



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

April 23, 2019

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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.**

**FIFTH REPORT OF KSV KOFMAN INC. AS MONITOR**

**April 23, 2019**

## **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 proceedings was to stabilize the Company's business and operations while a Court-approved sale and investment solicitation process ("SISP") was conducted. The SISP resulted in a Court-approved going concern sale (the "Transaction") of substantially all of the Company's business and assets (but excluding, among other things, accounts receivable) to an arm's length party, Great Slave Helicopters 2018 Ltd. (the "Purchaser"), pursuant to an asset purchase agreement dated as of November 8, 2018 (the "APA").
3. This report ("Report") is filed in KSV's 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) update the Court on certain outstanding issues in these proceedings, including:
    - i. the sale of eight helicopters owned by the Company which were financed by ECN Aviation Inc. ("ECN") and which ECN opted to exclude from the SISP ("ECN Helicopters"); and
    - ii. a settlement between the Company and Sahtu Helicopters Ltd. ("Sahtu") in respect of a disputed account receivable balance owing by Sahtu to the Company;

- c) summarize the few outstanding issues in these proceedings that the Company, with the Monitor's assistance, intends to complete prior to filing the Monitor's Termination Certificate (as defined below);
- d) discuss the rationale for the Company's intention to file an assignment in bankruptcy at the conclusion of these proceedings;
- e) report on the Company's cash flow projection for the period May 1, 2019 to June 30, 2019 ("Cash Flow Forecast");
- f) provide the reasons the Monitor supports the Company's request that the stay of proceedings be extended from April 30, 2019 to the date on which the Monitor's Termination Certificate is filed;
- g) detail the Monitor's activities since February 27, 2019, the date to which its reports and activities were previously approved;
- h) summarize the fees and disbursements of the Monitor and its counsel, Goodmans LLP ("Goodmans"), from February 1, 2019 to March 31, 2019, and seek approval of same; and
- i) recommend that this Honourable Court make an order (the "CCAA Termination Order"):
  - extending the stay of proceedings from April 30, 2019 to the date on which the Monitor files the Monitor's Termination Certificate;
  - discharging the Monitor of its duties and obligations under the Initial Order and the other Court orders made in these proceedings upon the filing with this Honourable Court of a certificate (the "Monitor's Termination Certificate") in the form attached to the proposed CCAA Termination Order;
  - releasing the Monitor and its counsel from any and all liability relating to any act, omission, transaction, dealing or occurrence arising prior to the filing of the Monitor's Termination Certificate, save and except for any claims relating to their gross negligence or wilful misconduct (the "Monitor Release");
  - discharging each of the Court-ordered charges created pursuant to orders issued in these proceedings upon the filing of the Monitor's Termination Certificate;
  - approving the fees and disbursements of the Monitor and Goodmans for the period February 1, 2019 to March 31, 2019 and the estimated fees and disbursements of the Monitor and Goodmans for the period from April 1, 2019 until the termination of these proceedings in the amount of \$100,000, plus HST (the "Fee Accrual"); and
  - approving this Report and the activities described herein.

## 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. 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 Accountants of 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 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. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

## 2.0 Background

1. The Company was formerly one of Canada's largest onshore helicopter operators. It operated from 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).
2. The Company provided 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 had approximately 200 employees at the commencement of its restructuring proceedings. The Company's workforce was not unionized and the Company did not maintain a pension plan. The Company presently has two part-time employees who are assisting the Monitor to address outstanding matters in these proceedings, particularly collecting accounts receivable. Approximately 50 of the Company's former employees were hired by the Purchaser.
4. The Initial Order provides a limited stay of proceedings over the Company's parent, 10671541 Canada Inc., and two affiliated entities, Air Tindi Ltd. ("ATL") and Discovery Mining Services Ltd. (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 and its affiliates and managed funds (“Clairvest”) is the Company’s largest secured creditor and indirect shareholder. Following Court-approved distributions paid to Clairvest in these proceedings totalling approximately \$14 million, the Group’s obligations owing to Clairvest under its secured debentures total approximately \$56 million, plus interest and costs which continue to accrue. The Group’s other secured equipment lenders at the outset of these proceedings were: (a) ECN, which was owed approximately \$7.5 million until being repaid in full from the sale of the ECN Helicopters owned by GSH (as detailed in Section 3.1 below); and (b) Roynat Inc. (“Roynat”), which is presently owed approximately \$3.6 million following a Court-approved distribution of \$700,000 in these proceedings and had a priority security interest in four helicopters which were included in the Transaction. Roynat’s security extends to ATL and, as part of this proceeding, Roynat and ATL have negotiated a new credit agreement.
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 during these proceedings. CIBC is presently owed approximately \$3.6 million - it was owed approximately \$15 million by the Group as at the date of the Initial Order. CIBC’s security extends to the Non-Applicants and, as part of this proceeding, CIBC and the Non-Applicants have negotiated a new credit agreement.
7. Further information regarding these proceedings is provided in the Monitor’s four reports to Court. Copies of the reports and all other Court materials filed in these proceedings are available on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/great-slave-helicopters>.

## **2.1 The Transaction**

1. The Transaction was approved by the Court on November 23, 2018 and was completed later that day. The purchase price was \$17.82 million. The Transaction excluded one helicopter, which was sold to Delta Helicopters Ltd. (“Delta”) for \$1 million. The sale to Delta was also approved by the Court on November 23, 2018 and was completed on November 26, 2018. Details of the Transaction and the Delta sale were provided in the Monitor’s second report to Court dated November 16, 2018 and have not been repeated herein.
2. Since closing the Transaction, the Purchaser, the Company and the Monitor have addressed transitional matters related to the Transaction. Pursuant to the APA, the Company agreed to assist the Purchaser for 90 days from the closing date (February 23, 2019) to have its transportation licences re-issued to the Purchaser. That process has been completed. The Monitor has also pursued collection of outstanding accounts receivable which were excluded from the Transaction. The results of the Monitor’s collection efforts are discussed in further detail below.

## **2.2 Distributions to Secured Creditors**

1. Pursuant to a Court Order made on December 18, 2018 (the “Distribution Order”), the Monitor was authorized to distribute the sale proceeds generated from the Transaction and the aircraft sale to Delta among Clairvest, CIBC and Roynat, the Company’s secured creditors. The Distribution Order also directed the Monitor to distribute to Clairvest all further proceeds which may become available. To date, distributions totalling approximately \$18.5 million have been made by the Monitor on behalf of the Company, as reflected in the table below.

Secured Creditor	Amount (\$000s)	
	CAD	USD
Clairvest	13,461	290
CIBC	3,747	132
Roynat	700	-
Total	17,908	422

- As at the date of this Report, there is approximately \$400,000 on deposit in the Monitor's trust account. As noted above, pursuant to the Distribution Order, the Monitor, on the Company's behalf, is authorized to make further distributions to Clairvest.
- As part of these proceedings, the Group's credit facilities with Clairvest, CIBC and Roynat were restructured in respect of the ongoing operations of the Non-Applicants.

### 2.3 Sahtu Dispute

- The Monitor's fourth report to Court dated February 20, 2019 discussed an accounts receivable dispute between the Company and Sahtu. The Company's books and records reflect that it was owed approximately \$995,000 from Sahtu as at November 23, 2018, being the closing date of the Transaction.
- The Company's 49% minority interest in Sahtu was acquired by the Purchaser as part of the Transaction. Sahtu took the position that the receivable was overstated by approximately \$400,000 due to setoff claims for outstanding lease payments and chargebacks that had not been accounted for in the Company's invoicing to Sahtu.
- Pursuant to a Court Order made on February 27, 2019, the Court approved a timetable to resolve the accounts receivable dispute. In accordance with that timetable, Sahtu delivered its position in writing on March 6, 2019 and the Monitor responded on March 13, 2019.
- The timetable was twice extended by the Court to allow the parties to try to settle the dispute. Those discussions led to a settlement agreement dated April 12, 2019 among Sahtu, the Purchaser, the Company and the Monitor. Sahtu paid the settlement amount on that date.

## 3.0 Outstanding Matters

### 3.1 ECN

- Early in these proceedings, ECN advised the Monitor and the Company that it would opt out of the Court-approved sale process for the Company's business and assets and that it would sell its collateral itself.
- ECN advised the Monitor that it intended to take possession and realize on the ECN Helicopters in accordance with the enforcement mechanism set out in the *Cape Town Convention on International Interests in Mobile Equipment* (the "Cape Town Convention") and the *Protocol on Matters Specific to Aircraft Equipment* (the "Protocol"). Accordingly, ECN and the Company, under the Monitor's oversight, developed a process to allow ECN to take possession of its aircraft.

3. Prior to permitting ECN to take possession of the ECN Helicopters, the Monitor received an opinion from Goodmans confirming the validity and enforceability of ECN's security interests, including under the Cape Town Convention and the Protocol.
4. Pursuant to a motion brought by ECN in proceedings commenced under the Cape Town Convention and the Protocol on March 8, 2019, the Court issued separate Approval and Vesting Orders in respect of the sale of each of the eight ECN Helicopters. The proceeds of sale were sufficient to repay in full the Group's indebtedness owing to ECN and to pay US\$1.8 million to Clairvest, which had a second ranking security interest in the ECN Helicopters. On March 8, 2019, the Court made an order (the "ECN Distribution Order") authorizing ECN to distribute that surplus directly to Clairvest. A copy of the ECN Distribution Order is attached as Appendix "B".
5. The ECN Distribution Order also required ECN to provide a final accounting to the Monitor and Clairvest within 30 days of closing all of ECN's sale transactions (the "ECN Final Accounting"). The ECN Final Accounting is expected to be provided in early May 2019. To the extent the ECN Final Accounting reflects that the surplus exceeds US\$1.8 million, ECN would pay the surplus funds to Clairvest in accordance with the ECN Distribution Order.

### **3.2 Accounts Receivable Collections**

1. Since the completion of the Transaction, the Company has collected approximately \$2.6 million of accounts receivable, which are an excluded asset from the Transaction.
2. Based on the Company's books and records, the book value of the remaining accounts receivable totals approximately \$130,000<sup>1</sup>. This is comprised of smaller dollar balances owing from approximately 35 account debtors. The Monitor intends to assist the Company to collect these receivables. A collection agency may be retained to assist in these activities.

## **4.0 Cash Flow Forecast**

1. 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 "C".
2. As a result of the completion of the Transaction, the Company's operations have been discontinued. Two employees have been retained by the Company on a part-time basis to collect accounts receivable. It is contemplated that the remaining costs in these proceedings (largely professional fees) will be paid from the funds in the Monitor's trust account.
3. The Cash Flow Forecast reflects that the Company has sufficient liquidity through the requested extension period which is estimated to be no later than June 30, 2019.

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<sup>1</sup> This amount excludes a receivable balance of approximately \$1.5 million owing by a US account debtor which filed for Chapter 11 proceedings in June, 2018. The Company has written off this balance as it is uncollectable.



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 "D".

## 5.0 Stay Extension

1. The Monitor supports an extension of the stay of proceedings until the filing of the Monitor's Termination Certificate for the following reasons:
  - a) the Company is acting in good faith and with due diligence;
  - b) the extension will provide an opportunity to deal with the outstanding matters summarized in this Report, particularly dealing with the ECN Final Accounting;
  - c) the funds in the Monitor's trust account are projected to be sufficient to cover future expenses in these proceedings;
  - d) Clairvest, being the principal economic stakeholder in these proceedings, supports the stay extension; and
  - e) no creditor will be prejudiced if the extension is granted.

## 6.0 Proposed CCAA Termination Order

1. Subject to Court approval, and absent unforeseen issues, the Monitor intends to file the Monitor's Termination Certificate shortly after it completes its review of the ECN Final Accounting and deals with any issues in respect thereof.
2. The Initial Order and an order made on September 14, 2018 authorized the following Court-ordered charges (each as defined therein):
  - a) Administration Charge (\$750,000);
  - b) KERP Charge (\$1.8 million);
  - c) Directors' Charge (\$850,000); and
  - d) Intercompany Charge (in the amount of the advances made from the Non-Applicants, if any).
3. Pursuant to the Distribution Order:
  - a) the KERP Charge and the Directors' Charge were reduced to \$60,000 and \$400,000, respectively;
  - b) the Intercompany Charge was terminated, released and discharged; and
  - c) the remaining charges (being the Administration Charge, KERP Charge and Directors' Charge) were amended to limit the scope of the charges to the funds in the Monitor's trust account.

4. The proposed CCAA Termination Order provides for the Court-ordered charges to be discharged upon the filing of the Monitor's Termination Certificate. The Monitor is not aware of any obligations secured by any of the Court-ordered charges, other than professional fees secured by the Administration Charge. All professional fees for the period ending March 31, 2019 have been paid. The Monitor's Termination Certificate will only be filed once the final professional fee invoices to be issued by the Monitor, Goodmans and the Company's counsel are paid, together with other sundry post-filing obligations, if any.
5. Upon filing the Monitor's Termination Certificate, the CCAA proceedings will be terminated and the Monitor will be discharged. Notwithstanding its discharge, the CCAA Termination Order contemplates that the Monitor will continue to have the protections afforded to it at law or pursuant to the CCAA, the Initial Order and other orders issued in these proceedings to the extent it is required to address any sundry matters that may arise following the termination of these proceedings. This is a standard provision in most discharge orders and the Monitor believes it is appropriate in the circumstances so that it can deal with issues that may arise post-discharge.
6. The Monitor Release will also become effective on the filing of the Monitor's Termination Certificate. The Monitor is not aware of any claim against it or Goodmans in these proceedings, nor has it been advised of a pending claim.
7. Given the small number of remaining items to be completed in the CCAA proceedings, the Monitor believes that seeking the CCAA Termination Order at this motion instead of returning to Court on a further motion is the most efficient way of proceeding and is not prejudicial in the circumstances.

## **7.0 Assignment in Bankruptcy**

1. At the conclusion of these proceedings, the Company intends to file an assignment in bankruptcy for the following reasons:
  - a) all of the Company's known assets will have been realized upon and the proceeds realized therefrom have been distributed to the Company's secured creditors in accordance with their respective priorities; and
  - b) a bankruptcy will allow the Company's sole director and officers to resign and bring finality to the Company.
2. It is intended that KSV will act as the Trustee in Bankruptcy due to its familiarity with the Company.

## **8.0 Anticipated Next Steps in these Proceedings**

1. The Monitor's next steps include:
  - a) reviewing the ECN Final Accounting to be provided by ECN and dealing with any issues resulting therefrom, including the payment by ECN to Clairvest to the extent the ECN Final Accounting reflects the surplus exceeds US\$1.8 million;
  - b) making further distributions to Clairvest in accordance with the Distribution Order;

- c) assisting the Company to collect the remaining accounts receivable;
  - d) assisting the Company to wind up an inactive US subsidiary, Northlinx International Inc., to the extent necessary; and
  - e) assisting the Company to prepare assignment documents so that it can file an assignment in bankruptcy on or around the same date as the Monitor files the Monitor's Termination Certificate.
2. Once the Monitor has completed the activities described in Paragraphs 1(a) and (b) above, it intends to file the Monitor's Termination Certificate as its duties and responsibilities under the Initial Order and other orders made in these proceedings will have been completed. The activities set out in Paragraph 1(c) and (d) above can be completed thereafter.

## **9.0 Professional Fees**

1. The fees and disbursements of the Monitor and Goodmans from the commencement of these proceedings to January 31, 2019 were approved pursuant to Court orders made previously in these proceedings.
2. The Monitor's fees (excluding disbursements and HST) for the period February 1, 2019 to March 31, 2019, and those of its legal counsel, Goodmans, for the same period, total approximately \$44,758 and \$45,111, respectively.
3. The detailed invoices in respect of the fees and disbursements of the Monitor and Goodmans are provided in appendices to the affidavits filed by KSV and Goodmans in the accompanying motion materials.
4. The average hourly rates for KSV and Goodmans for the referenced billing periods were \$553.59 and \$922.52, respectively.
5. The Monitor is of the view that the hourly rates charged by Goodmans are consistent with the rates charged by law firms practicing in the area of corporate insolvency and restructuring in the Toronto market, and that the fees charged are reasonable and appropriate in the circumstances.
6. The Monitor is also of the view that the Fee Accrual is reasonable and appropriate in the circumstances as it provides for the estimated fees incurred or to be incurred by the Monitor and Goodmans prior to the filing of the Monitor's Termination Certificate.

## 10.0 Conclusion and Recommendation

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

\* \* \*

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

**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.

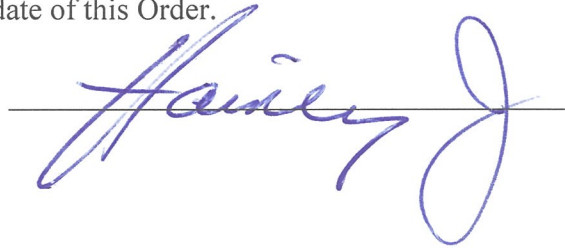
49. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order,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

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

Proceeding commenced at Toronto

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**INITIAL ORDER**

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Lawyers for the Applicant

## **Appendix “B”**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

THE HONOURABLE MR.  
JUSTICE HAINEY

)  
)  
)

FRIDAY, THE 8<sup>TH</sup>  
DAY OF MARCH, 2019

BETWEEN:

**ECN AVIATION INC.**

**Applicant**

- and -

**GREAT SLAVE HELICOPTERS LTD.**

**Respondent**



APPLICATION UNDER the *International Interests in Mobile Equipment (Aircraft Equipment) Act*, S.C. 2005, c.3

**DISTRIBUTION AND SEALING ORDER**

**THIS APPLICATION**, made by the Applicant was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Affidavit of Algis Vaitonis sworn 3 March 2019 and the Affidavit of Fiorella Sasso sworn 4 March 2019 (the "**Sasso Affidavit**"), and on hearing the submissions of counsel for the Vendor, the Respondent, Clairvest Group Inc. ("**Clairvest**") and KSV Kofman Inc. (the "**Monitor**"), in its capacity as the Court-appointed monitor of the Respondent in its proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"), no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Fiorella Sasso sworn 4 March 2019 filed:

1. **THIS COURT ORDERS** that the Sasso Affidavit shall be sealed pending the closing of the five (5) sale transactions in respect of eight (8) aircraft objects (the "**Purchased Assets**")

1. **THIS COURT ORDERS** that the Sasso Affidavit shall be sealed pending the closing of the five (5) sale transactions in respect of eight (8) aircraft objects (the “**Purchased Assets**”) owned by the Respondent that are subject to security interests in favour of the Applicant that are described in the Sasso Affidavit and that were approved by this Court pursuant to five (5) Orders made on 8 March 2019 (the “**Sale Transactions**”).

2. **THIS COURT ORDERS** that:

- (a) the net proceeds received by the Applicant from the Sale Transactions after the payment in full of all of the debts and obligations payable or owing by the Respondent to Applicant and secured against the Purchased Assets (the “**Applicant’s Secured Claim**”) shall stand in the place and stead of the Purchased Assets;
- (b) forthwith upon the closing of the all of the Sale Transactions the Applicant shall pay to Clairvest no less than USD\$1.8 million in accordance with the Order made in the CCAA Proceedings on December 18, 2018 (the “**CCAA Distribution Order**”); and
- (c) within 30 days of the closing of all of the Sale Transactions the Applicant shall:
  - (i) provide Clairvest and the Monitor with a written accounting in respect of the application of sale proceeds received by the Applicant from the Sale Transactions to satisfy the Applicant’s Secured Claims; and (ii) pay over to Clairvest in accordance with the CCAA Distribution Order any amounts not required to satisfy the Applicant’s Secured Claim.

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LE / DANS LE REGISTRE NO:

MAR 08 2019

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PER / PAR: *VM*



Court File No.: CV-19-615468-00CL

BETWEEN:

**Applicant**

**ECN AVIATION INC. v. GREAT SLAVE HELICOPTERS LTD.**

**Respondent**

APPLICATION UNDER the *International Interests in Mobile Equipment (Aircraft Equipment) Act*, S.C. 2005, c.3.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

(PROCEEDING COMMENCED AT TORONTO)

**DISTRIBUTION AND SEALING ORDER**

**GOWLING WLG (CANADA) LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

**E. Patrick Shea (LSUC No. 39655K)**  
Tel: (416) 369-7399  
Fax: (416) 862-7661

Solicitors for the Applicant

## **Appendix “C”**

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
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 18th day of April, 2019 for the period April 29, 2019 to June 30, 2019 ("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 \_\_\_\_ day of April, 2019.

**Great Slave Helicopters Ltd.**



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Hazel Zembal, Chief Financial Officer



Great Slave Helicopters Ltd.  
**Projected Cash Flow**  
For the Period Ending June 30, 2019  
(Unaudited; C\$)

Notes	Week Ending											Total	
	05-May-19	12-May-19	19-May-19	26-May-19	02-Jun-19	09-Jun-19	16-Jun-19	23-Jun-19	30-Jun-19				
<i>Receipts</i>													
	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	45,000
2	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	45,000
<i>Disbursements</i>													
	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	45,000
3	50,000	-	-	-	25,000	-	-	-	-	-	-	-	90,000
4	55,000	5,000	5,000	5,000	30,000	5,000	5,000	5,000	5,000	5,000	5,000	20,000	135,000
	(50,000)	-	-	-	(25,000)	-	-	-	-	-	-	(15,000)	(90,000)
<i>Net Cash Flow</i>													
	400,000	350,000	350,000	350,000	350,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	400,000
5	(50,000)	-	-	-	(25,000)	-	-	-	-	-	-	(15,000)	(90,000)
	350,000	350,000	350,000	350,000	325,000	325,000	325,000	325,000	325,000	325,000	325,000	310,000	310,000
<i>Opening cash balance</i>													
<i>Net cash flow</i>													
<i>Closing cash balance</i>													

Great Slave Helicopters Ltd.  
**Notes to Projected Cash Flow Forecast**  
For the Period Ending June 30, 2019

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**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 April 29, 2019 to June 30, 2019 in respect of its proceedings under the *Companies' Creditors Arrangement Act*.

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, being an excluded asset from the Court-approved transaction.
3. Represents payments of general operating costs and accrued post-filing expenses incurred by the Company.
4. Represents payment of the estimated professional fees of the Monitor, its legal counsel and the Company's legal counsel.
5. Represents the estimated opening cash balance in the CCAA Monitor's account as at April 29, 2019.

## **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.**

**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 18th day of April, 2019, consisting of a weekly projected cash flow statement for the period April 29, 2019 to June 30, 2018 ("Cash Flow"), has been prepared by management of the Applicant for the purpose described in Note 1, using the assumptions set out in the notes to the Cash Flow.

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

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

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

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

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

Dated at Toronto this 22nd day of April, 2019.



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