



NO. S-231354
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c.57, AS AMENDED**

AND

**IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT,
R.S.C. 1985, C.-44, AS AMENDED**

AND

**IN THE MATTER OF A PLAN OR COMPROMISE AND ARRANGEMENT OF
CANWEST AEROSPACE INC. AND CAN WEST GLOBAL AIRPARTS INC.**

**REPORT OF THE MONITOR ON THE PLAN OF COMPROMISE AND
ARRANGEMENT**

JUNE 16, 2023

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INTRODUCTION

1. This report (the “**Report**”) has been prepared by FTI Consulting Canada Inc. (“**FTI**”) in its capacity as the Monitor (the “**Monitor**”) in the proceedings commenced on March 8, 2023 by CanWest Aerospace Inc. (“**CW Aerospace**”) and Can West Global Airparts Inc. (“**CW Airparts**”) (collectively “**CanWest**” or the “**Petitioners**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.36, as amended (the “**CCAA**”).
2. In that regard, on May 4, 2023 the Petitioners filed a Plan of Compromise and Arrangement with the Supreme Court of British Columbia (the “**Court**”) which was subsequently amended by the First Amended and Restated Plan of Compromise and Arrangement dated June 16, 2023 (the “**Plan**”). A copy of the Plan is attached as Appendix A.
3. Capitalized terms in the Report shall have the meaning ascribed to them in the Plan unless otherwise defined.

PURPOSE OF THIS REPORT

4. The purpose of the Report is to:
 - (a) Provide background information concerning the Petitioners, their financial situation, the cause of the Petitioners’ financial difficulties and the state of the Petitioners’ business and financial affairs;
 - (b) Outline the terms of the Plan;
 - (c) Discuss the conditions that must be satisfied subsequent to creditor approval in order for the Plan to be successfully completed;
 - (d) Compare the amounts distributable under the Plan to the estimated distribution to Secured and Unsecured Creditors in the event the Plan is not accepted, and the Petitioners’ are liquidated; and

- (e) Recommend that the Secured and Unsecured Creditors vote to accept the Plan.

TERMS OF REFERENCE

- 5. In preparing the Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Petitioners' books and records and discussions with management and other various parties (collectively, the “**Information**”).
- 6. Except as described in the Report:
 - (a) The Monitor has not audited, reviewed or otherwise attempted to verify 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; and
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in the Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 7. Future oriented financial information reported or relied on in preparing the Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
- 8. The Report should only be read in conjunction with the Plan. Details of the Plan are outlined in the Report.
- 9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

BACKGROUND / CAUSES OF FINANCIAL DIFFICULTY

10. CW Aerospace was incorporated in British Columbia on May 12, 2004. It was previously known as Canam Components Inc. and prior to that Can West Components Inc. CW Aerospace was established to provide maintenance, repair and overhaul services to helicopter and fixed-wing aircraft customers throughout the world.
11. CW Airparts was incorporated in British Columbia on October 19, 2000. It was previously known as R.T.D. Avionics Ltd. CW Airparts was incorporated to sell new and certified repaired parts to customers, including but not limited to CW Aerospace.
12. The sole director, officer and shareholder of both CW Aerospace and CW Airparts is Thomas Jackson (“**T. Jackson**”).
13. Tara Lundy (“**T. Lundy**”) is the Chief Financial Officer of both CW Aerospace and CW Airparts.
14. CW Aerospace had been a profitable business for years, recording revenue of \$8.3 million and net income of \$900 thousand as recently as 2018.
15. However, in 2019 revenue fell to \$2.7 million resulting in a net loss of \$819 thousand.
16. With the onset of the COVID-19 pandemic and its effective shutdown of the travel industry, CW Aerospace’s revenues continued to suffer resulting in further net losses of \$818,000 in 2020 and \$369,000 in 2021.
17. As a result of the operating losses, CW Aerospace’s cash flow was unable to service its debt with its primary secured lender, Royal Bank of Canada (“**RBC**”), triggering a default on its credit facilities.
18. Accordingly, on January 17, 2023, RBC issued a demand letter and a notice of intention to enforce its security.

19. RBC filed an application seeking the appointment of a receiver over the Petitioners' assets and undertakings and on March 8, 2023, the Petitioners filed a competing application seeking a stay of proceedings pursuant to the CCAA.
20. On March 8, 2023, the Court granted the Petitioners a stay of proceedings which the Petitioners deemed necessary to allow them the time to restructure their affairs and meet their obligations to RBC and other creditors.
21. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor's website at cfcanada.fticonsulting.com/CWA

THE PLAN

22. The Report provides an overview of the terms of the Plan. The Report is not a substitute for reading the Plan and creditors are strongly encouraged to review the Plan in its entirety prior to voting on the Plan. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel.

Overview of the Plan

23. As detailed in prior reports of the Monitor, the Monitor with the support of T. Jackson conducted a sales process for CW Aerospace and CW Airparts (the “**Sale Process**”).

24. The intention of the Sale Process was to raise sufficient proceeds from a sale to support a plan of arrangement to the Petitioners’ creditors.

25. As a result of the Sale Process, a signed Term Sheet was submitted to CanWest on April 12, 2023.

26. The Term Sheet was converted into a Share Purchase Agreement (the “**SPA**”), which was approved by the Court on April 24, 2023.

27. The remaining conditions to be satisfied by the Petitioners pursuant to the SPA are:

- (a) Approval by the secured and unsecured creditors of the Petitioners of a plan of arrangement to be filed by the Petitioners in accordance with the CCAA; and
- (b) The Petitioners obtaining a sanction and vesting order approving the Plan accepted by the requisite number and value of creditors.

Terms of the Plan

28. The terms of the Plan are as follows:
- (a) The proceeds from closing the SPA will be directed to the Monitor;
 - (b) US\$100,000 will be used to satisfy any priority claims and provide a fund of at least CAD\$60,000 for distribution among the unsecured creditors on a pro-rata basis (the “**Unsecured Creditor Pot**”); and
 - (c) US\$1.6 million of the sale proceeds will be distributed to the secured creditors (the “**Secured Creditor Pot**”).
29. Upon payment of such amounts, all claims against the Petitioners will be released and discharged.

Secured Creditors

30. There are two secured creditor claims, one from Royal Bank of Canada (“**RBC**”) and a second from the Business Development Bank of Canada (“**BDC**”).
31. As security, RBC holds a first-ranking security interest over all of the Petitioners’ property except for a wire marker (the “**Wire Marker**”) where BDC holds a first-ranking security interest.
32. The Monitor obtained an estimated realizable value for the Wire Marker which was used to support the amount of the Secured Creditor Pot allocated to BDC. Accordingly, CAD\$45,000 of the Secured Creditor Pot will be paid to BDC with the balance paid to RBC.

Priority Creditors

33. The Priority Claims consist of amounts secured by the Administration Charge and any Crown claims that could be subject to a demand under the *Income Tax Act*, the *Employment Insurance Act* or the *Canada Pension Plan*.

34. A priority claim was submitted by the Canada Revenue Agency in the amount of CAD\$69,168.
35. The Plan provides that if the Unsecured Creditor Pot is not sufficient to:
- (a) satisfy the priority creditor claims;
 - (b) the Administration Charge; and
 - (c) provide a minimum fund of CAD\$60,000 for the Unsecured Creditors,
- then the shortfall of the Unsecured Creditor Pot will be funded from the Secured Creditor Pot up to a maximum of the amount of the Administration Charge, which is CAD\$250,000.
36. To the extent funds are taken from the Secured Creditor Pot as noted above, the Petitioners will grant a promissory note to RBC for the same amount.

Unsecured Creditors

37. As indicated, US\$100,000 will be allocated to the Unsecured Creditor Pot. Using a conversion rate of US to CAD of 1.3, this results in an estimated Unsecured Creditor Pot of CAD\$130,000.
38. Accordingly, after payment of the Priority Claims and the Secured Creditor Pot, the amount available to Unsecured Creditors on a pro-rata distribution would be just over CAD\$60,000.

Dividend Amount

39. Based on the amount of Unsecured Creditor Claims received by the Monitor, the estimated pro-rata dividend to Unsecured Creditors is in the range of 4.5 to 5 cents on the dollar of Proven Claims.

Unaffected Creditors

40. Any customer related claim, employee claim or shareholder claim is unaffected by the Plan.

Acceptance of the Proposal

41. In order for the Plan to be accepted, two-thirds in dollar value and over 50% in number of both the Secured Creditors and Unsecured Creditors present and voting, in person, by proxy or by voting letter, must vote in favour of the Plan.
42. The Plan must be approved by the Court after it is accepted by both of the Secured and Unsecured Creditors.

ESTIMATED DISTRIBUTION IN THE EVENT OF A BANKRUPTCY

43. In its Third Report, the Monitor included a high-level liquidation analysis (the “**Liquidation Analysis**”) based on information provided by the Petitioners, indicating an estimate of the realizable value of the Petitioners’ assets (see copy attached as Appendix B).
44. The analysis was based on the value of assets as at April 21, 2023 and indicated an estimated realizable value of between CAD\$450,000 to CAD\$1.6 million.
45. The Monitor notes that the following events have occurred since April 21 that would likely have a negative impact on the estimated realizable value:
 - (a) The cash balance has been reduced substantially in part as a result of the Petitioners not meeting their sales targets;
 - (b) The accounts receivable balance has been reduced as the collections have been consumed in the Petitioners’ operations; and
 - (c) Inventory levels and company equipment have been reduced as a result of an alleged theft which occurred at the Langley Premises.

46. The Monitor also notes that the estimated liquidation value does not account for any costs or professional fees which would be necessary in a liquidation. These costs would be significant since the Petitioners hold a large quantity of inventory owned by third parties and this would need to be identified and returned once ownership had been established by a liquidator / receiver.
47. Further, the Monitor is of the view that the support and co-operation of T. Jackson would be required to achieve any realization resulting from:
- (a) The knowledge he possesses in a specialized industry;
 - (b) The fact that T. Jackson fills all the roles required for the various certificates issued by the various regulators allowing the Petitioners to operate; and
 - (c) The relationships T. Jackson has with customers and his technical knowledge regarding the work required to be performed if any attempt is to be made at completing work-in-progress.
48. The support of T. Jackson is not certain in a liquidation / receivership scenario and undoubtedly would not be free, in comparison with the Plan in these proceedings where T. Jackson has not been taking a salary.

COMPARISON OF PLAN VS. BANKRUPTCY DIVIDEND

49. Based on the analysis summarized in the previous section, it is estimated that in the event of a bankruptcy of the Petitioners, the Secured Creditors would be the only creditors with any recovery and the recovery would be insufficient to repay their debts in full.
50. Accordingly, Unsecured Creditors would receive no dividend in a bankruptcy.
51. The Plan proposes a minimum fund of CAD\$60,000 for a pro-rata distribution to the Unsecured Creditors which, as indicated previously, would result in an estimated dividend of 4.5 – 5.0 cents on the dollar of their Proven Claim.

SUMMARY COMMENTS

52. The Monitor is of the view that the SPA is the best option to maximize a recovery for Creditors and that the realization from a liquidation would be significantly less or in the case of Unsecured Creditors, nil.
53. The Monitor is of the view that the terms of the Plan are reasonable, the Plan has been made in good faith and the Plan benefits the Creditors in addition to preserving customer contracts and employment for the Petitioners' employees.
54. If the Plan is rejected by the Creditors, the CCAA proceedings would likely be brought to an end and a bankruptcy or receivership may ensue. It is expected that there would be no funds available for the Unsecured Creditors in a bankruptcy or receivership.
55. Accordingly, the Monitor recommends that the Secured and Unsecured Creditors support the Plan.

All of which is respectfully submitted this 16th day of June, 2023.

FTI Consulting Canada Inc.,
in its capacity as Monitor of CanWest
Aerospace Inc. and Can West Global Airparts
Inc.

A handwritten signature in black ink, appearing to read "Craig Munro". The signature is written in a cursive style with a large initial "C" and "M".

Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

No. **S-231354**
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
R.S.C. 1985, c. C-44, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
CANWEST AEROSPACE INC. AND CAN WEST GLOBAL AIRPARTS INC.

PETITIONERS

**FIRST AMENDED AND RESTATED
PLAN OF COMPROMISE AND ARRANGEMENT**

PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)

concerning, affecting and involving

CANWEST AEROSPACE INC. AND CAN WEST GLOBAL AIRPARTS INC.

Original dated: May 4, 2023
First Amended and Restated dated: June 16, 2023

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**PLAN OF COMPROMISE AND ARRANGEMENT
PURSUANT TO THE
COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan, unless otherwise stated, the following words and phrases shall have the respective meanings set out below, and the grammatical variation of such words and phrases shall have corresponding meanings:

"Administration Charge" means the charge granted pursuant to paragraph 30 of the ARIO, as more particularly set out therein, in favour of the Monitor, counsel to the Monitor, and counsel to the Petitioners.

"Affected Claims" means the Secured Creditor Claims and all Unsecured Creditor Claims.

"Affected Creditors" means any Person having an Affected Claim and includes the transferee or assignee of a transferred or assigned Affected Claim who is recognized as an Affected Creditor by the Debtors and the Monitor in accordance with the Claims Process Order, or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person.

"ARIO" means the Amended and Restated Initial Order granted in the CCAA Proceedings on March 17, 2023, and as subsequently amended by further Orders of the Court, and as may be further amended, supplemented or varied by the Court.

"BCBCA" means the British Columbia *Business Corporations Act*, SBC 2002, c 57, as amended.

"BDC" means Business Development Bank of Canada

"BDC Secured Claim" means the secured Claim of BDC in the amount of CAD\$45,000.00.

"BIA" means the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.

"Business Day" means a day, other than a Saturday, Sunday or statutory holiday, on which banks are generally open for business in Vancouver, British Columbia.

"CCAA" means the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended.

"CCAA Proceedings" means the proceedings commenced by the Petitioners on March 8, 2023 under the CCAA, being the British Columbia Supreme Court, Vancouver Registry Action No. S-231354.

"Claim" shall include any right or claim of any Person against the Petitioners, or either of them, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind

of the Petitioners owed to such Person, and any interest accrued thereon or costs payable in respect thereof, including any indebtedness, liability or obligation owed to such Person as a result of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) against any property or assets, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, not matured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim of contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to the Filing Date, and any Restructuring Claim. Without limiting the foregoing, "Claim" includes any indebtedness, liability or obligation that would be a "claim" as defined in the CCAA.

"Claims Bar Date" means the date or dates by which all Persons having a Claim, as applicable, may file a Proof of Claim as set out in the Claims Process Order, or such other date as may be ordered by the Court.

"Claims Process Order" means the Order of the Court in the CCAA Proceedings made on May 4, 2023 establishing, among other things, procedures for filing and proving Claims.

"Conditions to Plan Implementation" means those conditions precedent to the implementation of the Plan set forth in Section 5.1 hereof.

"Contract" means any contract, agreement, lease, indenture, deed of trust, license, option, purchase order, employment or consulting contract, or other commitment or obligation in the nature of a contract, whether oral or written, express or implied.

"Court" means the Supreme Court of British Columbia.

"Creditors Meeting" means the meeting of the Affected Creditors to be called and held pursuant to the Meeting and Process Order for the purpose of considering, and if thought fit, voting to approve the Plan, and the compromise and arrangement constituted hereunder, and any adjournment or postponement thereof.

"Creditors Meeting Date" means the date fixed for holding the Creditors Meeting under the Meeting and Process Order, or any date to which such meeting is adjourned or postponed pursuant thereto.

"Crown" means His Majesty in right of Canada or a province.

"Crown Claims" means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the Tax Act;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the Tax Act and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or

employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or

- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, and the sum:
- (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Tax Act; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

"Customer Claim" means a Claim by a customer of the Petitioners, or either of them, on account of deposits on sales orders and rebates, that is not a Restructuring Claim.

"Disputed Claim" means the amount of a Claim, or such portion thereof, which either (i) has not yet been established as a Proven Claim, or (ii) is disputed and subject to adjudication in accordance with the Claims Process Order.

"Disputed Claims Reserve" means the reserve, if any, to be established and maintained by the Monitor, consisting of the amount that would be distributed to any Person having a Disputed Claim in accordance with this Plan if such Disputed Claim were a Proven Claim as at the Plan Implementation Date.

"Employee Priority Claim" means any of the following Claims of any employees and former employees of the Petitioners, or either of them:

- (a) Claims at least equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if the Petitioners had become bankrupt on the Filing Date; and
- (b) Claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the date of the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Petitioners' business during the same period.

"Filing Date" means March 8, 2023, being the date the CCAA Proceedings were commenced by the Petitioners.

"Governmental Entity" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"Intercompany Claim" means any Claim of a Petitioner against the other Petitioner or of any wholly-owned, direct or indirect non-Petitioner subsidiary of a Petitioner against a Petitioner.

"Insurer" means BFL Canada Insurance Services Inc., or any other payor of the Insurance Proceeds.

"Insurance Proceeds" means the proceeds paid from the Insurer on any insurance claim made by the Petitioners on the insurance policies evidenced by the insurance certificates attached hereto as Schedule "A"

"Meeting and Process Order" means the Order of the Court dated May 4, 2023, setting the Creditors Meeting Date, approving the procedures for the Creditors Meeting, and authorizing the dissemination of the documents relating thereto.

"Monitor" means FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor pursuant to the ARIO.

"Monitor's Certificate of Plan Implementation" means the certificate filed by the Monitor pursuant to Section 5.2, confirming that each of the Conditions to Plan Implementation have been satisfied or waived.

"Monitor's Final Certificate" means the certificate filed by the Monitor in the CCAA Proceedings confirming that distributions to Affected Creditors and Priority Creditors have been made in accordance with this Plan.

"Monitor's Website" means <http://cfcanada.fticonsulting.com/CWA/>

"Order" means any order of the Court, or another court of competent jurisdiction, in these proceedings.

"Person" means any individual, partnership, limited partnership, corporation, company, limited liability company, joint venture, association, joint stock company, trust, unincorporated association or organization, Governmental Entity, or any other entity, whether or not having legal status.

"Petitioners" means Canwest Aerospace Inc. and Can West Global Airparts Inc.

"Plan" means this plan of compromise and arrangement, as may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"Plan Implementation Date" means the date that is five (5) Business Days after the Monitor's Certificate of Plan Implementation is filed with the Court by the Monitor, or such other date as may be requested by the Petitioners and agreed to by the Monitor.

"Priority Claims" means the Claims secured by the Administration Charge and the Crown Claims.

"Priority Creditors" means all Persons having a Priority Claim.

"Proceeds" means the proceeds of sale to be paid by the Purchaser to the Monitor, in trust, in the Share Purchase Transaction pursuant to the Share Purchase Agreement.

"Proof of Claim" means a proof of claim, in the form prescribed by the Claims Process Order, delivered to the Monitor in accordance with the terms of such Order.

"Proven Claim" means the aggregate amount of any and all Claims held by a Person which have been accepted by the Petitioners and the Monitor or finally determined in accordance with the provisions of this Plan and the Claims Process Order.

"Proven Creditor" means any Person having a Proven Claim in respect of and to the extent of such Proven Claim.

"Purchaser" means MAR ONE Aviation, L.L.C.

"RBC" means Royal Bank of Canada.

"RBC Secured Claim" means the secured Claim of RBC, up to the amount of the Secured Creditor Pot minus the BDC Secured Claim.

"Released Parties" means:

- (a) the Petitioners and their legal counsel in the CCAA Proceedings;
- (b) the Monitor and its legal counsel in the CCAA Proceedings;
- (c) all present and former directors, officers and employees of any of the Petitioners, in such capacities and not in any other capacity; and
- (d) any Persons claimed to be liable derivatively through any and all of the foregoing Persons.

"Required Majority" means the affirmative vote of:

- (a) RBC and BDC in the Secured Creditor Class;
- (b) a simple majority in number of those Unsecured Creditors with Proven Claims in the Unsecured Creditor Class who vote upon this Plan (in person or by proxy) at the Creditors Meeting; and
- (c) a two-thirds majority in value of the Proven Claims of Unsecured Creditors in the Unsecured Creditor Class who vote upon this Plan (in person or by proxy) at the Creditors Meeting,

in accordance with the Meeting and Process Order.

"Restructuring Claim" means any right or Claim of any Person against the Petitioners (or either of them) in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Petitioners (or either of them) to such Person arising out of the restructuring, disclaimer, resiliation, termination, or breach on or after the Filing Date of any contract, employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such restructuring, disclaimer, resiliation, termination or breach took place or takes place before or after the date of the Claims Process Order, and includes for greater certainty any right or claim of an employee of either of the Petitioners arising from a termination

of their employment after the Filing Date; provided, however, that "Restructuring Claim" shall not include an Unaffected Claim.

"Restructuring Claims Bar Date" means the date or dates by which all Persons, as applicable, may file a Proof of Claim for a Restructuring Claim as set out in the Claims Process Order, or such other date as may be ordered by the Court.

"Sanction Order" means an Order of the Court in the CCAA Proceedings to, among other things, sanction, authorize and approve this Plan.

"Secured Creditors" means RBC and BDC.

"Secured Creditor Claims" means the BDC Secured Claim and the RBC Secured Claim.

"Secured Creditor Class" means a class consisting of the Secured Creditors established under and for the purposes of this Plan, including voting in respect thereof.

"Secured Creditor Pot" means the sum of US\$1,600,000.

"Service List" means the service list maintained in the CCAA Proceedings and posted on the Monitor's Website.

"Share Purchase Agreement" means the share purchase agreement dated April 23, 2023 between Thomas Jackson and the Petitioners, as vendors, and the Purchaser, as purchaser, as approved by the Court in the Order granted in the CCAA Proceedings on April 24, 2023.

"Share Purchase Transaction" means the share purchase transaction contemplated by the Share Purchase Agreement whereby the Purchaser shall purchase the shares of the Petitioners for the Proceeds as the purchase price.

"Shareholder Interests" means:

- (d) shares in the capital of the Petitioners (or either of them); and
- (e) loans made by a shareholder or shareholders of the Petitioners (or either of them) to the Petitioners (or either of them).

"Shortfall Promissory Note" means the promissory note to be issued by the Petitioners to RBC if the Proceeds are not sufficient to make the distributions contemplated by Sections 3.2(a)(i) and 3.2(a)(ii) in full pursuant to Section 5.1(b), in an amount not to exceed the maximum amount of the Administration Charge.

"Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.).

"Unaffected Claim" means, subject to further Order of the Court:

- (f) any Employee Priority Claims;
- (g) any Crown Claims;
- (h) any Intercompany Claims;

- (i) any Customer Claims;
- (j) any Claim in connection with any Shareholder Interests; and
- (k) the RBC Secured Claim with respect to the Shortfall Promissory Note, if any, and any security thereon pursuant to Section 6.2.

“Unsecured Creditor Claims” means all Claims other than the Secured Creditor Claims and Unaffected Claims, and for greater certainty, includes any Claim of the Secured Creditors that is in excess of the amount of the Secured Creditor Pot.

“Unsecured Creditors” means all Persons having an Unsecured Creditor Claim.

“Unsecured Creditors’ Class” means the class of Persons consisting of all Unsecured Creditors established under and for the purposes of this Plan, including voting in respect thereof.

“Unsecured Creditors’ Pot” means the balance of the Proceeds, after payment of the Secured Creditor Pot and the Priority Claims, held by the Monitor for distribution to the Unsecured Creditors in accordance with the terms of this Plan.

1.2 Accounting Terms.

All accounting terms not otherwise defined herein shall have the meaning ascribed to them in accordance with International Financial Reporting Standards as adopted by the Chartered Professional Accountants Canada.

1.3 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Plan and not to any particular article, section, subsection, clause or paragraph of the Plan and include any agreements supplemental hereto. In the Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Plan.

1.4 Interpretation Not Affected by Headings

The division of the Plan into articles, sections, subsections, clauses and paragraphs and the insertion of a table of contents and headings are for convenience of reference only and shall not affect the construction or interpretation of the Plan.

1.5 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Time

All times expressed herein are local time in Vancouver, British Columbia, Canada unless otherwise stipulated.

1.7 Definitions in the CCAA

A word or words with initial capitalized letters used herein and not defined herein but defined in the CCAA shall have the meaning ascribed thereto in the CCAA as of the date hereof unless the context otherwise requires.

1.8 Number, Etc.

In the Plan, where the context requires, a word importing the singular number shall include the plural and vice versa; a word or words importing gender shall include all genders and the words "including" and "includes" mean "including (or includes) without limitation".

1.9 Currency

All references to amounts of money mean lawful currency of the United States, unless otherwise stated.

1.10 Statutory References

Except as provided herein, any reference in the Plan to a statute includes all regulations and rules made thereunder, all amendments to such statute, regulation or rules in force from time to time, and any statute, regulation or rule that supplements or supersedes such statute or regulation.

1.11 Governing Law

The Plan shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein. All questions as to the interpretation or application of the Plan and all proceedings taken in connection with the Plan shall be subject to the exclusive jurisdiction of the Court.

ARTICLE 2 PURPOSE AND EFFECT OF PLAN

2.1 Purpose

The purpose of the Plan is to effect a compromise of Affected Claims to enable the Petitioners' businesses to continue, and to maximize the recovery of the Affected Creditors. Ensuring the continuance of the Petitioners' businesses will significantly benefit all stakeholders, including the Petitioners' employees, trade suppliers, existing shareholders, and the communities in which the Petitioners operate. The successful implementation of the Plan will provide greater benefits to all Persons with an economic interest in the Petitioners than would result from the bankruptcy of the Petitioners.

2.2 Affected Creditors

The Plan applies to every Affected Claim and on the Plan Implementation Date, the Plan will be binding on each Petitioner and all Affected Creditors to the extent of their Affected Claims.

2.3 Unaffected Claims

Holders of Unaffected Claims will not be affected, to the extent of their Unaffected Claims, by the compromises set out in the Plan.

ARTICLE 3 CREDITOR CLASSES AND TREATMENT OF AFFECTED CREDITORS

3.1 Creditor Classes

For the purposes of considering, voting on, and receiving distributions under this Plan, there shall be two classes of Creditors, being the Unsecured Creditor Class and the Secured Creditor Class.

3.2 Treatment of Affected Creditors

If the Plan is approved by the Required Majority, then

- (a) within fourteen (14) days of the Plan Implementation Date, the Monitor shall
 - (i) pay the Priority Claims in full to the Priority Creditors;
 - (ii) distribute the Secured Creditor Pot to the Secured Creditors;
 - (iii) set aside and retain the Disputed Claims Reserve for distribution in accordance with Sections 3.2(b) and 3.2(c) hereof; and
 - (iv) distribute to each Unsecured Creditor (other than RBC) with a Proven Claim their pro rata share of the Unsecured Creditors' Pot;
- (b) within five (5) Business Days following the determination of any Disputed Claim or portion thereof as a Proven Claim in accordance with the Claims Process Order, the Monitor shall make the distribution on account of such Proven Claim from the Disputed Claims Reserve equal to the amount such Person would have received pursuant to Section 3.2(a) above; and
- (c) within five (5) Business Days following the determination of all Disputed Claims, the Monitor shall distribute to each Unsecured Creditor with a Proven Claim their pro rata share of the remainder of the Disputed Claims Reserve (if any).

The payments and distributions in Section 3.2 being full and final settlement of the Affected Claims.

3.3 Unaffected Claims

Unaffected Claims shall not be compromised under the Plan and nothing in the Plan shall affect the Petitioners' rights and defenses with respect to any Unaffected Claim. No Person shall be:

- (i) entitled to attend or vote in respect of its Unaffected Claim at any Creditors Meeting; or

- (ii) entitled to receive any distribution or consideration under this Plan in respect of such Unaffected Claim, except as expressly contemplated by Section 3.2(a)(i) or Section 6.2, as applicable.

ARTICLE 4 DETERMINATION OF CLAIMS, VOTING CLAIMS AND RELATED MATTERS

4.1 Determination of Claims

The determination of the validity and quantum of any Claim shall be made in accordance with the procedures set forth in the Claims Process Order or by way of agreement among the Petitioners, the Monitor and the Person having such Claim or by determination by the Court.

4.2 Failure to File Proofs of Claim Prior to Claims Bar Date or Restructuring Claim Bar Date

If a Person who has a Claim has not filed a Proof of Claim in respect of such Claim with the Monitor prior to the applicable Claims Bar Date, Restructuring Claims Bar Date or such later date as authorized by the Court, such Person shall be forever barred from participating in this Plan to the extent of such Claim, shall have no right to vote such Claim in respect of this Plan and shall not be entitled to receive any amounts payable under this Plan in respect of such Claim, and the Petitioners shall be forever released from any and all such Claims of such Person.

4.3 Creditors Meeting

The Monitor will call the Creditors Meeting and convene and hold the same on the Creditors Meeting Date, in accordance with the terms of this Plan and the Meeting and Process Order.

4.4 Voting and Approval by Unsecured Creditors

Subject to Section 4.5 of this Plan and the provisions of the Meeting and Process Order, each Unsecured Creditor with an Unsecured Creditor Claim shall be entitled to attend and vote as part of the Unsecured Creditor Class at the Creditors Meeting.

Subject to Section 4.5 of this Plan and the provisions of the Meeting and Process Order, the Secured Creditors shall be entitled to attend and vote with respect to their Secured Creditor Claims as part of the Secured Creditor Class at the Creditors Meeting.

In order to be approved, the Plan must receive an affirmative vote, in accordance with the provisions of the Meeting and Process Order, by the Required Majority.

Except for any resolution to be voted on at the Creditors Meeting to approve, amend or vary this Plan, which will be decided by the Required Majority by ballot, every question submitted to a vote at the Creditors Meeting will be decided, as follows:

- (a) If with respect to the Unsecured Creditor Class, by a majority in value of the Unsecured Creditor Claims, and the result of any vote will be binding on all Unsecured Creditors whether or not any such Unsecured Creditor is present and voting (in person or by proxy) at the Creditors Meeting;

- (b) If with respect to the Secured Creditor Class, by a majority in value of the Secured Creditor Claims, and the result of any vote will be binding on all Secured Creditors whether or not any such Secured Creditor is present and voting (in person or by proxy) at the Creditors Meeting; and
- (c) If with respect to both the Unsecured and the Secured Creditor Classes, by a majority in value of the Proven Claims, and the result of any vote will be binding on all Proven Creditors whether or not any such Proven Creditor is present and voting (in person or by proxy) at the Creditors Meeting.

The Monitor shall have the authority to:

- (d) determine whether or not any question to be submitted to a vote at the Creditors Meeting under paragraphs (a), (b), or (c) above are with respect to the Unsecured Creditor Class, the Secured Creditor Class, or both; and
- (e) adjourn the Creditors Meeting without a vote.

4.5 Voting by Creditors with Disputed Claims

Persons with Disputed Claims shall be entitled to attend the Creditors Meeting and cast a vote in respect of the Plan up to the value of their Disputed Claim. The Monitor shall keep a separate record and tabulation of any votes cast in respect of Disputed Claims. The Monitor shall report the result of the vote and the tabulation of votes of Proven Claims and Disputed Claims to the Court and, if the decision by Unsecured Creditors whether to approve or reject the Plan is affected by the votes cast in respect of the Disputed Claims, the Petitioners shall seek direction from the Court in respect thereof. The fact that a Disputed Claim is allowed for voting purposes shall not preclude the Petitioners or the Monitor from disputing the Disputed Claim for distribution purposes.

4.6 Extinguishment of Claims

As of and from the date of filing of the Monitor's Final Certificate and in accordance with the provisions of the Sanction Order, the treatment of Proven Claims and Disputed Claims under the Plan shall be final and binding on the Petitioners, all Unsecured Creditors and the Secured Creditors (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and all Unsecured Creditor Claims and the Secured Creditor Claims shall be released and discharged as against the Petitioners and the Petitioners shall thereupon be released from all Unsecured Creditor Claims and the Secured Creditor Claims, other than the obligations of the Petitioners to make payments in the manner and to the extent provided for in the Plan; *provided, however*, that such discharge and release shall be without prejudice to the right of a holder of a Disputed Claim to prove such Disputed Claim so that such Disputed Claim becomes a Proven Claim entitled to receive consideration under Section 6.2 hereof.

4.7 Crown Claims

All Crown Claims in respect of all amounts that were outstanding at the Filing Date shall be paid in full to the Crown from the Proceeds within six months of the Sanction Order, as required by subsection 6(3) of the CCAA.

4.8 Payments to Employees

Immediately after the date of the Sanction Order, the Petitioners will pay in full all Employee Priority Claims, if any, that are Proven Claims to its employees and former employees as required by subsection 6(5) of the CCAA and other applicable legislation. If an Employee Priority Claim becomes a Proven Claim after the date of the Sanction Order, the Petitioner will pay such Employee Priority Claim within five (5) business days.

4.9 Administration Charge

The Administration Charge as provided for in the ARIO shall continue in effect until such time as the CCAA Proceedings are terminated and all obligations secured thereby are paid in full or as may be otherwise secured.

ARTICLE 5 CONDITIONS TO PLAN IMPLEMENTATION

5.1 Conditions to Plan Implementation

The implementation of and effectiveness of this Plan is subject to the satisfaction on or before the Plan Implementation Date of the following Conditions to Plan Implementation:

- (a) approval of this Plan by the Required Majority of as set out in Article 4;
- (b) subject to Section 5.1(f), confirmation by the Monitor, in its sole discretion, that the Proceeds are sufficient to (i) make the distributions contemplated by Sections 3.2(a)(i) and 3.2(a)(ii) in full, and (ii) set aside an Unsecured Creditor Pot of at least CAD\$60,000.00;
- (c) the granting of the Sanction Order on the terms as contemplated by this Plan or such other terms as are satisfactory to the Petitioners;
- (d) the execution of a mutual release by RBC and Thomas Jackson in respect of any matter arising from or related to RBC's Claim, including without limitation the guarantee provided by Thomas Jackson to RBC in respect of such Claim;
- (e) receipt of the Proceeds by the Monitor; and
- (f) if the Proceeds are not sufficient to fulfill the Condition to Plan Implementation in Section 5.1(b), the issuance of the Shortfall Promissory Note and an assignment of the Insurance Proceeds by the Petitioners to RBC pursuant to Section 6.2

5.2 Monitor's Certificate of Plan Implementation

Upon being advised in writing by counsel for the Petitioners that the Conditions to Plan Implementation have been satisfied and that the Plan is capable of being implemented, the Monitor shall file with the Court a certificate stating that all Conditions to Plan Implementation have been satisfied in accordance with the Plan and that the Plan is capable of being implemented forthwith.

5.3 Failure to Satisfy Conditions to Plan Implementation

If the Conditions to Plan Implementation are not satisfied on or before the day which is 15 days after the date on which the Sanction Order is issued or such later date as may be specified by the Petitioners, with the consent of the Monitor or by order of the Court, the Plan shall not be implemented and the Plan and the Sanction Order shall cease to have any further force or effect.

ARTICLE 6 IMPLEMENTATION OF PLAN

6.1 Delivery and Allocation Procedures

Subject to Disputed Claims, the payments to the Secured Creditors and the Unsecured Creditors to be made pursuant to this Plan shall be distributed in accordance with Section 3.2.

6.2 Shortfall Promissory Note

If the Proceeds are not sufficient to fulfill the Condition to Plan Implementation in Section 5.1(b), the Monitor shall hold back from the Secured Creditor Pot payable on account of the RBC Secured Claim an amount sufficient to pay the distributions contemplated by Section 3.2(a)(i), but not to exceed the Administration Charge, and the Petitioners shall:

- (a) issue the Shortfall Promissory Note to RBC in the amount of such holdback and, if the Petitioners issue the Shortfall Promissory Note to RBC in accordance with this Section, the Shortfall Promissory Note shall be repaid to RBC within 120 days of the Plan Implementation Date; and
- (b) execute and deliver an assignment of the Insurance Proceeds to RBC to secure repayment of the Shortfall Promissory Note.

If the Petitioners issue the Shortfall Promissory Note to RBC in accordance with this Section, the RBC Secured Claim shall be an Unaffected Claim with respect to the Insurance Proceeds and the Hub Assembly, Tail Rotor with Part Number 212-010-701-139 and Serial Number A-2145 up to the amount of the Shortfall Promissory Note.

6.3 Disputed Claims

Notwithstanding any other provision of this Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim held by any Unsecured Creditor or any Disputed Claim that is a Priority Claim unless and until such Disputed Claim has become a Proven Claim in accordance with the provisions of the Claims Process Order.

Within five (5) Business Days of the determination of a Disputed Claim or a portion thereof as a Proven Claim, the Monitor shall make the distributions in respect of such Claim in accordance with Section 3.2(b).

6.4 Withholding Rights

Notwithstanding any other provision of the Plan, each Person that is to receive a payment pursuant to the Plan shall have the sole and exclusive responsibility for the satisfaction

and payment of any taxes or tax obligations imposed by any Governmental Entity (including income, withholding and other tax obligations on account of such distribution).

6.5 Proposed Timeline

The Petitioners shall use all reasonable commercial efforts to fulfil each of the Conditions to Plan Implementation and to implement this Plan in accordance with the following timetable. The following timetable is, however, subject to change, provided that if any such change is inconsistent with any of the provision of the Plan, it will be made in accordance with the provisions of Article 7.

| | Events | Anticipated Dates | Defined Dates |
|----|--|---|--------------------------|
| 1. | Application to Court for Meeting and Process Order authorizing and approving filing of the Plan and holding of Creditors Meeting | May 4, 2023 | – |
| 2. | Claims Filing Deadline | June 3, 2023 at 5:00 p.m. (Vancouver time) | |
| 3. | Proxy Deadline | June 12, 2023 at 5:00 p.m. (Vancouver time) | |
| 4. | Holding of Creditors Meeting | June 20, 2023 | Creditors Meeting Date |
| 5. | Hearing of Application for Sanction Order | On or before June 19, 2023 | – |
| 6. | Implementation of the Plan | Five (5) Business Days after filing of the Monitor's Certificate of Plan Implementation | Plan Implementation Date |
| 7. | Distribution to Affected Creditors and Priority Creditors | Within 14 days of the Plan Implementation Date | – |
| 8. | Resolution of Disputed Claims and Distribution, if any, to Persons with Proven Claims. | In accordance with Section 6.3 | – |
| 9. | Filing of Monitor's Final Certificate | As soon as above is completed | – |

**ARTICLE 7
MODIFICATION AND WITHDRAWAL**

7.1 Modification of Plan

- (a) The Petitioners reserve the right to amend, restate, modify and/or supplement this Plan at any time and from time to time, provided that (except as provided in subsection (c) below) any such amendment, restatement, modification or supplement must be contained in a written document that is:
 - (i) filed with the Court and, if made following the Creditors Meeting, approved by the Court; and
 - (ii) approved by the Monitor and communicated to the Creditors in the manner required by the Court (if so required):
 - (A) if made prior to or at the Creditors Meeting:
 - (I) the Petitioners shall communicate the details of any such amendment, restatement, modification and/or supplement to the Affected Creditors and other Persons present at the Creditors Meeting prior to any vote being taken at the Creditors Meeting;
 - (II) the Petitioners shall provide notice to the Service List of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and
 - (III) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's Website forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and
 - (B) if made following the Creditors Meeting:
 - (I) the Petitioners shall provide notice to the Service List of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court;
 - (II) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's Website; and
 - (III) such amendment, restatement, modification and/or supplement shall require the approval of the Court following notice to the Service List.

(b) Any amendment, modification or supplement to this Plan may be made following the Creditors Meeting by the Petitioners, with the consent of the Monitor, without requiring filing with, or approval of, the Court, provided that it concerns a matter which is of an administrative nature and is required to better give effect to the implementation of this Plan and is not adverse to the financial or economic interests of any of the Unsecured Creditors or the Secured Creditors.

7.2 Revocation, Withdrawal or Non-Consummation

The Petitioners reserve the right to revoke or withdraw this Plan at any time prior to the Plan Implementation Date and to file subsequent plans of reorganization or arrangement. If the Petitioners revoke or withdraw this Plan or if the Sanction Order is not made, (a) this Plan shall be null and void in all respects, (b) any Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Claim to an amount certain), assumption or termination, repudiation of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void and (c) nothing contained in this Plan, and no act taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Petitioners or any other Person; (ii) prejudice in any manner the rights of the Petitioners or any Person in any further proceedings involving the Petitioners; or (iii) constitute an admission of any sort by the Petitioners or any other Person.

ARTICLE 8 SANCTION ORDER

8.1 Application for Sanction Order

As soon as reasonably practicable following the approval of the Plan by the Required Majority, the Petitioners shall bring an application seeking the Sanction Order for prompt hearing by the Court and in accordance with the timeline set forth in Section 6.5 of this Plan.

8.2 Terms of the Sanction Order

In addition to approving and sanctioning the Plan, and subject to the discretion of the Court, the Sanction Order shall, among other things and without limitation:

- (a) declare that the Plan and transactions contemplated thereby are procedurally and substantively fair and reasonable to the Unsecured Creditors and the Secured Creditors;
- (b) declare that the Plan has been approved by the Required Majority in conformity with the CCAA;
- (c) declare that the Court is satisfied that the Petitioners have complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects;
- (d) direct and authorize the Petitioners and the Monitor to fulfill their obligations under the Plan, including to complete the transactions and distributions contemplated under the Plan;

- (e) confirm the effect of the Claims Process Order, including, without limitation, the effect of the Claims Bar Date or Restructuring Claims Bar Date, and the releases, waivers, injunctions and prohibitions provided thereunder;
- (f) confirm the effect of the Meeting and Process Order;
- (g) declare that the arrangements effected by this Plan are approved, binding and effective upon the Petitioners, all Affected Creditors, and any other Persons affected by this Plan, and release and discharge the Petitioners from any and all obligations, liabilities and indebtedness, as and to the extent provided for in this Plan;
- (h) release and discharge the Released Parties from any and all Claims subject to and in accordance with Article 9.2(b) of this Plan and stay any and all steps or proceedings, including administrative orders, declarations or assessments commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any and all past, present and future directors, officers and employees of the Petitioners (in those capacities in respect of all Claims) and discharge all past and present directors, officers and employees of the Petitioners from any liability with respect to all Claims, all to the extent provided for in this Plan;
- (i) confirm and give effect to the releases, waivers, permanent injunctions and other provisions contemplated by this Plan;
- (j) declare that the stay of proceedings under the ARIO shall continue until the CCAA Proceedings are terminated by Order of the Court; and
- (k) confirm that the Administration Charge as provided in the ARIO shall continue in effect until such time as the CCAA Proceedings are terminated and all obligations secured thereby are paid in full or as may be otherwise secured, satisfied or arranged.

ARTICLE 9 EFFECT OF THE PLAN

9.1 Binding Effect of the Plan

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction Order shall be binding as of the date of the Sanction Order on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose and shall, upon filing of the Monitor's Final Certificate, constitute:

- (a) a full, final and absolute settlement of all rights of the Unsecured Creditors and the Secured Creditors; and
- (b) an absolute release, satisfaction and discharge of all Claims, indebtedness, liabilities and obligations of the Petitioners except for the Unaffected Claims.

9.2 Consents, Waivers and Agreements

From and after the filing of the Monitor's Final Certificate, each Affected Creditor and other Persons shall be deemed to have consented and to have agreed to all of the provisions of the Plan in its entirety. In particular, each Affected Creditor and other Person shall be deemed:

- (a) to have executed and delivered to the Monitor and the Petitioners all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (b) to have waived any and all defaults then existing or previously committed by the Petitioners in any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto, existing between any such Affected Creditor or other Person and the Petitioners and any and all notices of default and demands for payment under any instrument, including without limitation any guaranty of a director of the Petitioners, shall be deemed to have been rescinded.

9.3 Releases

As of and from the date of filing of the Monitor's Final Certificate, the Released Parties shall be released and discharged from any and all demands, claims, liabilities, obligations, causes of action, damages, executions or other recoveries, known or unknown, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of filing of the Monitor's Final Certificate, relating to, arising out of, or in connection with Claims, the business and affairs of the Petitioners, the Share Purchase Agreement, this Plan, the CCAA Proceedings, and any proceedings commenced with respect to or in connection with the Plan, to the full extent permitted by law, and all claims arising out of such actions or omissions shall be forever waived and released, provided that nothing here:

- (a) shall release or discharge a Released Party from an Unaffected Claim or from a Claim which cannot be compromised under the CCAA;
- (b) shall affect the rights of any Person to recover indemnity from any insurance coverage under which that Person is an insured;
- (c) shall release or discharge present or former directors of the Petitioners with respect to matters set out in subsection 5.1(2) of the CCAA; or
- (d) shall release or discharge a Released Party if the Released Party is determined by an Order of the Court to have committed wilful misconduct or fraud,

and provided further, however, that notwithstanding any foregoing releases under the Plan, any Claim asserted against the Petitioners shall remain subject to any right of set off that otherwise would be available to the Released Parties in the absence of such releases.

9.4 Exculpation

To the extent permitted under applicable law, the Released Parties shall not have or incur any liability for any act or omission in connection with, related to, or arising out of the CCAA Proceedings, the formulation, preparation, dissemination, negotiation or filing of the Plan and any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or related meeting materials, the pursuit of sanctioning the Plan, the consummation, administration or implementation of the Plan, or the property to be distributed under the Plan; *provided, however*, that this Section 9.4 shall not include any act or omission that is determined by an Order of the Court to have constituted gross negligence, wilful misconduct or fraud.

9.5 Injunction

All Affected Creditors and other Persons, along with their respective affiliates, present and former officers, directors, employees, associate individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependents, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined with respect to Claims against the Released Parties, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Released Parties;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties or their property;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits or demands, including without limitation by way of contribution or indemnity or other relief, in law or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim in any manner or forum, against one or more of the Released Parties;
- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- (e) taking any actions to interfere with the implementation or consummation of the Plan or the transactions contemplated herein.

This Section 9.5 does not apply to any Unaffected Claims or to the enforcement of any obligations under the Plan.

9.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as Monitor in the CCAA Proceedings and the Monitor will not be responsible or liable for any obligations of the Petitioners hereunder. The

Monitor will have only those powers granted to it by this Plan, by the CCAA and by any Order of the Court in the CCAA Proceedings, including the ARIO. The Monitor shall be under no obligation to make any distribution contemplated under this Plan unless and until it has been provided with sufficient funds to do so by the Petitioners.

ARTICLE 10 GENERAL

10.1 Paramountcy

From and after the date of the Sanction Order, if there is any conflict between any provision(s) of the Plan or Sanction Order and any provision of any other contract, document, agreement or arrangement, written or oral, between any Affected Creditor and any Petitioner in existence on the Plan Implementation Date, the provision(s) of the Plan and Sanction Order shall govern.

10.2 Severability

If, on the hearing of the application for the Sanction Order, any term or provision of the Plan is held by the Court to be invalid, void, or unenforceable, the Court, at the request of the Petitioners, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Sanction Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable.

10.3 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, trustee, administrator, or successor or assign of such Person.

10.4 Further Assurances

Notwithstanding that the events set out in the Plan shall occur and be deemed to occur in the order set out herein without any other additional act or formality, each of the Persons affected hereby shall make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by the Petitioners in order to better implement the Plan.

10.5 Entire Agreement

Except as otherwise indicated, upon the Plan Implementation Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements,

understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

10.6 Exhibits and Related Documents

All schedules, exhibits and documents filed in relation to the Plan are incorporated into and are a part of the Plan as if set forth in full in the Plan.

10.7 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall reflect this Plan and may, subject as hereinafter provided, be made or given by the Person making or giving it or by any agent of such Person authorized for that purpose by personal delivery, by prepaid mail or by e-mail addressed to the respective parties as follows:

(a) if to the Petitioners:

Canwest Aerospace Inc. and Can West Global Airparts Inc.

Attention: Thomas Jackson and Tara Lundy
Email: tomj@canwestaerospace.com and
taral@canwestaerospace.com

with copies (which shall not constitute notice) to:

Clark Wilson LLP
900-885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Christopher J. Ramsay and Katie G. Mak
Email: cramsay@cwilson.com and kmak@cwilson.com

(b) if to the Monitor:

FTI Consulting Canada Inc.
1450-701 West Georgia Street
Vancouver, BC V7Y 1B6

Attention: Craig Munro
Email: Craig.Munro@fticonsulting.com

with copies (which shall not constitute notice) to:

DLA Piper (Canada) LLP
2800-666 Burrard Street
Vancouver, BC V6C 2Z7

Attention: Colin Brousson
Email: colin.brousson@dlapiper.com

Any notice given by delivery, mail, e-mail, or courier shall be effective when received.

DATED at Vancouver, British Columbia, as of June 16, 2023.

CANWEST AEROSPACE INC.

Per: _____
Authorized Signatory

CAN WEST GLOBAL AIRPARTS INC.

Per: _____
Authorized Signatory

APPENDIX B

| CanWest Illustrative Liquidation Analysis (as at April 21, 2023) (CAD) | | | | | | |
|--|-------|---------------------|----------------|------|------------------|------|
| Category | Notes | Adjusted Book Value | Low | % | High | % |
| Cash | [1] | 60,373 | 60,373 | 100% | 60,373 | 100% |
| Accounts receivable | [2] | 79,695 | 63,756 | 80% | 71,725 | 90% |
| Ecuador Receivable | [3] | 207,862 | - | 0% | 166,290 | 80% |
| CanWest Aerospace inventory | [4] | 1,614,669 | 161,467 | 10% | 322,934 | 20% |
| Can West Global Airparts inventory | [5] | 977,342 | 97,734 | 10% | 195,468 | 20% |
| Tools and equipment | [6] | 732,130 | 36,607 | 5% | 73,213 | 10% |
| Bangladesh contracts | [7] | 3,073,483 | - | 0% | 614,697 | 20% |
| Work-in-progress | [8] | 307,575 | 30,758 | 10% | 123,030 | 40% |
| Total | | 7,053,130 | 450,694 | | 1,627,731 | |

Notes:

[1] Per the opening cash balance of the Second Cash Flow Statement.

[2] Based on the Monitor's observations since the commencement of the CCAA proceedings, accounts receivable appear to be reasonably collectible.

[3] Whilst the Petitioners continue to pursue collection of this amount, no additional evidence has been brought to the Monitor's attention since the First Report that the collection of this is more probable.

[4] & [5] The Monitor contacted a representative of Maynards Industries to enquire as to a cursory estimate of value, informing the estimated realization percentages.

[6] Many of the Petitioners tools and equipment are bespoke to the niche industry in which they operate.

[7] The significant amount of work required to complete the contracts, and the likely required involvement of T. Jackson in order to do so, is reflected in the estimated realization percentages.

[8] The Petitioners have faced difficulties with finalizing work-in-progress since the start of the proceedings.

Limitations and Disclaimer:

The information contained in this high-level analysis is based upon financial and other data provided to the Monitor, as well as both estimates based on the historical information available to the Monitor and those provided by third parties. Readers are cautioned that information reported in this analysis is based on hypothetical assumptions and so actual realizations may be materially different. Readers are advised to perform necessary due diligence to form their own opinion with respect to potential liquidation realizations. These outcomes are illustrative estimates only, and the Low Case does not necessarily represent a 'worst case'.