



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

February 20, 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.**

FOURTH REPORT OF KSV KOFMAN INC. AS MONITOR

February 20, 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 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) summarize the status of the principal outstanding issues in these proceedings, being:
 - i. the sale of eight helicopters owned by the Company which were financed by ECN Aviation Inc. ("ECN") and excluded from the SISP ("ECN Helicopters");
 - ii. the collection of accounts receivable, which were excluded from the Transaction; and

- iii. a dispute between the Company and Sahtu Helicopters Ltd. (“Sahtu”) in respect of an account receivable balance of approximately \$995,000 owing by Sahtu to the Company;
- c) request the Court’s advice and direction to implement a process to resolve the Company’s dispute with Sahtu;
- d) report on the Company’s cash flow projection for the period March 1, 2019 to April 30, 2019 (“Cash Flow Forecast”);
- e) discuss the reasons to extend the stay of proceedings from February 28, 2019 to April 30, 2019;
- f) discuss and seek approval of the fees and disbursements of the Monitor and its counsel, Goodmans LLP (“Goodmans”), from December 1, 2018 to January 31, 2019; and
- g) recommend that this Honourable Court make an order:
 - i. approving the Monitor’s proposed process to resolve the dispute between the Company and Sahtu;
 - ii. extending the stay of proceedings from February 28, 2019 to April 30, 2019;
 - iii. approving the fees and disbursements of the Monitor and Goodmans from December 1, 2018 to January 31, 2019; and
 - iv. approving this Report and the Monitor’s 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, the Company’s counsel and representatives of Clairvest, the Company’s largest secured creditor and indirect shareholder. 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 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. The Company's workforce was not unionized and the Company did not maintain a pension plan. The Company presently has two part-time employees. These employees are assisting the Monitor to address sundry matters required to complete these proceedings, particularly the collection of 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. and Discovery Mining Services Ltd. (together, the "Non-Applicants" and Company are defined as 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. Following Court-approved distributions paid to Clairvest in these proceedings totalling approximately \$13 million, the Company's obligations owing to Clairvest under its secured debentures total approximately \$57 million, plus interest and costs which continue to accrue. The Company's other secured equipment lenders are (i) ECN, which is owed approximately \$7.5 million and has a priority security interest in the ECN Helicopters, and (ii) Roynat Inc. ("Roynat"), which is 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.
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 is presently owed approximately \$2 million - it was owed approximately \$15 million by the Group as at the date of the Initial Order.
7. Further information regarding these proceedings is provided in the Monitor's First Report to Court dated September 11, 2018, its Second Report to Court dated November 16, 2018 (the "Second Report") and its Third Report to Court dated December 12, 2018 (the "Third Report"). Copies of the 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 same day. The purchase price under the Transaction was \$17.82 million. The Transaction excluded one helicopter which was sold to Delta Helicopters Ltd. (“Delta”) for \$1 million. The aircraft sale to Delta was also approved by the Court on November 23, 2018 and was completed on November 26, 2018. The details of the Transaction and the Delta sale were provided in the Second Report and have not been repeated herein.
2. The APA contemplated the acquisition by the Purchaser of the Company’s interests in its joint ventures, each of which was with an aboriginal group. Certain of the joint venture agreements provided rights of first refusal (“ROFR”) to the Company’s joint venture partners and required that notices be provided by the Company to the joint venture partners should the Company wish to sell its joint venture interest. All of the Company’s joint venture partners were provided with notice of the Company’s sale approval motion; however, only Sahtu and Gwich’in Development Corporation (“GDC”) expressed an interest in potentially exercising their ROFRs. The Approval and Vesting Order dated November 23, 2018 (the “Sale Approval Order”) provided Sahtu and GDC with a period of time (until early January, 2019) to advise the Company and the Monitor if they wished to exercise their ROFRs. Neither Sahtu nor GDC ultimately exercised their ROFR. Accordingly, on January 3, 2019 and January 10, 2019, the Monitor served and filed with the Court the Sahtu ROFR Certificate and the GDC ROFR Certificate, respectively, as contemplated by the Sale Approval Order.
3. Since closing the Transaction, the Purchaser, the Company and the Monitor have addressed transitional matters, including in respect of Company employees hired by the Purchaser and the re-issuance of the Company’s transportation licenses from the Company to the Purchaser. Pursuant to the APA, the Company agreed to assist the Purchaser for 90 days from the closing date (being February 23, 2019) to have its transportation licences re-issued to the Purchaser. The Monitor understands that this process has been completed.

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 make distributions on the Company’s behalf to the Company’s secured creditors, including from the proceeds of the Transaction and the aircraft sale to Delta. Since that date, distributions to the Company’s secured creditors have totalled approximately \$17.5 million, as reflected in the table below.

Secured Creditor	Amount (\$000s)	
	CAD	USD
Clairvest	12,785	140
CIBC	3,747	132
Roynat	700	-
Total	17,232	272

2. As at the date of this Report, there is approximately \$400,000 on deposit in the Monitor’s trust account. Pursuant to the Distribution Order, the Monitor, on the Company’s behalf, has the authority to make further distributions to Clairvest, including from accounts receivable collections.

2.3 The Company's Chilean Operations

1. As referenced in the Second Report and the Third Report, the Company's Chilean subsidiary, Discovery Air Innovations Ltda. ("DA Chile"), discontinued operations during the fourth quarter of 2018. No offers were received during the SISP for the Company's interest in DA Chile and/or DA Chile's assets.
2. Since that time, the Company pursued a transaction for the shares of DA Chile with DA Chile's management team. This transaction was completed on January 18, 2019 for a purchase price equivalent to \$2,500. The Monitor understands that DA Chile's obligations, particularly in a wind-down scenario (largely employee, lease and contract termination obligations), far exceeded the realizable value of its assets. The Monitor further understands that the Purchaser is in the process of restarting DA Chile's operations.
3. The DA Chile transaction was not conditional on Court approval and its value was far less than the thresholds in the Initial Order requiring Court approval. Clairvest, the only stakeholder with an economic interest in the DA Chile transaction, consented to the DA Chile transaction. As a result of the DA Chile transaction, Clairvest has no continuing interest in DA Chile and/or the purchaser of DA Chile.

3.0 Outstanding Matters

3.1 ECN

1. Early in these proceedings, ECN advised the Monitor and the Company that it wished to control the sale process for the ECN Helicopters, under the enforcement mechanisms in the Cape Town Convention on International Interests in Mobile Equipment. Accordingly, and subject to the Monitor being satisfied as to ECN's rights in this regard, ECN and the Company, under the Monitor's oversight, developed a process to allow ECN to take possession of its aircraft.
2. 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.
3. Since closing the Transaction, Goodmans, on the Monitor's behalf, has been periodically corresponding with Gowling WLG (Canada) LLP ("Gowlings"), ECN's legal counsel, to monitor the status of the sale process for the ECN Helicopters, including to request an accounting of its costs and a budget to complete the realization process. The Company is entitled to any surplus realized on the sale of the ECN Helicopters. The surplus proceeds, if any, would be distributable to Clairvest pursuant to the Distribution Order.
4. Gowlings, on behalf of ECN, has recently provided Goodmans and the Monitor with information on ECN's realization process. At the beginning of February 2019, ECN received multiple offers for the ECN Helicopters. ECN is in the process of completing those transactions. Gowlings has advised that the sales of the ECN Helicopters are expected to be completed in late March 2019. As at the date of this Report, the net recovery available from the sale of the ECN Helicopters to the Company is unknown. The Monitor will provide further information to the Court once that process is complete.

3.2 Accounts Receivable Collections

1. Since the completion of the Transaction, the Company has been making efforts to collect its accounts receivable. In accordance with the Distribution Order, approximately \$2 million has been collected and, of this amount, approximately \$970,000 has been distributed to Clairvest.
2. Based on the Company's books and records, the book value of the remaining accounts receivable totals approximately \$2.2 million¹. The table below reflects the composition of accounts receivable as at the date of this Report.

Account Debtor	Notes	Amount (\$000s)
Sahtu	Former joint-venture partner	995
Denendeh Helicopters Ltd. ("Denendeh")	Former joint-venture partner	586
Other	Comprised of 58 account debtors with an average balance of approximately \$10,970	636
Total		2,217

3. In respect of the three categories of accounts set out above:
 - a) Sahtu has advised that it will not pay this amount and has instructed the Purchaser, as its new partner, to undertake an extensive investigation, as detailed in Section 3.3 of this Report;
 - b) Denendeh claims to be owed approximately \$865,000 by the Company, principally in relation to usage of helicopters owned by Denendeh and leased to the Company. Denendeh recently provided the Company and the Monitor with supporting documentation for its setoff claim, which the Company and the Monitor are in the process of reviewing; and
 - c) the other amounts are being pursued by the Company and, based on responses and feedback from account debtors, are largely expected to be collected in the near term.

3.3 Sahtu Dispute

1. As noted above, the Company's books and records reflect that the amount owing from Sahtu totals approximately \$995,000. The Company, with the assistance of the Monitor, has recently exchanged correspondence with Sahtu in respect of this receivable, as follows:
 - a) On January 17, 2019, the Monitor sent an email to Sahtu requesting a call to discuss the accounts receivable balance owing from Sahtu.
 - b) On January 23, 2019, Sahtu responded by advising, *inter alia*, that it intended to review the transactions between the Company and Sahtu covering a five-year period. Sahtu also advised that the Purchaser is now responsible for managing Sahtu's financial affairs given its acquisition of the Company's 49% joint venture interest in Sahtu (as the Company did under the joint venture agreement).

¹ 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 intends to write off this balance as it is uncollectable.

- c) On January 25, 2019, Goodmans sent a letter to the Purchaser’s counsel. The letter indicated that the issues raised by Sahtu appear to be without merit and that if the receivable is not paid by February 5, 2019, “*the Monitor will seek the advice and direction of Court to establish a process and the parameters for the timely settlement and payment of this account*”. A copy of the January 25, 2019 letter, which also appended the January 17 and 23, 2019 email correspondence referenced in (a) and (b) above, is attached as Appendix “B”.
 - d) Between January 25, 2019 and January 30, 2019, counsel for the Monitor and the Purchaser corresponded regarding, *inter alia*, Sahtu’s request for additional time to perform a review of the transaction history between the two entities. A copy of the email correspondence is attached as Appendix “C”.
 - e) To assist Sahtu in its review, the Monitor worked with the Company to compile all of the supporting documentation requested by Sahtu, including copies of invoices. These documents were provided to the Purchaser’s legal counsel on January 30, 2019.
 - f) On January 30, 2019, the deadline for Sahtu to pay the receivable balance was extended from February 5, 2019 to February 11, 2019.
 - g) On January 31, 2019, the Monitor participated in a conference call together with the Company’s CFO and the Purchaser’s management team in an effort to resolve the outstanding issues. No progress was made. In the Monitor’s view, the Purchaser has failed to provide any basis for its dispute of the receivable.
 - h) On February 12, 2019, Goodmans sent an email to the Purchaser’s counsel advising that the Court’s advice and direction would be sought given that Sahtu had not paid its account balance. A copy of this email and the Purchaser’s response is attached as Appendix “D”.
2. Based on the foregoing, the Monitor is now seeking the Court’s assistance to establish the following timeline for the timely resolution of this dispute.

Milestone	Deadline Date
Sahtu to deliver a written response setting out the basis, if any, on which it is disputing the accounts receivable balance of \$995,019	March 6, 2019
Monitor to review Sahtu’s response and deliver to Sahtu its assessment of Sahtu’s responding materials/claim	March 13, 2019
Parties to attend before Court to set a litigation timetable, if necessary	March 20, 2019

3. The Monitor believes the proposed timeline is reasonable in the circumstances for the following reasons:
- a) absent a Court-imposed process, the Monitor is concerned that the dispute will continue indefinitely – there has been no progress since the Monitor’s initial email to Sahtu on January 17, 2019;
 - b) a timely resolution is required in order to conclude these proceedings. This is one of the last material issues in the proceedings;
 - c) Sahtu has yet to provide any basis for its claim;

- d) Sahtu was provided with the Company's supporting documentation on January 31, 2019 and, in the Monitor's view, Sahtu has had ample time to explain its position; and
- e) Sahtu has attorned to this Court in these proceedings previously when dealing with its ROFR notice mechanism – in the Monitor's view, in light of that fact and the fact that this represents one of the last material assets of the Company, this Court is the appropriate forum to resolve this dispute.

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 "E".
2. As a result of the completion of the Transaction, the Company's operations have been discontinued. It is largely inactive, with the exception of two employees assisting 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.
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 "F".

5.0 Stay Extension

1. The Monitor supports an extension of the stay of proceedings from February 28, 2019 to April 30, 2019 for the following reasons:
 - a) the Company is acting in good faith and with due diligence;
 - b) the extension will provide an opportunity to address the outstanding matters summarized in this Report, particularly the ECN Helicopter realization process, accounts receivable collections and the dispute with Sahtu;
 - c) the funds in the Monitor's trust account are projected to be sufficient to cover future expenses to be incurred 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 Professional Fees

1. The fees and disbursements of the Monitor and Goodmans from the commencement of these proceedings to November 30, 2018 were approved pursuant to Court orders made previously in these proceedings.
2. The Monitor's fees (excluding disbursements and HST) for the period December 1, 2018 to January 31, 2019, and those of its legal counsel, Goodmans, for the same period, total approximately \$67,500 and \$62,300, 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 \$640.55 and \$752.01, 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.

7.0 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.

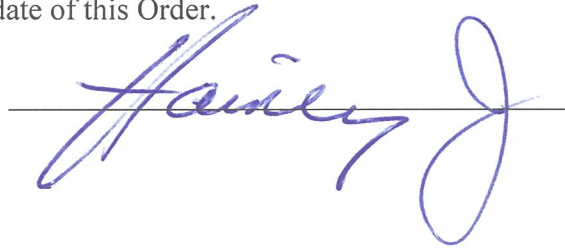
49. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order,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



ENTERED AT / INSCRIT A TORONTO
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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480 University Avenue, Suite 1600
Toronto, Ontario M5G 1V2
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Tel: 416.597.5017
Email: stam@gsnh.com

Lawyers for the Applicant

Appendix “B”



Barristers & Solicitors

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

Telephone: 416.979.2211
Facsimile: 416.979.1234
goodmans.ca

Direct Line: 416.597.4211
jlatham@goodmans.ca

January 25, 2019

Our File No.: 18.2236

VIA EMAIL

3542564 Canada Inc.
o/a Sahtu Helicopters
200, 4915 – 48th Street
Yellowknife, NT
X1A 2N6

Attention: Richard I. Hardy, Chairman

Dear Sir:

Re: Amounts Owing by 3542564 Canada Inc., o/a Sahtu Helicopters (“Sahtu”), to Great Slave Helicopters Ltd. (“GSH”)

As you know, we are counsel for KSV Kofman Inc. (“KSV”), the Court appointed monitor (the “Monitor”) of GSH, appointed pursuant to the Initial Order in GSH’s *Companies’ Creditors Arrangement Act* (“CCAA”) proceedings commenced on September 4, 2018. A copy of your email of January 23, 2019 to David Sieradzki of the Monitor has been forwarded to me for reply. For ease of reference, a copy of your email is attached hereto.

The Monitor, and GSH, take issue with the statements in your email. In particular, as you know, the Monitor was not operating any of the businesses of GSH, including Sahtu, contrary to the statement in your email.

As you know, Sahtu is indebted to GSH for services rendered in the total amount of \$995,019.09. The responses in your email are wholly inappropriate and unacceptable. KSV, both in the context of its role as Monitor of GSH and previously in the context of it being the monitor of Discovery Air Inc., the former parent company of GSH, has been aware of and monitored the various aspects of GSH’s business for almost a year. Never has there been a suggestion that there were issues or concerns with the relationship with Sahtu or the manner in which GSH was managing that business. Certainly, there has never been any suggestion that the services were not provided by GSH or were improperly invoiced, or that the receivable was not owing. However, months after the services were provided, now that the Monitor has pressed for the payment of this significant receivable from Sahtu, you conveniently make statements implying there were issues. Further, you instruct the purchaser of the business, Great Slave Helicopters

2018 Ltd. (“**GSH 2018**”), to try and find claims against GSH. However, there is no basis for any such claims or concerns.

The Monitor and GSH will not agree to your desire to delay and obfuscate matters in this regard. Should your books and records reflect a different amount owing to GSH, please advise and the Monitor will work with you to reconcile the difference. Otherwise, we expect Sahtu to make payment of the amounts owed to GSH forthwith. Please be advised that, should payment not be received by February 5, 2019, the Monitor will seek the advice and direction of Court to establish a process and the parameters for the timely settlement and payment of the account. This correspondence will be disclosed to the Court in the CCAA proceedings.

Kindly govern yourself accordingly.

Yours very truly,

Goodmans LLP



per:

L. Joseph Latham
LJL/jm

cc: Bobby Kofman
David Sieradzki
Jennifer Stam
Mario Forte

6904155

Cohen, Loren

From: Cohen, Loren
Sent: Friday, January 25, 2019 11:28 AM
To: Cohen, Loren
Subject: GSH

From: Richard I. Hardy <president@fnmlc.ca>
Sent: January 23, 2019 6:12 PM
To: David Sieradzki <dsieradzki@ksvadvisory.com>
Cc: Denis Blain <Denis.Blain@gsheli.com>
Subject: Re: GSH

David,

We held our meeting yesterday. One of the outcomes was the appointment of Great Slave Helicopters 2018 Ltd. as the Manager of Sahtu Helicopters. Another outcome was to agree that no cheques will be issued on the account of Sahtu Helicopters without the consent of both shareholders. Another outcome was instructions to the Manager to investigate the past business dealings between Great Slave Helicopters Ltd., as manager and fiduciary, and Sahtu Helicopters as the beneficiary of the fiduciary relationship. This will of course include the period while the Monitor was "managing" the business of Great Slave Helicopters Ltd. The issues are very similar to those settled between Gwichin Helicopters and Great Slave Helicopters Ltd. I am sure that you as the Monitor will be very familiar with what I am referring to. Our Manager will conduct a detailed review of all transactions between Great Slave Helicopters Ltd. and Sahtu Helicopters over the past five years. When this review is complete they will contact you to advise of the quantification of the claim of Sahtu Helicopters. If our Manager is unable to negotiate a satisfactory settlement with you then we will consider our other options bearing in mind the principles of: Fiduciary; Quantum Meruit and Equity. Please deal directly with Denis Blain on this matter from here on.

Richard I. Hardy, Chairman of the Board
Sahtu Helicopters

On Wed, Jan 23, 2019 at 12:22 PM David Sieradzki <dsieradzki@ksvadvisory.com> wrote:

Rick – Following up on this. As you can appreciate, the balance owing from Sathu is material in the circumstances and we would like to understanding timing for payment. Please let me know.

Thanks,
David

David Sieradzki

Managing Director

KSV Advisory Inc.

Office: (416) 932-6030

Cell: (416) 428-7211

From: Richard I. Hardy <hardylaw@gmail.com>
Sent: January 17, 2019 9:44 AM
To: David Sieradzki <dsieradzki@ksvadvisory.com>
Subject: Re: GSH

We will be meeting with the new owners of GSH next week and this is one of the items we will be dealing with. Either Denis or I will call you then.

Rick Hardy

Sent from my BlackBerry 10 smartphone on the Bell network.

From: David Sieradzki
Sent: Thursday, January 17, 2019 7:33 AM
To: hardylaw@gmail.com
Subject: GSH

Hi Richard – I wanted to reach out to discuss the receivable owing from Sathu to Great Slave Helicopters Ltd. Can you please call me when you have a moment?

Thank you,
David

David Sieradzki

Managing Director

T +1 416 932 6030

M +1 416 428 7211

F +1 416 932 6266

KSV Advisory Inc.

150 King Street West
Suite 2308, Box 42
Toronto, Ontario, M5H 1J9

dsieradzki@ksvadvisory.com

www.ksvadvisory.com

Appendix “C”

David Sieradzki

From: Latham, Joe <jlatham@goodmans.ca>
Sent: January 30, 2019 3:30 PM
To: 'Lawrence J Zatlyn QC'
Cc: Zatlyn Law Office - Corporate; Denis Blain; David Sieradzki
Subject: RE: Sahtu/GSH

Larry, please explain what you mean by conflicting agreements. As well, please advise what types of expenses you are talking about.

Perhaps it would be best for the business people to speak. I trust that David and Denis can schedule something expeditiously.

Joseph Latham

Goodmans LLP

416.597.4211
jlatham@goodmans.ca
goodmans.ca

From: Lawrence J Zatlyn QC [mailto:zatlyn@sasktel.net]
Sent: Wednesday, January 30, 2019 12:33 PM
To: Latham, Joe
Cc: Zatlyn Law Office - Corporate; Denis Blain; David Sieradzki
Subject: Re: Sahtu/GSH

Thanks Joe,

There are conflicting agreements and it appears Sahtu paid expenses, many of which - or all of which- are the responsibility of GSL

We will certainly work with you, as you have with us, and will keep you posted.

Regards, Larry

Sent from my iPhone

On Jan 30, 2019, at 11:15 AM, Latham, Joe <jlatham@goodmans.ca> wrote:

Larry, thank you for the email. We are uncertain what you mean by the apportioning of expenses, and GSH's former CFO also does not understand the request. As to records, please find attached copies of the vast majority of the outstanding invoices issued to Sahtu by GSH, as well as a summary sheet for same. The former CFO is in the process of tracking down the last few invoices so those will be sent as soon as we receive them. If there are questions about these, we would be happy to discuss them but frankly 45-60 days is far too long, and we will not stand down for that period of time. We expect that a review of these invoices and any back up should easily be completed within a few days. We are prepared to await payment by February 11, 2019.

Once again, should you or your client have any questions, we would be pleased to discuss same with you.

Kindly govern yourself accordingly.

Joseph Latham

Goodmans LLP

416.597.4211

jlatham@goodmans.ca

goodmans.ca

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From: Zatlyn Law Office - Corporate [<mailto:corp.zlo@sasktel.net>]

Sent: Tuesday, January 29, 2019 4:54 PM

To: Latham, Joe

Cc: zatlyn@sasktel.net; 'Denis Blain'

Subject: Sahtu/GSH

Dear Joe,

We have been asked to write to you with respect to a demand letter dated January 25, 2019 that you did on an Account Receivable Demand owed by 3542564 Canada Inc. o/a Sahtu to Great Slave Helicopters Ltd.

Great Slave Helicopters 2018 Ltd. is in the process of attempting to determine the validity of the particular account receivable, as it appears to be inaccurate.

Essentially, whoever was doing the entries, was not doing the calculations for expenses and apportioning the same.

Apparently financial statements are packed away and my client anticipates that it will take 45-60 days to sort through.

Would you be agreeable to holding matters in abeyance for 60 days in order to give my client an opportunity to go through the financial entries and present an accounting that makes sense?

We trust you will find this to be reasonable under the circumstances.

Yours sincerely,

Lawrence Zatllyn, Q.C.

Zatllyn Law Office

231 - 1061 Central Avenue

Prince Albert, SK. S6V 4V4

306-922-1444 (phone)

306-922-5848 (fax)

zatlyn@sasktel.net

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<Sahtu Invoices.pdf>

<Sahtu AR.PDF>

Appendix “D”

David Sieradzki

From: Latham, Joe <jlatham@goodmans.ca>
Sent: February 12, 2019 12:30 PM
To: Zatlyn Law Office
Cc: David Sieradzki
Subject: Re: Sahtu/GSH

Larry, we will be in court regardless on Feb 27, seeking to extend the stay of proceedings. The Monitor will have to report on the status of the entire file, and will aim to serve and file its report by February 20. This receivable is a significant asset of GSH and will have to be reported on. As noted, if this is not resolved, we will seek directions to deal with the matter.

Joseph Latham

On Feb 12, 2019, at 11:41 AM, Zatlyn Law Office <zatlyn@sasktel.net> wrote:

Thanks Joe,

My Client feels they will have significant reviews completed by next week. Court Feb 27 guarantees a lot of cost and distraction of time and focus. However if he has to be kindly let me know as the JV will need to retain a lawyer ASAP.

Regards, Larry

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From: Latham, Joe [<mailto:jlatham@goodmans.ca>]
Sent: Tuesday, February 12, 2019 9:06 AM
To: zatlyn@sasktel.net; Zatlyn Law Office - Corporate; Denis Blain
Cc: David Sieradzki
Subject: Re: Sahtu/GSH

Larry, no payment was received as of the closed of business yesterday. I do not believe there has been any progress on this matter since the business people spoke the day after the emails below. Accordingly, as noted in our January 25, 2019 letter, we intend to seek advice and directions from the Court to establish a process and parameters for the timely payment of the account. We will be in Court on February 27, 2019 on a motion to extend the stay of proceedings, and will seek such directions from the Court at that time.

Kindly govern yourself accordingly.

Joseph Latham

On Jan 30, 2019, at 3:54 PM, David Sieradzki <dsieradzki@ksvadvisory.com> wrote:

I can talk anytime tomorrow and I'd like Hazel to be involved in the discussion. The A/R needs to be paid asap. It is long overdue.

David

David Sieradzki
Managing Director
KSV Advisory Inc.
Office: (416) 932-6030
Cell: (416) 428-7211

From: Lawrence J Zatlyn QC <zatlyn@sasktel.net>
Sent: January 30, 2019 3:53 PM
To: Latham, Joe <jlatham@goodmans.ca>
Cc: Zatlyn Law Office - Corporate <corp.zlo@sasktel.net>; Denis Blain <Denis.Blain@gsheli.com>; David Sieradzki <dsieradzki@ksvadvisory.com>
Subject: Re: Sahtu/GSH

Hi Joe

Good idea for David and Denis to talk

Regards, Larry

On Jan 30, 2019, at 3:29 PM, Latham, Joe <jlatham@goodmans.ca> wrote:

Larry, please explain what you mean by conflicting agreements. As well, please advise what types of expenses you are talking about.

Perhaps it would be best for the business people to speak. I trust that David and Denis can schedule something expeditiously.

Joseph Latham

Goodmans LLP

416.597.4211
jlatham@goodmans.ca
goodmans.ca

From: Lawrence J Zatlyn QC [<mailto:zatlyn@sasktel.net>]
Sent: Wednesday, January 30, 2019 12:33 PM
To: Latham, Joe
Cc: Zatlyn Law Office - Corporate; Denis Blain; David Sieradzki
Subject: Re: Sahtu/GSH

Thanks Joe,

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Joseph Latham

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To: Latham, Joe

Cc: zatlyn@sasktel.net; 'Denis Blain'

Subject: Sahtu/GSH

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Yours sincerely,

Lawrence Zatllyn, Q.C.
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<Sahtu Invoices.pdf>

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Appendix “E”

Great Slave Helicopters Ltd.

Projected Cash Flow and Margin Calculation

For the Period Ending April 30, 2019

(Unaudited; C\$)

	Notes	Week Ending									2 Days Ending	Total
		03-Mar-19	10-Mar-19	17-Mar-19	24-Mar-19	31-Mar-19	07-Apr-19	14-Apr-19	21-Apr-19	28-Apr-19	30-Apr-19	
<i>Receipts</i>												
Accounts receivable collections	2	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	12,000	282,000
<i>Total Receipts</i>		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	12,000	282,000
<i>Disbursements</i>												
Sundry expenses	3	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	4,000	94,000
Professional fees	4	60,000	-	-	-	-	-	-	-	-	30,000	90,000
<i>Total Disbursements</i>		70,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	34,000	184,000
<i>Net Cash Flow</i>		(40,000)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	(22,000)	98,000
Opening cash balance	5	410,050	370,050	390,050	410,050	430,050	450,050	470,050	490,050	510,050	530,050	410,050
Net cash flow		(40,000)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	(22,000)	98,000
Closing cash balance		370,050	390,050	410,050	430,050	450,050	470,050	490,050	510,050	530,050	508,050	508,050

Great Slave Helicopters Ltd.

Notes to Projected Cash Flow Forecast

For the Period Ending April 30, 2019

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 February 25, 2019 to April 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 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 February 25, 2019.

**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 19th day of February, 2019 for the period February 25, 2019 to April 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 19th day of February, 2019.

Great Slave Helicopters Ltd.



Hazel Zemba, Chief Financial Officer

Appendix “F”

**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 10th day of December, 2018, consisting of a weekly projected cash flow statement for the period February 25, 2019 to April 30, 2019 ("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 19th day of February, 2019.



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