate a Bidder from the SISP, in which case such party will no longer be a Bidder for the purposes of the SISP. For greater certainty, the Monitor may, in its reasonable business judgment, eliminate a Bidder participating in multiple Opportunities from one Opportunity but not other Opportunities.
16. None of the Debtor, the Lenders nor any of their Representatives or affiliates shall meet or communicate with a Potential Bidder, Interested Party, Bidder or Qualified Bidder regarding any Opportunity or related transaction without (a) first informing and obtaining the consent of the Monitor, and (b) allowing the Monitor the right and opportunity to participate in such meeting, management presentation or communication. In the event a disagreement arises between the Monitor and either the Debtor or a Lender with respect to any matters related directly or indirectly to this SISP, the Monitor, unless otherwise ordered by the Court, shall have the sole authority to make a final decision with respect to such matters.
17. The Monitor, with the Debtor's assistance, shall afford each Bidder such access to applicable due diligence materials and information pertaining to the SISP as the Monitor deems appropriate in its reasonable business judgment. Due diligence access may include management presentations, access to the Data Room, on-site inspections and other matters which a Bidder may reasonably request and which the Monitor deems appropriate. The Monitor will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Bidder and the manner in which such requests must be communicated. Neither the Debtor nor the Monitor will be obligated to furnish any information relating to the Business or the Assets to any person other than to Bidders. For the avoidance of doubt, selected due diligence materials may be withheld from certain Bidders if the Monitor determines such information to represent proprietary or sensitive competitive information.

Formal Offers and Determination of Qualified Bids

18. Bidders that wish to make a formal offer pursuant to the SISP (a "**Sale Proposal**", an "**Investment Proposal**" or a "**Liquidation Proposal**", as the case may be) must submit by email such Sale Proposal, Investment Proposal and/or Liquidation Proposal to the Monitor so as to be received by the Monitor not later than 5:00 PM (Toronto Time) on October 17, 2018 (the "**Bid Deadline**"), in each case with a copy to each of the persons specified in Schedule "B" hereto. Bidders must submit a separate Sale Proposal, Investment Proposal or Liquidation Proposal for each Opportunity in which the Bidder is interested.

19. In order to be considered a “**Final Bid**”, a Sale Proposal, an Investment Proposal or a Liquidation Proposal shall include the following terms (collectively, the “**Final Bid Criteria**”):
- (a) in the case of:
 - (i) a Sale Proposal, a sealed duly authorized and executed definitive purchase agreement in a form of Asset Purchase Agreement consistent with transactions of this nature together with all completed schedules thereto, containing the detailed terms and conditions of the proposed transaction, including identification of the Business or the Assets proposed to be acquired, the obligations to be assumed, the purchase price for the Business or Assets proposed to be acquired, the detailed structure and financing of the proposed transaction (and, where applicable, together with a blackline comparing the purchase agreement submitted to any Transaction Documents);
 - (ii) an Investment Proposal, a duly authorized and executed term sheet describing the detailed terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Debtor following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the pro forma capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Debtor, and the debt, equity or other securities, if any, proposed to be allocated to creditors of the Debtor; and
 - (iii) a Liquidation Proposal, containing the detailed terms and conditions of the proposed transaction, including identification of the Assets proposed to be acquired, an allocation of the proposed consideration amongst such Assets, the obligations to be assumed and/or costs to be paid by the liquidator, consideration payable and/or commission rate, including any net minimum guarantee amounts and/or participation percentages and the liquidation term (and, where applicable, together with a blackline comparing the agency agreement submitted to any Transaction Documents);
 - (b) Subject to subsection (c) below, that the bid is binding and irrevocable until the earlier of: (i) 30 days after the Bid Deadline and (ii) approval by the Court of the relevant Accepted Bid (the “**Bid Termination Date**”). **Bidders are strongly discouraged from submitting Letters of Intent or Expressions of Interest;**

- (c) include a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the Monitor, in trust, in an amount equal to 15% of the purchase price contemplated by the Bidder's Final Bid or, in the case of an Investment Proposal, 15% of the value of the Investment Proposal, as determined by the Monitor (in each case, the "**Deposit**");
- (d) provide contact information (including an email address) for the Bidder and disclose the identity of each entity (including its ultimate shareholders and/or sponsors) that is bidding for the Business and/or Assets or otherwise participating in a Final Bid and the complete terms of any such participation;
- (e) include written evidence of a firm, irrevocable commitment for financing or other evidence of an ability to consummate the proposed transaction or transactions comprising the Final Bid, that will allow the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;
- (f) include acknowledgments and representations of the Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Business and/or Assets, the Debtor or otherwise prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of the Business and/or Assets (including, without limitation, any documents in connection therewith) in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business and/or Assets or the Debtor or the completeness of any information provided in connection therewith, except as expressly contemplated in any definitive documentation duly executed by the Successful Bidder and the Debtor and approved by the Court;
- (g) include written evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Final Bid;
- (h) provides value to the creditors and other stakeholders of the Debtor (having regard to the relative priority of creditor claims);
- (i) describes the specific Business and/or Assets to be acquired by the Bidder;
- (j) includes details of any liabilities to be assumed by the Bidder;

- (k) not be subject to further due diligence;
 - (l) not be subject to financing;
 - (m) include a description of any regulatory or other third-party approvals required for the Bidder to consummate the proposed transaction, and the time period within which the Bidder expects to receive such regulatory and/or third-party approvals, and those actions the Bidder will take to ensure receipt of such approvals as promptly as possible;
 - (n) include a description of any desired arrangements with respect to transition services that may be required from the Debtor in connection with the transaction, including funding for same;
 - (o) not be subject to any conditions precedent except those that are customary in a transaction of this nature;
 - (p) not be conditional upon approval by the Court of any bid protection, such as a break-up fee, termination fee, expense reimbursement or similar type of payment;
 - (q) be received by the Bid Deadline; and
 - (r) contemplate closing the transaction set out therein on or before November 23, 2018 (the “**Closing Date Deadline**”).
20. The Monitor may, if it deems appropriate or desirable in the circumstances, modify or amend the Final Bid Criteria.
21. Following the Bid Deadline, the Monitor will determine if each Sale Proposal, Investment Proposal or Liquidation Proposal delivered to the Monitor meets the Final Bid Criteria, provided that each such Sale Proposal, Investment Proposal or Liquidation Proposal may be negotiated among the Monitor, the Debtor and the applicable Bidder and may be amended, modified or varied to improve such Sale Proposal, Investment Proposal or Liquidation Proposal as a result of such negotiations. Neither the Monitor nor the Debtor shall be under any obligation to negotiate identical terms with, or extend identical terms to, each Bidder.
22. The Monitor may make any modification to the SISP it considers appropriate in the circumstance and, where it considers such modification to be material, it may seek Court approval of such modification on notice to parties in the CCAA Proceeding. The extension of any date in the SISP by up to two weeks shall not be considered material.

23. If a Sale Proposal, an Investment Proposal or a Liquidation Proposal meets the Final Bid Criteria, as determined by the Monitor in its sole discretion, such Final Bid will be deemed to be a “**Qualified Bid**” and the Bidder in respect of each such Qualified Bid shall be a “**Qualified Bidder**” in respect of the SISP. The Monitor may waive strict compliance with any one or more of the Final Bid Criteria and deem such non-compliant Sale Proposal, Investment Proposal or Liquidation Proposal to be a Qualified Bid, provided that doing so shall not constitute a waiver by the Monitor of the Final Bid Criteria or an obligation on the part of the Monitor to designate any other Sale Proposal, Investment Proposal or Liquidation Proposal as a Qualified Bid.

Selection of Successful Bidders

24. Within five (5) Business Days of the Bid Deadline, or at such later time as the Monitor may deem appropriate, the Monitor will advise each Bidder if its Sale Proposal, Investment Proposal or Liquidation Proposal is a Qualified Bid (the “**Notification Date**”) pursuant to the SISP.
25. The Monitor, in consultation with the Debtor and the Lenders and each of their respective Representatives (subject to paragraph 9 hereof), shall: (a) evaluate Qualified Bids on various grounds including, but not limited to, the purchase price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the certainty of closing the transactions contemplated by the Qualified Bid on or before the Closing Date Deadline and any delay or other risks (including closing risks) in connection with the Qualified Bids; and (b) where considered appropriate, continue negotiations with a selected number of Qualified Bidders, with a view to selecting one or more non-overlapping Qualified Bids as successful bids. The Monitor, in consultation with the Debtor and the Lenders and each of their respective Representatives (subject to paragraph 9 hereof), shall have the option, in its discretion, to split, combine and/or aggregate Qualified Bids and portions thereof.
26. The Monitor, in consultation with the Debtor and the Lenders and each of their respective Representatives (subject to paragraph 9 hereof), shall, in the case of:
- (a) a Sale Proposal or an Investment Proposal that is a Qualified Bid, accept, subject to Court approval, one (or more than one, if for distinct and compatible transactions) such Qualified Bid (each, an “**Accepted Sale Bid**”, and the offeror(s) making such Accepted Sale Bid being a “**Successful Sale Bidder**”) and take such steps as may be necessary to finalize definitive transaction documents for the Accepted Sale Bid(s) with such Successful Sale Bidder(s); and
 - (b) a Liquidation Proposal that is a Qualified Bid, accept, subject to Court approval, one (or more than one, if for distinct and compatible transactions)

such Qualified Bid (each an “**Accepted Liquidation Bid**”, and together with any Accepted Sale Bids, “**Accepted Bids**”, and the offeror(s) making such Accepted Liquidation Bid being a “**Successful Liquidation Bidder**”, and together with any such Successful Sale Bidder(s), “**Successful Bidders**”) and take such steps as may be necessary to finalize definitive transaction documents for the Accepted Liquidation Bid(s) with Successful Liquidation Bidder(s).

27. The Monitor and the Debtor shall have no obligation to conclude a sale arising out of this SISP and reserve the right and unfettered discretion to reject any and all bids or proposals, but shall only do so in consultation with the Lenders and their Representatives (subject to paragraph 9 hereof). If the Monitor does select any Accepted Bid(s), it shall be under no obligation to accept the highest or any particular bid.
28. Within five (5) Business Days of the Notification Date, the Monitor shall advise the Qualified Bidders if Accepted Bids have been accepted (in each case, subject to Court approval) (the “**Bid Acceptance Date**”).
29. Within seven (7) Business Days of the Bid Acceptance Date (or as soon as reasonably possible thereafter), the Debtor shall file a motion or motions with the Court seeking one or more orders to approve the Accepted Bids. The Debtor will be deemed to have finally accepted the Accepted Bid(s) only when it has been approved by the Court. All of the Qualified Bids other than the Accepted Bids shall be deemed rejected by the Monitor on and as of the date of approval of the applicable Accepted Bid by the Court.
30. All Deposits received by the Monitor in connection with the SISP will be retained by the Monitor in a trust account. Any Deposit held by the Monitor with respect to the Accepted Bid (plus accrued interest, if any) will be non-refundable (other than as may be provided for in the definitive documents that constitutes the Accepted Bid) and will be applied to the purchase price to be paid by the Successful Bidder upon closing of the transaction under the Accepted Bid. The Deposits (plus applicable interest, if any) of Bidders not selected as Qualified Bidders will be returned to such Bidders within three (3) Business Days of the Notification Date. The Deposits (plus applicable interest, if any) of Qualified Bidders not selected as the Successful Bidder will be returned to such parties within three (3) Business Days of the Bid Acceptance Date.
31. If the Successful Bidder for any transaction fails to close the transaction contemplated by the Accepted Bid by the Closing Date Deadline or such other date as may otherwise be mutually agreed upon among the Debtor, the Monitor and the Successful Bidder, the Monitor shall be authorized but not required to: (a) direct the Debtor to exercise such rights and remedies as are available to the Debtor under the Accepted Bid including, if applicable, deeming that the Successful Bidder has

breached its obligations pursuant to the Accepted Bid and that the Successful Bidder has forfeited its Deposit to the Debtor; or (b) take such other steps as it deems advisable, including seeking further advice and directions from the Court. The Debtor reserves its right to seek all available remedies, including damages or specific performance, in respect of any defaulting Successful Bidder.

Assets Not Sold

32. Any Asset that is not sold or liquidated or otherwise dealt with pursuant to an Accepted Bid that is consummated in a closed transaction may be sold by the Debtor, with the assistance of the Monitor and in consultation with the Lenders and their Representatives (subject to paragraph 9 hereof), in any manner that the Debtor sees fit; provided, however, that if the consideration that the Debtor receives for such Asset(s) in any one transaction exceeds \$250,000 or \$1,000,000 in the aggregate, then the Debtor will seek Court approval of such sale. Where the Debtor intends to sell assets subject to a Lender's security and the value of the transaction exceeds \$25,000, but is less than \$250,000, the Debtor shall seek the consent of that Lender.

Confidentiality and Access to Information

33. Each Potential Bidder, Interested Party, Bidder or Qualified Bidder shall not be permitted to receive any confidential or competitive information that is not made generally available to all participants in the SISP, including the number or identity of Potential Bidders, Bidders, Qualified Bidders, and Qualified Bids; the details of any bids, Sale Proposals, Investment Proposals or Liquidation Proposals or Final Bids submitted; or the details or existence of any confidential discussions or correspondence among the Debtor, the Monitor and any Bidder in connection with the SISP.
34. The Monitor, the Debtor and their respective Representatives shall provide regular updates to the Lenders and their Representatives with respect to matters related to the SISP, including, without limitation, convening bi-weekly conference calls with the Lenders. Any information that is provided by the Monitor, the Debtor or their respective Representatives to any of the Lenders or their Representatives, in respect of the SISP, including regarding any participants therein, any bids received or terms thereof or otherwise ("**Confidential Information**"), will be provided on a strictly confidential basis only and such parties shall not be permitted to share such Confidential Information with anyone other than any other Lenders or their Representatives, without the consent of the Monitor.
35. Notwithstanding paragraph 34, if any Lender intends to: (a) participate as a bidder in this SISP; and/or (b) provide financing to a bidder in the SISP, then such party shall provide written notice of such intention (the "**Participation Notice**") to the Monitor on or before October 1, 2018 (the "**Participation Notice Deadline**"). Any

Lender who delivers a Participation Notice shall not be entitled to any Confidential Information, shall not be entitled to exercise any consultation and other similar rights hereunder and shall not be entitled to review any Transaction Documents or be involved in any way in the review, consideration, negotiation or selection of any bids. The failure of such parties to deliver a Participation Notice by the Participation Deadline shall render such parties unable to participate as a bidder in this SISP and may, in the Monitor's sole discretion, disqualify from consideration any bidder to whom they are proposing to provide financing.

36. In addition, the Monitor may consult with any other parties with a material interest (as determined in the Monitor's sole discretion) in the CCAA Proceeding regarding the status and material information and developments relating to the SISP to the extent considered appropriate by the Monitor and taking into account, among other things, whether such party is a Bidder, Qualified Bidder, or other participant or prospective participant in the SISP; provided that such parties may be required to enter into confidentiality arrangements satisfactory to the Monitor.

Supervision of the SISP

37. Subject to any consultation rights and other similar rights provided for herein, the Monitor will conduct the SISP in the manner set out herein and in the SISP Order. All discussions or inquiries to the Debtor regarding the SISP shall be directed to the Monitor. Under no circumstances should Representatives of the Debtor be contacted directly or indirectly in respect of the SISP, including diligence requests, without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion from the SISP, in the Monitor's sole discretion.
38. Other than as specifically set forth in a definitive agreement between the Debtor and a Successful Bidder, the SISP does not, and will not be interpreted to, create any contractual or other legal relationship among the Debtor, the Monitor, any Potential Bidder, Interested Party, Bidder, Qualified Bidder, the Successful Bidder, or any other party.
39. Subject to the terms of the Initial Order or other Court order, participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Final Bid, participation in the SISP and due diligence.

SCHEDULE “A”

Acknowledgement of the Sale and Investment Solicitation Process

TO: Great Slave Helicopters Ltd.

AND TO: KSV Kofman Inc. in its capacity as monitor in the CCAA proceedings of Great Slave Helicopters Ltd.

RE: Sale and Investment Solicitation Process in respect of the following Opportunity(ies) [check all that apply]:

- Sale Proposal
- Investment Proposal
- Liquidation Proposal

The undersigned hereby acknowledges receipt of the sale and investment solicitation process approved by the Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (Commercial List) dated September 14, 2018 (the “**SISP**”) and that compliance with the terms and provisions of the SISP is required in order to participate in the SISP and for any Final Bid (as defined in the SISP) to be considered by the Monitor.

This ____ day of _____, 2018.

[Insert Interested Party name]

Per:

Email Address:

SCHEDULE “B” - ADDRESSES FOR NOTICES

KSV Kofman Inc.
Court-Appointed Monitor in the Debtor’s CCAA Proceedings
150 King Street West
Suite 2308, Box 42
Toronto ON M5H 1J9

Attention: Bobby Kofman & David Sieradzki

Email: bkofman@ksvadvisory.com / dsieradzki@ksvadvisory.com

-with copies to-

Goldman Sloan Nash & Haber LLP
Lawyers for the Debtor
1600-480 University Avenue
Toronto, ON M5G 1V2

Attention: Mario Forte and Jennifer Stam

Email: forte@gsnh.com / stam@gsnh.com

Goodmans LLP
Lawyers for the Monitor
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto ON M5H 2S7

Attention: Joe Latham

Email: jlatham@goodmans.ca

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
GREAT SLAVE HELICOPTERS LTD.**

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

The management of Great Slave Helicopters Ltd. (the "Applicant") have developed the assumptions and prepared the attached statement of projected cash flow as of the 6th day of September, 2018 for the period September 10, 2018 to November 25, 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 6th day of September, 2018.

Great Slave Helicopters Ltd.



Hazel Zembal, Chief Financial Officer

Great Slave Helicopters Ltd.
Projected Cash Flow and Margin Calculation
For the Period Ending November 25, 2018
(Unaudited; C\$)

	Notes	16-Sep-18	23-Sep-18	30-Sep-18	07-Oct-18	14-Oct-18	21-Oct-18	28-Oct-18	04-Nov-18	11-Nov-18	18-Nov-18	25-Nov-18	Total
<i>Receipts</i>													
Accounts receivable collections	2	1,815,200	1,387,000	1,736,897	1,669,900	1,316,000	1,300,000	1,300,000	1,000,000	1,000,000	1,000,000	1,000,000	14,524,997
Other	3	-	-	-	-	-	-	-	-	-	1,147,095	-	1,147,095
<i>Total Receipts</i>		1,815,200	1,387,000	1,736,897	1,669,900	1,316,000	1,300,000	1,300,000	1,000,000	1,000,000	2,147,095	1,000,000	15,672,092
<i>Disbursements</i>													
Payroll costs	4	757,963	471,093	612,646	411,593	56,593	871,093	137,646	463,844	50,000	871,752	50,000	4,754,220
Fuel	5	-	20,000	-	20,817	-	20,000	-	20,000	-	-	-	80,817
Repairs and maintenance	6	556,136	434,827	323,700	257,775	323,700	340,225	220,527	432,894	103,269	60,483	192,927	3,246,463
Lease payments	7	236,504	250,000	4,659	217,160	65,000	30,000	30,000	181,810	129,991	129,991	129,991	1,405,106
Insurance	8	-	72,518	-	174,629	-	-	-	59,583	-	-	-	306,730
Facilities costs	9	50,000	50,000	50,000	130,000	50,000	35,000	35,000	165,000	-	-	-	565,000
Customs and duties	10	-	-	250,000	-	-	-	-	65,000	-	-	-	315,000
Professional fees	11	225,000	-	-	300,000	-	-	-	275,000	-	-	-	800,000
Credit card payments	12	-	355,507	-	-	-	350,362	-	-	-	256,566	-	962,435
Other operating expenses	13	321,190	386,190	350,515	352,775	367,775	330,960	361,475	388,957	361,182	336,193	335,600	3,892,813
Debt Service Costs		-	-	-	44,000	-	-	-	44,000	-	-	-	88,000
<i>Total Disbursements</i>		2,146,792	2,040,134	1,591,520	1,908,749	863,068	1,977,639	784,648	2,096,089	644,442	1,654,985	708,517	16,416,584
<i>Net Cash Flow</i>		(331,592)	(653,134)	145,378	(238,849)	452,933	(677,639)	515,352	(1,096,089)	355,558	492,110	291,483	(744,491)
<i>CIBC Borrowing Base (consolidated)</i>													
	14	16-Sep-18	23-Sep-18	30-Sep-18	07-Oct-18	14-Oct-18	21-Oct-18	28-Oct-18	04-Nov-18	11-Nov-18	18-Nov-18	25-Nov-18	
Total consolidated borrowings		15,635,704	15,573,309	15,114,798	15,776,160	15,145,523	15,030,981	13,672,924	16,109,745	16,036,409	14,060,825	13,616,313	
Net assets available for borrowing		19,413,180	19,413,180	19,413,180	19,413,180	19,413,180	19,413,180	19,413,180	17,770,930	17,770,930	17,770,930	17,770,930	
Surplus/(shortfall)		3,777,476	3,839,871	4,298,382	3,637,020	4,267,657	4,382,199	5,740,256	1,661,185	1,734,522	3,710,105	4,154,617	

Purpose and General Assumptions

1. The purpose of this analysis is to present a cash flow forecast for Great Slave Helicopters Ltd. (the "Company") for the period September 10, 2018 to November 25, 2018 in respect of its proceedings under the *Companies' Creditors Arrangement Act*. In accordance with the Initial Order, the cash flow reflects the continued use of the Company's existing cash management system with CIBC.

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

Hypothetical Assumptions

2. Represents projected collections of accounts receivable generated from normal course business operations in accordance with historical customer payment practices.
3. Represents projected recoveries on a pending insurance claim.
4. Represents payroll costs for the Company's employees and contractors, including source deductions and reimbursable employee expenses.
5. Represents aircraft fuel costs incurred in the normal course of operations.
6. Represents projected maintenance, parts and equipment required to operate the aircraft in the normal course during the projection period.
7. Represents payments to the Company's aircraft lessors in respect of the Company's 17 leased aircraft.
8. Represents the Company's insurance premiums.
9. Represents occupancy costs at the Company's owned and leased premises, including utilities, maintenance and rent.
10. Represents customs, brokerage and duties payable.
11. Represents payment of the estimated professional fees of the Monitor, its legal counsel and the Company's legal counsel.
12. The Company's pilots incur travel and other expenses on the corporate credit card, which is part of the Company's CIBC cash management system and is secured by a letter of credit in favour of US Bank National Association. The projected credit card payments represent the Company's estimate of expenses that are paid by credit card during the projection period.
13. Represents the present run-rate of weekly freight, training and other general operating expenses incurred by the Company in its flying season.
14. The borrowing base is calculated on a consolidated basis in accordance with CIBC's existing lending formula. The calculation is based on the consolidated eligible borrowing base of the Company, Air Tindi Ltd. and Discovery Mining Services Ltd.

Appendix “E”

**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.**

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

The attached statement of projected cash-flow of Great Slave Helicopters Ltd. (the "Applicant"), as of the 6th day of September, 2018, consisting of a weekly projected cash flow statement for the period September 10, 2018 to November 25, 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 7th day of September, 2018.



**KSV KOFMAN INC.
IN ITS CAPACITY AS CCAA MONITOR OF
GREAT SLAVE HELICOPTERS LTD.
AND NOT IN ITS PERSONAL CAPACITY**