

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS
LIMITED AND 1138969 ONTARIO INC. (the "Applicants")

APPLICATION RECORD

November 22, 2022

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ONTARIO
SUPERIOR COURT OF JUSTICE
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TAB 1

Notice of Application

Court File No. _____

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS
LIMITED AND 1138969 ONTARIO INC. (the "Applicants")

NOTICE OF APPLICATION
(CCAA Initial Order Application)
(returnable Wednesday, November 23, 2022)

TO THE RESPONDENT(S)

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

THIS APPLICATION will come on for a hearing

- In Person
- By telephone conference
- By video conference**

at the following location:

Video conference details to be uploaded on Caselines.

On Wednesday, November 23, 2022, at 12 pm (noon) or a date to be set by the registrar.

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

lawyer must appear at the hearing.

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

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

Date: November 22, 2022

Issued by: _____

Address of court office:

Ontario Superior Court of Justice
(Commercial List)
330 University Avenue,
Toronto, ON M5G 1R8

TO: SERVICE LIST (Appended Hereto as Appendix "A")

APPLICATION

1. The Applicants, 1138969 Ontario Inc. (“**Springer**”) and Springer Aerospace Holdings Limited (“**Holdco**”) bring this Application for relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”).

2. The Applicants seek an Initial Order pursuant to the CCAA substantially in the form attached at **Tab 4** of the Application Record that, among other things:
 - (a) abridges the time for service of this Application, validates the manner of service, and declares that this Application is properly returnable before the Court;
 - (b) declares that the Applicants are corporations to which the CCAA applies;
 - (c) appoints MNP as Monitor, an officer of this Court to monitor the assets, business, and financial affairs of the Applicants;
 - (d) stays all proceedings in respect of the Applicants, their directors and officers, or the Monitor for an initial 10-day period up to and including December 3, 2022 (the “**Stay Period**”);
 - (e) approves debtor-in-possession financing advanced by Hillmount Capital Inc. (the “**DIP Lender**”) in the maximum amount of \$600,000;
 - (f) grants the following Charges (as defined in the Initial Order) over the Applicants’ property with the priority described in the proposed Initial Order:
 - (i) an Administration Charge to a maximum amount of \$250,000;

- (ii) a DIP Lenders' Charge to a maximum amount of \$600,000; and
 - (iii) a Directors' Charge to a maximum amount of \$165,000;
 - (g) entitles but does not require the Applicants to pay, with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of the initial order, if such payment is necessary or desirable to avoid disruption to the operations of the Applicants' business during these proceedings; and
 - (h) seals the Confidential Affidavit of Christopher Grant Sworn November 22, 2022, as well as Exhibits "A", "B" and "C" thereto, being professional appraisals of real estate assets; and
3. Prior to the expiry of the initial Stay Period, the Applicants will schedule a comeback hearing to seek the following additional relief:
- (a) an extension of the Stay Period;
 - (b) an increase of the DIP Lender's Charge to a maximum of \$1,500,000; and
 - (c) such further and other relief as may be necessary.

THE GROUNDS FOR THIS APPLICATION ARE:

4. Springer operates one of the few full-service aircraft maintenance, repair and overhaul businesses in Canada, and the only one located in Northern Ontario, dating back to 1972. Springer employs approximately 100 non-union employees including 50 engineers, and engages

approximately 15 independent contractors. Springer is a key driver of economic activity in Northern Ontario.

5. The Applicants are insolvent. They are unable to meet their obligations as they generally become due and cannot continue to operate as a going concern without interim financing. Among other things, the Applicants have accrued approximately \$1.6 million in unsecured liabilities and \$186,000 in property taxes in addition to amounts owed to secured parties.

6. The Applicants' insolvency was caused by, among other things, the impact of the COVID-19 shutdowns on the travel and aerospace sectors internationally, unusually high rates of employee turnover, and operational inefficiencies from a rapid expansion of the business that was undertaken just prior to the COVID-19 shutdowns.

7. On June 30, 2022, Springer's primary secured creditor, Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**"), made demands of Springer and the co-applicant Holdco, citing various covenant breaches and demanding repayment of the approximately \$5.74 million outstanding. Springer executed a forbearance agreement with Desjardins but was unable to pay the lump sum payment required under the agreement.

8. Although the parties have engaged in negotiations in a cooperative manner, Desjardins has declined to advance debtor-in-possession financing in the context of a CCAA proceeding. Without interim financing, Springer will have to cease operations.

9. As of November 22, 2022, the company's cash has dwindled to \$1,400 due to delays in receipt of wires and timing of accounts receivable. Springer will be unable to meet its payroll due this week unless interim financing is advanced.

10. The Applicants are corporations to which the CCAA applies. They require the protection of a stay of proceedings while they seek to implement an operational and balance sheet restructuring that includes (i) the implementation of a sale and investment solicitation process for the business and assets of the Applicants on a piecemeal or *en bloc* basis; (ii) the implementation of an operational restructuring developed with the assistance of MNP LLP's performance improvement team, which is expected to achieve increases to profitability on both a short and long term basis; and (iii) continue the business as a going concern to avoid the economic and social devastation that would result from the loss of 100 full time skilled positions in a Northern Ontario town of 1,600 people.

11. The Applicants have entered into a term sheet (the "**DIP Term Sheet**") for interim financing to be advanced by Hillmount Capital Inc. (the "**DIP Lender**") up to a maximum amount of \$1,500,000. For the initial 10-day Stay Period, the Applicants seek approval of \$600,000 of the facility and a charge in favour of the DIP Lender for the same amount. Such amount is necessary to pay outstanding property tax arrears, professional and DIP Lender's fees, payroll, and working capital needs during the initial Stay Period.

12. The Monitor has reviewed the DIP Term Sheet and is of the view that the material terms are typical and reasonable for similar debtor-in-possession facilities approved in Ontario and Canada.

13. The amounts contemplated in the DIP Term Sheet will be sufficient to meet the Applicants' expected needs during the restructuring period.

Approval of Court-Ordered Charges

14. The Applicants seek Charges in the following relative priority:

FIRST – the Administration Charge of up to \$250,000;

SECOND – the DIP Lender’s Charge of up to \$600,000;

THIRD – the Directors’ Charge of up to \$165,000.

15. The Applicants propose that the Administration Charge and the DIP Lender’s Charge shall rank in priority to all other Encumbrances (as defined in the Initial Order), but that the Directors’ Charge shall rank immediately below any Encumbrance in favour of Desjardins. For clarity, the Directors’ Charge is not intended to prime Desjardins’ security.

16. The quantum of the Charges sought is limited to what is reasonably necessary for the continued operations of the Applicants during the initial 10-day stay period. It is the Applicants’ intention to seek, at the Comeback Hearing, an amended initial order increasing the quantum of the Charges to cover the Applicants’ needs over the restructuring period.

17. The Application Record for this application has been served on all secured creditors likely to be affected by the Charges sought.

Authorization to Pay Suppliers

18. The Applicants authorization to pay, with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of the Initial Order, if such payment is necessary or desirable to avoid disruption to the operations of the Applicants’ business during these proceedings.

19. Springer does not routinely stockpile parts and supplies needed for its business and instead relies on a just-in-time inventory system. Such system has been especially vulnerable to delays and shortages, especially in light of the global pandemic. Further, Springer has had to delay purchases of parts and supplies due to cash flow pressures.

20. Given Springer's location in Northern Ontario and the specialized nature of the aerospace business, there are limited specialized vendors who are able to supply the specific products and services that Springer requires. This includes suppliers of engineering services, aircraft parts and supplies, paint shop supplies, utilities, freight, and others. Springer's business is dependent on the uninterrupted supply of such goods and services. Any interruption would have a material adverse effect on the business and cash flow, preventing a proper restructuring.

Appointment of MNP as Monitor

21. Springer seeks the appointment of MNP Ltd. ("MNP") as the proposed Monitor. MNP is established and qualified, has consented to act as Monitor, and meets the statutory criteria for appointment. Further, MNP has been engaged since September and has performed site visits to assess and review Springer's operations, and to formulate a performance improvement plan.

Sealing Order

22. The Companies seek an order sealing a confidential affidavit sworn by Christopher Grant on November 22, 2022 appending confidential property appraisals, until the earlier of either Court approval of a plan of compromise or arrangement in respect of the Applicants, or further Court Order. The sealing order is being sought to protect the integrity of any sale and investment solicitation process.

Further Grounds

23. The Applicants' business is vital to the Northern Ontario economy. In particular, Springer services the majority of airlines and private operators servicing fly-in and Indigenous communities in Northern Ontario. Air transport is critical to air ambulance services, the delivery of food, medicines, and necessary to transport passengers to and from these communities. Springer is also an important employer of over 100 people in a town of 1,600. The economic activity emanating from the business is invaluable to the surrounding region.
24. These individual and community stakeholders would bear a disproportionate burden of a business shutdown.
25. The Applicants seek the breathing room to implement their operational restructuring, and to expose the business to market as a going concern in a formal marketing process. Marketing the business as a going concern will maximize value for all stakeholders.
26. The provisions of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended, and the equitable jurisdiction of this Honourable Court;
27. Rules 1.04, 2.03, 3.02, 14.05(2) of the *Rules of Civil Procedure*, RRO 1990, Reg 194, as amended;
28. Section 106 of the *Courts of Justice Act*, RSO 1990, c C-43, as amended;
29. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

30. The Grant Affidavit and Exhibits thereto;
31. The Confidential Affidavit and Exhibits thereto;
32. the Pre-Filing Report of the proposed Monitor, MNP, dated November 22, 2022;
33. the Consent of MNP to act as Monitor, dated November 22, 2022;
34. Such further and other materials as counsel may advise and this Honourable Court may permit.

November 22, 2022

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Lawyers for the Applicants

Appendix “A” – Service list

[See next page.]

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 (the "CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
 ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS
 LIMITED AND 1138969 ONTARIO INC. (the "Applicants")

SERVICE LIST
 (as of November 22, 2022)

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**IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE
HOLDINGS LIMITED AND 1138969 ONTARIO INC.**

[Application Record Page No. 16]
Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**NOTICE OF APPLICATION
(CCAA Initial Order Application)
(returnable November 23, 2022)**

RECONSTRUCT LLP

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Lawyers for the Applicants

TAB 2

Affidavit of Christopher Grant sworn November 22, 2022

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
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LIMITED AND 1138969 ONTARIO INC. (the "**Applicants**")

AFFIDAVIT OF CHRISTOPHER GRANT
(CCAA Initial Order Application)
(sworn November 22, 2022)

I, Christopher Grant, of the City of Greater Sudbury in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the Chief Executive Officer of 1138969 Ontario Inc. o/a Springer Aerospace ("**Springer**"). Accordingly, I have personal knowledge of the matters set out below. Where I have relied on information from others, I state the source of such information and verily believe it to be true.
2. All references to currency in this affidavit are references to Canadian dollars unless otherwise indicated.
3. This affidavit is made in support of the Applicants' application for an Initial Order under the CCAA.

I. OVERVIEW

4. Springer is one of the few full-service aircraft maintenance, repair and overhaul businesses in Canada, and the only one located in Northern Ontario. Springer's customers include airlines, corporations, and private individuals. The company's facilities comprise state-of-the-art hangars as well as an airport and runways with the capability to accommodate aircraft as large as a Boeing 737s.

5. Springer is insolvent as a result of financial and operational challenges relating to, among other things, the impact of the COVID-19 shutdowns on the travel and aerospace sectors internationally, unusually high rates of employee turnover, and operational inefficiencies from a rapid expansion of the business that was undertaken just prior to the COVID-19 shutdowns.

6. While Springer has historically been profitable, it is currently operating at a loss. On June 30, 2022, Springer's primary secured creditor, Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**"), made demands of Springer and the co-applicant, Springer Aerospace Holdings Limited ("**Holdco**"), citing various covenant breaches.

7. Springer executed a forbearance agreement with Desjardins but was unable pay the lump sum payment required under the agreement. While I was hopeful that Springer would be able to come to a resolution with Desjardins to execute an organized and cooperative restructuring without the need for a filing, Springer requires an immediate injection of cash to fund its operations and Desjardins has declined to advance debtor-in-possession financing in the context of a CCAA proceeding.

8. Personnel from the proposed monitor, MNP Ltd. (“MNP”) spent several days on site at our facilities in order to understand Springer’s business and to assess our operations. Prior to this filing, Springer was exploring various operational changes with the proposed monitor, and if granted relief under the CCAA, intends to implement certain of those changes during the restructuring period under MNP or a chief restructuring officer’s supervision. Springer needs sufficient time and breathing space to do so.

9. The value of Springer’s business is maximized as a going concern. Liquidating the business will result in significantly less value for creditors and will impact the many employees, contractors and suppliers who rely on Springer for employment and income. As a major Northern Ontario employer, Springer’s value to the Northern Ontario economy is greater than just its liquidation value.

10. I believe that Springer will be a viable and profitable enterprise if we can implement the proposed operational and balance sheet restructuring. I also believe that maintaining the business as a going concern is the only way to avoid the devastating impact of business closure on this Northern Ontario community and maximize realization for all stakeholders.

II. THE APPLICANTS

11. Holdco is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office located at Echo Bay, Ontario. The corporate profile report for Holdco is appended hereto as Exhibit “A”.

12. Holdco holds the real property on which Springer conducts its business and owns all of the issued and outstanding shares of Springer. Holdco does not conduct any business activities. Daniel Springer and I are equal 50% owners of Holdco through various corporations and trusts.

13. Springer is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office located at Echo Bay, Ontario. A copy of the corporate profile report for Springer is appended hereto as Exhibit "B".

14. Springer operates one of the largest aircraft maintenance, repair and overhaul businesses in Canada dating back to 1972. Springer's services include, for example:

- a. line maintenance (lubrication and repairs), heavy maintenance, and major modification of aircraft;
- b. the engineering, design and manufacturing of aircraft modifications, replacement parts, upgrades and conversions, including aircraft components such as aircraft fuselage (e.g the frame, formers, stringers, and skins), wings, empennage, landing gear, interior, special mission equipment, floats, waterbombers, and avionics; and
- c. the installation and certification of aircraft modifications, replacement parts, upgrades and conversions.

15. Springer has teams of engineers who travel to service customers at their locations, anywhere in the world. Springer's mobile repair teams are particularly useful where it is not practical or feasible to transport an aircraft to Springer's facilities. These teams are adept at delivering the services described above, supporting the customers' existing maintenance

operations on-site in the normal course, and performing unique services like salvaging damaged aircraft.

16. Springer has special expertise in the salvage and rebuilding of derelict aircraft. The company specializes in the rebuilding of otherwise obsolete or damaged aircraft and restoring them to good working order. In addition, Springer is one of two companies in the world that converts passenger airplanes to cargo airplanes for ATR, Beachcraft, DASH-8 series aircraft.

17. In addition to aircraft maintenance and salvage, Springer also offers specialized aircraft painting services. Aircraft painting requires large hangars and specialized equipment. Springer's facilities include a modern, environmentally controlled aircraft painting facility that meets or exceeds all applicable regulations. I am aware of only two other companies in Canada offering aircraft painting services and there are no companies in North America that provide maintenance and painting services at one facility.

18. Springer also offers aircraft storage services, such as commercial and private float plane winter storage.

19. To my knowledge, Springer is the only company in Canada to offer all of these services as a one-stop-shop. Springer has the hangar capacity to run up to seven lines or projects at once, including major or heavy projects.

A. Facilities

20. Springer's business is operated from facilities located in Echo Bay, Ontario, 15 kilometers east of Sault-Ste-Marie and across the St-Mary's River from Michigan, USA.

21. HoldCo owns the real property on which the Springer facilities are located, municipally described as 377 Lakeview Road, Echo Bay, Ontario (“**377 Lakeview**”). 377 Lakeview is a parcel of approximately 210 acres of land. The land registry search results for 377 Lakeview are appended as Exhibit “C”.

22. There are three hangars and an airport located at 377 Lakeview. The first hangar is 16,160 square feet in size and is 17 feet high. It houses an industrial bay, offices, and storage. The second hangar is 24,373 square feet and 30 feet high and houses an industrial bay for aircraft work, a paint shop as well as offices and other amenities. The third and newest hangar is 33,000 square feet and is 59 feet high. This third hangar was built in 2020 at a cost of approximately \$3 million and houses the largest industrial bay, which is large enough to accommodate up to two Boeing 737’s.

23. The Bar River Airport (Transport Canada Local Identifier CPF2) located at 377 Lakeview has a published aeronautical instrument precision approach, two paved runways and a 2,500-foot water runway canal with ramps to allow seaplanes to land on the water and be towed on land. The main paved runway is large enough to accommodate Boeing 737’s for landing and takeoff.

24. The facilities at 377 Lakeview are state-of-the-art and are maintained in excellent condition. I am not aware of any regulatory, environmental, or other concern affecting the land.

25. Holdco also owns the real property municipally described as 201 Riverside Drive, Echo Bay, Ontario (“**201 Riverside**”) and co-owns with Springer the real property municipally described as 421 Lakeview Road, Echo Bay, Ontario (“**421 Lakeview**”). The land registry search results for 201 Riverside and 421 Lakeview are appended as Exhibits “D” and “E” respectively.

26. Both 201 Riverside and 421 Lakeview are adjacent to 377 Lakeview. There is a multi-level, single family residential house on each parcel. While the parcels do not generate any revenue, Springer uses the houses to accommodate employees, suppliers and contractors as needed, which avoids the need for Springer to pay for outside accommodations. In addition, 201 Riverside is situated on the approach for one of the runways. Springer ensures that vegetation on the parcel is cut in order to maintain the precision approach minimums.

B. Springer is a key contributor to the Northern Ontario economy and communities

27. Echo Bay is a small township within the Macdonald, Meredith and Aberdeen Additional Township in Algoma, Ontario. The town has approximately 1,600 residents of which approximately 10 to 15 percent of the population are of Indigenous background.

28. Springer is a key driver of economic activity in Northern Ontario. The economic ripple effects from Springer's activities in the region, including in terms of indirect employment, are significant.

29. Springer is the largest source of employment in Echo Bay and the Macdonald, Meredith and Aberdeen Additional Township. It is the second largest employer in the region after the Algoma Steel mill in Sault Ste. Marie, and provides stable, skilled employment to approximately 100 employees. In a town of 1,600 residents, this means that a significant number of households earn income directly or receive economic benefit from Springer.

30. Springer is the only employer of its kind in the region. There is no other employer in the region that could take on all of Springer's skilled employees. Our employees would have to

relocate their families away from Northern Ontario to find similar employment in the aerospace industry.

C. Certifications and licenses

31. Springer operates in a highly regulated business environment. The company holds licenses and certifications (together, the “**Licenses**”) from various international aviation regulators, including Transport Canada, the European Union Aviation Safety Agency (“**EASA**”), the United States Federal Aviation Administration (“**FAA**”) and the South African Civil Aviation Authority (“**SACAA**”).

32. The Licenses are critically important to Springer. Without the Licenses, Springer Aerospace could not carry on its business. The Licenses permit Springer to, among other things, maintain, manufacture and certify aeronautical products including aircrafts, avionics, structures, paint and welding. In addition, with the Licenses, Springer is able to provide services and deliver aircraft internationally.

33. Springer holds the following specific key licenses and certifications:

- a. certifications from Transport Canada as an Approved Maintenance Organization in Canada;
- b. certification from the EASA as an Approved Maintenance Organization allowing aircraft maintenance to be performed on European Union aeronautical products;
- c. certification from the SACAA as an Aircraft Maintenance Organization allowing aircraft maintenance to be performed on South African aeronautical products;

- d. certification from the Director of Civil Aviation of the Bailiwick of Guernsey (an island off the coast of France) for Maintenance Organization Approval; and
- e. certification from the FAA allowing Springer to perform maintenance, preventive maintenance, and alterations on US aeronautical products.

34. Springer's Licenses are in addition to those held individually by its personnel, employees and contractors. which allow them to perform skilled trades.

D. Customers

35. Springer's customers are located throughout the world and include aircraft manufacturers such as Bombardier, De Havilland and Basler as well as commercial operators such as Air Canada (Jazz) and Porter Airlines. Springer also services fleets operated by provincial and federal governments, corporations and individuals. Of note, Springer's customers include substantially all of the Canadian airlines and corporate fleets that service fly-in and Indigenous Northern communities.

36. Significant customers include DHL (Leasing Division), which engaged Springer for the conversion and rebuild of numerous derelict aircraft which were delivered to South Africa. Springer is one of two companies in the world and the only company in Canada that is able to perform these conversions and rebuilds. Springer also has a contract with the Canadian Department of National Defense for the maintenance of their fleet.

37. In addition to the above, a large percentage of Springer's customers service the Northern Ontario region by providing air transport for individuals, delivery of food, fuel and medical

supplies as well as air ambulance services to the most remote areas of Northern Ontario, including most of the fly-in and Indigenous communities.

38. Generally, new customers seeking Springer's services are typically provided with a proposal that describes the scope of work, pricing and milestones. Springer currently has a healthy pipeline of customer contracts and I estimate that there is a two-year waitlist for aircraft painting services and a six-month waitlist for mechanical/conversion projects.

E. Suppliers and vendors

39. The majority of Springer's suppliers and vendors are local businesses in Echo Bay or local branches of international companies set up to service the Northern Ontario region.

40. Given Springer's location in Northern Ontario and the specialized nature of the aerospace business, there are limited vendors who are able to supply the specific products and services that Springer requires. Material suppliers include suppliers of engineering services, aircraft parts and supplies, paint shop supplies, utilities, freight, and others.

41. Springer's business is dependent on the uninterrupted supply of goods and services, including for propane, paint and jet fuel. Interruption of supply by certain key suppliers would have a material adverse effect on the business and cash flow. Springer is especially vulnerable to interruptions in supply as it does not maintain stockpiles of parts and supplies and therefore cannot continue the business without ongoing supply. Recently, as a result of cash flow pressures, Springer has had to intentionally limit and delay purchases of parts and supplies, which I have discovered has had an adverse impact on Springer's ability to operate efficiently and service customers in a timely manner. The wait for parts and supply has also resulted in increased

employee down-time during which employees are not able to perform paid work and has had an impact on employee morale.

F. Employees

42. Springer employs approximately 100 non-union employees including 50 engineers, 25 office staff, and 10 management positions. Springer also engages approximately 15 independent contractors. Nearly all of Springer's employees live in the Echo Bay area.

43. Aside from its administrative staff, most of Springer's employees are skilled tradespeople and engineers with college diplomas and relevant certifications.

44. All full-time employees receive group benefits through GroupHEALTH Global Benefits Systems Inc. Employees are paid bi-weekly and vacation is accrued.

45. Springer in prior months has suffered from high turnover of employees due, among other things, to the departure of key management level staff, and long periods of down-time because of the shortage of parts and supplies.

46. These employee-related issues are relatively recent and coincide with the disruption caused by COVID-19 shutdowns and the unusually active labour market in Canada post-COVID. I have engaged with the proposed monitor to assist the company in addressing these issues and understand that MNP has reviewed and developed strategies for Springer to implement to resolve this issue in the context of a broader operational restructuring.

G. Banking and cash management system

47. Springer maintains its business bank accounts at Desjardins. Springer maintains one main Canadian Dollar and one US Dollar account with Desjardins.

48. There is a second Canadian Dollar account maintained at Desjardins solely to hold customer deposits.

49. Springer receives customer receivables almost exclusively via electronic funds transfer. If cheques are received, they are deposited as a model deposit at the local Desjardins branch. Springer uses Global Payments to process any credit card payments.

50. The company administers its purchases and issues purchase orders using PAMC software designed specifically to meet the needs of aircraft maintenance, repair and operations businesses in the aerospace industry. Project proposals are prepared by Springer's head of planning and estimating, and then approved by myself, as CEO, and the accounting department.

51. Springer previously utilized two credit cards issued by Desjardins, one in Canadian Dollars and one in US Dollars. However, they have been recently frozen by Desjardins.

52. There are various pre-authorized payments that are automatically made from Springer's Canadian Dollar account to cover equipment and automobile lease payments, employee benefits, and other service providers.

53. Desjardins provides payroll services to Springer. Desjardins administers the payment of wages and source deductions, which is made from Springer's Canadian Dollar account.

54. While payments have historically been received promptly from customers, Springer has

recently experienced delays in EFT receipts. In particular, one large payment of approximately \$150,000 was sent by a customer but was not received when expected. As at the date of this affidavit, the funds have not been located, adding to Springer's immediate cash flow pressures.

III. ASSETS AND LIABILITIES

55. The Applicants' latest external, unaudited and consolidated financial statements were prepared for the year ended August 31, 2021 (the "2021 FS"). The 2021 FS were prepared on accrual basis in accordance with Canadian Generally Accepted Accounting Principles. A copy of the 2021 FS is appended hereto as Exhibit "F".

56. The 2021 FS show sales revenues of approximately \$11 million in the fiscal year, an increase from approximately \$8.8 million from the previous fiscal year. I believe the year over year increase in revenue is a result of business expansion, among other things. In particular, Springer undertook a major expansion in 2020, just prior to COVID-19, which included the construction of the third hangar.

57. According to the 2021 FS, the book value of the Applicants' assets is approximately \$17 million, comprised of the following:

- a. current assets of approximately \$4.8 million;
- b. intercompany receivables of approximately \$1.1 million;
- c. property and equipment of approximately \$11 million; and
- d. intangible assets of approximately \$270,000.

58. According to the 2021 FS, the Applicants have liabilities of approximately \$12 million comprised of the following:

- a. current liabilities, including bank indebtedness, of approximately \$4 million;
- b. promissory notes payable of approximately \$1.2 million;
- c. long term debt of approximately \$6.3 million; and
- d. deferred contributions of approximately \$370,000.

59. The Applicants' main assets and liabilities are discussed below.

A. Real estate assets

60. Holdco owns 377 Lakeview and 201 Riverside, and co-owns 421 Lakeview with Springer. Springer's business operations and facilities are located at 377 Lakeview. The other two parcels each have a single-family residential dwelling, as described above.

61. Springer obtained an appraisal of the 377 Lakeview in 2019 as part of its financing activities. Desjardins requisitioned a subsequent appraisal report for 377 Lakeview on April 6, 2020. This appraisal ascribes a value to 377 Lakeview as both an operating airport, and on a forced liquidation basis.

62. Springer also obtained an appraisal for 201 Riverside dated October 13, 2019.

63. An appraisal has not been conducted on 421 Lakeview although the municipal valuation for taxation purposes as at January 19, 2022 is \$354,000.

64. The aforementioned appraisals are appended as confidential exhibits to a supplementary affidavit and the values discussed in that affidavit on a confidential basis so as not to affect the integrity of any future sale, financing or investment efforts, which will be undertaken in these proceedings.

65. Mortgage charges have been registered against the real property to secure various loans advanced by lenders to the Applicants. 377 Lakeview and the adjacent 201 Riverside property are subject to a charge in favour of Desjardins securing the Desjardins Facilities (discussed below). Desjardins does not have a charge over 421 Lakeview.

66. 377 Lakeview is also subject to a second priority charge in favour of the Northern Ontario Heritage Fund Corporation (“NOHFC”), securing the obligations owed by Holdco and Springer to NOHFC (as discussed below).

67. 377 Lakeview, 201 Riverside and 421 Lakeview are subject to charges in favour of the Community Development Corporation of Sault Ste. Marie & Area, the East Algoma Community Futures Development Corporation, and the Nickel Basin Federal Development Corporation (collectively, the “**Development Corporations**”) securing the obligations owed to the Development Corporations (as discussed below).

B. Liabilities**i. Desjardins Facilities***a. The 2019 Facilities*

68. Springer entered into a revolving credit agreement with Desjardins dated May 16, 2019 (the “**2019 Loans**”) pursuant to which Desjardins agreed to advance a variable line of credit up to a maximum of \$1,000,000 (the “**Line of Credit**”) and an equipment financing facility of \$300,000.

69. A copy of the loan agreement dated May 16, 2019 in respect of the 2019 Loans is appended hereto as Exhibit “G”.

70. The 2019 Loans are secured over all of Springer’s present and after-acquired personal property. The Line of Credit is guaranteed by Export Development Canada (“**EDC**”) to a maximum of \$400,000.

71. The 2019 Loans are secured by guarantees from Holdco in the amount of \$1,225,000 and joint and several guarantees by Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, myself, and Daniel Springer up to a maximum of \$1,025,000.

b. The 2020 Facilities

72. Holdco entered into a further credit agreement with Desjardins dated May 7, 2020 (the “**2020 Loans**”) pursuant to which Desjardins agreed to advance two facilities in the respective

amounts of \$1,350,000 and \$4,150,000.

73. The 2020 Loans were to refinance certain existing indebtedness and to finance the construction of the third hangar. A copy of the loan agreement dated May 7, 2020 in respect of the 2020 Loans is appended hereto as Exhibit "H".

74. The 2020 Loans are secured against all present and after-acquired personal property of Holdco, charges against 201 Riverside and 377 Lakeview, and a first ranking lien over a 1987 Malibu 6-cylinder aircraft and proceeds thereof.

75. The first tranche of the 2020 Loan is guaranteed by EDC up to a maximum of 75 percent of the facility or \$1,012,500.

76. The 2020 Loans are jointly and severally guaranteed by Springer, Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, Daniel Springer and me up to a maximum of \$6,500,000.

c. Summary of amounts owing to Desjardins

77. As at July 21, 2022, the following amounts were owing under the various Desjardins facilities:

- a. \$795,616.91 under the 2019 Loans (or \$395,616.91 taking into account the EDC guaranteed amount);
- b. \$1,029,963.22 under Facility 1 (or \$17,463.22 taking into account the EDC guaranteed amount); and
- c. \$3,921,646.88 under Facility 2.

ii. Other secured liabilities

a. NOHFC Loan and Conditional Grant

78. NOHFC was established with a mandate to promote and stimulate economic development initiatives in Northern Ontario by providing financial assistance to projects that stabilize, diversify, and foster economic growth in the Northern region. NOHFC provides economic development funding toward approved projects in Northern Ontario.

79. Springer applied for and obtained financing from NOHFC on two occasions. The company entered into a loan and contribution agreement with NOHFC on June 5, 2019 (the “**2019 NOHFC Loan**”) to finance the expansion of Springer’s airport facility and increase capacity utilization with the intention of achieving up to 100 full-time employment positions. A copy of the loan and contribution agreement in respect of the 2019 NOHFC Loan is appended hereto as Exhibit “I”.

80. Under the 2019 NOHFC Loan, NOHFC advanced a loan of \$283,776 to Springer and offered a conditional grant to the company in the amount of \$189,184. The 2019 NOHFC Loan was subject to a covenant from Springer with respect to employment creation targets.

81. The 2019 NOHFC Loan is secured against all of Springer’s present and after-acquired property, an unlimited guarantee by Holdco, and a charge over 377 Lakeview. In 2020, Springer repaid the loan portion of the 2019 NOHFC Loan in full. The conditional grant portion of the 2019 NOHFC Loan is repayable for a period of up to three years after the date of the agreement upon demand by NOHFC at any time after an event of default. NOHFC has not issued any notices of default or demands in respect of the 2019 conditional grant and the three-year period has since lapsed.

82. In 2020, Springer and Holdco entered into a loan and conditional grant agreement with NOHFC on September 24, 2020 for the advance of a term loan of \$600,000 and a conditional grant of \$400,000 (the “**2020 NOHFC Loan**”). A copy of the loan and conditional grant agreement in respect of the 2020 NOHFC Loan is appended hereto as Exhibit “J”.

83. The 2020 NOHFC Loan is also subject to a covenant from Springer with respect to employment creation targets. The obligations of Springer and Holdco under the 2020 NOHFC Loan are joint and several and secured by way of a security interest over all their present and after-acquired property as well as a charge over 377 Lakeview. A copy of the general security agreement granting security in respect of the 2020 NOHFC Loan is appended hereto as Exhibit “K”.

84. \$150,000 of the loan portion of the 2020 NOHFC Loan has been repaid. NOHFC has not issued any notices of default or demands to date in respect of the conditional grant portion. Approximately \$450,000 of the loan portion remains outstanding.

iii. Development Corporations Loan

85. The Development Corporations are not-for-profit organizations dedicated to supporting the economic development of Northern Ontario communities.

86. The Development Corporations work in partnership with FedNor, the Government of Canada’s economic development organization for Northern Ontario. FedNor administers a program called the Aerospace Regional Recovery Initiative, whose goal is to help the Canadian aerospace sector emerge from the pandemic with the capacity to compete on the global stage.

87. On September 4, 2020, Holdco entered into a promissory note for the principal sum of \$900,000 to be advanced by the Development Corporations (the “**DC Promissory Note**”). A copy of the DC Promissory Note is appended hereto as Exhibit “L”.

88. The Development Corporations loan is a joint and several liability of Holdco and Springer and is secured against Holdco and Springer’s present and after-acquired personal property as well as charges over 377 Lakeview and 421 Lakeview. A copy of the general security agreement relating to the DC Promissory Note, dated September 3, 2020, is appended hereto as Exhibit “M”.

89. The obligations of Springer and Holdco to the Development Corporations are guaranteed by 1929927 Ontario Inc., 5010945 Ontario Limited Inc., Richard Picard, and me.

90. As at the date of this affidavit, a total of approximately \$797,227 remains outstanding to the Development Corporations.

iv. Other Priority Payables and Secured Liabilities

91. The Ontario Personal Property Security Registry search reports for Springer and Holdco are appended hereto as Exhibits “N” and “O” respectively (the “**PPSA Reports**”).

92. The PPSA Reports list registrations from equipment lessors, including CWB National Leasing Inc. and VW Credit Canada Inc., respectively relating to the lease of lifts and motor vehicles.

93. The PPSA Reports also include registrations by Aviation Maintenance Inc. against Holdco and Springer. I am not aware of any amounts owing to Aviation Maintenance Inc.

v. HST and Property Taxes

94. Springer is current in its Harmonized Sales Tax (HST) filings with the Canada Revenue Agency (“CRA”) up to the reporting period ended August 31, 2022. Based on Springer’s most recent CRA filings, Springer is expecting an HST refund and accordingly, no HST is owing.

95. I note that Holdco has no operations requiring an HST number and therefore has no HST reporting obligations.

96. Springer and Holdco have accrued property taxes in the amount of \$169,040.49 for 377 Lakeview and \$12,454.93 for 421 Lakeview as of August 9, 2022 for the year 2022. As of July 7, 2022, approximately \$920.08 in accrued property taxes were owing for 201 Riverside. Springer intends to pay all outstanding property taxes in full from the first advance under the proposed DIP Loan. Satisfaction of property taxes is a condition of the DIP Loan and contemplated in the cash flow projections filed by the Applicants.

vi. Payroll obligations

97. Springer is current on all its payroll obligations other than wages and source deductions which accrue in the normal course between bi-weekly pay periods, and vacation pay, which is accrued. Group benefit premiums are paid to date.

vii. Unsecured liabilities

98. Springer’s primary unsecured liabilities are in excess of \$1 million in trade payables accrued in the ordinary course, not including the amounts owing to the Canada Border Security Agency (“CBSA”) in respect of customs and duties.

99. As of October 3, 2022, Springer owed \$530,723.13 to the CBSA relating to the import of parts and supplies, principally from the United States and Europe, for customer projects. Springer has entered into a payment plan, which requires the payment of approximately \$16,000 monthly over 23 months. A copy of the CBSA letter dated October 7, 2022 describing the payment arrangement is appended as Exhibit "P".

100. Springer was previously making monthly payments of \$25,000 in accordance with a settlement entered into with GAL Aerospace Corp. in respect of unpaid accounts. This is an unsecured obligation of Springer, that is personally guaranteed by Daniel Springer.

101. The Applicants are current in their corporate income tax filings with the CRA and I am not aware of any corporate taxes owing.

102. The Applicants are beneficiaries under a general liability policy of insurance extended by Marsh. The insurance policy is financed and pre-paid by First Capital. The Applicants have accrued approximately \$40,000 in arrears to First Capital. As at the date of this affidavit, the insurance policy is in effect notwithstanding the arrears in payment to First Capital. To my knowledge, Marsh has been paid by First Capital for the remainder of the policy term.

viii. Related party liabilities

103. Daniel Springer and I have made shareholder loans to Springer, including as a supplement to working capital. The loans are unsecured, payable on demand, and do not bear interest. In total, Daniel Springer is owed \$1,378,000 and I am owed approximately \$600,000 in shareholder loans.

IV. INSOLVENCY OF THE APPLICANTS

104. The Applicants are insolvent and are unable to meet their obligations as they become due without an injection of capital. The key contributors to the Applicants' financial challenges are:

- a. the economic implications of the COVID 19 pandemic;
- b. operational inefficiencies resulting from the rapid expansion of the business just before the COVID-19 pandemic;
- c. the lack of an effective performance management system to gauge financial performance of the business; and
- d. high levels of turnover within the organization, including within senior management.

105. The COVID-19 pandemic contributed significantly to Springer's financial challenges. The aviation and travel industries were seriously impacted by the COVID-19 shutdowns internationally. Many airlines laid off staff and grounded fleets. Accordingly, due to the decreased operation of aircrafts, Springer's customers did not require the same levels of aircraft maintenance, repair and overhaul services, or aircraft painting services.

106. During the COVID-19 shutdowns, Springer avoided layoffs and retained employees to avoid losing skilled workers. I believed that the aviation and travel industry would rebound and was worried that Springer would not be able to attract and hire skilled employees to relocate to Northern Ontario in the future if we laid off our staff during COVID-19.

107. Springer availed itself of the Canada Emergency Wage Subsidy program (“CEWS”) in accordance with the Government of Canada’s eligibility criteria and received benefits of \$885,787 and \$673,285 in financial years 2020 and 2021, respectively, to cover a small portion of Springer’s payroll.

108. While the COVID-19 shutdowns have ceased, they exacerbated some of the operational issues that Springer faced. Prior to COVID-19, Springer expanded the business and managed to increase top line revenue. However given the timing of COVID-19 and the effective shut down of the Canadian economy, the Applicants were not able to implement the expansion as contemplated, with sufficient strategic planning, and the efficiency of Springer’s business has suffered.

109. It has become evident to me in recent months that Springer does not have the right operational key performance indicators and supervisory tools to gauge the company’s overall financial performance or compare Springer’s performance with other businesses within the same sector. I have engaged with MNP LLP’s performance improvement team to develop the appropriate tools to monitor performance of the business going forward. I believe the implementation of an appropriate performance management system will bring substantial productivity and profitability improvements.

110. Springer has historically used a just-in-time system for parts and inventory that I have realized is vulnerable to supply chain interruptions and shipping delays. On the one hand, the just-in-time system avoids the need to stockpile inventory with the associated cost and waste, on the other hand, staff waiting for parts and supplies to continue work is inefficient, unprofitable, and damaging to morale.

111. The delays and shortages of parts and supplies were caused in large part by global pandemic circumstances beyond Springer's control. However, due to cash flow pressures, Springer has also had to delay purchases to stretch available cash flow.

112. In reviewing Springer's performance, I have learned that staff downtime and the perceived shortage of parts and materials caused problems with staff morale and resulted in a high level of turnover within the organization. Employee turnover was not limited to skilled employees working in the hangars, the Applicants also lost key members of its management team.

V. THE APPLICANTS SEEK PROTECTION UNDER THE CCAA

113. On or around June 30, 2022, Desjardins delivered demands under its loan and security documents. Copies of the demands are appended as Exhibit "Q".

114. At the same time, Desjardins delivered notices under section 244 of the *Bankruptcy and Insolvency Act* (Canada). Copies of the notices dated June 30, 2022 are appended hereto as Exhibit "R".

115. At the time the demands and notices were delivered by Desjardins, there was no payment default under Desjardins' loan and security documents. Desjardins asserted a financial covenant breach on only one of three financial covenants and demanded repayment of \$4,951,610.10 outstanding as at June 21, 2022.

116. I was contacted by Desjardins who advised that Desjardins would enforce on its loan and security documents unless I executed a forbearance agreement. Accordingly, I executed the forbearance agreement delivered by Desjardins. A copy of the forbearance agreement dated July 21, 2022 is appended hereto as Exhibit "S".

117. At the time the forbearance agreement was executed, the Applicants did not have legal counsel. I worked directly with Desjardins, its legal counsel and its financial advisor, Raymond Chabot Grant Thornton. The Applicants have since retained restructuring counsel.

118. The forbearance agreement required Springer to pay US\$112,000 as a condition of the forbearance and US\$100,000 to Desjardins no later than September 30, 2022. Springer made the first payment. As Springer's cash flows were not sufficient to make the US\$100,000 payment by the September 30 deadline, Desjardins asserted that there was a breach of the forbearance and demanded that Springer execute an amended forbearance agreement.

119. Springer has not executed a new forbearance agreement as it has not been able to agree to terms with Desjardins, including in respect of further lump sum payments to be made under an amended agreement.

The Applicants Acted in Good Faith in Selling the Malibu Aircraft

120. I understand that one issue that Desjardins has raised with my counsel is the sale of an aircraft over which it was purportedly secured, allegedly without its knowledge.

121. As described above, as part of the 2020 Loan package, Desjardins took security over a 1987 Malibu aircraft. I obtained the consent of Benoit Fournier to sell the 1987 Malibu. The 1987 Malibu was sold in the ordinary course, the liens discharged by Desjardins and the proceeds used to purchase another aircraft, a Malibu Jet Prop.

122. In January 2022, I advised Desjardins that the company was looking to sell the Malibu Jet Prop and in and around March 2022 I found a buyer who paid US\$722,000 for it.

123. I believed that the 2020 Loan terms permitted the Applicants to sell the aircraft and to apply the proceeds to working capital. I note that I did not have the benefit of legal counsel in March 2022, and in any event the 2022 Loan provided, among other things, that:

Lender will entertain releasing the 1987 Malibu Plane (if sold) provided the Borrower is not in default and proceeds of such are utilized for cash flow.

124. In March 2022, the proceeds of sale were applied to working capital of the company, of which US\$112,000 was held and to be paid to Desjardins, which I believed at the time to be in accordance with the terms of the 2020 Loan.

125. The sale of the Malibu Jet Prop was never intended to be concealed from Desjardins, in fact I informed Desjardins in advance of the sale of the aircraft.

Interim Financing Requirements

126. Springer requires an injection of capital to deal with its immediate liquidity needs. Pursuant to the cash flow projections, Springer expects to be in a negative position as early as next week without interim financing. As of November 22, 2022, the company's cash situation had deteriorated to \$1400 in its bank account given delays in receipt of wires and timing of accounts receivable. Absent an injection of cash, the company will not be able to make payroll this week.

127. On November 17, 2022, my counsel contacted Desjardins' counsel to advise that the Applicants intended to commence proceedings under the CCAA to address their liquidity issues and to effect an operational and balance sheet restructuring. I understand that my counsel advised Desjardins that the Applicants had secured DIP financing and requested that Desjardins consider funding the Applicants instead through a DIP facility. I am advised by my counsel that Desjardins'

counsel requested the cash flow projections prepared by the Applicants and advised that Desjardins would consider the request.

128. On November 17, 2022, the proposed monitor delivered a copy of the cash flow projections. A copy of the proposed monitor's email to Desjardins' counsel dated November 17, 2022 is appended hereto as Exhibit "T".

129. On November 21, 2022, Desjardins' counsel responded and advised that Desjardins was prepared to not oppose a restructuring and a DIP facility of up to \$500,000 on certain terms, including that

- a. the proceeding be filed as notice of intention ("NOI") to make a proposal proceeding under the BIA;
- b. MNP Ltd. be replaced by Raymond Chabot Grant Thornton ("RCGT"), Desjardins' financial advisor, as proposed proposal trustee; and
- c. the focus of the proceeding would be a sale and investment solicitation process with "tight deadlines". Desjardins' counsel noted that there was "unlikely to be a large number of potential investors and very few operators who would consider purchasing or investing".

130. A copy of the email from Desjardins' counsel dated November 21, 2022 is appended hereto as Exhibit "U".

131. I am advised by my counsel that an NOI proceeding does not have the effect of staying any secured claims in circumstances where the notice period under Section 244 has lapsed.

132. I am further advised by my counsel that the cost of proceeding under the BIA is likely to be similar to the proposed CCAA proceeding since the proposal trustee functions in largely the same manner as a CCAA monitor, a Court may only extend stay periods for a maximum of 45 days at a time and the attendant cost of returning to Court to extend the stay is not insignificant.

133. I do not believe there is any marginal benefit to the companies by replacing MNP with RCGT. I understand that MNP has a long history of acting as court-appointed monitors in CCAA proceedings. I have also been working closely with MNP LLP's performance improvement team and MNP Ltd.'s licensed insolvency trustees to review, assess and address the operational issues that are causing Springer's cash flow problems.

134. I believe a change in proposed monitor at this stage would be duplicative and risk losing the benefit of work done to date on the restructuring plan.

135. After considering the various options available to the Applicants, I believe that a filing under the CCAA and approval of the proposed DIP Loan is in the best interests of the corporation.

136. I believe that relief under the CCAA is appropriate for the following reasons:

- a. the Applicants are insolvent and Springer is not viable without a restructuring of its operations and obligations. Earlier this year, the Applicants' directors undertook a review of the financial situation and the business. We determined that it would be appropriate to consider various contingencies, including bringing on consultants or a chief restructuring officer, and the commencement of insolvency proceedings.
- b. I have undertaken some private marketing of the business to assess interest in a potential sale, investment or financing of the business. I have spoken with third

parties, including large international aerospace corporations, as well as employees of Springer who wish to invest in the corporation. I believe there is more interest in Springer as a going concern aerospace company than in liquidation. Specifically, there are long-standing employees of Springer who believe in the viability of the business and who may wish to become investors. None of the proposed transactions that have been discussed with me have the ability to close with the speed necessary to meet Springer's cash flow requirements. Accordingly, Springer requires additional time to properly market the business as a going concern;

- c. Springer has commenced a review of its operations to assess the restructuring steps necessary to increase efficiency. MNP LLP's performance improvement team attended the facilities and have advised that there are immediate steps that can be taken that will have an impact on profitability;
 - d. Springer is reliant on the continued supply of goods and services to conduct business and the disruption of supply without the protection of a stay of proceedings would decimate the business;
 - e. the involvement of a Court-appointed monitor will lend stability and assurance to Springer's stakeholders, including its suppliers, lenders, and employees;
 - f. a court-supervised process is necessary to allow Springer the breathing room to implement an operational restructuring under the supervision of the proposed monitor and with the assistance of MNP LLP's performance improvement group;
- and

- g. Springer requires interim financing to continue operating over the course of the restructuring period.

137. The Applicants intend to take the following steps to execute their restructuring plan if relief is granted under the CCAA:

- a. within 5 days of the granting of the Initial Order, to deliver communications to employees, suppliers and vendors explaining the circumstances around the CCAA filing to avoid confusion and distress;
- b. to develop and file the materials necessary to seek approval of a sale and investment solicitation process (“SISP”) for the assets, property and undertaking of the business, with the intention of seeking approval of and implementing the SISP taking into account the specialized nature of the business and the upcoming holiday season;
- c. to work with the proposed monitor to implement a comprehensive operational restructuring plan with appropriate milestones for such operational restructuring;
- d. to utilize the DIP Loan to fund purchases of parts and materials, under the supervision of the proposed monitor, in order to perform contracts quickly and efficiently, with corresponding increases to profitability; and
- e. to continue operating the business to preserve enterprise value and maintain employment and economic activity in the region as much as reasonably possible.

VI. CASH FLOW FORECAST

138. With the assistance of the proposed Monitor, MNP, Springer has prepared a 13-week cash flow projection (the “**Cash Flow**”). I understand that the Cash Flow will be appended to the pre-filing report of the proposed Monitor, to be filed.

139. The Cash Flow demonstrates that Springer requires urgent relief. The Applicants were required to submit a borrowing base report to Desjardins on November 21, 2022. The borrowing base report was submitted on November 22, 2022 and shows that Springer’s line of credit is in excess of its borrowing base by approximately \$230,000. Accordingly, there will be a reduction in Springer’s line of credit. With a reduction in credit, Springer will not be able to pay its current obligations, including for parts and materials.

140. As Desjardins has now also indicated that it does not intend to extend a DIP facility in the context of a CCAA proceeding, and may be moving to enforce its security, there is increasing urgency to this Application.

141. The cash flow projections prepared by the Applicants show that the companies will run out of liquidity as early as the week of November 26, 2022 without an advance under the DIP Loan. Accordingly, the Applicants seek urgent relief, in particular, the approval of the DIP Loan and corresponding charge.

VII. FINANCING DURING THE CCAA PROCEEDING

142. Springer has obtained a DIP financing commitment from Hillmount Capital Inc. (the “**DIP Lender**”) to fund Springer during the restructuring period subject to various terms and conditions

as described in the term sheet dated November 21, 2022 (the “**DIP Term Sheet**”). An executed copy of the DIP Term Sheet is appended hereto as Exhibit “V”.

143. The key terms and conditions of the DIP Term Sheet include:

- a. a maximum principal loan amount of \$1,500,000 with an initial advance of \$600,000 or such other amount as requested by the Applicants;
- b. interest accruing at a rate of the greater of 12% per annum or RBC Prime plus 7%;
- c. a commitment fee in favour of the DIP Lender equal to 4% of the maximum principal amount;
- d. the reimbursement of the DIP Lender’s costs, including all legal expenses incurred by the DIP Lender in connection with the DIP subject to the terms and conditions of the DIP Term Sheet and the interim financing facility contemplated therein (the “**DIP Loan**”);
- e. Court approval of the term sheet prior to any advance; and
- f. a first-ranking court-ordered charge in favour of the DIP Lender over all of the property, assets and undertaking of the Applicants, subject only to the Administration Charge (defined below) which Administration Charge shall not exceed \$250,000.

144. The DIP Loan is expected to provide sufficient liquidity to permit Springer to operate and meet its obligations as set out in the Cash Flow.

145. I am informed by the proposed Monitor and counsel for the Applicants that the terms of the DIP Term Sheet are typical compared to other such facilities regularly approved in similar matters before the Commercial List.

VIII. RELIEF BEING SOUGHT

146. The Applicants seek an Initial Order based on the form of Model Order.

A. Appointment of MNP as Monitor

147. The Applicants have engaged MNP to act as proposed Monitor if so approved by the Court. MNP has consented to act as Monitor subject to this court's approval, as appears from a copy of the executed consent attached as Exhibit "W".

148. MNP has engaged in a thorough review of Springer's operations, including site visits, and is well-positioned to monitor the proceeding and supervise any operational restructuring steps taken by the Applicants.

B. Stay of Proceedings

149. The Applicants seek a stay of proceedings, including in respect of secured parties, to allow them the breathing room to develop a viable restructuring plan and to implement a sale and investment solicitation process for the going-concern business.

150. I believe that until marketing efforts for the going-concern business are exhausted, the business should not be shut down or liquidated. Springer is engaged in a highly specialized service business and the value of its business and assets are maximized if it remains a going concern. The difficulty of re-starting the business once operations cease is magnified by the location of the

business and specialized nature of its services and customers. It would be difficult to re-hire and attract employees to relocate to Northern Ontario after a business closure.

151. A stay of proceedings is needed to provide stability and to allow the Applicants to market the business and assets on a going-concern basis for the benefit of all stakeholders.

C. Charges

152. The Applicants seek the following charges in the proposed Initial Order: an Administration Charge, a DIP Lender's Charge, and a Directors' Charge (each as defined below; together, the "**Charges**"). The Applicants propose that each of the Charges constitute a charge on all of the Applicants' assets, property and undertaking.

153. The Applicants further propose that the Administration Charge and the DIP Lender's Charge rank in priority to all other Encumbrances (as defined in the draft Initial Order), but that the Directors' Charge rank immediately below any Encumbrance in favour of Desjardins. For clarity, the Directors' Charge is not intended to prime Desjardins's security.

154. The Applicants propose that the priority of the Charges, as among them, be as follows:

- a. first, the Administration Charge (to the maximum amount of **\$80,000**);
- b. second, the DIP Lender's Charge (to the maximum amount of **\$600,000**); and
- c. third, the Directors' Charge (to the maximum amount of **\$165,000**).

155. The proposed quantum of the Charges is limited to relief that is reasonably necessary for the continued operations of the Applicants in the ordinary course of business during the initial 10-day period leading to the Comeback Hearing (as defined in the draft Initial Order). It is the

Applicants' intention to seek at the Comeback Hearing an amended Initial Order increasing the quantum of the Charges to cover the Applicants' needs over the restructuring period as follows:

- a. first, the Administration Charge (to the maximum amount of **\$250,000**);
- b. second, the DIP Lender's Charge (to the maximum amount of **\$1,500,000**); and
- c. third, the Directors' Charge (to the maximum amount of **\$165,000**).

D. Administration Charge

156. It is proposed that the Monitor, its counsel, and the Applicants' counsel be granted a court-ordered charge on the assets of the Applicants (the "**Administration Charge**") up to an initial maximum of \$250,000 in order to secure the payment of fees and expenses of the restructuring professionals involved in this proceeding.

157. The restructuring of the Applicants will require involvement of the Monitor and legal counsel to the Monitor and Applicants. I believe that the initial quantum of the Administration Charge is fair and reasonable in the circumstances. It is commensurate with the expected complexity of Springer's business and anticipated restructuring.

158. The Applicants have incurred significant professional fees leading up to the filing, including in dealing with Desjardins, and will continue to incur fees to among other things communicate with employees and stakeholders following the initial filing, and comply with statutory notices, mailings and communications.

159. There is no unwarranted duplication of roles. The professionals whose compensation is secured by the Administration Charge have contributed, and will continue to contribute, to the

restructuring of the Applicants. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the professionals group.

E. DIP Lender's Charge

160. As more fully appears from the Cash Flow, the Applicants are expected to require an injection of as much as \$431,000 by way of interim financing over the 13-week period following the making of the Initial Order sought to meet their normal course of business, post-filing obligations as they generally become due. Of such amount, approximately \$600,000 is forecast to be required as early as the week of November 26, 2022.

161. A condition of the DIP Loan is that a charge be granted in favour of the DIP Lender over the assets, property and undertaking of the Applicants, in priority to all other charges and Encumbrances (the "**DIP Lender's Charge**").

162. The DIP Lender's Charge sought is necessary, reasonable, and limited to relief that is reasonably necessary for the continued operations of the Applicants in the ordinary course of business during the initial 10-day period leading to the Comeback Hearing.

F. Directors' Charge

163. The proposed Initial Order contemplates the indemnification of the Applicants' directors and officers and a charge (the "**Directors' Charge**"), to the maximum amount of \$165,000, to protect such individuals from obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except for gross negligence or wilful misconduct.

164. The initial quantum of the Directors' Charge sought is equivalent to approximately two weeks of the Applicants' payroll, including source deductions, which is the only reasonably anticipated potential exposure of directors and officers for the initial 10-day period of these CCAA proceedings. This estimate does not include any other potential sources of liability as a result of legislation in relation to the Applicants or their assets and operations, including goods and services tax, sales taxes, health and safety, environmental, customs and other matters, for which the Applicants anticipate no potential director and officers' liability during the initial 10-day period.

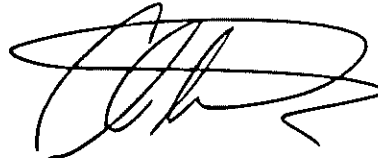
165. The Applicants have no director and officer liability insurance. I believe that obtaining the same after an insolvency filing would likely be prohibitively difficult and expensive, if at all possible. The Initial Order sought nevertheless provides that the Applicants' directors and officers will only be entitled to the benefit of the Directors' Charge to the extent that insurance is not responsive to a claim or is insufficient to pay the amounts indemnified.

166. With the high turnover of key management and the highly specialized business that Springer operates, it is imperative to ensure that the directors of the company, being Daniel Springer and me, are able to remain involved. I believe that a Directors' Charge that is subordinate to Desjardins' security will be sufficient to reasonably protect the directors and officers and allow us to remain involved in the restructuring to work toward maximizing value for all stakeholders.

SWORN REMOTELY by)
 CHRISTOPHER GRANT stated as)
 being located in the City of Greater)
 Sudbury in the Province of Ontario before)
 me at the City of Toronto, in the Province)
 of Ontario this 22nd day of)
 November, 2022, in accordance with O.)
 Reg 431/20, *Administering Oath or*)
Declaration Remotely.)

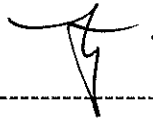


A Commissioner for taking Affidavits.
 Name: **JOËL TURGEON**



CHRISTOPHER GRANT

THIS IS **EXHIBIT "A"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joel Turgeon



Ministry of Government and
Consumer Services

Profile Report

SPRINGER AEROSPACE HOLDINGS LIMITED as of September 26, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	SPRINGER AEROSPACE HOLDINGS LIMITED
Ontario Corporation Number (OCN)	1972686
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	November 01, 2018
Registered or Head Office Address	377 Lakeview Road, Echo Bay, Ontario, Canada, P0S 1C0

Certified a true copy of the record of the Ministry of Government and Consumer Services.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

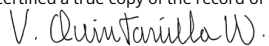
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name Christopher GRANT
Address for Service 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0
Resident Canadian Yes
Date Began November 05, 2018

Name James Daniel SPRINGER
Address for Service 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0
Resident Canadian Yes
Date Began February 05, 2021

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Director/Registrar

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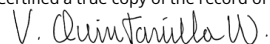
Active Officer(s)

Name	Christopher GRANT
Position	Secretary
Address for Service	88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0
Date Began	November 05, 2018

Name	Christopher GRANT
Position	Treasurer
Address for Service	88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0
Date Began	November 05, 2018

Name	James Daniel SPRINGER
Position	President
Address for Service	3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0
Date Began	February 05, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.



Director/Registrar

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Corporate Name History

Name

Effective Date

SPRINGER AEROSPACE HOLDINGS LIMITED

November 01, 2018

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Amalgamating Corporations

Corporation Name
Ontario Corporation Number

SKYSERVICES LIMITED
275662

Corporation Name
Ontario Corporation Number

1138968 ONTARIO LIMITED
1138968

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: SHEENA ALEXANDER - OTHER	March 29, 2021
CIA - Notice of Change PAF: STEVEN G. SHOEMAKER - OTHER	December 23, 2019
CIA - Notice of Change PAF: STEVEN G. SHOEMAKER - OTHER	December 03, 2018
BCA - Articles of Amalgamation	November 01, 2018

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

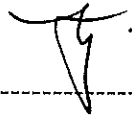
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V. Quintanilla W.

Director/Registrar

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THIS IS **EXHIBIT "B"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joët Turgeon



Ministry of Government and
Consumer Services

Profile Report

1138969 ONTARIO INC. as of September 26, 2022

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	1138969 ONTARIO INC.
Ontario Corporation Number (OCN)	1138969
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	October 09, 1996
Registered or Head Office Address	377 Lakeview Road, Echo Bay, Ontario, Canada, P0S 1C0

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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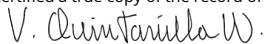
Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name Christopher GRANT
Address for Service 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0
Resident Canadian Yes
Date Began December 20, 2019

Name James Daniel SPRINGER
Address for Service 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0
Resident Canadian Yes
Date Began February 05, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.



Director/Registrar

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Active Officer(s)

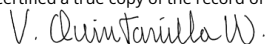
Name Christopher GRANT
Position Treasurer
Address for Service 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0
Date Began December 20, 2019

Name Christopher GRANT
Position Vice-President
Address for Service 88 Carr's Landing Rd., Skead, Ontario, Canada, P0M 2Y0
Date Began December 20, 2019

Name James Daniel SPRINGER
Position President
Address for Service 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0
Date Began February 05, 2021

Name James Daniel SPRINGER
Position Secretary
Address for Service 3255 Haight Road, St. Joseph's Island, Ontario, Canada, P0R 1G0
Date Began February 05, 2021

Certified a true copy of the record of the Ministry of Government and Consumer Services.



Director/Registrar

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Corporate Name History

Name

1138969 ONTARIO INC.

Effective Date

October 09, 1996

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Active Business Names

Name	SPRINGER AEROSPACE
Business Identification Number (BIN)	281237156
Registration Date	November 28, 2018
Expiry Date	November 27, 2023

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

Name	SPRINGER AEROSPACE
Business Identification Number (BIN)	210243564
Status	Inactive - Expired
Registration Date	March 04, 2011
Expired Date	March 03, 2016

Name	SPRINGER AEROSPACE
Business Identification Number (BIN)	160432712
Status	Inactive - Expired
Registration Date	April 12, 2006
Expired Date	April 11, 2011

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: SHEENA ALEXANDER - OTHER	March 29, 2021
Annual Return - 2020 PAF: CHRISTOPHER JAMES GRANT - OFFICER	March 28, 2021
Annual Return - 2019 PAF: CHRISTOPHER JAMES GRANT - OFFICER	January 12, 2020
CIA - Notice of Change PAF: STEVEN G. SHOEMAKER - OTHER	December 23, 2019
Annual Return - 2018 PAF: CHRISTOPHER JAMES GRANT - OFFICER	March 13, 2019
CIA - Notice of Change PAF: JAMES DANIEL SPRINGER - DIRECTOR	November 27, 2018
Annual Return - 2017 PAF: DAN JAMES SPRINGER - OFFICER	March 13, 2018
Annual Return - 2016 PAF: DAN JAMES SPRINGER - OFFICER	March 22, 2017
CIA - Notice of Change PAF: JAMES DANIEL SPRINGER - DIRECTOR	July 25, 2016
Annual Return - 2015 PAF: DAN JAMES SPRINGER - OFFICER	January 02, 2016
Annual Return - 2014 PAF: JEFF JAMES SPRINGER - OFFICER	February 21, 2015
Annual Return - 2013 PAF: JEFF JAMES SPRINGER - OFFICER	February 01, 2014
Annual Return - 2012 PAF: JEFF JAMES SPRINGER - OFFICER	March 16, 2013

Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Annual Return - 2011 PAF: JEFF JAMES SPRINGER - OFFICER	March 03, 2012
Annual Return - 2010 PAF: JEFF JAMES SPRINGER - OFFICER	January 29, 2011
Annual Return - 2009 PAF: JEFF JAMES SPRINGER - OFFICER	March 13, 2010
Annual Return - 2008 PAF: JEFF SPRINGER - OFFICER	January 03, 2009
Annual Return - 2007 PAF: JEFF SPRINGER - OFFICER	February 23, 2008
Annual Return - 2006 PAF: JEFF SPRINGER - OFFICER	March 03, 2007
Annual Return - 2005 PAF: JEFF SPRINGER	March 11, 2006
Annual Return - 2003 PAF: JEFF SPRINGER - OFFICER	December 18, 2004
Annual Return - 2001 PAF: J. DANIEL SPRINGER - OFFICER	June 12, 2002
Annual Return - 2000 PAF: J. DANIEL SPRINGER	May 10, 2001
BCA - Articles of Incorporation	October 09, 1996

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

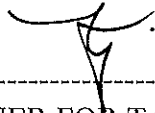
Certified a true copy of the record of the Ministry of Government and Consumer Services.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

THIS IS **EXHIBIT "C"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

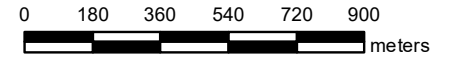


A COMMISSIONER FOR TAKING AFFIDAVITS

JOEL TURGEON

PRINTED ON 28 SEP, 2022 AT 10:49:11
FOR KAREN001

SCALE



PROPERTY INDEX MAP

ALGOMA(No. 01)

LEGEND

FREEHOLD PROPERTY	
LEASEHOLD PROPERTY	
LIMITED INTEREST PROPERTY	
CONDOMINIUM PROPERTY	
RETIRED PIN (MAP UPDATE PENDING)	
PROPERTY NUMBER	0449
BLOCK NUMBER	08050
GEOGRAPHIC FABRIC	
EASEMENT	

THIS IS NOT A PLAN OF SURVEY

NOTES

REVIEW THE TITLE RECORDS FOR COMPLETE PROPERTY INFORMATION AS THIS MAP MAY NOT REFLECT RECENT REGISTRATIONS

THIS MAP WAS COMPILED FROM PLANS AND DOCUMENTS RECORDED IN THE LAND REGISTRATION SYSTEM AND HAS BEEN PREPARED FOR PROPERTY INDEXING PURPOSES ONLY

FOR DIMENSIONS OF PROPERTIES BOUNDARIES SEE RECORDED PLANS AND DOCUMENTS

ONLY MAJOR EASEMENTS ARE SHOWN

REFERENCE PLANS UNDERLYING MORE RECENT REFERENCE PLANS ARE NOT ILLUSTRATED



UNPATENTED LAND
LAKE GEORGE

UNPATENTED LAND
LAKE GEORGE

REGISTRARS COMPILED PLAN H-759

31470

0099

0098

1R4782

0011

0013

0354

1R9737

1R8402

0156

0157

31469

LAKEVIEW ROAD (TRAVELLED ROAD)

HIGHWAY 17

HIGHWAY 17

LAND
REGISTRY
OFFICE #1

31470-0098 (LT)

PREPARED FOR Karen001
ON 2022/09/28 AT 10:45:35

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN FAVOUR OF OF LT 17 RCP H759 AS IN AL195932

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN T158205. PLANNING ACT CONSENT AS IN T243590. PLANNING ACT CONSENT AS IN T145755.

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2007/09/17

OWNERS' NAMES
SPRINGER AEROSPACE HOLDINGS LIMITED

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2007/09/14 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 2007/09/17 **</p>						
T186570	1978/01/16	AGREEMENT		*** COMPLETELY DELETED ***		
		REMARKS: COVENANTS				
1R4782	1981/09/25	PLAN REFERENCE				C
T243591	1984/03/07	CHARGE		*** COMPLETELY DELETED ***	CARTER, CARLYLE WESLEY ESTATE OF	
T244770	1984/04/26	TRANSFER OF CHARGE		*** COMPLETELY DELETED ***	CARTER, DAV ID CARTER, DEAN CARTER, DIANNE	
		REMARKS: T243591				
T263516	1986/02/05	CHARGE		*** COMPLETELY DELETED ***	FEDERAL BUSINESS DEVELOPMENT BANK	

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #1

31470-0098 (LT)

PREPARED FOR Karen001
ON 2022/09/28 AT 10:45:35

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
T290314	1988/07/28	LODGEMENT OF TITLE		*** COMPLETELY DELETED ***	HOUSEHOLD FINANCE CORPORATION OF CANADA	
T317304	1990/08/23	CHARGE		*** COMPLETELY DELETED ***	FEDERAL BUSINESS DEVELOPMENT BANK	
T412466	2000/04/07	TRANSFER	\$974,000		1138968 ONTARIO LIMITED	C
T412467	2000/04/07	CHARGE		*** COMPLETELY DELETED ***	BUSINESS DEVELOPMENT BANK OF CANADA	
T421462	2001/05/25	CHARGE		*** COMPLETELY DELETED ***	BUSINESS DEVELOPMENT BANK OF CANADA	
AL167993	2016/12/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: T317304.</i>				
AL167994	2016/12/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: T263516.</i>				
AL169865	2017/02/08	APL (GENERAL)		*** COMPLETELY DELETED *** 1138968 ONTARIO LIMITED		
		<i>REMARKS: DELETING T186570</i>				
AL169882	2017/02/09	CHARGE		*** COMPLETELY DELETED *** 1138968 ONTARIO LIMITED	BUSINESS DEVELOPMENT BANK OF CANADA	
AL182811	2018/01/23	DISCHARGE INTEREST		*** COMPLETELY DELETED *** HSBC BANK CANADA		
		<i>REMARKS: T290314.</i>				
AL183087	2018/01/31	APL AMEND ORDER		*** COMPLETELY DELETED *** ONTARIO SUPERIOR COURT OF JUSTICE	AVIATION MAINTENANCE LIMITED	
		<i>REMARKS: T243591</i>				
AL185010	2018/04/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
		<i>REMARKS: T412467.</i>				
AL185011	2018/04/12	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		

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LAND
REGISTRY
OFFICE #1

31470-0098 (LT)

PREPARED FOR Karen001
ON 2022/09/28 AT 10:45:35

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<i>REMARKS: T421462.</i>						
AL193568	2018/11/29	NOTICE		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
<i>REMARKS: ARTICLES OF AMALGAMATION</i>						
AL193570	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
AL193605	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C
AL193666	2018/11/30	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE POPULAIRE VERMILLON INC.	
AL195932	2019/02/12	TRANSFER EASEMENT		SPRINGER AEROSPACE HOLDINGS LIMITED	SPRINGER, JAMES DANIEL SPRINGER, JOANNE MARIE ROBERTSON	C
AL198119	2019/04/23	DISCH OF CHARGE		*** COMPLETELY DELETED *** BUSINESS DEVELOPMENT BANK OF CANADA		
<i>REMARKS: AL169882.</i>						
AL200494	2019/06/27	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	NORTHERN ONTARIO HERITAGE FUND CORPORATION	
AL207767	2019/12/20	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
AL207768	2019/12/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
<i>REMARKS: AL207767</i>						
AL207865	2019/12/23	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	AVIATION MAINTENANCE INC.	
AL211522	2020/04/20	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** MIKE MOORE CONSTRUCTION LTD.		
AL212168	2020/05/12	POSTPONEMENT		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION	STERCUS ACCIDIT MORTGAGE CORPORATION	
<i>REMARKS: AL200494 TO AL207767/AL207768</i>						
AL212478	2020/05/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213732	2020/06/30	CHARGE	\$6,500,000	SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	C

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LAND
REGISTRY
OFFICE #1

31470-0098 (LT)

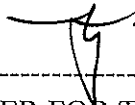
PREPARED FOR Karen001
ON 2022/09/28 AT 10:45:35

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL213737	2020/06/30	POSTPONEMENT REMARKS: AL207865 TO AL213732		AVIATION MAINTENANCE INC.	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	C
AL213823	2020/07/02	APL DEL CONST LIEN REMARKS: AL212478.		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213829	2020/07/03	DISCH OF CHARGE REMARKS: AL207767.		*** COMPLETELY DELETED *** STERCUS ACCIDIT MORTGAGE CORPORATION		
AL213838	2020/07/03	APL DEL CONST LIEN REMARKS: AL211522.		*** COMPLETELY DELETED *** MIKE MOORE CONSTRUCTION LTD.		
AL214246	2020/07/14	POSTPONEMENT REMARKS: AL200494 TO AL213732		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.	
AL214292	2020/07/15	DISCH OF CHARGE REMARKS: AL193666.		*** COMPLETELY DELETED *** CAISSE DESJARDINS ONTARIO CREDIT UNION INC.		
AL216661	2020/09/04	DISCH OF CHARGE REMARKS: AL207865.		*** COMPLETELY DELETED *** AVIATION MAINTENANCE INC.		
AL216665	2020/09/04	CHARGE	\$900,000	SPRINGER AEROSPACE HOLDINGS LIMITED	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	C
AL216694	2020/09/08	DISCH OF CHARGE REMARKS: AL200494.		*** COMPLETELY DELETED *** NORTHERN ONTARIO HERITAGE FUND CORPORATION		
AL218937	2020/10/23	CHARGE	\$1,000,000	SPRINGER AEROSPACE HOLDINGS LIMITED	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C
AL218944	2020/10/23	POSTPONEMENT REMARKS: AL216665 TO AL218937		COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	NORTHERN ONTARIO HERITAGE FUND CORPORATION	C

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THIS IS **EXHIBIT "D"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

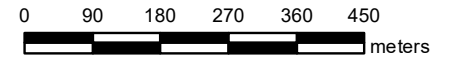


A COMMISSIONER FOR TAKING AFFIDAVITS

Joël Turcotte

PRINTED ON 28 OCT, 2022 AT 12:45:20
FOR KAREN001

SCALE



PROPERTY INDEX MAP

ALGOMA(No. 01)

LEGEND

FREEHOLD PROPERTY	
LEASEHOLD PROPERTY	
LIMITED INTEREST PROPERTY	
CONDOMINIUM PROPERTY	
RETIRED PIN (MAP UPDATE PENDING)	
PROPERTY NUMBER	0449
BLOCK NUMBER	08050
GEOGRAPHIC FABRIC	
EASEMENT	

THIS IS NOT A PLAN OF SURVEY

NOTES

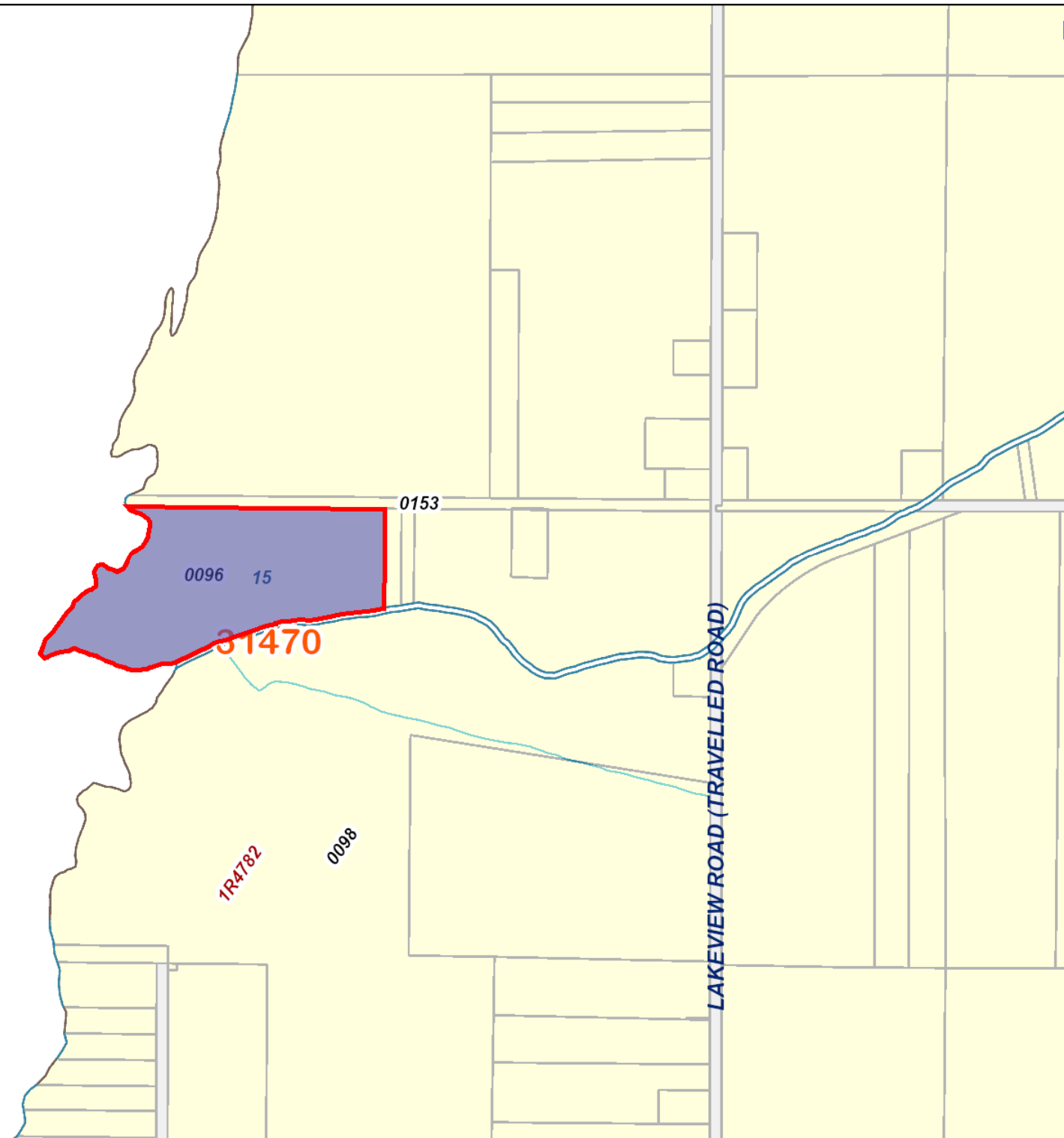
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REFERENCE PLANS UNDERLYING MORE RECENT REFERENCE PLANS ARE NOT ILLUSTRATED



LAND
REGISTRY
OFFICE #1

31470-0096 (LT)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: LT 15 RCP H759; LAIRD

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

FIRST CONVERSION FROM BOOK

PIN CREATION DATE:

2007/09/17

OWNERS' NAMES

SPRINGER AEROSPACE HOLDINGS LIMITED

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2007/09/14 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 2007/09/17 **</p>						
T358157	1994/06/16	TRANSFER		*** COMPLETELY DELETED ***	ARMOGAN, GUANDAMA	
AL40560	2008/08/15	TRANSFER		*** COMPLETELY DELETED *** ARMOGAN, GUANDAMA	MACQUARRIE, DONALD DOUGLAS NEWELL, MARIE	
REMARKS: PLANNING ACT STATEMENTS						
AL178964	2017/10/06	TRANSFER		*** COMPLETELY DELETED *** MACQUARRIE, DONALD DOUGLAS NEWELL, MARIE	MCLEOD, GREIG CARRUTH NEWELL, MARIE	
REMARKS: PLANNING ACT STATEMENTS.						
AL192565	2018/11/01	TRANSFER	\$275,000	MCLEOD, GREIG CARRUTH NEWELL, MARIE	1138968 ONTARIO LIMITED	C
REMARKS: PLANNING ACT STATEMENTS.						
AL193604	2018/11/29	APL CH NAME OWNER		1138968 ONTARIO LIMITED	SPRINGER AEROSPACE HOLDINGS LIMITED	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

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LAND
REGISTRY
OFFICE #1

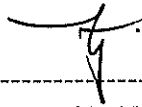
31470-0096 (LT)

PREPARED FOR Karen001
ON 2022/10/28 AT 12:45:40

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL207556	2019/12/17	CHARGE	\$350,000	SPRINGER AEROSPACE HOLDINGS LIMITED	CAISSE POPULAIRE VERMILLON INC.	C
AL207767	2019/12/20	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
AL207768	2019/12/20	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	STERCUS ACCIDIT MORTGAGE CORPORATION	
		REMARKS: AL207767				
AL207865	2019/12/23	CHARGE		*** COMPLETELY DELETED *** SPRINGER AEROSPACE HOLDINGS LIMITED	AVIATION MAINTENANCE INC.	
AL212478	2020/05/26	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
AL213823	2020/07/02	APL DEL CONST LIEN		*** COMPLETELY DELETED *** TOROMONT INDUSTRIES LTD.		
		REMARKS: AL212478.				
AL213829	2020/07/03	DISCH OF CHARGE		*** COMPLETELY DELETED *** STERCUS ACCIDIT MORTGAGE CORPORATION		
		REMARKS: AL207767.				
AL216661	2020/09/04	DISCH OF CHARGE		*** COMPLETELY DELETED *** AVIATION MAINTENANCE INC.		
		REMARKS: AL207865.				
AL216666	2020/09/04	CHARGE	\$900,000	SPRINGER AEROSPACE HOLDINGS LIMITED	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	C

THIS IS **EXHIBIT "E"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

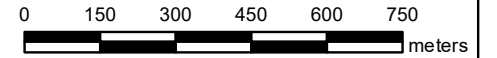


A COMMISSIONER FOR TAKING AFFIDAVITS

JOEL TURGEON

PRINTED ON 02 NOV, 2022 AT 15:52:51
FOR KAREN001

SCALE



PROPERTY INDEX MAP

ALGOMA(No. 01)

LEGEND

- FREEHOLD PROPERTY
- LEASEHOLD PROPERTY
- LIMITED INTEREST PROPERTY
- CONDOMINIUM PROPERTY
- RETIRED PIN (MAP UPDATE PENDING)
- PROPERTY NUMBER
- BLOCK NUMBER
- GEOGRAPHIC FABRIC
- EASEMENT

THIS IS NOT A PLAN OF SURVEY

NOTES

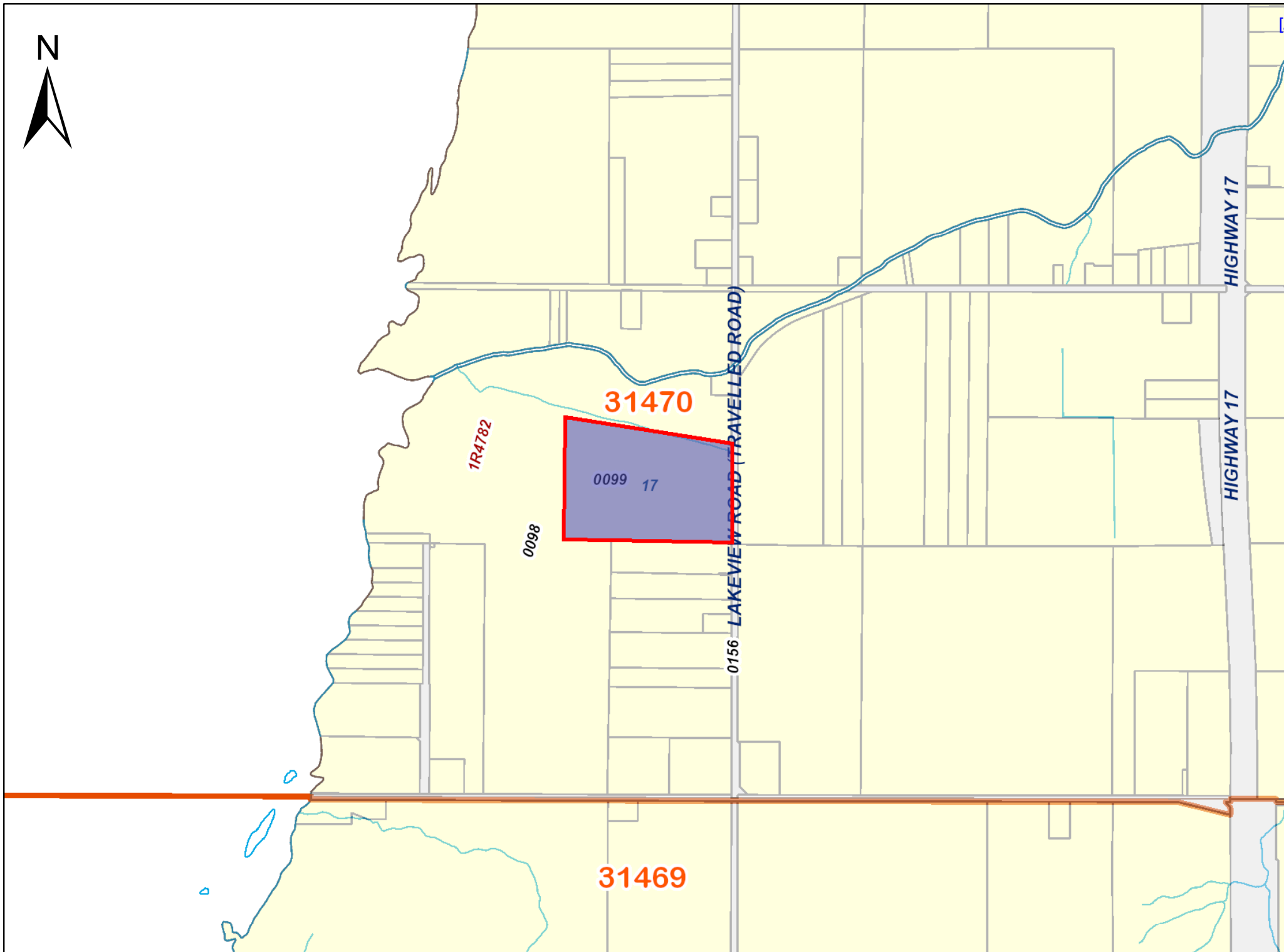
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REFERENCE PLANS UNDERLYING MORE RECENT REFERENCE PLANS ARE NOT ILLUSTRATED



LAND
REGISTRY
OFFICE #1

31470-0099 (LT)

PREPARED FOR Karen001
ON 2022/11/02 AT 15:45:40

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: LT 17 RCP H759; LAIRD; TOGETHER WITH AN EASEMENT OVER BLK 12 PL 1M498, EXCEPT PT 1 1R7890 AS IN AL195932; TOGETHER WITH AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 AS IN AL195932

PROPERTY REMARKS: PLANNING ACT CONSENT AS IN T235534.

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2007/09/17

OWNERS' NAMES
SPRINGER AEROSPACE HOLDINGS LIMITED
1138969 ONTARIO INC.

CAPACITY SHARE
99% INT
1% INT

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2007/09/14 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2007/09/17 **						
T451353	2004/09/16	TRANSFER		*** COMPLETELY DELETED ***	SPRINGER, JAMES JEFFREY	
T463811	2006/04/13	CHARGE		*** COMPLETELY DELETED ***	ROYAL BANK OF CANADA	
AL61081	2009/10/19	CHARGE		*** COMPLETELY DELETED *** SPRINGER, JAMES JEFFREY	ROYAL BANK OF CANADA	
AL62046	2009/11/05	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
REMARKS: T463811.						
AL122964	2013/09/16	TRANSFER		*** COMPLETELY DELETED *** SPRINGER, JAMES JEFFREY	SPRINGER, ERIN-LEE ORCHARD	
AL122965	2013/09/16	CHARGE		*** COMPLETELY DELETED ***		

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #1

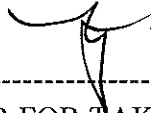
31470-0099 (LT)

PREPARED FOR Karen001
ON 2022/11/02 AT 15:45:40

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
AL124176	2013/10/11	DISCH OF CHARGE		SPRINGER, ERIN-LEE ORCHARD *** COMPLETELY DELETED *** ROYAL BANK OF CANADA	ROYAL BANK OF CANADA	
	REMARKS: AL61081.					
AL142267	2015/02/04	CHARGE		*** COMPLETELY DELETED *** SPRINGER, ERIN-LEE ORCHARD	CANADIAN IMPERIAL BANK OF COMMERCE	
AL142880	2015/02/25	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
	REMARKS: AL122965.					
AL161621	2016/06/30	TRANSFER		*** COMPLETELY DELETED *** SPRINGER, ERIN-LEE ORCHARD	SPRINGER, JAMES DANIEL SPRINGER, JOANNE MARIE ROBERTSON	
AL161622	2016/06/30	CHARGE		*** COMPLETELY DELETED *** SPRINGER, JAMES DANIEL SPRINGER, JOANNE MARIE ROBERTSON	CANADIAN IMPERIAL BANK OF COMMERCE	
AL163055	2016/08/05	DISCH OF CHARGE		*** COMPLETELY DELETED *** CANADIAN IMPERIAL BANK OF COMMERCE		
	REMARKS: AL142267.					
AL213836	2020/07/03	TRANSFER		*** COMPLETELY DELETED *** SPRINGER, JAMES DANIEL SPRINGER, JOANNE MARIE ROBERTSON	SPRINGER, JOANNE MARIE ROBERTSON	
AL216660	2020/09/04	TRANSFER	\$382,000	SPRINGER, JOANNE MARIE ROBERTSON	SPRINGER AEROSPACE HOLDINGS LIMITED 1138969 ONTARIO INC.	C
	REMARKS: PLANNING ACT STATEMENTS.					
AL216664	2020/09/04	CHARGE	\$900,000	SPRINGER AEROSPACE HOLDINGS LIMITED	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION	C
AL218660	2020/10/16	DISCH OF CHARGE		*** COMPLETELY DELETED *** CANADIAN IMPERIAL BANK OF COMMERCE		
	REMARKS: AL161622.					

THIS IS **EXHIBIT "F"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joël Tulgeau

COMBINED FINANCIAL STATEMENTS
For
SPRINGER AEROSPACE HOLDINGS LIMITED
For year ended
AUGUST 31, 2021

NOTICE TO READER

On the basis of information provided by management, we have compiled the combined balance sheet of Springer Aerospace Holdings Limited as at August 31, 2021, and the combined statement of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that the financial information may not be appropriate for their purpose.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
May 19, 2022.

(Incorporated under the laws of Ontario)

COMBINED BALANCE SHEET

AUGUST 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 179,758	\$ 396,559
Accounts receivable	1,990,561	1,520,200
Inventory and work in progress	2,590,718	1,275,287
Prepaid expenses	82,640	88,399
Income taxes recoverable	-	<u>22,264</u>
	<u>4,843,677</u>	<u>3,302,709</u>
DUE FROM 1929927 ONTARIO INC.	1,110,146	1,260,494
PROPERTY AND EQUIPMENT	10,968,677	10,572,670
INTANGIBLE ASSETS	<u>271,764</u>	<u>-</u>
	<u>\$ 17,194,264</u>	<u>\$ 15,135,873</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank indebtedness	\$ 800,000	\$ 990,000
Accounts payable and accrued liabilities	2,809,718	1,405,764
Customer deposits	-	51,334
Income taxes payable	31,078	-
Due to Aviation Maintenance Inc.	31,537	114,000
Current portion of long term debt	381,482	578,510
Current portion of deferred contributions	<u>15,440</u>	<u>-</u>
	4,069,255	3,139,608
PROMISSORY NOTES PAYABLE	1,227,907	1,573,049
LONG-TERM DEBT	6,284,478	5,234,533
DEFERRED CONTRIBUTIONS	<u>368,560</u>	<u>-</u>
	<u>11,950,200</u>	<u>9,947,190</u>
SHAREHOLDERS' EQUITY		
Capital stock	1,570,500	1,570,500
Retained earnings	<u>3,673,564</u>	<u>3,618,183</u>
	<u>5,244,064</u>	<u>5,188,683</u>
	<u>\$ 17,194,264</u>	<u>\$ 15,135,873</u>

Approved by the Board:

..... Director

..... Director

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER

Welch LLP[®]

An Independent Member of BKR International

COMBINED STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED AUGUST 31, 2021

	<u>2021</u>	<u>2020</u>
Sales	\$ <u>11,012,793</u>	\$ <u>8,843,734</u>
Cost of sales		
Inventory and work in progress, beginning of year	1,275,287	565,642
Purchases	5,315,781	2,702,315
Payroll costs	2,159,613	2,983,090
Subcontracting and other costs	<u>2,459,936</u>	<u>1,804,542</u>
	11,210,617	8,055,589
Inventory and work in progress, end of year	<u>(2,590,718)</u>	<u>(1,275,287)</u>
	<u>8,619,899</u>	<u>6,780,302</u>
Gross profit	2,392,894	2,063,432
Other revenue		
Canadian Emergency Wage Subsidy	673,285	885,787
Foreign exchange loss	(3,823)	(167,914)
Grant revenue	23,575	-
Interest revenue	28,519	79,477
Gain/(loss) on disposal of aircraft	326,347	(8,552)
Other	<u>29,522</u>	<u>16,662</u>
	<u>3,470,319</u>	<u>2,868,892</u>
Expenses		
Amortization of tangible assets	618,378	548,838
Automotive	28,098	14,309
Bad debt expense	456,015	180,146
Bank charges and interest	55,835	71,579
Insurance	298,856	166,829
Interest on long term debt	342,972	355,084
Licenses, fees and dues	17,578	18,176
Office and computer support	104,547	131,770
Professional fees	131,561	262,513
Property taxes	124,361	22,417
Rent	-	91,109
Repairs and maintenance	51,804	30,617
Telephone and communication	29,256	44,966
Travel, promotion and accommodations	197,306	99,412
Utilities	155,052	102,080
Wages - office and administration	<u>803,319</u>	<u>965,105</u>
	<u>3,414,938</u>	<u>3,104,950</u>
Income (loss) before income taxes	55,381	(236,058)
Income taxes - current	<u>-</u>	<u>27,736</u>
Net income (loss) for the year	55,381	(263,794)
Retained earnings, beginning of year	<u>3,618,183</u>	<u>3,881,977</u>
Retained earnings, end of year	\$ <u>3,673,564</u>	\$ <u>3,618,183</u>

PREPARED WITHOUT AUDIT - SEE NOTICE TO READER

THIS IS **EXHIBIT "G"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOEL TURGEON



May 16, 2019

1138969 ONTARIO INC.
377 LAKEVIEW RD
ECHO BAY, ON P0S 1C0

Attention: DANIEL SPRINGER

Subject: Financing Offer

Mr,

Thank you for the opportunity to respond to your credit Facility needs. Desjardins, Canada's largest financial co-operative, is committed to supporting businesses by providing them access to the expertise of our entire network. We offer a full range of quality services that meet businesses' changing and growing needs. Like you, Desjardins and its member institutions actively contribute to the economic growth in their communities.

As part of our business relationship with you, CAISSE POPULAIRE VERMILLON INC. (hereinafter referred to as "**the Financial Institution**") would like to assist in the growth of 1138969 Ontario Inc. (hereinafter referred to as "**the Borrower**"). Based on the documents and information you have provided us and subject to the terms and conditions set out herein, we are pleased to offer the credit facilities which are detailed in the attached document (hereinafter referred to as the "credit" or "Facility").

Variable credit	C\$1,000,000.00	Increase of Line of Credit
Loan	C\$300,000.00	Various equipment

If you agree to this Offer of Financing, please confirm your acceptance by returning us a copy of this document, signed by your authorized representative(s), including the duly signed "**GENERAL CONDITIONS**" sections attached hereto, which form an integral part of this Offer of Financing, no later than June 14, 2019. The Financial Institution reserves the right to cancel or amend this Offer of Financing if it is received after this date.

We trust that this Offer of Financing meets your needs. If you require any additional information, please feel free to contact us. Mr. Richard Picard, your Account Manager, will be pleased to answer your questions and work with you. We look forward to working with you to develop a mutually beneficial business relationship.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to be "Richard Picard".

Richard Picard
Senior Account Manager

Your partner:

CAISSE POPULAIRE VERMILLON INC.
29 MAIN STREET EAST
CHELMSFORD, ON P0M 1L0

1. VARIABLE CREDIT

1.1 Amount and purpose

The Financial Institution agrees to grant the Borrower variable credit in the amount of ONE MILLION Canadian dollars (C\$1,000,000.00), which shall be used to finance its daily operations, subject to the terms and conditions set forth herein and in the "GENERAL CONDITIONS" attached hereto.

1.2 Available amount

Notwithstanding the authorized amount(s) mentioned above, the total advances made or the amount to which the Borrower shall have access (hereinafter referred to as the "available amount") shall not exceed the total of the following amounts in relation to the Borrower's assets:

- 75% of "eligible Canadian receivables";
- 90% of "insured eligible Canadian receivables", insured by EDC;
- 90% of "insured eligible foreign receivables", insured by EDC;
- 50% of the "value" of "eligible inventories" of finished products, up to a maximum of \$350,000.00;

The "available amount" shall be reduced by the amount of the debts that, under applicable law, take precedence over charges and security held by the Financial Institution, including, inter alia, source deductions on wages, other sums or taxes collected and not remitted to government authorities (source deductions, HST, etc.) and tax debts. However, if the Borrower uses one of the Desjardins Payroll and Human Resources Services' options to carry out government remittances, the amount of source deductions on employees' wages will not be deducted when calculating the "available amount", as long as the Borrower uses this service.

1.3 Interest

Variable tranches option rate

Amounts advanced in Canadian dollars under the variable credit shall bear interest, calculated monthly before as well as after maturity, default or judgment at the "Financial Institution's Prime Rate" plus 1.250% per annum. The interest rate applicable to the amounts advanced shall vary in accordance with each variation in the prime rate. On the date hereof, this rate is 3.950% per annum.

Interest shall be paid on the 15th day of each month.

1.4 Disbursement and repayment

The Borrower shall use the variable credit in tranches (credit units) of C\$10,000.00 or multiples thereof, in accordance with the terms and conditions set forth herein.

For the repayment of any amounts of principal due, on each business day, the Financial Institution shall debit the Borrower's PCA account(s) for an amount corresponding to a multiple of the aforementioned credit unit, in the currency in which such principal is owing, provided that the account has a credit balance.

1.5 Facility disbursement prerequisites

- EDC Guarantee certificate covering the line of credit for an amount of \$400,000.

2. LOAN**Project**

Use of funds	Amount
Various equipment	\$300,000.00
Total	\$300,000.00

Source of funds	Amount
Term Loan	\$300,000.00
Total	\$300,000.00

2.1 Amount and purpose

Subject to the terms and conditions set forth below and in the "GENERAL CONDITIONS" attached hereto, the Financial Institution agrees to make a loan to the Borrower in the amount of THREE HUNDRED THOUSAND Canadian dollars (C\$300,000.00). Such loan shall be used solely for the purposes agreed to by the parties.

2.2 Term

5 years

2.3 Amortization

5 years

2.4 Interest**2.4.1 Fixed rate**

The loan shall bear interest, before as well as after maturity, default or judgment at a rate of 8.000% per annum calculated monthly, not in advance.

2.4.2 Interest adjustment date

All interest accrued on the thirtieth day prior to the first payment date shall be paid on such date. If the frequency of payments is weekly, interest accrued shall be paid on the seventh day prior to the first payment date.

Any interest unpaid at maturity shall itself bear interest at the rate applicable to the loan. It may be capitalized but remains payable on demand.

2.5 Disbursement

The loan shall be disbursed in a single disbursement to be made no later than August 31, 2019, failing which the Financial Institution may refuse to make any other disbursement.

2.6 Repayment

The Borrower undertakes to repay the loan as follows:

- Interest only payments until August 31, 2019
- Periodic equal payments: by means of 60 monthly equal and consecutive payments of C\$6,082.92 of principal and interest, with the first payment to be made on September 15, 2019 and the others successively: until the loan is repaid in full

These repayment terms are determined on the basis of an amortization period of 5 years.

2.7 Prepayment

The loan may be prepaid, in whole or in part subject to the payment of an indemnity calculated as set forth in the "GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN".

A prepayment shall not release the Borrower from its obligation to continue making the payments provided for herein.

2.8 Facility disbursement prerequisites

- The disbursements shall be made upon presentation of:
 - related invoices;
 - evidence of related payments;

2.9 Special Facility conditions

- The amount of Facility determined above shall also be limited to:
 - 100% of the lesser of the cost of acquisition and the fair market value of the equipment various equipment;
- The disbursements shall be made upon presentation of:
- The last disbursement shall be made no later than August 31, 2019.
- No amendment to the project shall take place without the Financial Institution's written consent.

3. GENERIC CONDITIONS

3.1 Facility disbursement prerequisites

- The Borrower shall at all times maintain an insurance policy for damages (fire, theft, vandalism) and other risks, including the following coverage, with proceeds payable to the Financial Institution:
 - Business interruption or loss of income as a result of a claim;
 - Equipment breakdown;
 - Misappropriation, disappearance and destruction insurance;

- The Borrower shall at all times maintain a civil liability insurance policy for a minimum of \$5,000,000.00.

3.2 Conditions applicable to Facility

- The Borrower shall provide the Financial Institution with a joint and several undertakings from the shareholders, the partners or the guarantors to:
 - cover any subsequent operating deficit;
 - cover any shortfall in debt service coverage;
 - cover any default of financial ratios;
 - The natural or legal persons who have to be bound on a joint and several basis towards the Financial Institution are: Springer Aerospace Holdings Limited, Christopher Grant & Daniel Springer.
- The Borrower agrees to hold and maintain its main operating account at the Financial Institution and to carry out its current transactions through this account.
- Cross default clause between the borrower and 1929927 Ontario inc. and Springer Aerospace Holdings Limited.
- The owner of 1929927 Ontario Inc. must modify their fiscal year end to August 31st starting with their 2019-08-31 statements.
- The borrower must obtain and following to the caisse, no later than ~~2019-05-31~~, the consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc. as at ~~08-31-2018~~.
2019-07-31
2019-02-28

4. FINANCIAL INSTITUTION'S PRIOR CONSENT

The Borrower shall not do, make or execute any of the following transactions or operations without obtaining the Financial Institution's prior written consent:

- Modify the nature of its business;
- Grant loans or advances;
- Extend any financial assistance or grant a charge, a security, a mortgage or guarantee for or on behalf of a third party;
- If the Borrower is a partnership or corporation, take part into any operation that results in a change in the person(s) controlling the Borrower, directly or indirectly. Control is currently in the hands of Springer Aerospace Holdings Limited;

The obligation to obtain the Financial Institution's prior written consent for the aforementioned transactions and operations shall, from now on, apply to any other Facility the Financial Institution made available to the Borrower and this obligation shall continue to apply to any other Facility, even if the present Facility is repaid.

5. FINANCIAL RATIOS

The Borrower shall at all times maintain the following financial ratio(s):

- Working capital ratio equal to or greater than 1.40:1;

The working capital ratio is equal to: total current assets divided by total current liabilities.

Excluded from current assets for the calculation of working capital are advances and loans to shareholders, directors, officers and employees, and loans, advances to and investments in related entities. Unless a default situation arises that is likely to make a loan balance due, excluded from current liabilities are amounts of long-term debt that are classified in current liabilities because the terms of the debts mature the following fiscal year.

- A fixed-charge coverage ratio equal to or greater than 1.10:1;

For calculation purposes, the numerator is equal to the total of earnings before interest on short- and long-term debt, current and future income taxes, depreciation and amortization and before any non-recurring expenditures and the share of losses of subsidiaries or other business holdings, less income taxes payable, the share of earnings of subsidiaries or other holdings, any capital distribution¹, any non-recurring revenue and unfinanced capital expenditures.

The denominator is equal to the sum, for the same period, of total interest paid on short- and long-term debt and principal payments on long-term debt and capital leases.

¹ Capital distributions are calculated by adding up dividends paid, share redemptions and other forms of withdrawal, amounts paid in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities, less amounts received in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities.

- All financial ratios to be calculated based on the accountant prepared consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc.

The obligation to maintain the aforementioned financial ratio(s) at all times shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

The Borrower shall achieve the following financial ratio(s):

- Ratio of total debt to tangible net worth equal to or less than 5.00:1;

For calculation purposes, total debt includes total liabilities, including non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value but excluding long-term future income tax credits, deferred or subordinated debts and deferred or subordinated preferred shares redeemable at the holder's option.

Tangible net worth is the total of share capital, retained earnings, contributed surplus, deferred or subordinated debts, redeemable preferred shares¹ and long-term future income tax credits, less intangible assets², non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value, loans and advances to shareholders, directors, officers and employees, and loans and advances to and investments in related entities (other than accounts receivable generated in the normal course of business).

¹ At the option of the holder (deferred or subordinated) or of the company.

² Assets including but not limited to goodwill, expenses related to research and development, financing, start-up or marketing, trademarks, patents, software, source code and any other deferred expense, etc.

- Ratio to be achieved by 2019-08-31, based on the consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc.

The ratio will be adjusted annually to:

4.5 to 1 by August 31st, 2020
3.5 to 1 by August 31st, 2021
3.0 to 1 or less thereafter.

The obligation to achieve the aforementioned financial ratio(s) by the stated date and to subsequently maintain such ratio(s) shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

6. DOCUMENTS TO BE PROVIDED

6.1 In order for the Financial Institution to determine the variable credit's "available amount", the Borrower shall provide it with the following documents:

- No later than the 20th day of each month, a detailed list broken down by 30-day periods of its accounts receivable as at the last day of the previous month;
- No later than the 20th day of each month, a detailed statement, in accordance with the Financial Institution's requirements, of its inventory at its acquisition cost (or market value, if lower than the acquisition cost) as at the last day of the previous month;
- No later than the 20th day of each month, a detailed list broken down by 30-day periods of its accounts payable and amounts due under tax laws as at the last day of the previous month;
- No later than the 20th day of each month, its interim financial statements;
- No later than the 20th day of each month, a certificate of an officer with regard to the calculation of the variable credit amount available;
- The Borrower shall be under no obligation to provide the aforementioned documents to the Financial Institution if the balance of the variable credit at the end of a month is less than \$445,000.00 and it takes the necessary steps to prevent such balance from exceeding this amount during the next month. If the Borrower takes advantage of this privilege, the available amount shall then be limited to such amount until the Financial Institution is able to determine a new available amount based upon fresh documents being provided.

Such documents are in addition to any other documents required to be provided to the Financial Institution hereunder.

6.2 In order for the Financial Institution to periodically review or renew the Facility(ies) scheduled for January 31, 2020, the Borrower shall provide it with the following documents prior to January 31, 2020:

- Its annual financial statements in the form of a review engagement as at August 31, 2019;
- Its interim financial statements as at August 31, 2019;
- Recent annual financial statements in the form of a review engagement for the following entities: Springer Aerospace Holdings Limited, 1929927 Ontario Inc. & "notice to reader" for Aviation Maintenance Inc.;
- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc. 1929927 Ontario Inc. and Aviation Maintenance Inc. as at August 31, 2019;
- A detailed list broken down by 30-day periods of its accounts receivable as at the end of the fiscal year;
- A detailed list broken down by 30-day periods of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- A statement of work in progress as at the end of the fiscal year;

- The signed recent personal balance sheet(s) of Christopher Grant & Daniel Springer (2021) every 3 years;
- The income tax returns for the last year of Christopher Grant & Daniel Springer;
- An organization chart detailing the relationship between the Borrower and the related party organizations and any other related parties;
- The consolidated financial statements should contain a cash flow statement.

7. SECURITY APPLICABLE TO

7.1 All Facilities

The performance of the Borrower's obligations set forth herein or arising herefrom shall at all times be secured by the following security interests or charges:

- A first priority ranking general personal property security securing all of the present and future personal property of the Borrower;
- a governmental guarantee under the EDC program;
- a guarantee from Springer Aerospace Holdings Limited in the amount of \$1,225,000.00
 - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;

7.2 Security applicable to the loan (\$300,000)

- A specific security interest attaching the following present, future and after-acquired property:
 - A first ranking security interest on the property described in the schedule hereto;

8. FEES AND COSTS

Upon the signature hereof, the Borrower shall pay to the Financial Institution an amount of \$0.00. Amount for the cost of analyzing the Facility application and opening the file and the taking of security, which amount is not refundable even if the Facility hereunder is not disbursed. Such costs are over and above the other costs payable by the Borrower (professional fees, if any, registration fees of charges and personal property security, etc.).

The Borrower acknowledges having been informed of such fees and costs and that they may be modified from time to time by the Financial Institution.

The Borrower shall also pay other fees and costs that could become applicable to such Facility, pursuant to the fee policy then in effect at the Financial Institution.

The Borrower authorizes the Financial Institution to debit its account(s) for the amount of the fees and costs set forth herein.

9. GENERAL CONDITIONS

The "GENERAL CONDITIONS" attached hereto form an integral part of this Offer of Financing as if they were incorporated directly herein.

10. DEEMED AGREEMENT(S)

When accepted and signed by the Borrower, this Offer of Financing will be deemed to constitute one or more of the following agreement(s): a variable credit agreement, a revolving credit agreement, a loan agreement, a split loan agreement, a credit agreement and/or a wholesale inventory Facility agreement, as the case may be. The date of the signature of such agreement(s) shall be deemed to be the date of its signature by the Borrower and such agreement(s) shall replace any prior verbal and/or written agreement between the parties concerning the Facility(ies) provided for herein.

The Financial Institution shall subsequently see to the preparation of the documentation relating to any charge or security provided for in this Offer of Financing and such documentation shall be completed and registered to the satisfaction of the Financial Institution and its legal counsel, if applicable, prior to any disbursement.

11. ACCEPTANCE

By accepting this Offer of Financing, the Borrower confirms that all the financial and other documents and information provided to the Financial Institution to obtain this Facility are accurate and complete. If they are inaccurate or incomplete, this Offer may be cancelled at the Financial Institution's discretion.

This Offer of Financing is valid until 5:00 p.m. on June 14, 2019. After that time, the Financial Institution may amend or withdraw it.


Per: _____

Richard Picard
Senior Account Manager

BORROWER'S ACCEPTANCE

I (We) the undersigned Daniel Springer and Christopher Grant, the Borrower, the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) accept all the terms and conditions set out in this Financing Offer.

Signed on 2019-05-22

By: 
Daniel Springer

By: 
Christopher Grant



GENERAL CONDITIONS APPLICABLE TO ALL FACILITIES

The Borrower acknowledges having read the representations, warranties, conditions, obligations and other provisions set out below and agrees that they form an integral part of the Offer of Financing to which they are attached as a schedule, as if they were fully set out in the Offer. Consequently, by accepting such Offer of Financing, the Borrower is deemed to have made the following representations and warranties and undertakes to abide by all of the following conditions, obligations and other provisions.

1. BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants that:

- a) It holds all the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) There has been no material adverse change in its financial situation since the date of its last annual or interim financial statements as submitted to the Financial Institution (or since the date the last personal balance sheet(s) was submitted to the Financial Institution if the Borrower is one or more individual). Such financial statements (and/or personal balance sheet(s)) accurately represent its (their) financial situation as at the date they were prepared. The Borrower has not incurred and does not anticipate incurring any material liability of which the Financial Institution has not already been informed;
- c) It is not involved in any legal proceeding or litigation that could materially affect its financial situation and/or business operations;
- d) It is not in default under any legislation or regulation applicable to the operation of its business and to its property or with respect to applicable environmental requirements and standards;
- e) All its tax debts, including source deductions, HST and income taxes, as well as all taxes or contributions, the payment of which is secured or can be secured by a government priority or a lien or deemed trust, have been paid without subrogation;
- f) It possesses good title to the property secured by the charges and security interests required by the Financial Institution, and said property is free and clear of any government priority, hypothec, lien charge, security interest or other encumbrance, except those that will be paid in full and discharged following disbursement of the Facility extended pursuant to this Offer of Financing or if the Financial Institution has expressly permitted such prior ranking encumbrance.
- g) If the Borrower is required to submit documents to the Financial Institution, the Borrower agrees that the submitted documents shall be deemed originals and shall constitute admissible written evidence in a legal proceeding, regardless of the format of these documents or the method used (such as email and fax) to submit them. Moreover, when the Borrower or its representatives or employees submits or transmits documents to the Financial Institution, the Financial Institution shall assume that all details and information contained in these documents have been verified and validated by the Borrower and are complete and accurate. The Borrower shall assume full responsibility, including vicarious liability, for any incomplete, erroneous, missing or inaccurate information submitted in the documents, if applicable. The Borrower also acknowledges that the Financial Institution may demand the immediate repayment of the amounts loaned.

2. CONDITIONS PRECEDENT TO DISBURSEMENT

The following conditions must be fulfilled to the satisfaction of the Financial Institution prior to the disbursement of any Facility contemplated in this Offer of Financing:

- a) The Borrower shall provide the Financial Institution with:
 - i. A certified true copy of its constituting documents and any subsequent amendments, as well as any by-law, resolution or other document authorizing the loans and charges and security interests contemplated herein and designating the individuals authorized to execute the documents required to give effect to the Offer of Financing;
 - ii. Evidence of insurance in accordance with the requirements set out in the relevant standard charge terms or security agreements and insuring the property secured pursuant to such charges or security interests;
 - iii. Any other duly executed document, as the case may be, that may be useful or deemed necessary by the Financial Institution or its solicitor, in order to give full effect hereto;
- b) The required third-party guarantees have been provided and the charges and security interests have been registered and have the required rank;
- c) The Borrower has paid to the Financial Institution the expenses relating to the analysis and review of the file, the appraisal costs incurred by the Financial Institution and the expenses for the preparation and registration of the required charges and security interests (including legal fees, if applicable);
- d) If amounts loaned must be covered by a government guarantee or by mortgage insurance, the program or mortgage insurance conditions shall be fully complied with.

If a material change occurs in the Borrower's situation after this Offer of Financing is accepted and the Financial Institution deems that such change increases its risk, the Financial Institution may, in its sole discretion, cancel the Facilities made available hereunder, refuse to disburse any Facility not yet disbursed, and demand repayment of all amounts already disbursed.



3. GENERAL OBLIGATIONS OF THE BORROWER

Until such time as all the amounts owed to the Financial Institution under this Offer of Financing have been duly repaid, the Borrower shall:

- a) At all times hold the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) Use any Facility granted by the Financial Institution pursuant to this Offer of Financing for the purposes set out therein or otherwise agreed to by the Financial Institution;
- c) Maintain, for all property charged or secured as collateral, the insurance required by the standard charge terms and security agreements;
- d) Provide the Financial Institution with any information or document it may reasonably request;
- e) Allow the Financial Institution's representatives to visit and have access to its places of business, examine its accounting books and records, and make copies or take extracts if deemed necessary;
- f) Advise the Financial Institution in writing of the occurrence of any fact or event which may constitute an event of default under this agreement and/or any standard charge terms or security agreement;
- g) Abide by all other obligations and undertakings stipulated in the standard charge terms, security agreements and other similar document.

4. DEFAULT

The Borrower shall be in default in each of the following cases:

- a) If the Borrower fails to fulfill any obligation set out in this Offer of Financing, the standard charge terms, security agreements, any other related document and any other credit or security agreement entered into with the Financial Institution;
- b) If the Borrower draws a cheque that brings the variable credit balance, if applicable, to an amount greater than the amount authorized hereunder;
- c) If a statement, representation or warranty made in connection with this Offer of Financing proves to be false or misleading;
- d) If the Borrower or any person acting as guarantor or having granted a charge or security interest for any Facility provided for herein goes bankrupt or becomes insolvent or files a proposal that is rejected or annulled, or if the property charged as security is the subject of a seizure by a creditor, trustee, liquidator or other party, is the subject of a notice of exercise of mortgage or other remedy, a notice of withdrawal of authorization to collect debts or rent or a seizure or other remedy by another creditor, if the Borrower is subject to garnishment or similar proceeding and the Financial Institution is the subject of such proceeding, or if the Borrower ceases to operate its business;
- e) If the Borrower fails to fulfill any obligation to its other creditors.

If the Borrower is in default, the Financial Institution may, subject to all of its other rights and remedies, demand full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under this Offer of Financing and any other credit agreement entered into with the Financial Institution. Failure by the Financial Institution to rely upon its rights in case of default should not be construed as a waiver of such rights.

The Financial Institution may also, in its sole discretion, grant extensions, waive guarantees, make compromises or arrangements and, in general, come to terms with the Borrower without affecting its rights and remedies against guarantors, as the case may be.

5. OTHER CONDITIONS

a) Debit authorization

Any amount due by the Borrower may be debited from any of its accounts held at the Financial Institution, or from its variable or revolving credit, as the case may be.

b) Payment application

All amounts collected from the Borrower or any other person or from the proceeds of the realization of collateral or any other source may be applied by the Financial Institution to the payment or reduction of any debt owing by the Borrower to the Financial Institution as it determines in its sole discretion. Such amounts shall first be applied to accrued interest and to the cost of life insurance and disability insurance purchased in relation to any Facility provided herein, as the case may be, and then to the repayment of the principal.

c) Periodic review

Any Facility granted under this Offer of Financing may be periodically reviewed by the Financial Institution and there shall be an annual review of such Facility at a time to be determined by the Financial Institution.



d) No assignment

The rights arising from this Offer of Financing may be assigned or transferred by the Borrower to a third party solely upon prior written consent of the Financial Institution and subject to the conditions set by the Financial Institution.

e) No merger

Any subsequent registration of a charge (mortgage) or Facility statement or any first advances of monies under any facility described herein shall not extinguish or otherwise cause or create a merger with the covenants and provisions herein or any document relating hereto or contained in any other credit or security document required under this Offer to Finance.

f) Accounting terms

Unless otherwise stipulated, the accounting terms used in this Offer of Financing, as the case may be, shall have the meaning given to them by generally accepted accounting principles in Canada as published by the Canadian Institute of Chartered Accountants.

g) Joint and several liabilities

Any debt owed to the Financial Institution arising from this Offer of Financing may be claimed from the Borrower's personal representatives, heirs, or successors and assigns and any surety, if applicable.

If the term "Borrower" refers to more than one individual, each one shall be jointly and severally liable for the performance of the obligations set out in this Offer of Financing, any related document and any agreement to amend or renew any Facility made available hereunder.

If any Facility is subject to a guarantee from a third party, the obligations of the guarantor or guarantors shall be joint and several.

h) Applicable legislation

This Offer of Financing and all documents relating thereto shall be governed by and interpreted in accordance with the laws in force in the Province of Ontario and any dispute regarding their interpretation or enforcement may only be submitted to the courts of the Province of Ontario.

i) Payments on non-business days

If the payment due date for a variable credit or revolving credit falls on a day that is not a "Business day", the Financial Institution may debit the Borrower's account(s) on the next "Business day", and interest shall accrue in the meantime.

j) Interest

Interest payable shall be debited automatically from the Borrower's PCA account(s).

For a variable credit, revolving credit and mortgage envelope, the Financial Institution may at any time, upon 30 days' prior written notice, amend any premium percentage to its "Financial Institution's Prime Rate" and "Financial Institution's US Prime Rate" provided for herein.

Interest in arrears

Any interest unpaid on the due date shall itself bear interest at the rate applicable to the principal that generated it. Such interest may be capitalized but remains payable on demand.

k) Assumption

In the event of an assumption of the Facility due to a sale or other disposal of the secured property, the acquiring party shall be approved by the Financial Institution.

6. OTHER DOCUMENTS

The Borrower and any guarantor shall execute any other document that the Financial Institution may require to give full effect to the obligations, representations, warranties and undertakings stipulated in this Offer of Financing.

7. SUCCESSORS AND ASSIGNS

This Offer of Financing is binding upon the Borrower, its successors, beneficiaries, executors, personal representatives and assigns, as well as the Financial Institution, its successors and assigns.

8. DEFINITIONS

For purposes of construing this Offer of Financing, the following terms and/or expressions shall have the meaning ascribed to them below:

- a) **Desjardins' cost of funds:** The cost, for the Fédération des caisses Desjardins (FCDQ), of issuing money market or bond market securities, as the case may be, for the term selected by the Borrower for any financing or other product based upon the said cost of funds, including brokerage fees, income tax, taxes (other than those applicable to its taxable income) and



additional reserves that may be associated with this cost of funds, as the case may be. Without limiting the foregoing, it is understood that any additional charges or fees resulting in increased costs for FCDQ will be included in the cost of funds calculation.

- b) **Business day:** Any day, excluding Saturday, Sunday and any other statutory holiday or day on which banks are closed in Canada.
- c) **LIBOR rate:** The rate so designated and corresponding to the term selected by the Borrower for any Facility or other product referring to the LIBOR rate, as shown by the Bloomberg information system or, failing that, any other system chosen by the Financial Institution.
- d) **Financial Institution's Prime Rate:**
 - i. Rate applicable to financial institutions that are members of the Fédération des caisses Desjardins du Québec (hereinafter referred to as "Desjardins"): Desjardins' annual interest rate established from time to time as being its prime rate. The Borrower may at any time obtain the current prime rate by consulting the Desjardins Group's website or by inquiring for such information at any financial institution which is a member of Desjardins.
 - ii. Rate applicable to other financial institutions: the annual interest rate established from time to time as being its prime rate. The Borrower may at any time obtain the current prime rate by inquiring at the financial institution.



GENERAL CONDITIONS SPECIFIC TO A VARIABLE CREDIT

1. DETERMINATION OF THE AVAILABLE AMOUNT

The "available amount" of a variable credit shall be determined once the Financial Institution is able to establish it in accordance with the terms and conditions herein, based on documents provided by the Borrower. This amount shall be entered in the Financial Institution's computer system and amended only when the Financial Institution shall be able, from other documents submitted by the Borrower, to establish a new "available amount". The Borrower shall ensure that it does not use a variable credit facility in excess of the "available amount", in accordance with the conditions set out herein.

2. METHODS OF OPERATION, APPLICABLE TRANSACTIONS AND EVIDENCE

The Borrower shall use a variable credit facility in tranches (credit units) in the amount set forth in this Offer of Financing or multiples thereof, in accordance with the following terms and conditions:

- a) Such cash advances shall be paid in order to cover, when the balance in the Borrower's chequing account(s) (PCA and/or PCA-USD) is insufficient, cheques drawn on, or withdrawals made from, said account(s) and any other debit authorized by the Borrower from said account(s). The Borrower also authorizes the Financial Institution to debit its account(s) for any obligation due to the Financial Institution. The Borrower's debt shall then increase by an amount equal to the number of credit units required to cover the overdraft in the account.
- b) Simultaneously, the Borrower shall acquire the right to make withdrawals, authorize debits and draw cheques on the surplus in its PCA and/or PCA-USD account, and the Financial Institution shall make the appropriate entries to account therefor.
- c) The above terms shall not apply if a withdrawal, debit or cheque clearing would result in the total amount of the variable credit being exceeded.

Such variable credit may also be used to cover the Borrower's commitments under forward exchange contracts, FX swaps, currency options and other derivative products, a factoring agreement or the issuance by the Financial Institution, if applicable, of letters of guarantee, bonds, letters of credit or documentary credits. Whenever the Borrower requires such instruments, the available amount of a variable credit shall be reduced by the amount that the Financial Institution deems necessary to cover these commitments, of which it will advise the Borrower. The reduction will be in effect to reimburse the amounts that the Financial Institution may have to pay to honour letters of guarantee, bonds, letters of credit, documentary credits, foreign exchange derivative contracts and other derivative product contracts, subject to the terms and conditions applicable to the variable credit provided for herein and, as the case may be, in a separate agreement evidencing such commitments. If one or more commitments become enforceable, the Financial Institution may consider the amount of the commitments as an advance on the variable credit.

Subject to any other means of evidence allowed by law, production of the parties' respective receipts and, if applicable, cleared cheques shall constitute complete evidence of the balance owing and payments made. The Borrower also agrees that, when provided with cleared cheques or receipts on its request, photocopies thereof made by the Financial Institution will have the same evidentiary value as the originals; the authenticity and accuracy of the photocopies may therefore only be contested upon the Borrower's production of the originals.

3. OTHER METHODS OF OPERATION FOR THE FIXED-RATE TRANCHES OPTION

If the variable credit has a "Fixed-rate tranches option", a request or requests for a fixed-interest rate may be made verbally or in writing; the Financial Institution will respond to such request within the next two Business days, either by sending the Borrower, via fax or e-mail, written confirmation of the terms applicable to such fixed rate, which the Borrower must immediately sign and deliver or fax to the Financial Institution, or by advising the Borrower that it is unable to accept its request, with the Financial Institution having the discretion to approve or refuse such requests.

The interest on an amount having a fixed-interest rate shall be calculated monthly and be payable by debiting the Borrower's account either at the time the rate is fixed, in which case the interest amount shall be discounted, or on a monthly basis. Any interest owing on its due date shall itself bear interest at the same rate as that applicable to the amount on which it accrued and shall remain payable on demand at any time.

Any amount for which the interest rate is fixed cannot be repaid prior to the maturity date of the selected term, but the Financial Institution may demand its repayment at any time.

In order for the interest rate to be fixed, the Financial Institution will open a loan in its computer system for each amount for which the interest rate is fixed. The parties agree that opening such loans, if applicable, and the resulting account statements shall constitute a single loan, the total of the amounts due shall at all times represent the balance of the variable credit. The provisions herein with respect to the variable credit shall remain in effect subject to the aforementioned stipulations regarding the amount(s) for which the rate shall be fixed and the Financial Institution shall retain all charges and other security interests securing the variable credit for the full amount for which they were granted.

If the Financial Institution demands repayment of the variable credit, it may terminate any agreement that is in effect whereby an interest rate was fixed. The amounts covered by such agreements will then no longer be treated as a separate loan or loans in the Financial Institution's computer system and shall once again bear interest at the variable rate set forth herein.



The Borrower may also request the Financial Institution to make one or more advances at a fixed interest rate pursuant to the variable credit; in such case, the aforementioned rules shall apply with necessary modifications and the advance(s) shall be paid into its account.

4. OTHER CONDITIONS

a) Reduction or cancellation of variable credit

The Financial Institution may, at any time, notify the Borrower that it is reducing the amount of the variable credit facility or that it has decided to terminate it.

b) Limitation of use

The variable credit shall not be used to finance capital expenditures without the Financial Institution's prior written authorization.

c) Currency selection

In the case of a variable credit facility in Canadian dollars or the equivalent in American dollars, if applicable, the Borrower may select the currency, but determining the American dollar or Canadian dollar equivalent, as the case may be, is the sole prerogative of the Financial Institution.

d) Disbursements and repayments

In addition to the disbursement and repayment terms stipulated previously, the Borrower may repay advances at any time, in whole or in part, without paying the Financial Institution an indemnity. Repayments shall be made in the same currency as the amounts advanced; if necessary, they shall first be converted into that currency. The Borrower may then draw on the variable credit again, as if it had not previously drawn the repaid principal.

e) Request for repayment

The Financial Institution may, at any time, demand the immediate repayment of any balance due in principal, interest and costs. The Financial Institution shall then have the right to terminate the Agreement, subject to all its other rights and remedies.

f) Implied representation

The Borrower's use of the variable credit shall be construed as a representation on its part that it is complying with the provisions relating to the "available amount".

5. DEFINITIONS

When used, as the case may be, to determine the "available amount" of any variable credit, the following terms and expressions shall have the following meanings:

- a) **Eligible Canadian receivables:** "Eligible" accounts receivable due to the Borrower by debtors carrying on business mainly in Canada.
- b) **Eligible Insured Canadian receivables:** "Eligible" receivables which are covered by an insurer that is acceptable to the Financial Institution and are due to the Borrower by debtors carrying on business mainly in Canada.
- c) **Eligible Insured foreign receivables:** "Eligible" receivables which are covered by an insurer that is acceptable to the Financial Institution and are due to the Borrower by debtors primarily carrying on business outside Canada.
- d) **Eligible U.S. receivables:** "Eligible" receivables of debtors which mainly conduct business in the United States, have a business history and financial situation that is satisfactory to the Financial Institution and whose shares are traded on a major stock exchange.
- e) **Eligible Uninsured American receivables:** "Eligible" receivables that are not covered by an insurer acceptable to the Financial Institution, but the debtors of which mainly carry on business in the United States, have a business history and financial situation that is satisfactory to the Financial Institution and whose shares are traded on a major stock exchange.
- f) **Eligible receivables from Canadian governmental and paragonovernmental entities:** "Eligible" receivables due to the Borrower by entities that carry on business primarily in Canada and that have a direct or indirect non-arm's length relationship with the federal, provincial or municipal governments.
- g) **Amounts payable by Agriculture and Agri-Food Canada or Agricorp:** Such amounts include, inter alia, the indemnities and compensations that are or will be payable to the Borrower under various Agriculture and Agri-Food Canada and/or Agricorp programs and the amounts that are or will be on deposit in the Borrower's name in any account currently or eventually opened by the Borrower with these entities.
- h) **Eligible inventories of raw materials:** Such raw materials represent all of the "eligible" raw materials in possession of the Borrower and which are intended to be used in manufacturing a product or providing a service.
- i) **Eligible inventories of finished products:** Such finished products represent all "eligible" finished products in possession of the Borrower and which are intended to be sold.



- j) **Eligible work in progress:** "Eligible" products in the process of being manufactured or transformed and which are subject to the various manufacturing steps used to transform raw materials into finished products, as well as "eligible" services being provided on a pre-set schedule in terms of both work and payments. Work in progress may also include pre-shipping costs incurred to meet contractual obligations.
- k) **Eligible agricultural supplies:** Such supplies include "eligible" goods used for agricultural production such as fertilizers, seeds, pesticides and inputs in production, as well as products used to feed and care for animals.
- l) **Eligible:** Where the term "eligible" is used with respect to receivables, such eligibility is left at the Financial Institution's discretion. However, the following are excluded: receivables that are or could be subject to a holdback by debtors or that could be subject to set-off, receivables whose debtors have a legal or financial non-arm's length relationship with the Borrower, receivables that have not been paid for the number of days stipulated in this Offer of Financing or the number of days to be determined by the Financial Institution, as applicable, as well as doubtful receivables. In some cases, receivables resulting from invoicing work in progress may also be excluded. Further, uninsured receivables whose debtors are located outside of Canada are not eligible, except for "uninsured eligible American receivables".

Where the term "eligible" is used with respect to inventory, such eligibility is left at the Financial Institution's discretion. However, the following are excluded: inventory of which the Borrower is not or will not be the full owner at the time that advances are made, that are not fully paid for or that are obsolete or in poor condition and packaging materials and work in progress.

Where the term "eligible" is used with respect to work in progress, crops and standing crops, eligibility is left at the Financial Institution's discretion.

- m) **Value:** Where the term "value" is used with respect to "eligible inventories", the value of such inventories is the lesser of their acquisition cost and their market value, less any amount due to unpaid suppliers having shipped eligible, identifiable and unprocessed inventory to the Borrower within 30 days.

Where the term "value" is used with respect to "eligible work in progress", the value of such work in progress is for products that are in the process of being manufactured or transformed, the sale price that could reasonably be obtained if they could be sold before being completed and, for the portion of services already rendered, the amount that could reasonably be obtained from clients if the value of the services could be collected without the services having been fully provided.



GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN

1. OTHER CONDITIONS

1.1. Disbursement

Disbursement shall be conditional upon the charges and security interests requested by the Financial Institution being registered and perfected to its satisfaction, the secured collateral being insured in accordance with the standard charge terms and security agreements, the supporting documentation (invoices, deed, etc.) required by the Financial Institution having been provided and the conditions precedent stipulated herein having been duly met.

1.2. Interest (clause only applicable to a variable rate loan or split loan)

If the term and amortization of a loan and/or a tranche of a split loan exceed five years, the Financial Institution may, after the fifth anniversary of this Offer's acceptance date, upon 30 days' prior written notice, amend the premium percentage indicated in the "LOAN" section and/or the "SPLIT LOAN" section, as applicable, to the "Financial Institution's Prime Rate" or the "Financial Institution's US Prime Rate". If such premium percentage increases, the Borrower may, within 30 days of receipt of such notice, prepay the loan or tranche of the relevant split loan without paying the Financial Institution an indemnity.

1.3. Payment allocation

Any payment received by the Financial Institution shall first be allocated to accrued interest and, if applicable, to the cost of life and/or disability insurance at the additional rate mentioned herein and then to the repayment of principal. The payments shall be allocated to the principal, commencing with the longest outstanding, only when all interest and insurance premiums have been paid in full. In the case of a split loan, if a payment is insufficient to cover the sums due on the different tranches, the Financial Institution shall allocate the payment in its discretion. The same shall apply to any other amount received, inter alia from the realization of secured collateral.

2. PREPAYMENT OF A LOAN OR A TRANCHE OF A SPLIT LOAN

Any loan or tranche of a split loan may be prepaid subject to the payment of the indemnity calculated as set forth below, unless this Offer of Financing states that such loan or tranche of a split loan may be prepaid without paying an indemnity. In the case of a tranche of a split loan, the word "loan" in the following clauses is replaced by the word "tranche", and the clauses shall be read with necessary modifications.

2.1. For a fixed-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the interest rate then applicable to the loan;
- An amount equal to the interest calculated on the amount prepaid until the maturity date of the loan at an interest rate corresponding to the difference between: i) the interest rate then applicable to the loan and ii) the rate of return of Government of Canada bonds (or U.S. government bonds, for a term loan in American dollars) with a fixed term of one year if, at the time of the prepayment, less than 24 months remain until the maturity date of the loan, 2 years if 24 to 36 months remain, 3 years if 36 to 48 months remain, 4 years if 48 to 60 months remain, and 5 years if 60 months or more remain. The rates of return of the said bonds are as shown, on the date of prepayment, by the Bloomberg information system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's website, if available.

However, if the prepayment is made less than three months prior to maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date until the maturity date of the loan.

2.2. For a variable-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount prepaid at the interest rate then applicable to the loan. However, if the payment is made less than three months prior to the maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date to the maturity date of the loan.



2.3. For a loan with a periodically revisable rate

The Borrower may, at any time, prepay the loan in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount of the loan being prepaid, at the interest rate then applicable to the loan. However, if the prepayment is made less than three months before the term of the loan, this indemnity shall not exceed the interest at the rate then applicable to the loan, calculated on the amount of the loan being prepaid from the date of such prepayment until the term of the loan.

3. FOREIGN EXCHANGE RISK, CURRENCY CONVERSION AND EXCHANGE RATE FOR USD LOANS

- a) **Foreign exchange risk:** If a loan is made in American dollars, the Borrower acknowledges having requested that such loan be made in said currency. The Borrower therefore assumes all risks with respect to variations in the exchange rate.
- b) **Currency conversion:** Should a currency conversion into Canadian dollars be necessary, for instance if debt collection is necessary, the Borrower acknowledges that the Financial Institution may, in its sole discretion, make the conversion at the exchange rate in effect on the date collection takes place or on the date of the judgment or, in all other cases, on the date on which the conversion has to be made. Should the exchange rate change between the conversion date and the payment date, the Borrower shall, on the payment date, pay to the Financial Institution any additional amount that may be required so that the amount paid on that date in Canadian dollars shall be equal, after conversion at the exchange rate carried out on the payment date, to the amount then due in American dollars. Any amount payable by the Borrower pursuant to the foregoing is a separate debt and shall not be affected by a judgment obtained for any other amount due as a result of or under the terms hereof.
- c) **Exchange rate:** When used herein, the expression "exchange rate" shall mean the official Bank of Canada ("USD/CAD Noon Rate") exchange rate in effect on the conversion date, if applicable, plus any premium and conversion fee payable. If the Bank of Canada Noon Rate is unavailable on the conversion date, the Financial Institution may, in its sole discretion, carry out the conversion at the rate in effect on the day immediately preceding or following the conversion, where such rate is available.



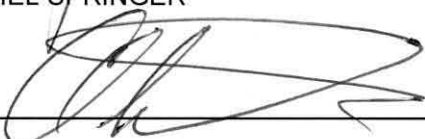
BORROWER'S ACCEPTANCE

I (We) the undersigned DANIEL SPRINGER and CHRISTOPHER GRANT, the Borrower or the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) acknowledge(s) that I (we) have read the foregoing general conditions, which are an integral part of the Offer of Financing to which they are attached as a schedule, and accept them.

Signed on 2019-05-22

By:  _____

DANIEL SPRINGER

By:  _____

CHRISTOPHER GRANT

THIS IS **EXHIBIT "H"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOEL TURGEON



May 7, 2020

SPRINGER AEROSPACE HOLDINGS LIMITED
377 LAKEVIEW RD
ECHO BAY, ON P0S 1C0

Attention: RICHARD PICARD and CHRISTOPHER GRANT

Subject: Financing Offer

Gentlemen,

Thank you for the opportunity to respond to your credit Facility needs. Desjardins, Canada's largest financial co-operative, is committed to supporting businesses by providing them access to the expertise of our entire network. We offer a full range of quality services that meet businesses' changing and growing needs. Like you, Desjardins and its member institutions actively contribute to the economic growth in their communities.

As part of our business relationship with you, CAISSE DESJARDINS ONTARIO CREDIT UNION INC. (hereinafter referred to as "**the Financial Institution**") would like to assist in the growth of SPRINGER AEROSPACE HOLDINGS LIMITED (hereinafter referred to as "**the Borrower**"). Based on the documents and information you have provided us and subject to the terms and conditions set out herein, we are pleased to offer the credit facilities which are detailed in the attached document (hereinafter referred to as the "credit" or "Facility").

Loan	C\$1,350,000.00	REFINANCING (PART # 1)
Loan	C\$4,150,000.00	REFINANCING (PART # 2)

If you agree to this Offer of Financing, please confirm your acceptance by returning us a copy of this document, signed by your authorized representative(s), including the duly signed "**GENERAL CONDITIONS**" sections attached hereto, which form an integral part of this Offer of Financing, no later than June 7, 2020. The Financial Institution reserves the right to cancel or amend this Offer of Financing if it is received after this date.

We trust that this Offer of Financing meets your needs. If you require any additional information, please feel free to contact us. Mr. BENOIT FOURNIER, your Account Manager, will be pleased to answer your questions and work with you. We look forward to working with you to develop a mutually beneficial business relationship.

Sincerely,

A handwritten signature in black ink, appearing to be "Benoit Fournier".

BENOIT FOURNIER
Account Manager

Your partner:

CAISSE DESJARDINS ONTARIO CREDIT UNION INC.
43, RUE NOTRE-DAME, C.P. 550
AZILDA, ON P0M 1B0

1. LOAN**Project**

Use of funds	Amount
REFINANCING (PART # 1)	\$1,350,000.00
Total	\$1,350,000.00

Source of funds	Amount
Loan	\$1,350,000.00
Total	\$1,350,000.00

1.1 Amount and purpose

Subject to the terms and conditions set forth below and in the "GENERAL CONDITIONS" attached hereto, the Financial Institution agrees to make a loan to the Borrower in the amount of one million three hundred fifty thousand Canadian dollars (C\$1,350,000.00) Such loan shall be used solely for the purposes agreed to by the parties.

1.2 Term

3 years

1.3 Amortization

7 years

1.4 Interest**1.4.1 Fixed rate**

The loan shall bear interest, before as well as after maturity, default or judgment at a rate of 5.000% per annum calculated monthly, not in advance.

1.4.2 Interest adjustment date

All interest accrued on the thirtieth day prior to the first payment date shall be paid on such date. If the frequency of payments is weekly, interest accrued shall be paid on the seventh day prior to the first payment date.

Any interest unpaid at maturity shall itself bear interest at the rate applicable to the loan. It may be capitalized but remains payable on demand.

1.5 Disbursement

The loan shall be disbursed in a single disbursement to be made no later than August 31, 2020, failing which the Financial Institution may refuse to make any other disbursement.

1.6 Repayment

The Borrower undertakes to repay the loan as follows:

- Periodic equal payments: by means of 36 monthly equal and consecutive payments of C\$19,080.78 of principal and interest, with the first payment to be made on 30th day following the disbursement and the others successively:
 - until the expiry of the 3 years term beginning on the date of disbursement inclusive, at which date any balance of principal, interest, costs and accessories due shall become payable.

These repayment terms are determined on the basis of an amortization period of 7 years.

The aforementioned interest rate and payment amounts do not take into account the cost of life insurance and disability insurance, as the case may be. If the Borrower or his or her representative(s), CHRISTOPHER GRANT, RICHARD PICARD, or one or some of them, opted for life insurance, the cost of insurance shall be calculated by applying to the loan balance an additional rate of 0.110% per annum which shall be treated as interest and collected at the same time as the payments, subject to the provisions of the insurance policy in effect at the Financial Institution. If the repayment terms are for principal and interest, the amount of the payments, including the cost of any life insurance and disability insurance the Borrower has opted for, shall be C\$19,150.89.

1.7 Prepayment

The loan may be prepaid, in whole or in part subject to the payment of an indemnity calculated as set forth in the "GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN.

A prepayment shall not release the Borrower from its obligation to continue making the payments provided for herein.

1.8 Facility disbursement prerequisites

- The conditions of the governmental program guarantee or insurance or other shall be strictly observed.
- Financing subject to EDC Loan Guarantee Program coverage of 75% or \$1,012,500 on the term loan of \$1,350,000 only.
- The Borrower shall provide the Financial Institution with a copy of a professional appraisal report with respect to 377 Lake View Rd from a well-known and recognized firm retained by the Financial Institution, i.e. Colliers International. The report shall be satisfactory to the Financial Institution.
- Title insurance for the property located at 377 Lake View Rd will be required.

1.9 Special Facility conditions

- The Borrower undertakes to maintain the following insurance for which it shall be the beneficiary:
 - a loan insurance policy for an amount that shall be reduced progressively according to the balance of the loan, such policy being established on the life of Richard Picard & Christopher Grant for a minimum amount of \$675,000.00;

- The amount of Facility determined above shall also be limited to:
 - 5.5 million under two distinct loans of 1.35 million and 4.15 million of which will be secured by real estate (377 Lake View Rd & 201 River Side Rd) and not to exceed 65% of fair market value.

The two distinct loans of 1.35 million and 4.15 million be used for the following purposes:

- Repayment of loan advances 00339-0480229-01;
 - Repayment of loan advance to 1929927 Ontario Inc., loan 00339-0480230-01;
 - Repayment of the private loan from Stercus Accidit Mortgage Corporation;
 - Payment of invoices related to the construction of the new hangar;
 - The balance of advances will be injected into the working capital and to repay equipment.
- The last disbursement shall be made no later than August 31, 2020.
 - No amendment to the project shall take place without the Financial Institution's written consent.

2. LOAN

Project

Use of funds	Amount
REFINANCING (PART # 2)	\$2,545,563.00
829-00339-0480229-01	\$1,604,437.45
Total	\$4,150,000.45

Source of funds	Amount
Loan	\$4,150,000.00
Total	\$4,150,000.00

2.1 Amount and purpose

Subject to the terms and conditions set forth below and in the "GENERAL CONDITIONS" attached hereto, the Financial Institution agrees to make a loan to the Borrower in the amount of four million one hundred fifty thousand Canadian dollars (C\$4,150,000.00) Such loan shall be used solely for the purposes agreed to by the parties.

2.2 Term

3 years

2.3 Amortization

20 years

2.4 Interest

2.4.1 Fixed rate

The loan shall bear interest, before as well as after maturity, default or judgment at a rate of 5.000% per annum calculated monthly, not in advance.

2.4.2 Interest adjustment date

All interest accrued on the thirtieth day prior to the first payment date shall be paid on such date. If the frequency of payments is weekly, interest accrued shall be paid on the seventh day prior to the first payment date.

Any interest unpaid at maturity shall itself bear interest at the rate applicable to the loan. It may be capitalized but remains payable on demand.

2.5 Disbursement

The loan shall be disbursed in a single disbursement to be made no later than August 31, 2020, failing which the Financial Institution may refuse to make any other disbursement.

2.6 Repayment

The Borrower undertakes to repay the loan as follows:

- Periodic equal payments: by means of 36 monthly equal and consecutive payments of C\$27,388.17 of principal and interest, with the first payment to be made on 30th day following the disbursement and the others successively:
 - until the expiry of the 3 years term beginning on the date of disbursement inclusive, at which date any balance of principal, interest, costs and accessories due shall become payable.

These repayment terms are determined on the basis of an amortization period of 20 years.

The aforementioned interest rate and payment amounts do not take into account the cost of life insurance and disability insurance, as the case may be. If the Borrower or his or her representative(s), CHRISTOPHER GRANT, RICHARD PICARD, or one or some of them, opted for life insurance, the cost of insurance shall be calculated by applying to the loan balance an additional rate of 0.110% per annum which shall be treated as interest and collected at the same time as the payments, subject to the provisions of the insurance policy in effect at the Financial Institution. If the repayment terms are for principal and interest, the amount of the payments, including the cost of any life insurance and disability insurance the Borrower has opted for, shall be C\$27,641.90.

2.7 Prepayment

The loan may be prepaid, in whole or in part subject to the payment of an indemnity calculated as set forth in the "GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN.

A prepayment shall not release the Borrower from its obligation to continue making the payments provided for herein.

2.8 Facility disbursement prerequisites

- The Borrower shall provide the Financial Institution with a copy of a professional appraisal report with respect to 377 Lake View Rd from a well-known and recognized firm retained by the Financial Institution, i.e. Colliers International. The report shall be satisfactory to the Financial Institution.
- Title insurance for the property located at 377 Lake View Rd will be required.

2.9 Special Facility conditions

- The Borrower undertakes to maintain the following insurance for which it shall be the beneficiary:
 - a loan insurance policy for an amount that shall be reduced progressively according to the balance of the loan, such policy being established on the life of Richard Picard & Christopher Grant for a minimum amount of \$2,075,000.00;
- The amount of Facility determined above shall also be limited to:
 - 5.5 million under two distinct loans of 1.35 million and 4.15 million of which will be secured by real estate (377 Lake View Rd & 201 River Side Rd) and not to exceed 65% of fair market value.

The two distinct loans of 1.35 million and 4.15 million be used for the following purposes:

- Repayment of loan advances 00339-0480229-01;
 - Repayment of loan advance to 1929927 Ontario Inc., loan 00339-0480230-01;
 - Repayment of the private loan from Stercus Accidit Mortgage Corporation;
 - Payment of invoices related to the construction of the new hangar;
 - The balance of advances will be injected into the working capital and to repay equipment
- The last disbursement shall be made no later than August 31, 2020.
 - No amendment to the project shall take place without the Financial Institution's written consent.
 - CONDITIONS APPLICABLE TO BOTH FINANCINGS:
 - Borrower to provide 3 years Accountant Prepared Forecasts;
 - 3 years Forecasts to be peer reviewed;
 - Appraisal Report to provide a Forced Liquidation Value;
 - Permitted encumbrances on title in lessor rank to the Lender for (377 Lake View Rd & 201 River Side Rd) is limited to NOHFC & Aviation Maintenance Inc;
 - NOHFC & Aviation Maintenance Inc. to postpone their interest in favor of the Lender's registrations of 6.5 million on 377 Lake View Rd and 0.35 million on 201 River Side Rd;
 - Hangar to be substantially performed;
 - Construction Lien (if applicable), Stercus Accidit Mortgage to be discharged with proceeds of financing;
 - Lender will entertain releasing the 1987 Malibu Plane (if sold) provided the Borrower is not in default and proceeds of such are utilized for cashflow;
 - It is agreed should NOHFC monies be received (conditional grant portion) be injected into cashflow.

CONDITIONS APPLICABLE TO BOTH FINANCINGS:

Guarantees (personal & corporate) applicable to Springer Aerospace Holdings Limited shall be executed in mirror fashion for Opco 1138969 Ontario Inc.;

- It is understood that the Borrower is entertaining amalgamating (Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. & 5010945 Ontario Limited to form Springer Aerospace Holdings Limited and that 2 new Holdco's to be formed (Picard Co & Grant Co) will be the ultimate shareholders of AMALCO being Springer Aerospace Holdings Limited. Newly formed Holdco's will provide a corporate guarantee for 100% of the approved financings;
- Permitted dividends shall consist solely of flow of funds to repay lender financings, NOHFC financings, Pref Shares (385k) and Promissory Notes interest payable at their respective amortization schedules;
- The James Daniel Springer Guarantee of 500k to remain in force for minimum of 1 year and to be revisited at subsequent annual review.

CONDITIONS APPLICABLE TO BOTH FINANCINGS:

Asset dispositions can be applied to the loans without penalty. The Lender may revisit to modify the loan payments based on residual loan balance and residual amortization.

3. GENERIC CONDITIONS

3.1 Conditions applicable to Facility

- The Borrower shall provide the Financial Institution with a joint and several undertakings from the shareholders, the partners or the guarantors to:
 - cover any default of financial ratios;
 - The natural or legal persons who have to be bound on a joint and several basis towards the Financial Institution are: Christopher Grant, Richard Picard, 1138969 Ontario Inc. 1929927 Ontario Inc. & 5010945 Ontario Limited.
- The Borrower shall at all times maintain an insurance policy for damages (fire, theft, vandalism) and other risks, including the following coverage, with proceeds payable to the Financial Institution:
 - Business interruption or loss of income as a result of a claim;
 - Equipment breakdown;
 - Misappropriation, disappearance and destruction insurance;
- The Borrower shall at all times maintain a civil liability insurance policy for a minimum of \$5,000,000.00.
- Cross Default Clause (Springer Aerospace Holdings Limited & 1138969 Ontario Inc.)

An event of default in any of the obligations of the Borrower and/or the Guarantors will constitute a default in the credit arrangement of these facilities.

- All companies to modify their year end to August 31st.

4. FINANCIAL INSTITUTION'S PRIOR CONSENT

The Borrower shall not do, make or execute any of the following transactions or operations without obtaining the Financial Institution's prior written consent:

- Modify the nature of its business;
- Acquire another business or engage in a merger;
- Extend any financial assistance or grant a charge, a security, a mortgage or guarantee for or on behalf of a third party;
- There shall be no repayment of the subordinated promissory notes owed to Aviation Maintenance Inc. in advanced of the scheduled principal repayments schedules.
- If the Borrower is a partnership or corporation, take part into any operation that results in a change in the person(s) controlling the Borrower, directly or indirectly. Control is currently in the hands of 5010945 Ontario Limited & 1929927 Ontario Inc.;

The obligation to obtain the Financial Institution's prior written consent for the aforementioned transactions and operations shall, from now on, apply to any other Facility the Financial Institution made available to the Borrower and this obligation shall continue to apply to any other Facility, even if the present Facility is repaid.

5. FINANCIAL RATIOS

The Borrower shall at all times maintain the following financial ratio(s):

- Working capital ratio equal to or greater than 1.25:1;

The working capital ratio is equal to: total current assets divided by total current liabilities.

Excluded from current assets for the calculation of working capital are advances and loans to shareholders, directors, officers and employees, and loans, advances to and investments in related entities. Unless a default situation arises that is likely to make a loan balance due, excluded from current liabilities are amounts of long-term debt that are classified in current liabilities because the terms of the debts mature the following fiscal year.

- Ratio of total debt to tangible net worth equal to or less than 3.00:1;

For calculation purposes, total debt includes total liabilities, including non-deferred or non-subordinated preferred shares redeemable at the holder's option at their redemption value but excluding long-term future income tax credits, deferred or subordinated debts and deferred or subordinated preferred shares redeemable at the holder's option.

Tangible net worth is the total of share capital, retained earnings, contributed surplus, deferred or subordinated debts, redeemable preferred shares¹ and long-term future income tax credits, less intangible assets², non-deferred and non-subordinated preferred shares redeemable at the holder's option at their redemption value, loans and advances to shareholders, directors, officers and employees, and loans and advances to and investments in related entities (other than accounts receivable generated in the normal course of business).

¹ At the option of the holder (deferred or subordinated) or of the company.

² Assets including but not limited to goodwill, expenses related to research and development, financing, start-up or marketing, trademarks, patents, software, source code and any other deferred expense.

- A fixed-charge coverage ratio equal to or greater than 1.10:1;

For calculation purposes, the numerator is equal to the total of earnings before interest on short- and long-term debt, current and future income taxes, depreciation and amortization and before any non-recurring expenditures and the share of losses of subsidiaries or other business holdings, less income taxes payable, the share of earnings of subsidiaries or other holdings, any capital distribution¹, any non-recurring revenue and unfinanced capital expenditures.

The denominator is equal to the sum, for the same period, of total interest paid on short- and long-term debt and principal payments on long-term debt and capital leases.

¹ Capital distributions are calculated by adding up dividends paid, share redemptions and other forms of withdrawal, amounts paid in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities, less amounts received in the form of loans or advances to shareholders, directors, officers and employees or in the form of loans and advances to or investments in other related entities.

- All financial ratios to be calculated based on the accountant prepared consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc. & 5010945 Ontario Limited.

The obligation to maintain the aforementioned financial ratio(s) at all times shall apply from now on to any other Facility the Financial Institution has made available to the Borrower and this obligation shall continue to apply to such other Facility, even if the present Facility is repaid.

6. DOCUMENTS TO BE PROVIDED

6.1 In order for the Financial Institution to periodically review or renew the Facility(ies) scheduled for December 31, 2020, the Borrower shall provide it with the following documents prior to November 30, 2020:

- Its annual financial statements in the form of a review engagement as at August 31, 2020;
- Its interim financial statements as at November 30, 2020;
- Recent annual financial statements in the form of a review engagement for the following entities: 1138969 Ontario Inc., & 1929927 Ontario Inc. (Notice to Reader) & 5010945 Ontario Limited (Notice to Reader);
- The consolidated financial statements of Springer Aerospace Holdings Limited, 1138969 Ontario Inc., 1929927 Ontario Inc & 5010945 Ontario Limited as at August 31, 2020;
- A detailed list broken down by 30-day periods of its accounts receivable as at the end of the fiscal year;
- A detailed statement, in accordance with the Financial Institution's requirements, as at the end of the fiscal year, of the acquisition cost of its inventory (or market value if lower than the acquisition cost);
- A detailed list broken down by 30-day periods of its accounts payable and accrued liabilities, and amounts due under tax laws as at the end of the fiscal year;
- The signed recent personal balance sheet(s) of Christopher Grant, ~~Daniel Springer~~ & Richard Picard (2020) every year;
- The income tax returns for the last year of Christopher Grant & Richard Picard;
- An organization chart detailing the relationship between the Borrower and the related party organizations and any other related parties;
- The consolidated financial statements should contain the following:
 - basis of consolidation
 - cashflow statement
 - financial notes pertaining to significant accounting policies, related party transactions, inventory & WIP, Property, Plant & Equipment, Long term debt and Share Capital.

7. SECURITY APPLICABLE TO

7.1 Loan of \$1,350,000.00

The performance of the Borrower's obligations set forth herein or arising here from, as well as any increase in the amount of the credits, and the extension of any other loan or form of credit that the parties may agree to further, shall at all times be secured by the following security interests or charges:

- a guarantee under the Export Development Canada program run by Government of Canada with a percentage of 75,00%;

7.2 All Facilities

The performance of the Borrower's obligations set forth herein or arising here from as well as the repayment and/or performance of any of the Borrower's past, present and future debts and obligations towards the Financial Institution shall at all times be secured by the following security interests or charges:

- an assignment and postponement of loan on the following debt(s) or security(ies): Acknowledgment of debt by SPRINGER AEROSPACE HOLDINGS LIMITED in favour of Aviation Maintenance Inc. for the amount of \$1,070,000.00.;
- an assignment and postponement of loan on the following debt(s) or security(ies): Acknowledgment of debt by 5010945 ONTARIO LIMITED in favour of Aviation Maintenance Inc. for the amount of \$1,425,000.00.;
- a guarantee from 5010945 ONTARIO LIMITED and 1929927 Ontario Inc. in the amount of \$6,500,000.00
 - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from 1138969 Ontario Inc. in the amount of \$6,500,000.00
 - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;
- a guarantee from RICHARD PICARD and CHRISTOPHER GRANT in the amount of \$6,500,000.00
 - With respect to all of the Borrower's present and future debts and obligations toward the Financial Institution;

The performance of the Borrower's obligations set forth herein or arising here from, as well as any increase in the amount of the credits, and the extension of any other loan or form of credit that the parties may agree to further, shall at all times be secured by the following security interests or charges:

- The existing general personal property security against all of the present and future personal property of the Borrower filed in the Ontario Personal Property Registry under Registration Number 745544772;
- a guarantee from JAMES DANIEL SPRINGER in the amount of \$500,000.00
 - with respect to all Facilities made available to the Borrower hereunder;

- The existing collateral charge/mortgage of land in the amount of \$350,000.00 registered under No. AL207556 at the ALGOMA Registry/Titles Office against the property located at 201 RIVER SIDE RD, ECHO BAY, ON P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Financial Institution;
- A 1st priority ranking collateral charge/mortgage of land registered against a property located at 377 LAKE VIEW RD, ECHO BAY, ON P0S 1C0 and owned by SPRINGER AEROSPACE HOLDINGS LIMITED in the amount of \$6,500,000.00 together with an assignment of rents and of insurance proceeds in respect thereto which such assignment shall be subject to a security interest in favour of the Financial Institution and duly registered pursuant to the **Personal Property Security Act** of Ontario.
- A specific security interest attaching the following present, future and after-acquired property:
 - A 1st ranking security interest on the following property: 1987 MALIBU AIRCRAFT;
 - of the same rank on the rights and indemnities under the insurance policy or policies covering the property listed above as well as any other compensation to which the Borrower may be entitled if said property is damaged, lost, destroyed or otherwise affected, or if debts or accounts cannot be collected in whole or in part, including indemnities for loss of income or equipment breakdown, as the case may be;
 - of the same rank on debts, accounts, instruments or monies arising from the lease, sale or other disposal of the collateral.

8. TAKING OF SECURITY

The selection of the lawyer mandated for the taking of the charges and security and their registration shall first be approved by the Financial Institution. Such lawyer is required to hold and maintain in force professional liability insurance in an amount at least equal to the security or charge, until the termination of such security or charge.

Sheena Alexander of MLA Law, Lawyer, shall be responsible for taking and registering the charges and security.

Her contact information is as follows: 33 MACKENZIE ST, SUDBURY, ON P3C 4Y1.

Telephone: 705-806-6525

Fax: 705-806-1136

Email: salexander@mlalaw.ca

Such lawyer's professional fees and disbursements shall be paid by the Borrower.

9. FEES AND COSTS

Upon the signature hereof, the Borrower shall pay to the Financial Institution an amount of \$50,000.00 for the cost of analyzing the Facility application and opening the file, which amount is not refundable even if the Facility hereunder is not disbursed. Such costs are over and above the other costs' payable by the Borrower (professional fees, if any, registration fees of charges and personal property security, etc.).

The Borrower shall pay to the Financial Institution the costs relating to the analysis of the Facility application and file opening including, if applicable, costs to prepare and register charges and personal property securities and fees for monthly management, monthly or annual follow-up and periodic review. The Borrower shall also pay the availability fees for an unused credit and the maintenance fees for a revolving credit.

With respect to any credit except a variable credit, in the event sufficient funds are unavailable in the account from which the payments are to be withdrawn, when such payment is due, the Financial Institution may, subject to its rights and remedies, request that the Borrower pay the applicable fees in order to compensate the Financial Institution for reasonable expenses it incurred in attempting to withdraw said payment. The Borrower may at any time enquire at the Financial Institution to ascertain the applicable fees.

The Borrower will also pay the fees relating to increased control, late document submission, notification, extension, renewal, for a Specific Advance under the revolving credit, third-party assumption in case of disposal of charged or secured property, release and discharge, as the case may be, when the Facility(ies) stipulated hereunder have been completely repaid.

The Borrower acknowledges having been informed of such fees and costs and that they may be modified from time to time by the Financial Institution.

The Borrower shall also pay other fees and costs that could become applicable to such Facility, pursuant to the fee policy then in effect at the Financial Institution.

The Borrower authorizes the Financial Institution to debit its account(s) for the amount of the fees and costs set forth herein.

10. GENERAL CONDITIONS

The "GENERAL CONDITIONS" attached hereto form an integral part of this Offer of Financing as if they were incorporated directly herein.

11. DEEMED AGREEMENT(S)

When accepted and signed by the Borrower, this Offer of Financing will be deemed to constitute one or more of the following agreement(s): a variable credit agreement, a revolving credit agreement, a loan agreement, a split loan agreement, a credit agreement and/or a wholesale inventory Facility agreement, as the case may be. The date of the signature of such agreement(s) shall be deemed to be the date of its signature by the Borrower and such agreement(s) shall replace any prior verbal and/or written agreement between the parties concerning the Facility(ies) provided for herein.

The Financial Institution shall subsequently see to the preparation of the documentation relating to any charge or security provided for in this Offer of Financing and such documentation shall be completed and registered to the satisfaction of the Financial Institution and its legal counsel, if applicable, prior to any disbursement.

12. ACCEPTANCE

By accepting this Offer of Financing, the Borrower confirms that all the financial and other documents and information provided to the Financial Institution to obtain this Facility are accurate and complete. If they are inaccurate or incomplete, this Offer may be cancelled at the Financial Institution's discretion.


This Offer of Financing is valid until 5:00 p.m. on June 7, 2020. After that time, the Financial Institution may amend or withdraw it.

Per: 
BENOIT FOURNIER
Account Manager

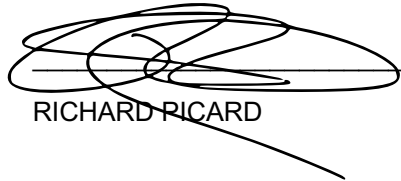
BORROWER'S ACCEPTANCE

I (We) the undersigned RICHARD PICARD and CHRISTOPHER GRANT, the Borrower, the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) accept all the terms and conditions set out in this Financing Offer.

Signed on May 12th, 2020

By: 

CHRISTOPHER GRANT

By: 

RICHARD PICARD



GENERAL CONDITIONS APPLICABLE TO ALL FACILITIES

The Borrower acknowledges having read the representations, warranties, conditions, obligations and other provisions set out below and agrees that they form an integral part of the Offer of Financing to which they are attached as a schedule, as if they were fully set out in the Offer. Consequently, by accepting such Offer of Financing, the Borrower is deemed to have made the following representations and warranties and undertakes to abide by all of the following conditions, obligations and other provisions.

1. BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants that:

- a) It holds all the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) There has been no material adverse change in its financial situation since the date of its last annual or interim financial statements as submitted to the Financial Institution (or since the date the last personal balance sheet(s) was submitted to the Financial Institution if the Borrower is one or more individual). Such financial statements (and/or personal balance sheet(s)) accurately represent its (their) financial situation as at the date they were prepared. The Borrower has not incurred and does not anticipate incurring any material liability of which the Financial Institution has not already been informed;
- c) It is not involved in any legal proceeding or litigation that could materially affect its financial situation and/or business operations;
- d) It is not in default under any legislation or regulation applicable to the operation of its business and to its property or with respect to applicable environmental requirements and standards;
- e) All its tax debts, including source deductions, HST and income taxes, as well as all taxes or contributions, the payment of which is secured or can be secured by a government priority or a lien or deemed trust, have been paid without subrogation;
- f) It possesses good title to the property secured by the charges and security interests required by the Financial Institution, and said property is free and clear of any government priority, hypothec, lien charge, security interest or other encumbrance, except those that will be paid in full and discharged following disbursement of the Facility extended pursuant to this Offer of Financing or if the Financial Institution has expressly permitted such prior ranking encumbrance.
- g) If the Borrower is required to submit documents to the Financial Institution, the Borrower agrees that the submitted documents shall be deemed originals and shall constitute admissible written evidence in a legal proceeding, regardless of the format of these documents or the method used (such as email and fax) to submit them. Moreover, when the Borrower or its representatives or employees submits or transmits documents to the Financial Institution, the Financial Institution shall assume that all details and information contained in these documents have been verified and validated by the Borrower and are complete and accurate. The Borrower shall assume full responsibility, including vicarious liability, for any incomplete, erroneous, missing or inaccurate information submitted in the documents, if applicable. The Borrower also acknowledges that the Financial Institution may demand the immediate repayment of the amounts loaned.

2. CONDITIONS PRECEDENT TO DISBURSEMENT

The following conditions must be fulfilled to the satisfaction of the Financial Institution prior to the disbursement of any Facility contemplated in this Offer of Financing:

- a) The Borrower shall provide the Financial Institution with:
 - i. A certified true copy of its constituting documents and any subsequent amendments, as well as any by-law, resolution or other document authorizing the loans and charges and security interests contemplated herein and designating the individuals authorized to execute the documents required to give effect to the Offer of Financing;
 - ii. Evidence of insurance in accordance with the requirements set out in the relevant standard charge terms or security agreements and insuring the property secured pursuant to such charges or security interests;
 - iii. Any other duly executed document, as the case may be, that may be useful or deemed necessary by the Financial Institution or its solicitor, in order to give full effect hereto;
- b) The required third-party guarantees have been provided and the charges and security interests have been registered and have the required rank;
- c) The Borrower has paid to the Financial Institution the expenses relating to the analysis and review of the file, the appraisal costs incurred by the Financial Institution and the expenses for the preparation and registration of the required charges and security interests (including legal fees, if applicable);
- d) If amounts loaned must be covered by a government guarantee or by mortgage insurance, the program or mortgage insurance conditions shall be fully complied with.

If a material change occurs in the Borrower's situation after this Offer of Financing is accepted and the Financial Institution deems that such change increases its risk, the Financial Institution may, in its sole discretion, cancel the Facilities made available hereunder, refuse to disburse any Facility not yet disbursed, and demand repayment of all amounts already disbursed.



3. GENERAL OBLIGATIONS OF THE BORROWER

Until such time as all the amounts owed to the Financial Institution under this Offer of Financing have been duly repaid, the Borrower shall:

- a) At all times hold the permits, licenses, trademarks, authorizations and patents required to operate its business;
- b) Use any Facility granted by the Financial Institution pursuant to this Offer of Financing for the purposes set out therein or otherwise agreed to by the Financial Institution;
- c) Maintain, for all property charged or secured as collateral, the insurance required by the standard charge terms and security agreements;
- d) Provide the Financial Institution with any information or document it may reasonably request;
- e) Allow the Financial Institution's representatives to visit and have access to its places of business, examine its accounting books and records, and make copies or take extracts if deemed necessary;
- f) Advise the Financial Institution in writing of the occurrence of any fact or event which may constitute an event of default under this agreement and/or any standard charge terms or security agreement;
- g) Abide by all other obligations and undertakings stipulated in the standard charge terms, security agreements and other similar document.

4. DEFAULT

The Borrower shall be in default in each of the following cases:

- a) If the Borrower fails to fulfill any obligation set out in this Offer of Financing, the standard charge terms, security agreements, any other related document and any other credit or security agreement entered into with the Financial Institution;
- b) If the Borrower draws a cheque that brings the variable credit balance, if applicable, to an amount greater than the amount authorized hereunder;
- c) If a statement, representation or warranty made in connection with this Offer of Financing proves to be false or misleading;
- d) If the Borrower or any person acting as guarantor or having granted a charge or security interest for any Facility provided for herein goes bankrupt or becomes insolvent or files a proposal that is rejected or annulled, or if the property charged as security is the subject of a seizure by a creditor, trustee, liquidator or other party, is the subject of a notice of exercise of mortgage or other remedy, a notice of withdrawal of authorization to collect debts or rent or a seizure or other remedy by another creditor, if the Borrower is subject to garnishment or similar proceeding and the Financial Institution is the subject of such proceeding, or if the Borrower ceases to operate its business;
- e) If the Borrower fails to fulfill any obligation to its other creditors.

If the Borrower is in default, the Financial Institution may, subject to all of its other rights and remedies, demand full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under this Offer of Financing and any other credit agreement entered into with the Financial Institution. Failure by the Financial Institution to rely upon its rights in case of default should not be construed as a waiver of such rights.

The Financial Institution may also, in its sole discretion, grant extensions, waive guarantees, make compromises or arrangements and, in general, come to terms with the Borrower without affecting its rights and remedies against guarantors, as the case may be.

5. OTHER CONDITIONS

a) Debit authorization

Any amount due by the Borrower may be debited from any of its accounts held at the Financial Institution, or from its variable or revolving credit, as the case may be.

b) Payment application

All amounts collected from the Borrower or any other person or from the proceeds of the realization of collateral or any other source may be applied by the Financial Institution to the payment or reduction of any debt owing by the Borrower to the Financial Institution as it determines in its sole discretion. Such amounts shall first be applied to accrued interest and to the cost of life insurance and disability insurance purchased in relation to any Facility provided herein, as the case may be, and then to the repayment of the principal.

c) Periodic review

Any Facility granted under this Offer of Financing may be periodically reviewed by the Financial Institution and there shall be an annual review of such Facility at a time to be determined by the Financial Institution.



d) No assignment

The rights arising from this Offer of Financing may be assigned or transferred by the Borrower to a third party solely upon prior written consent of the Financial Institution and subject to the conditions set by the Financial Institution.

e) No merger

Any subsequent registration of a charge (mortgage) or Facility statement or any first advances of monies under any facility described herein shall not extinguish or otherwise cause or create a merger with the covenants and provisions herein or any document relating hereto or contained in any other credit or security document required under this Offer to Finance.

f) Accounting terms

Unless otherwise stipulated, the accounting terms used in this Offer of Financing, as the case may be, shall have the meaning given to them by generally accepted accounting principles in Canada as published by the Canadian Institute of Chartered Accountants.

g) Joint and several liabilities

Any debt owed to the Financial Institution arising from this Offer of Financing may be claimed from the Borrower's personal representatives, heirs, or successors and assigns and any surety, if applicable.

If the term "Borrower" refers to more than one individual, each one shall be jointly and severally liable for the performance of the obligations set out in this Offer of Financing, any related document and any agreement to amend or renew any Facility made available hereunder.

If any Facility is subject to a guarantee from a third party, the obligations of the guarantor or guarantors shall be joint and several.

h) Applicable legislation

This Offer of Financing and all documents relating thereto shall be governed by and interpreted in accordance with the laws in force in the Province of Ontario and any dispute regarding their interpretation or enforcement may only be submitted to the courts of the Province of Ontario.

i) Payments on non-business days

If the payment due date for a variable credit or revolving credit falls on a day that is not a "Business day", the Financial Institution may debit the Borrower's account(s) on the next "Business day", and interest shall accrue in the meantime.

j) Interest

Interest payable shall be debited automatically from the Borrower's PCA account(s).

For a variable credit, revolving credit and mortgage envelope, the Financial Institution may at any time, upon 30 days' prior written notice, amend any premium percentage to its "Financial Institution's Prime Rate" and "Financial Institution's US Prime Rate" provided for herein.

Interest in arrears

Any interest unpaid on the due date shall itself bear interest at the rate applicable to the principal that generated it. Such interest may be capitalized but remains payable on demand.

k) Assumption

In the event of an assumption of the Facility due to a sale or other disposal of the secured property, the acquiring party shall be approved by the Financial Institution.

6. OTHER DOCUMENTS

The Borrower and any guarantor shall execute any other document that the Financial Institution may require to give full effect to the obligations, representations, warranties and undertakings stipulated in this Offer of Financing.

7. SUCCESSORS AND ASSIGNS

This Offer of Financing is binding upon the Borrower, its successors, beneficiaries, executors, personal representatives and assigns, as well as the Financial Institution, its successors and assigns.

8. DEFINITIONS

For purposes of construing this Offer of Financing, the following terms and/or expressions shall have the meaning ascribed to them below:

- a) Postponed debt:** Any debt of the Borrower, its subsidiaries or corporations or company affiliated to any of their shareholders or subsidiaries or to any affiliated corporation or company within the meaning of the *Canada Business Corporations Act*, for



which debt the creditor has waived, for a given period, its right to collect such debt or to ask the Borrower to buy, redeem, repay or exchange said security with it.

- b) **Business day:** Any day, excluding Saturday, Sunday and any other statutory holiday or day on which banks are closed in Canada.



GENERAL CONDITIONS SPECIFIC TO A LOAN AND SPLIT LOAN

1. OTHER CONDITIONS

1.1. Disbursement

Disbursement shall be conditional upon the charges and security interests requested by the Financial Institution being registered and perfected to its satisfaction, the secured collateral being insured in accordance with the standard charge terms and security agreements, the supporting documentation (invoices, deed, etc.) required by the Financial Institution having been provided and the conditions precedent stipulated herein having been duly met.

1.2. Interest (clause only applicable to a variable rate loan or split loan)

If the term and amortization of a loan and/or a tranche of a split loan exceed five years, the Financial Institution may, after the fifth anniversary of this Offer's acceptance date, upon 30 days' prior written notice, amend the premium percentage indicated in the "LOAN" section and/or the "SPLIT LOAN" section, as applicable, to the "Financial Institution's Prime Rate" or the "Financial Institution's US Prime Rate". If such premium percentage increases, the Borrower may, within 30 days of receipt of such notice, prepay the loan or tranche of the relevant split loan without paying the Financial Institution an indemnity.

1.3. Payment allocation

Any payment received by the Financial Institution shall first be allocated to accrued interest and, if applicable, to the cost of life and/or disability insurance at the additional rate mentioned herein and then to the repayment of principal. The payments shall be allocated to the principal, commencing with the longest outstanding, only when all interest and insurance premiums have been paid in full. In the case of a split loan, if a payment is insufficient to cover the sums due on the different tranches, the Financial Institution shall allocate the payment in its discretion. The same shall apply to any other amount received, inter alia from the realization of secured collateral.

2. PREPAYMENT OF A LOAN OR A TRANCHE OF A SPLIT LOAN

Any loan or tranche of a split loan may be prepaid subject to the payment of the indemnity calculated as set forth below, unless this Offer of Financing states that such loan or tranche of a split loan may be prepaid without paying an indemnity. In the case of a tranche of a split loan, the word "loan" in the following clauses is replaced by the word "tranche", and the clauses shall be read with necessary modifications.

2.1. For a fixed-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to the greater of:

- An amount equal to three months' interest on the amount prepaid, at the interest rate then applicable to the loan;
- An amount equal to the interest calculated on the amount prepaid until the maturity date of the loan at an interest rate corresponding to the difference between: i) the interest rate then applicable to the loan and ii) the rate of return of Government of Canada bonds (or U.S. government bonds, for a term loan in American dollars) with a fixed term of one year if, at the time of the prepayment, less than 24 months remain until the maturity date of the loan, 2 years if 24 to 36 months remain, 3 years if 36 to 48 months remain, 4 years if 48 to 60 months remain, and 5 years if 60 months or more remain. The rates of return of the said bonds are as shown, on the date of prepayment, by the Bloomberg information system or, failing that, by another system or entity chosen by the Financial Institution. They are quoted on the Financial Institution's website, if available.

However, if the prepayment is made less than three months prior to maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date until the maturity date of the loan.

2.2. For a variable-rate loan

The Borrower may at any time prepay the loan, in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount prepaid at the interest rate then applicable to the loan. However, if the payment is made less than three months prior to the maturity of the loan, the indemnity shall not exceed the interest at the rate then applicable to the loan calculated on the prepaid amount from the prepayment date to the maturity date of the loan.



2.3. For a loan with a periodically revisable rate

The Borrower may, at any time, prepay the loan in whole or in part, subject to the payment to the Financial Institution of an indemnity equal to three months' interests on the amount of the loan being prepaid, at the interest rate then applicable to the loan. However, if the prepayment is made less than three months before the term of the loan, this indemnity shall not exceed the interest at the rate then applicable to the loan, calculated on the amount of the loan being prepaid from the date of such prepayment until the term of the loan.

3. FOREIGN EXCHANGE RISK, CURRENCY CONVERSION AND EXCHANGE RATE FOR USD LOANS

- a) **Foreign exchange risk:** If a loan is made in American dollars, the Borrower acknowledges having requested that such loan be made in said currency. The Borrower therefore assumes all risks with respect to variations in the exchange rate.
- b) **Currency conversion:** Should a currency conversion into Canadian dollars be necessary, for instance if debt collection is necessary, the Borrower acknowledges that the Financial Institution may, in its sole discretion, make the conversion at the exchange rate in effect on the date collection takes place or on the date of the judgment or, in all other cases, on the date on which the conversion has to be made. Should the exchange rate change between the conversion date and the payment date, the Borrower shall, on the payment date, pay to the Financial Institution any additional amount that may be required so that the amount paid on that date in Canadian dollars shall be equal, after conversion at the exchange rate carried out on the payment date, to the amount then due in American dollars. Any amount payable by the Borrower pursuant to the foregoing is a separate debt and shall not be affected by a judgment obtained for any other amount due as a result of or under the terms hereof.
- c) **Exchange rate:** When used herein, the expression "exchange rate" shall mean the official Bank of Canada ("USD/CAD Noon Rate") exchange rate in effect on the conversion date, if applicable, plus any premium and conversion fee payable. If the Bank of Canada Noon Rate is unavailable on the conversion date, the Financial Institution may, in its sole discretion, carry out the conversion at the rate in effect on the day immediately preceding or following the conversion, where such rate is available.




BORROWER'S ACCEPTANCE

I (We) the undersigned RICHARD PICARD and CHRISTOPHER GRANT, the Borrower or the representative(s) of the Borrower (in the case of a body corporate, such representative(s) state(s) that it has (they have) the authority to bind the corporation) acknowledge(s) that I (we) have read the foregoing general conditions, which are an integral part of the Offer of Financing to which they are attached as a schedule, and accept them.

Signed on May 12th, 2020

By: _____

CHRISTOPHER GRANT

By: _____

RICHARD PICARD

THIS IS **EXHIBIT "I"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOËL TURGEON

LOAN AND CONDITIONAL CONTRIBUTION AGREEMENT

This Agreement is made as of the 5th day of June 2019

Between:

1138969 ONTARIO INC.

a corporation existing under the laws of Ontario, operating as "Springer Aerospace"

(the "Recipient")

- and -

NORTHERN ONTARIO HERITAGE FUND CORPORATION,

a corporation existing under the laws of Ontario

("NOHFC")

Whereas:

- (a) NOHFC has among its objects the promotion and stimulation of economic initiatives in Northern Ontario;
- (b) the Recipient has applied to NOHFC for financial assistance to assist the Recipient in carrying out the Project; and
- (c) NOHFC is willing to provide the Financial Assistance on the terms and conditions of this Agreement.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

1. FINANCIAL ASSISTANCE

1.1 Definitions. Capitalized terms used but not otherwise defined herein have the meanings set out in Schedule "A" hereto.

1.2 Financial Assistance. Subject to the terms and conditions of this Agreement, NOHFC agrees to provide the Recipient an aggregate amount of financial assistance not to exceed \$472,960 (the "**Financial Assistance**") by way of (a) a non-revolving term loan in an aggregate principal amount of up to \$283,776 (the "**Loan**") and (b) a conditional contribution of up to \$189,184 the "**Conditional Contribution**").

1.3 Advances. NOHFC shall make disbursements of Financial Assistance (each, an "**Advance**") to the Recipient to reimburse an amount equal to the Project Percentage of the Eligible Project Costs paid by the Recipient, provided that:

- (a) the Recipient has delivered a Request for Advance to NOHFC no later than 11:00 a.m. E.S.T. on the 10th Business Day before the requested date of the Advance;

- (b) the Recipient has satisfied all of the conditions precedent contained in this Agreement for each Advance;
- (c) NOHFC shall have no obligation to make any Advance after May 31, 2020 (the "**Commitment Termination Date**");
- (d) NOHFC shall have no obligation to make any Advance which, either individually or in aggregate with any prior Advances, exceeds the Maximum Available Funds Amount; and
- (e) at NOHFC's option, Advances or portions thereof may be directed to the Recipient's suppliers.

Notwithstanding anything to the contrary in this Agreement, NOHFC shall have no obligation to make any Advance on the date requested by the Recipient if it determines, in its sole discretion, that it requires additional time to: (i) process the requested Advance payment; or (ii) to determine whether the Recipient has satisfied all of the conditions precedent contained in this Agreement for such Advance. If NOHFC decides to delay payment of an Advance beyond the date requested by the Recipient, it shall notify the Recipient and may pay the requested Advance on any later date that NOHFC determines, in its reasonable discretion.

1.4 Allocation. Except with NOHFC's prior written consent, (i) 60% of each Advance (the "**Loan Percentage**") made by NOHFC hereunder is, and shall be treated for all purposes under the Documents and Applicable Laws as, a Loan advance and (ii) the remaining 40% of each Advance (the "**Contribution Percentage**") is, and shall be treated for all purposes under the Documents and Applicable Laws as, a Conditional Contribution disbursement.

1.5 Limits on Financial Assistance.

(a) **Reduction for Excess Public Financing.** If the Recipient receives funds for the Project from public sector sources in excess of the public sector funding amounts, if any, set forth in the Project Budget (such excess funds, the "**Excess Public Funding Amount**"), the Recipient shall promptly notify NOHFC thereof and NOHFC may, in its sole discretion and whether it has received notification from the Recipient or not, permanently reduce the Maximum Financial Assistance Amount by all or any part of the Excess Public Funding Amount, thereby reducing the amount of Financial Assistance available to the Recipient hereunder.

(b) **Reduction where Budgeted Costs exceed Actual Costs.** If the estimated Eligible Project Costs in the Project Budget exceed the amount of Actual Eligible Project Costs upon completion of the Project (such excess, the "**Excess Funds Amount**") NOHFC may, in its sole discretion, reduce the Maximum Financial Assistance Amount by all or any part of the product of (i) the Project Percentage multiplied by (ii) the Excess Funds Amount, thereby reducing the amount of Financial Assistance available to the Recipient hereunder.

1.6 Use of Proceeds. The Recipient shall use the proceeds of the Financial Assistance solely to reimburse Eligible Project Costs, and may, with NOHFC's written consent, use such proceeds to repay third-party indebtedness incurred to pay Eligible Project Costs.

2. LOAN PROVISIONS

2.1 Loan Advances. Loan advances shall be made only as an allocated portion of an Advance as contemplated by Section 1.4 above. The Loan is non-revolving in nature and no principal amount repaid on the Loan may be reborrowed.

2.2 Interest. Interest on the outstanding principal balance of the Loan and on any overdue interest outstanding from time to time, will be payable at the rate of 3.45% per annum (the "**Interest Rate**") calculated and compounded monthly, not in advance, until repayment in full. Interest shall be due and payable monthly on the first day of each month, with interest at the rate provided herein both before and after maturity, default, demand and judgment. For the purposes of disclosure under the *Interest Act* (Canada), the parties acknowledge that the Interest Rate, calculated and compounded monthly, not in advance, is equivalent to a rate of interest of 3.47489% per annum, calculated and compounded half yearly, not in advance.

2.3 Repayment. Prior to the Blended Payment Commencement Date, interest-only payments shall be due and payable in accordance with Section 2.2. Thereafter, blended payments of principal and interest in the amount of \$5,156.03 per month shall be due and payable on the first day of each month during the period from and including the Blended Payment Commencement Date to but excluding the Maturity Date. Any remaining unpaid principal balance of the Loan and any accrued and unpaid interest shall be due and payable in full on the Maturity Date. The monthly blended payments are based on a 60-month amortization of the principal amount of the Loan commencing on the Blended Payment Commencement Date. The "**Blended Payment Commencement Date**" is the first day of the month following the earlier of (i) the month in which the Commitment Termination Date occurs and (ii) the month in which the Loan is fully drawn down.

2.4 Voluntary Prepayments. The Recipient may prepay in whole at any time or in part from time to time, without penalty, the principal balance of the Loan, together with any accrued and unpaid interest, upon at least 5 Business Days' notice.

2.5 Mandatory Repayment of Excess Loan Amount. Notwithstanding anything to the contrary in this Agreement, if on any date the outstanding principal balance of the Loan exceeds an amount equal to "A" multiplied by "B", where

A – is the Maximum Available Funds Amount on such date; and

B – is the Loan Percentage

(such excess, the "**Excess Loan Amount**"), then NOHFC, at its option, may demand repayment of all or any part of the outstanding Excess Loan Amount together with any accrued and unpaid interest thereon, and the amount so demanded shall be immediately due and payable by the Recipient.

2.6 Application of Loan Payments. All Loan payments and prepayments will be applied firstly on account of interest and then on account of principal. Payments and prepayments of Loan principal will be credited against payments of Loan principal due hereunder in inverse order of maturity.

2.7 Place and Manner of Payment. Payments of principal and interest will be made by the Recipient to NOHFC by way of certified cheque or pre-authorized electronic payment before 2:00 p.m. on the applicable due date at the address noted herein or in such other manner and at such other place and time as otherwise specified in writing by NOHFC. Notwithstanding anything to the contrary in this Agreement, each payment to be made by the Recipient to NOHFC hereunder shall be made on a Business Day, and if the date upon which a payment is due hereunder is not a Business Day, the payment shall be due and payable on the next Business Day.

3. CONDITIONAL CONTRIBUTION PROVISIONS

3.1 Conditional Contribution Disbursements. Conditional Contribution disbursements shall be made only as a portion of an Advance, allocated as per Section 1.4 above.

3.2 Disposal of Assets. Except with NOHFC's prior written consent and subject to the following Section 3.3, until the later of the end of the Term and the third anniversary of the Project Completion Date, the Recipient shall not sell, lease or otherwise dispose of any asset purchased, constructed or improved, in whole or in part, with the proceeds of the Financial Assistance, provided that the Recipient may sell, lease or dispose of assets having an aggregate purchase cost not in excess of \$10,000 to the extent such sale, lease or disposal is not otherwise prohibited by this Agreement.

3.3 Buildings and Facilities. Except with NOHFC's prior written consent, until the later of the end of the Term and the fifth anniversary of the Project Completion Date, the Recipient shall own or lease any buildings or facilities purchased, constructed or improved with the Financial Assistance.

3.4 Repayment of Conditional Contribution upon Default. Without limiting the application of Article 8 hereof, at any time after an Event of Default has occurred and is continuing, NOHFC may, in its sole discretion, demand repayment of all or any part of the outstanding Conditional Contribution and the amount so demanded shall be immediately due and payable by the Recipient together with interest thereon payable at the Interest Rate, calculated and compounded monthly, not in advance, from the date of such demand until repayment in full.

3.5 Mandatory Repayment of Excess Contribution. Notwithstanding anything to the contrary in this Agreement, if on any date of determination the outstanding Conditional Contribution exceeds an amount equal to "A" multiplied by "B", where

A – is the Maximum Available Funds Amount on such date; and

B – is the Contribution Percentage

(such excess, the "**Excess Contribution**"), then NOHFC may, at its option, demand repayment of all or any part of the outstanding Excess Contribution and the amount so demanded shall be immediately due and payable by the Recipient together with interest thereon payable at the Interest Rate, calculated and compounded monthly, not in advance, from the date of such demand until repayment in full.

4. SECURITY PROVISIONS

4.1 **Security.** The Loan shall be evidenced by a promissory note (the “**Note**”) and the Loan and all other Obligations shall be secured by the following security agreements (collectively, the “**Security**”):

- (a) a general security agreement (the “**GSA**”), creating a valid charge over all present and after-acquired undertaking and property of the Recipient;
- (b) an unlimited guarantee and postponement of claim provided by Springer Aerospace Holdings Limited (the “**Guarantor**”); and
- (c) a collateral mortgage in the principal amount of \$472,960 (the “**Mortgage**”) creating a valid charge over the Property, provided by the Guarantor.

4.2 **Priority of Security.** The Encumbrances created by the Security shall rank in first priority behind only any Prior Encumbrances. For greater certainty, the inclusion of references to Permitted Encumbrances or Prior Encumbrances in this Agreement or any other Document is not intended to subordinate and shall not subordinate any Encumbrance created by the Security to any Permitted Encumbrance or Prior Encumbrance.

5. REPRESENTATIONS AND WARRANTIES

5.1 **Representations and Warranties.** As an inducement to NOHFC to provide the Financial Assistance, the Recipient makes the representations and warranties set out on Schedule “E” hereto. Such representations and warranties shall be deemed to be repeated on the date of (i) each Advance and (ii) each compliance certificate delivered pursuant to Section 7.2(a)(ii).

6. PRE-CONDITIONS FOR THE ADVANCE OF THE FINANCIAL ASSISTANCE

6.1 **Conditions Precedent to First Advance.** The obligation of NOHFC to make the first Advance is subject to the fulfilment of the following conditions precedent, each in form and substance satisfactory to NOHFC, on or before the date of such Advance:

- (a) each of the Recipient and the Guarantor will have executed and delivered all of the Documents applicable to it;
- (b) all registrations, filings, and notices necessary or desirable to fully secure the Obligations will have been made;
- (c) the Recipient will have delivered to NOHFC such documentation as NOHFC reasonably requires to conduct a due diligence review of the Recipient and the Project, including:
 - (i) copies of approved building plans, specifications, building contracts and a breakdown of building costs for any renovations or new buildings constructed or to be constructed on the Property;

and NOHFC shall have completed and been satisfied with its due diligence review;

- (d) the representations and warranties set forth in Schedule "E" hereto will be true and correct in all material respects on the date of such Advance;
- (e) the Recipient will have delivered the following to NOHFC:
 - (i) a Request for Advance in accordance with Section 1.3(a), along with copies of all invoices or other documentation satisfactory to NOHFC, in its sole discretion, evidencing costs incurred relating to the Eligible Project Costs claimed in such Request for Advance, together with copies of cancelled cheques or other proof of payment satisfactory to NOHFC, in its sole discretion, evidencing compliance with Section 1.6;
 - (ii) an opinion from the Recipient's and the Guarantor's legal counsel regarding the Recipient, the Guarantor and the Documents;
 - (iii) a certificate of insurance confirming that the Recipient is in compliance with Section 1.6 of Schedule "F";
 - (iv) any estoppel letters, acknowledgements, consents, waivers, subordinations, postponements, discharges, priority agreements, intercreditor agreements, use or non-disturbance agreements, or evidence of registrations or discharges that NOHFC or its counsel may reasonably require to establish the required priority of the Security;
 - (v) a mortgagee policy of title insurance in respect of the Property issued by a title company satisfactory to NOHFC insuring the validity and priority of the Mortgage, together with a copy of any existing survey of the Property;
 - (vi) evidence that all other financing obtained or to be obtained by the Recipient in respect of the Project as set forth in the Project Budget has been committed;
 - (vii) evidence of holdbacks from each and every Advance of 10% of lienable costs for the periods provided by the *Construction Act* (Ontario), failing which NOHFC shall be entitled to deduct and administer such holdbacks; and
 - (viii) such other documents or evidence as may be reasonably required by NOHFC or its counsel; and
- (f) no circumstance or event will have occurred which has or could reasonably be expected to have a Material Adverse Effect.

6.2 Conditions Precedent to Each Subsequent Advance. The obligation of NOHFC to make each subsequent Advance, if any, is subject to the fulfillment of the following conditions precedent, each in form and substance satisfactory to NOHFC, on or before the date of each applicable Advance:

- (a) the representations and warranties set forth in Schedule "E" hereto will be true and correct in all material respects on such date;

- (b) no circumstance or event will have occurred which has or could reasonably be expected to have a Material Adverse Effect;
- (c) the Recipient will have delivered the following to NOHFC:
 - (i) a Request for Advance completed and delivered by Recipient in accordance with Section 1.3(a), along with copies of all invoices or other documentation satisfactory to NOHFC, in its sole discretion, evidencing costs incurred relating to the Eligible Project Costs claimed in such Request for Advance, together with copies of cancelled cheques or other documentation satisfactory to NOHFC, in its sole discretion, evidencing compliance with Section 1.6;
 - (ii) any further estoppel letters, acknowledgements, consents, waivers, subordinations, postponements, discharges, priority agreements, intercreditor agreements, use or non-disturbance agreements, or evidence of registrations or discharges that NOHFC or its counsel may reasonably require to establish the required priority of the Security;
 - (iii) a favorable opinion from the Recipient's legal counsel regarding such counsel's sub-searches of the title to the Property as of such date;
 - (iv) evidence as to the state of completion of the Project including a breakdown of building costs incurred to date showing, on an item by item basis, the original budgeted amount, the cost of work completed and the amount and cost of work left to be completed;
 - (v) a certificate of the general contractor or project manager attesting to the amount and estimated cost of work left to be completed in respect of the Project and certifying that all sub-trade accounts are paid up to date; and
 - (vi) evidence of holdbacks from each and every Advance of 10% of lienable costs for the periods provided by the *Construction Act* (Ontario), failing which NOHFC shall be entitled to deduct and administer such holdbacks; and
 - (vii) such other documents or evidence as NOHFC or its counsel may reasonably require; and
- (d) if requested, NOHFC will have had the opportunity to physically inspect the Recipient's operations and the state of completion of the Project, and to update its due diligence review of the Recipient, and NOHFC will have been satisfied with such inspection and review.

7. COVENANTS, REPORTING AND INSPECTION

7.1 Covenants. The Recipient will perform all of the covenants set out in Schedule "F" hereto and any other covenants applicable to the Recipient in any of the Documents.

- 7.2 Reporting.** The Recipient will provide or cause to be provided to NOHFC:
- (a) within 120 days of the end of each Fiscal Year during the Term:
 - (i) financial statements for the Recipient (review engagement standard), including a balance sheet, a profit and loss statement, and statement of changes in financial position as at the end of such Fiscal Year, all prepared in accordance with GAAP, accompanied by
 - (ii) a compliance certificate of the President or Chief Financial Officer of the Recipient in substantially the form of Schedule "G" hereto;
 - (b) if the Project has not yet been completed, within 120 days of the end of each Fiscal Year, an interim Project Report reporting on the status of the Project as of the end of such Fiscal Year;
 - (c) within 30 days of completion of the Project, a completed and duly executed final Project Report;
 - (d) within 120 days after each Job Measurement Date, a Job Report; and
 - (e) such other information, accounts, data and projections as NOHFC may reasonably request from time to time.
- 7.3 NOHFC Representatives.** For the purpose of sections 7.4, 7.5, 7.7, 7.8 and 7.9 below, "NOHFC" includes any auditor, agent, or other representative that NOHFC may identify from time to time.
- 7.4 Rights of Inspection, Inquiry and Audit.** NOHFC may, during such reasonable times as requested by NOHFC, enter the Recipient's premises to conduct an audit, inquiry, or investigation of the Recipient's compliance with the Agreement, including assessing: (i) its books and financial records, including the records referred to in Section 7.6 below; (ii) its affairs, finances and accounts; (iii) the progress of the Project; (iv) information related to any Job Report; (v) the Recipient's allocation and expenditure of the proceeds of any Financial Assistance; or (vi) any representation or warranty made to NOHFC.
- 7.5 Recipient's Cooperation.** To facilitate the rights provided in section 7.4, the Recipient shall, on request by NOHFC: (i) provide NOHFC access to all of its records and documents, wherever located; (ii) permit and assist NOHFC to copy such records and documents; (iii) use best efforts to provide any information that NOHFC may identify, in any form requested; and (iv) carry out any activities that NOHFC reasonably requests.
- 7.6 Record maintenance.** The Recipient shall keep and maintain for a period of 7 years after the last day of the Term: (i) all financial records (including invoices and evidence of payment) relating to the Financial Assistance or otherwise to the Project in a manner consistent with GAAP, and (ii) all non-financial documents and records relating to the Financial Assistance or otherwise to the Project.
- 7.7 No Control of Records.** No provision of this Agreement shall be construed so as to give NOHFC any control whatsoever over the Recipient's records.

7.8 Auditor General. The Recipient acknowledges that NOHFC's rights under this Agreement are in addition to any rights provided to the Auditor General (the "AG") pursuant to the *Auditor General Act* (Ontario).

7.9 Audit report. If NOHFC or the AG believes that there are inaccuracies in, or inconsistencies between, any documents submitted to NOHFC in connection with a request for Financial Assistance or any reports or financial statements submitted to NOHFC hereunder and the Recipient's financial records and books of account, NOHFC or the AG may request and the Recipient must provide at its own expense an audit report from a public accountant licensed under the laws of Ontario. The audit report must be satisfactory to NOHFC in form and content and address: (i) all Financial Assistance funds received to date; (ii) Eligible Project Costs incurred by the Recipient to date; (iii) whether the costs claimed as Eligible Project Costs were incurred in connection with the Project and in accordance with this Agreement; and (iv) any other financial information pertaining to this Agreement as may be reasonably specified in the request.

8. DEFAULT AND ACCELERATION

8.1 Default. Upon the happening of any one or more of the following events (each an "Event of Default"), namely:

- (a) the Recipient fails (i) to make any payment of Loan principal owing hereunder when due or (ii) to repay any of the Conditional Contribution when due;
- (b) the Recipient fails to make any payment of interest owing hereunder when due and such failure continues 5 days after the applicable due date;
- (c) any representation or warranty provided by the Recipient to NOHFC (herein or otherwise) is incorrect in any material respect on the date on which such representation or warranty was made;
- (d) there is a default or breach by the Recipient of any of the negative covenants listed in Section 2 of Schedule "F" hereto or any of the following positive covenants listed in Schedule "F": Sections 1.4, 1.6, 1.9, 1.11 or 1.16;
- (e) there is a default or breach by the Recipient of any term or covenant (other than those listed in subparagraphs (a), (b) or (d) above) in this Agreement or any of the other Documents, which default or breach is not cured within 10 days after a notice thereof is delivered by NOHFC to the Recipient;
- (f) the Recipient or any Guarantor (i) is dissolved, liquidated or wound up or makes a proposal in writing to be dissolved; (ii) admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes a proceeding seeking a judgment of bankruptcy or a receiving order or an order adjudicating or declaring it to be bankrupt or insolvent or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debt under any law including the *Companies Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*; (v) has a resolution passed for its winding-up, official management or liquidation; (vi) seeks or becomes subject to the

appointment of an administrator, liquidator, receiver, receiver-manager, trustee or similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of a substantial or material portion of its assets or has a distress, execution, attachment, sequestration or other legal process levied or enforced on or against a substantial or material part of its assets; (viii) ceases to carry on business; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts or events;

- (g) any bankruptcy, reorganization, arrangement or insolvency proceedings for relief under any bankruptcy or similar laws for the relief of debtors, including any of the proceedings or petitions described in subparagraph (f) above are instituted against the Recipient or any Guarantor and are consented to by the Recipient or such Guarantor, as applicable or, if contested by the Recipient or such Guarantor as applicable, are not dismissed within 30 days;
- (h) in the reasonable opinion of NOHFC, an event occurs which has or could reasonably be expected to have a Material Adverse Effect;
- (i) the nature of the Recipient's operations or its corporate status changes so that it no longer meets one or more of the applicable eligibility requirements of the program under which NOHFC provides the Financial Assistance;
- (j) the Recipient fails to comply with any term, condition, or obligation under any other agreement with Her Majesty the Queen in right of Ontario or one of Her agencies, including NOHFC, and such failure continues after the applicable notice and cure period, if any, and is continuing;
- (k) the Recipient fails to pay the principal of or interest on any outstanding indebtedness for borrowed money in excess of \$50,000 when such payment is due and such failure continues after the applicable grace period, if any, or any other event occurs which accelerates or permits the acceleration of any such indebtedness, or any such indebtedness shall be declared to be due and payable prior to its stated maturity; or
- (l) a final judgment or decree for the payment of money due is obtained or entered against the Recipient in excess of \$50,000 and is not vacated, discharged or stayed pending appeal within 30 days;

then NOHFC may, by notice to the Recipient: (i) immediately terminate its obligation to make any further Advances and (ii) declare that all outstanding Obligations, including any accrued and unpaid principal and interest on the Loan, are immediately due and payable (provided that upon the occurrence of an Event of Default under Section 8.1(f) or (g), NOHFC's obligation to make any further Advances shall immediately terminate and all outstanding Obligations, including any accrued and unpaid principal and interest on the Loan, will immediately become due and payable, automatically and without any notice, demand or act by NOHFC, all of which are expressly waived by the Recipient). In addition to its rights under Section 3.4, NOHFC may demand payment of all such Obligations and it may enforce its rights and remedies under the Documents or otherwise provided by law, at any time while an Event of Default is continuing.

8.2 Allocations, etc. NOHFC may allocate and apply any proceeds of realization of the Security against payment of the Obligations in such order as NOHFC sees fit. If there is any surplus remaining, NOHFC may pay it to any person having a claim in priority to the Recipient, with any remaining balance paid to the Recipient. If the net proceeds from realization of the Security fails to satisfy the Obligations, the Recipient shall remain liable to pay any deficiency to NOHFC. At any time after an Event of Default has occurred and is continuing, NOHFC is irrevocably authorized to appropriate and set-off amounts payable by NOHFC to the Recipient with amounts owing to NOHFC from the Recipient. The taking of a judgment by NOHFC under this Agreement or the Security shall not operate as a merger of any term or condition hereof or of any Obligation.

8.3 Remedies Cumulative. All rights and remedies granted to NOHFC in this Agreement and the other Documents are cumulative and not exclusive or alternative and may be pursued by NOHFC separately or together in any order, sequence or combination.

8.4 Costs of Collection. All costs of collection of amounts owing hereunder, including expenses incurred by NOHFC to enforce its rights and remedies under the Documents or otherwise provided by law, shall be for the account of the Recipient and shall be added to the principal amount of the Loan.

9. INDEMNIFICATION

9.1 General Indemnity. The Recipient shall indemnify and hold harmless the Indemnified Parties from and against any and all liability, losses, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings of any kind or nature whatsoever that may be incurred or sustained by, or asserted or awarded against, any of the Indemnified Parties ("**Claim or Loss**") arising out of or in connection with:

- (a) any use made or proposed to be made of the proceeds of any Advance;
- (b) any breach by the Recipient of the representations, warranties or covenants in this Agreement or any other Document; and
- (c) the failure of the Recipient to make a payment in the manner and at the time specified in this Agreement.

9.2 Environmental Indemnity. The Recipient shall indemnify and hold harmless the Indemnified Parties from and against any Claim or Loss arising out of or in connection with:

- (a) the presence on or under, or the discharge or release from, the Property or into or upon any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Substance; or
- (b) any breach by the Recipient of Environmental Laws.

10. GENERAL PROVISIONS

10.1 Further Assurances. The Recipient will from time to time do, execute and deliver or cause to be done, executed and delivered all acts and documents as may be reasonably required by NOHFC for the purpose of carrying out this Agreement.

10.2 Financial and Other Information. The Recipient consents to NOHFC at any time obtaining from any credit reporting agency or other source such financial, operational and other information regarding the Recipient and the Project as NOHFC may deem appropriate to evaluate the financial condition of the Recipient and the status of the Project. Without limiting the application of s. 10.14, the Recipient further consents to the disclosure by NOHFC of any such information in NOHFC's possession to any person if: (i) such information is otherwise readily available to the public, (ii) such disclosure is required or permitted by Applicable Laws, (iii) the Recipient has or proposes to have a financial relationship with such person, or (iv) such person is: (A) an assignee of NOHFC; or (B) an employee, contractor, agency, advisor or Minister of the Government of Ontario who needs to know the confidential information being disclosed and is under an obligation to preserve the confidentiality of such information.

10.3 No Set-off, etc. All payments (whether interest or otherwise) to be made by the Recipient pursuant to this Agreement are to be made without set-off or deduction of any kind whatsoever.

10.4 Evidence of Indebtedness. Absent manifest error, NOHFC's books and records will constitute *prima facie* evidence of the obligations of the Recipient to NOHFC hereunder with respect to all Advances and all other amounts owing by the Recipient to NOHFC.

10.5 Time Periods. Time shall be of the essence of this Agreement.

10.6 Notices. Any notice or other communication to be given hereunder (in each case, "**Communication**") must be in writing and given by personal delivery, courier, registered mail, or electronic means of communication, in each case addressed to the respective parties as follows:

(a) in the case of NOHFC:

MNP LLP
210-1205 Amber Drive
Thunder Bay, Ontario P7B 6M4
Attention: Dave Covello, Partner
Fax: (807) 622-1282
Email: Dave.Covello@mnp.ca

With a copy to:

Northern Ontario Heritage Fund Corporation
Suite 200, Roberta Bondar Place,
70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
Attention: Executive Director
Fax: (705) 945-6701
Email: Melanie.Muncaster@ontario.ca

(b) in the case of the Recipient:

1138969 Ontario Inc.
377 Lakeview Road
PO Box 269
Echo Bay, ON
P0S 1C0

Attention: Christopher Grant
Fax: 705-248-3428
Email: chris@springeraerospace.com

or as may be changed in accordance with this Section. Any Communication given by personal delivery, registered mail or courier shall be deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication given by electronic means on a Business Day before 4:00 p.m. shall be deemed to have been given and received on such Business Day, and otherwise shall be deemed to have been given and received on the first Business Day following transmission.

- 10.7 Successors and Assigns.** This Agreement shall enure to the benefit of NOHFC and be binding upon the successors and permitted assigns of the parties hereto.
- 10.8 Assignment.** The rights and obligations of the Recipient under this Agreement are not assignable to any other person without the prior written consent of NOHFC. The rights and obligations of NOHFC under this Agreement may be assigned by NOHFC without the prior consent of the Recipient and NOHFC shall, to the extent of the interest assigned, be released from its obligations under this Agreement but in any event shall continue to be entitled to the benefits of Article 9.
- 10.9 Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the parties hereto.
- 10.10 Waiver.** The failure or delay by NOHFC in exercising any right or remedy with respect to any breach of this Agreement by the Recipient shall not operate as a waiver or release thereof or of any other right or remedy. Any waiver must be in writing and signed by NOHFC to be effective and shall be limited only to the specific breach waived.

- 10.11 Expenses.** Each of the Recipient and NOHFC shall be responsible for their own respective legal and other expenses incurred for the preparation, execution and delivery of this Agreement and the other Documents, and for any amendments, waivers, discharges and similar matters which may be required during the Term.
- 10.12 Agent.** The parties agree that MNP LLP or any successor or substitute appointed by NOHFC may act as NOHFC's agent for purposes of this Agreement, including determining compliance with conditions precedent for making Advances, monitoring compliance with the terms of this Agreement and assessing any proposed amendments, waivers and similar matters on behalf of NOHFC.
- 10.13 Parties Independent.** The Recipient is not an agent, joint venturer, partner or employee of NOHFC, the government of Ontario or any Indemnified Party, and shall not take any actions that could establish or imply such a relationship.
- 10.14 FIPPA, etc.** Subject to compliance with the *Freedom of Information and Protection of Privacy Act* (Ontario), all information pertaining to the Financial Assistance and the Recipient's obligations under this Agreement and the other Documents is public information and may be released to third parties upon request. In addition, NOHFC may provide copies of any such information to other governmental authorities including, in particular, the Ministry of Energy, Northern Development and Mines.
- 10.15 Acknowledge Support.** Unless otherwise directed by NOHFC, the Recipient shall, in a form approved by NOHFC, acknowledge the support of NOHFC in any publication of any kind, written or oral, relating to the Project.
- 10.16 Publication.** If the Recipient publishes any material of any kind, written or oral, relating to the Project, the Recipient shall indicate in the material that the views expressed in the material are the views of the Recipient and do not necessarily reflect those of NOHFC or the government of Ontario.
- 10.17 Signage.** At NOHFC's request, the Recipient shall install and maintain in good condition one or more signs or plaques supplied by NOHFC to acknowledge NOHFC's support for the Project in conspicuous and visually unobstructed locations near the Project as approved by NOHFC.
- 10.18 Severability.** Any provision of this Agreement that a court of competent jurisdiction finds to be invalid or unenforceable will be deemed to be severed and will not affect the validity or enforceability of any other provision of this Agreement.
- 10.19 Interpretation.** Unless the context otherwise requires, words importing the singular include the plural and *vice versa*; words importing persons include individuals, corporations, partnerships, associations, trusts, unincorporated organizations and governmental bodies; and the words "include", "includes" and "including" and words of similar purpose denote that the subsequent list is not exhaustive.
- 10.20 Entire Agreement.** This Agreement and the other Documents constitute the entire agreement between the Recipient and NOHFC relating to the subject matter hereof, and supersede all prior agreements, representations, warranties, understandings, conditions

or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

- 10.21 Survival.** Without prejudice to the survival of any other term or condition of this Agreement, the provisions of Sections 3.2 (Disposal of Assets), 3.3 (Buildings and Facilities), 3.4 (Repayment of Conditional Contribution upon Default), and 3.5 (Mandatory Repayment of Excess Contribution), Article 5 (Representations and Warranties), Article 7 (Covenants, Reporting and Inspection), Article 8 (Default and Acceleration), Article 9 (Indemnification), and all applicable definitions, cross-referenced provisions and schedules shall continue in full force and effect for a period of 7 years from the end of the Term (the "**Survival Period**"). For greater certainty, any claim against either of the Parties arising out of this Agreement during the Term or the Survival Period shall survive the termination or expiry of this Agreement.
- 10.22 Governing Law.** This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada.
- 10.23 Anti-Money Laundering Legislation.** The Recipient will promptly provide any information regarding the Recipient and its directors, officers or shareholders which NOHFC may be required to obtain or verify pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or other similar legislation.
- 10.24 Counterparts.** This Agreement may be executed in separate counterparts (including via PDF or facsimile), which when taken together shall constitute one and the same instrument.

[*Signature page follows*]

The parties hereto have caused this Agreement to be duly executed as of the date first stated above.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

By: 
Melanie Muncaster
Executive Director

I have authority to bind the corporation.

1138969 ONTARIO INC.

By: _____
Name:
Title:

I have authority to bind the corporation.

The parties hereto have caused this Agreement to be duly executed as of the date first stated above.

**NORTHERN ONTARIO HERITAGE FUND
CORPORATION**

By: _____
Melanie Muncaster
Executive Director

I have authority to bind the corporation.

1138969 ONTARIO INC.

By: _____

James Daniel Springer
President

I have authority to bind the corporation.

Schedule "A"

ADDITIONAL DEFINITIONS

1. **"Actual Eligible Project Costs"** means the total Eligible Project Costs actually incurred and paid by the Recipient for which satisfactory invoices and proof of payment or other satisfactory evidence of costs incurred and paid, in either case as determined by NOHFC in its sole discretion, have been delivered by the Recipient to NOHFC.
2. **"Agreement"** means this loan and conditional contribution agreement between NOHFC and the Recipient, including this schedule and the other schedules thereto, as it may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time.
3. **"Applicable Laws"** means any law, statute, by-law, ordinance, decree, requirement, directive, order, judgment, license, permit, code or regulation having the force of law, and any applicable determination, interpretation, ruling, order or decree, of any governmental authority or arbitrator, which is legally binding at the time.
4. **"Application Date"** means the date that the Recipient's application for funding in respect of the Project was received by NOHFC, being September 6, 2016.
5. **"Blended Payment Commencement Date"** has the meaning set out in Section 2.3.
6. **"Business Day"** means a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.
7. **"Commitment Termination Date"** has the meaning set out in Section 1.2.
8. **"Conflict of Interest"** includes: (a) in relation to the process of applying for Financial Assistance, any circumstance where the Recipient has or could be perceived to have an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage over other applicants; and (b) in relation to the performance of its obligations under this Agreement, any circumstances where the Recipient (or any person who has the capacity to influence the Recipient's decisions) has outside commitments, relationships or financial interests that interfere with, or could be seen by a reasonable person to interfere with, the Recipient's objective, unbiased and impartial judgment relating to the Project and the use of the Financial Assistance.
9. **"Contribution Percentage"** has the meaning set forth in Section 1.4.
10. **"Control"** shall be deemed to exist when a person (or persons acting jointly or in concert) or one or more of its or their subsidiaries and other persons controlled directly or indirectly by that person or persons, beneficially own(s), directly or indirectly, more than 50% of the voting shares of any company or corporation, or more than 50% of the ownership interests, however designated, in or of any trust, partnership or other unincorporated entity or other person, or any lesser amount that would be sufficient to enable it or them to elect a majority of the directors (or trustees or other persons performing similar functions) of that company or corporation or other entity regardless of the manner in which other voting shares or other ownership interests are voted or has or have, through the operation of any

agreement or otherwise, the ability to elect or cause the election of a majority of the directors or to appoint management (or trustees or other persons performing similar functions) and determine policies of such company, corporation or other entity or person.

11. **"Documents"** means, collectively, this Agreement, the Note, the Security and all other documents delivered pursuant to or in connection with any of the foregoing.
12. **"Eligible Project Costs"** are costs incurred and paid by the Recipient for the purpose of carrying out the Project for which NOHFC may provide financial assistance under its program criteria and that are (a) incurred by the Recipient between the Application Date and the Commitment Termination Date; (b) in the sole opinion of NOHFC, reasonable and necessary for carrying out the Project; (c) limited to the amounts and Project cost categories set out in the Project Budget, including any explanatory notes thereto; and (d) in each case net of any costs (including taxes) for which the Recipient has received, will receive, or is eligible to receive a rebate, credit, or refund.
13. **"Encumbrance"** means any mortgage, charge, pledge, security interest, lien (statutory or otherwise), title retention agreement or other encumbrance of any kind.
14. **"Environmental Laws"** means any Applicable Laws relating to pollution or the protection of the environment or any activity, event or circumstance in respect of a Hazardous Substance, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, land surface or subsurface strata, surface water or groundwater.
15. **"Event of Default"** has the meaning set forth in Section 8.1.
16. **"Excess Contribution"** has the meaning set forth in Section 3.5.
17. **"Excess Funds Amount"** has the meaning set forth in Section 1.5(b).
18. **"Excess Loan Amount"** has the meaning set forth in Section 2.5.
19. **"Excess Public Funding Amount"** has the meaning set forth in Section 1.5(b).
20. **"Fiscal Year"** means a fiscal year of the Recipient.
21. **"Full Time Equivalents"** means, as of any Job Measurement Date, the sum of (i) the number of individuals employed by the Recipient as of such date that have worked at least 1,500 hours during the Fiscal Year ending on such date, plus (ii) the quotient of (a) the total number of hours worked by all individuals employed by the Recipient as of such date that have worked less than 1,500 hours during the Fiscal Year ending on such date, divided by (b) 1,500; which can be expressed mathematically as follows:

$$\text{Full Time Equivalents} = X + \frac{Y}{1500}$$

where:

X = the number of individuals employed by the Recipient as of the Job Measurement Date that have worked at least 1,500 hours during the Fiscal Year ending on such date;

Y = the total number of hours worked by all individuals employed by the Recipient as of Job Measurement Date that have worked less than 1,500 hours during the Fiscal Year ending on such date.

For certainty, hours worked by any independent contractors of the Recipient may not be included in the calculation of Full Time Equivalents without NOHFC's written consent.

22. "**GAAP**" means, at any time, generally accepted Canadian accounting principles then in effect, consistently applied.
23. "**Hazardous Substance**" means any pollutant, containment or substance that when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or a material risk to human health and without restricting the generality of the foregoing, Hazardous Substance includes any pollutant, contaminant, waste, hazardous waste or dangerous good as defined by Applicable Laws for the protection of the natural environment or human health (including asbestos and poly-chlorinated biphenyls).
24. "**Indemnified Parties**" means Northern Ontario Heritage Fund Corporation and each of its officers, directors, advisors, agents, and representatives.
25. "**Interest Rate**" has the meaning set forth in Section 2.2.
26. "**Job Baseline**" means the number of Full Time Equivalents of the Recipient as of the Application Date, as specified in Section 4 of Schedule "B".
27. "**Job Creation Target**" means the number of new Full Time Equivalents to be achieved by the Recipient as a result of the Project, as specified in Section 4 of Schedule "B".
28. "**Job Measurement Date**" means the last day of each of the first, second and third full Fiscal Years of the Recipient occurring after the date of this Agreement.
29. "**Job Report**" means a certificate in the form required by NOHFC executed by a senior officer of the Recipient certifying the Recipient's compliance with Section 1.16 of Schedule "F", including the number of Full Time Equivalents of the Recipient as of the most recent Job Measurement Date.
30. "**Loan Percentage**" has the meaning set forth in Section 1.4.
31. "**Material Adverse Effect**" means a material adverse effect on the business, assets, operations or financial condition of the Recipient.
32. "**Maturity Date**" means the fifth anniversary of the Blended Payment Commencement Date.

33. **"Maximum Available Funds Amount"** means, on any date of determination, the lesser of: (a) the Maximum Financial Assistance Amount; and (b) the amount equal to the Project Percentage of the aggregate amount of Actual Eligible Project Costs on such date of determination.
34. **"Maximum Financial Assistance Amount"** means the maximum amount of Financial Assistance available to the Recipient under this Agreement as set forth in Section **Error! Reference source not found.** less any reductions made by NOHFC; in its sole discretion, from time to time, pursuant to Section 1.5.
35. **"Northern Ontario"** means the territorial districts of Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Timiskaming.
36. **"Obligations"** means all present and future indebtedness, liabilities and obligations of the Recipient to NOHFC under this Agreement and the other Documents, whether direct or indirect, contingent or absolute, and whether in respect of the Loan, the Conditional Contribution or otherwise, in each case, with interest thereon to the extent applicable.
37. **"Permitted Encumbrances"** has the meaning ascribed to it in Schedule "D" hereto.
38. **"Prior Encumbrances"** has the meaning ascribed to it in Schedule "D" hereto.
39. **"Project"** means the undertaking described in Sections 1 through 4 of Schedule "B", to be completed by the Recipient in accordance with the Project Budget.
40. **"Project Budget"** means the budget for the Project set out in Schedule "C".
41. **"Project Completion Date"** is the date upon which the Recipient has delivered to NOHFC: (a) satisfactory evidence that the Project has been completed in accordance with the terms and conditions of the Documents; and (b) a satisfactory final Project Report.
42. **"Project Location"** means the location of the Project specified in Section 3 of Schedule "B".
43. **"Project Percentage"** means the maximum percentage of Eligible Project Costs that NOHFC may reimburse, as set out on Schedule "C".
44. **"Project Report"** means a written report on the Project, in the form required by NOHFC, completed and duly executed by the Recipient and satisfactory to NOHFC.
45. **"Project Timelines"** means the timelines for completion of the Project and each of the Project milestones described in Schedule "B".
46. **"Property"** means the property of the Guarantor municipally known as 377 Lake View Rd., Echo Bay, Ontario, and more particularly described as follows:

31470-0098 LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD;
SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS
IN

31470-0011 PCL 12-1 SEC 1M498; BLK 12 PL 1M498 LAIRD EXCEPT PT 1 1R7890; LAIRD; SUBJECT TO AN EASEMENT OVER BLK 12 PL 1M498 EXCEPT PT 1 1R7890 IN FAVOUR OF LT 17 RCP H759 AS IN AL195932

47. **“Related Parties”** includes any shareholder, director, officer or employee of the Recipient or any individual related by blood, adoption or marriage to any such person or any corporation or other person not dealing at arms’ length (as such term is defined in the *Income Tax Act* (Canada)) with any such person.
48. **“Request for Advance”** means a written request for an Advance, in the form required by NOHFC, completed and duly executed by the Recipient.
49. **“Term”** means the period from the date of this Agreement until the latest of: (i) the date on which the principal of the Loan, and all accrued and unpaid interest thereon, has been repaid in full; and (ii) the Project Completion Date.
50. **“Total Job Target”** means a number equal to the Job Baseline plus the Job Creation Target.

Schedule "B"

PROJECT DESCRIPTION

1. Project summary

The Recipient will expand its operations at its airport facility through the following activities:

- runway construction;
- culvert construction;
- repavement of a float ramp;
- paving and excavation;
- purchase and installation of four furnaces and ancillary equipment thereto; and
- purchase and installation of a fuel tank.

2. Project purpose

The Project is expected to increase capacity utilization at the Recipient's airport facility, and is projected to create at least eight full-time equivalent positions.

3. Project location

Echo Bay, Ontario

4. Project timelines

The Project's milestones are complete as at the date of this Agreement.

5. Job Covenant Targets

The Recipient is required to create the employment outcomes stipulated in Section 1.16 of Schedule "F". The formula set out in Section 1.16 uses the following variables:

Job Baseline: 23 Full Time Equivalents

Job Creation Target: 8 Full Time Equivalents

Total Job Target: 31 Full Time Equivalents

Schedule "C"
PROJECT BUDGET

1. Project Costs Chart

<i>Project cost category</i>	<i>Eligible Project Costs</i>	<i>Ineligible Project Costs</i>	<i>Total cost</i>
Capital Construction	\$157,866	\$0	\$157,866
New or Used Equipment	\$124,441	\$75,053	\$199,494
Infrastructure Preservation (Capital Construction)	\$663,612	\$0	\$663,612
TOTALS:	\$945,919	\$75,053	\$1,020,972

2. Project Funding Chart

<i>Funding source</i>	<i>Financing type</i>	<i>Total funding</i>
NOHFC	Loan	\$283,776
NOHFC	Conditional Contribution	\$189,184
Caisse Populaire Vermillion	All Costs	\$548,012
TOTAL:		\$1,020,972
Project Percentage (NOHFC maximum % of Eligible Project Costs)		50%

Schedule "D"
ENCUMBRANCES

"Prior Encumbrances" means:

- (i) in relation to the GSA, the security interests granted by the Recipient as applicable, which are evidenced by the following registrations:

Personal Property Security Act (Ontario) ("PPSA") Registrations against the Recipient

Reference File No.	Registration No.	Secured Party	Collateral ¹	General Description/Comments	Collateral
738525033	20180423 1432 6083 1810	CAISSE POPULAIRE VERMILLON INC.	CG, I, E, A, O	GENERAL SECURITY AGREEMENT DATED FEBRUARY 5, 2018 BETWEEN 1138969 ONTARIO INC. AND CAISSE POPULAIRE VERMILLON INC.	
751723425	20190529 1614 1532 6717	CAISSE POPULAIRE VERMILLON INC.	E, O, MV	1. DASH 8 HEAVY CHECK WING, ENGINE AND NACELLE DOCK STANDS 2. DASH 8 JACKS AND TAIL STANDS INCLUDING, BUT NOT LIMITED TO A. TRONAIR NOSE JACK SN 181286011 B. TRONAIR MAIN JACK SN 9834071001 C. TRONAIR MAIN JACK SN 9834071002 3. 2016 JCB 35D 4X4 TELETRUK FORKLIFT SN 2253620 TOGETHER WITH THE FULL CAB, PALLET FORKS AND SIDE SHIFT 4. 80X40X24 ARCTIC SHELTER STORAGE BUILDING / PEAK DOUBLE TRUSS, PVC w/ MV: 2016 DODGE GRAND CARAVAN 2C4RDGB9GR169495	

- (ii) in relation to the Mortgage:

- AL193666 2018/11/30 CHARGE \$3,700,000 SPRINGER AEROSPACE

¹ The following abbreviations are used to identify collateral classifications under the PPSA: A – Accounts; I- Inventory; CG - Consumer Goods; MV - includes Motor Vehicle; E – Equipment; and O –Other.
 Program: Northern Ontario Business Opportunities Program (Business Expansion)
 Project Number: 8410465
 Recipient Name: 1138969 Ontario Inc. o/a Springer Aerospace

HOLDINGS LIMITED CAISSE POPULAIRE VERMILLON INC. C

- AL195932 2019/02/12 TRANSFER EASEMENT SPRINGER AEROSPACE HOLDINGS LIMITED SPRINGER, JAMES DANIEL C and SPRINGER, JOANNE MARIE ROBERTSON

- (iii) Encumbrances described in clause (iii) of the definition of Permitted Encumbrances, to the extent that such Encumbrances are entitled under Applicable Laws to rank in priority ahead of the Encumbrances created by the Security; and
- (iv) Encumbrances described in clause (iv) of the definition of Permitted Encumbrances to the extent that such Encumbrances arise by operation of law and are not voluntarily granted, and are entitled under Applicable Laws to rank in priority ahead of the Encumbrances created by the Security; and
- (v) any Encumbrance that NOHFC may expressly permit in writing to take priority ahead of the Encumbrances created by the Security.

"Permitted Encumbrances" means:

- (i) the Encumbrances created by the Security;
- (ii) all Prior Encumbrances;
- (iii) any purchase-money Encumbrance or capital lease, provided that any such Encumbrance shall (i) extend only to the specific asset(s) financed and any proceeds or rights of insurance thereto and (ii) secure only the price of such financed property, or debt incurred solely for the purpose of acquiring or leasing such property, as the case may be;
- (iv) any one or more of the following:
 - (a) undetermined or inchoate Encumbrances arising in the ordinary course of business which have not at such time been filed pursuant to law against the Recipient or which relate to obligations not due or delinquent;
 - (b) carriers', warehousemen's, mechanics', material-men's, repairmen's or other similar Encumbrances arising in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested at the time by the Recipient in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Recipient, in accordance with GAAP, so long as the same do not involve any immediate danger of the sale, forfeiture or loss of the assets that are subject to the Encumbrance;
 - (c) any Encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure worker's compensation, surety appeal bonds or costs of litigation when required by law, and public and statutory obligations;

- (d) any Encumbrance resulting from security given to a public utility or governmental authority when required by such utility or governmental authority in connection with the operation of the business of the Recipient;
- (e) the right reserved to or vested in any governmental authority by any statutory provision, or by the terms of any lease, licence, franchise, grant or permit held by the Recipient, to terminate any such lease, license, franchise, grant or permit or to require annual or other payments as a condition to the continuance thereof;
- (f) with respect to the Property, any one or more of the following:
 - i. Encumbrances for realty taxes or assessments not at the time due or delinquent or the validity of which are being contested by the Recipient in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Recipient, in accordance with GAAP, so long as such Encumbrances do not involve any immediate danger of the sale, forfeiture or loss of the Property or any part thereof;
 - ii. Encumbrances that are: (i) title defects, encroachments or irregularities of a minor nature; or (ii) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric power and telephone or cable conduits, poles and wires) granted to or reserved by other persons, in each case where such Encumbrances in the aggregate do not materially impair the usefulness or marketability of the Property;
 - iii. the reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown;
 - iv. any lien, claim or liability under the *Construction Act* (Ontario) or other similar law in respect of which NOHFC is fully indemnified to its satisfaction from any liability or expense in respect thereof;
 - v. zoning and building by-laws and ordinances, municipal by-laws, provincial laws, and regulations, which do not materially impair the usefulness or marketability of the Property or its usefulness for the purposes for which it is held; and
 - vi. covenants restricting or prohibiting access to or from real property abutting on controlled access highways, which do not adversely impair in any material respect the usefulness or marketability of the Property;
- (v) any Encumbrance on the Property that (a) arises after the disbursement by NOHFC of the maximum amount of Financial Assistance contemplated under this Agreement, and (b) ranks behind or is subordinated to the Security;
- (vi) any Encumbrance on personal property that ranks behind or is subordinated to the Security; and
- (vii) any other Encumbrances that NOHFC expressly agrees in writing to permit.

Schedule "E"

REPRESENTATIONS AND WARRANTIES

1. **Due Incorporation.** The Recipient is a duly incorporated corporation and is existing pursuant to the laws of the Province of Ontario.
2. **Power and Authority.** The Recipient has the requisite power and capacity to carry on its business, to own and grant security interests in its property and assets, and to enter into and deliver this Agreement and the other Documents and carry out its obligations thereunder and hereunder.
3. **Governance and Related Matters.** The Recipient has: (a) a code of conduct and ethical responsibilities for all persons at all levels of the Recipient's organization; (b) procedures to ensure the ongoing effective functioning of the Recipient; (c) decision-making mechanisms; (d) procedures to manage the Financial Assistance prudently and effectively; (e) procedures to enable the successful completion of the Project; (f) procedures to identify risks to the completion of the Project and strategies to address the identified risks, all in a timely manner; (g) procedures to enable the preparation and delivery of all reports required pursuant to this Agreement; (h) procedures to address such other matters as the Recipient considers necessary to ensure that the Recipient carries out its obligations under this Agreement; and (i) the experience and expertise necessary to carry out the Project.
4. **Absence of Conflict of Interest.** No Conflict of Interest exists.
5. **Enforceability.** This Agreement and the other Documents to which the Recipient is a party constitute valid and binding obligations of the Recipient enforceable against it in accordance with their respective terms.
6. **Authorization of Documents.** The Recipient has taken all necessary corporate action to authorize, and has duly executed and delivered this Agreement and the other Documents, and there are no provisions in any unanimous shareholder agreement which restrict or limit its powers to borrow money or grant security in respect of its assets as contemplated herein.
7. **Approvals and Compliance.** All orders, licences, approvals, permits, authorizations, exemptions, filings or registrations of, from or with any governmental authority that are material to the operation of the business of the Recipient have been obtained, and the Recipient has not received any notice, nor does it have any knowledge, that any real property owned or used by it, the use thereof, or any of the Recipient's operations are not in compliance in all material respects with all Applicable Laws, including Environmental Laws, the non-compliance with which could reasonably be expected to have a Material Adverse Effect.
8. **Title to Assets.** The Recipient has good and marketable title to its properties and assets, free and clear of any Encumbrances other than Permitted Encumbrances.

9. **Insurance.** The business of the Recipient and all its properties and assets are covered by such policies of insurance as are appropriate to such business, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets.
10. **Litigation.** Except as disclosed in its most recent financial statements, there is no suit, action, litigation, arbitration proceeding or governmental proceeding in progress, pending or, to the Recipient's knowledge, threatened against the Recipient or affecting its properties or business and there is not presently outstanding against the Recipient any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, arbitrator or regulatory authority.
11. **Insolvency.** The Recipient has not proposed a compromise or arrangement to its creditors generally, taken, become subject to, or consented to any proceeding to have itself declared bankrupt or wound-up or to have a receiver appointed over any of its property, had any encumbrancers take possession of any of its property, or had any execution or distress become enforceable or levied upon any of its property.
12. **Absence of Guarantees.** The Recipient has not given or agreed to give any guarantees and is not contingently responsible for indebtedness or other obligations of any other persons.
13. **Absence of Conflicting Agreements; No Consents.** The Recipient is not a party to any agreement which would be contravened by, or under which any obligation would be accelerated or default or termination would occur, as a result of the consummation of any of the transactions provided for in this Agreement and the other Documents. No consents or approvals are required from any persons in connection with the execution and delivery by and the performance of the obligations of the Recipient under this Agreement and the other Documents, other than those consents and approvals previously obtained and delivered to NOHFC.
14. **Material Agreements.** Each of the material agreements to which the Recipient is a party (including leases) is in good standing in all material respects and in full force and effect, and no breach of such agreements has occurred by the Recipient or, to its knowledge, any of the other parties to such agreements which could reasonably be expected to have a Material Adverse Effect.
15. **Tax Matters.** The Recipient is not in default in any material respect in connection with Canadian federal, provincial, municipal or local taxes or assessments or penalties due and unpaid in respect of its income, business or property and has duly filed all required tax returns.
16. **Remittances.** All remittances required to be made by the Recipient to the federal, provincial and municipal governments are currently paid and up to date, and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including those required under the *Income Tax Act* (Canada), the *Canada Pension Plan Act* and the *Employment Insurance Act*), sales and good-and-services taxes (both provincial and federal), instalments for corporate income and capital taxes, payroll taxes and WSIB premiums are currently paid and up to date.

17. **Financial and Other Information.** All financial information relating to the Recipient which has been delivered to NOHFC is complete and accurate in all material respects. All information provided by the Recipient to NOHFC in support of its request for Financial Assistance (including information relating to any eligibility requirements) was true and complete at the time the Recipient provided it and shall continue to be true and complete for the Term, except as otherwise set out in the Agreement.
18. **Construction Liens.** Neither the Recipient nor the Guarantor has received any notice of any construction liens currently outstanding in respect of the Property.
19. **Expropriation and Work Orders.** Neither the Recipient nor the Guarantor has not received any notice that any part of the Property has been or is in the process of being condemned, taken or expropriated by any provincial, municipal or any other competent authority and no alteration, repair, improvement or other work has been ordered or directed to be done to or performed in respect of the Property by any such authority.
20. **Utility Arrears.** There is nothing owing in respect of the Property to any municipality or to any corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water or for the use thereof or for the machines, apparatus, meters or other things leased in respect thereof or for any work or service performed for any such corporation or commission in connection with such public utilities, except current charges.
21. **Environmental.** The Recipient has no knowledge of it or the Guarantor having caused or permitted the release of any Hazardous Substance on the Property or any real property used by it, except in compliance with all Environmental Laws. All Hazardous Substances have, to the knowledge of the Recipient, been used, disposed of, treated and stored by the Recipient or the Guarantor in compliance with all Environmental Laws.
22. **Project Financing.** The Recipient has arranged financing for the Project with the parties and in the amounts set forth in the Project Budget in Schedule "C" hereto.
23. **Material Adverse Event.** No event has occurred since the date of the most recent financial statements of the Recipient provided to NOHFC which could reasonably be expected to have a Material Adverse Effect.
24. **Events of Default.** No Event of Default has occurred and is continuing, nor has any event occurred which with the giving of notice, the passage of time, or both, will result in an Event of Default.
25. **Job Baseline.** As of the Application Date, the number of Full Time Equivalents of the Recipient was equal to at least the Job Baseline.

Schedule "F"

COVENANTS

1. Affirmative Covenants

During the Term, the Recipient covenants and agrees as follows:

- 1.1 Payments.** The Recipient will pay all principal, interest and other amounts owing under this Agreement and the other Documents on the dates, at the times and in the manner specified herein or therein.
- 1.2 Existence.** The Recipient will preserve and maintain its existence, rights, powers, licences, privileges, and goodwill, and exercise any rights of renewal or extensions of any leases, licences, or any other rights which are necessary or material to the conduct of its business.
- 1.3 Keeping of Records.** The Recipient will keep accurate and complete books and records of account, together with all supporting documents, in accordance with GAAP.
- 1.4 Notification.** The Recipient will promptly notify NOHFC of (i) any one or more actions, suits or proceedings which might result in a liability in excess of \$50,000 against the Recipient, individually or in the aggregate; (ii) any occurrence that causes or that could reasonably be expected to cause a Material Adverse Effect; and (iii) any occurrence that is or that could reasonably be expected to result in an Event of Default.
- 1.5 Conduct of Business; Maintenance of Assets; Compliance with Laws.** The business of the Recipient will be conducted in a proper and efficient manner so as to (i) protect and maintain its property and assets in good working order and condition, ordinary wear and tear excepted; (ii) protect and maintain the earnings, income, rents and profits of such business; and (iii) comply with all Applicable Laws including Environmental Laws. The Recipient will perform and discharge its obligations and covenants under all material agreements to which it is a party (including all material permits, leases, licenses, concessions, franchises or rights held by it, so long as the same is of commercial value and beneficial to it, and including insurance contracts) and the Recipient will demand and take all reasonable steps to ensure the performance by the other parties to such agreements of their obligations thereunder.
- 1.6 Insurance.** The Recipient shall maintain for the Term, at its own cost and expense, with insurers having a secure A.M. Best rating of B + or greater or the equivalent, all the appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, which shall include, at a minimum, the following:
 - (a) a commercial general liability insurance policy on an occurrence basis for third party bodily injury, personal injury, and property damage, to an inclusive limit of not less than \$2,000,000 per occurrence, and \$2,000,000 products and completed operations aggregate, with:

- (i) Northern Ontario Heritage Fund Corporation and each of its officers, directors, advisors, agents, and representatives as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, this Agreement;
 - (ii) a cross-liability clause;
 - (iii) contractual liability coverage; and
 - (iv) 30-day written notice of cancellation, termination or material change; and
- (b) property insurance covering the Recipient's property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, property and assets, with:
- (i) insurance against risk of loss or damage to property of the Recipient to a minimum limit of the lesser of: (1) the total amount of the Recipient's indebtedness for borrowed money (including, for greater certainty, the maximum principal amount of the Loan) plus the maximum amount of the Conditional Contribution; and (2) full replacement value of such property;
 - (ii) NOHFC designated as a loss payee as its interests may appear; and
 - (iii) where applicable, a standard mortgage clause approved by the Insurance Bureau of Canada (IBC 3000).

1.7 Evidence of Insurance. The Recipient shall provide NOHFC with certificates of insurance confirming the insurance coverage required by Section 1.6 immediately above. Upon request, the Recipient shall make available to NOHFC a copy of each insurance policy. Failure of NOHFC to identify a deficiency from certificates or policies provided shall not be construed as a waiver of Recipient's obligation to maintain such insurance.

1.8 Insurance Proceeds. In the event of insurable loss or damage to property or assets of the Recipient, and so long as no Event of Default has occurred and is continuing and the applicable insurance proceeds are sufficient to fully restore or replace such property or assets, then on request by the Recipient the proceeds of any claim of insurance may be released to the Recipient to be used solely for repairing and restoring the property or assets which are subject to the claim.

1.9 Taxes and Other Charges. The Recipient will file all tax returns and pay promptly, when due (i) all taxes, assessments and governmental charges or levies lawfully imposed upon it or upon its property including the Property; and (ii) all claims which, if unpaid, might by law become a lien upon or deemed trust affecting its property, other than Permitted Encumbrances.

1.10 Completion of the Project. The Recipient shall complete the Project in accordance with the project description set forth in Schedule "B", the Project Budget, the Project Timelines and Applicable Laws, and shall not make any changes to the Project, the Project Timelines or the Project Budget without the prior written consent of NOHFC.

- 1.11 Value for Money.** Goods or services claimed as Eligible Project Costs shall be procured through a process that promotes the best value for money.
- 1.12 Cost Overruns.** The Recipient will promptly notify NOHFC of any material cost overrun or any proposed change orders in the Project as compared with the Project Budget. NOHFC may require proof that the Recipient has paid or financed any cost overrun before making any further Advances. The Recipient acknowledges that NOHFC has no obligation to finance any cost overrun.
- 1.13 NOHFC May Perform Covenants.** If the Recipient fails to perform any covenant hereunder, NOHFC may, in its sole discretion and following notice to the Recipient, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, NOHFC may make such payment or expenditure, but shall be under no obligation to do so, and all sums so expended shall be payable by the Recipient to NOHFC upon demand and shall bear interest at the Interest Rate until paid.
- 1.14 Avoidance and Disclosure of Conflicts of Interest.** The Recipient shall immediately disclose to NOHFC any situation that a reasonable person would interpret as an actual, potential or perceived Conflict of Interest. The Recipient shall carry out the Project and use all proceeds of the Financial Assistance in a manner that avoids a Conflict of Interest, unless such Conflict of Interest has been disclosed to NOHFC and consented to by NOHFC in writing.
- 1.15 Governance and Related Matters.** The Recipient shall continue to maintain the competencies, governance processes and other matters described in section 3 of Schedule "E", and shall, on request, provide NOHFC with evidence thereof.

The Recipient additionally covenants and agrees as follows:

- 1.16 Job Covenant.** The Recipient shall, on at least one Job Measurement Date (as reported in a Job Report delivered pursuant to Section 7.2(d)):
- (i) have a number of Full Time Equivalents equal to at least the Total Job Target; and
 - (ii) have created at the Project Location new (since the Application Date) employment positions representing Full Time Equivalents in an amount equal to at least the Job Creation Target.

2. Negative Covenants

During the Term, the Recipient covenants and agrees that, without the prior written consent of NOHFC, which shall not be unreasonably withheld:

- 2.1 Encumbrances.** The Recipient will not incur, assume or permit to exist any Encumbrance on any property or asset now owned or hereafter acquired by it other than Permitted Encumbrances.

- 2.2 Sale of Assets.** The Recipient will not enter into any agreement or grant any option or other right in favour of any person for the sale, transfer, lease or other disposition of any of its assets, provided that, subject to Section 3.2 of this Agreement, the Recipient may sell or otherwise dispose of equipment which has become worn out or damaged or otherwise unsuitable on condition that the Recipient shall substitute property of equal value therefor, subject to the requirements of Article 4 so that NOHFC's security shall not in any way be reduced or impaired.
- 2.3 Corporate Distributions.** The Recipient will not make any distribution or payment of any amount to or on behalf of any Related Parties (including, for greater certainty, the Guarantor), by way of salary, bonus, directors fees, management fees, dividends, loans, redemption or retraction of shares, or otherwise, and whether payments are made to such persons in their capacities as shareholders, directors, officers, employees or creditors of the Recipient, or otherwise, or any other direct or indirect payment in respect of earnings or capital of the Recipient, except for wages to employees of the Recipient in the ordinary course of business and at levels of compensation paid by owners of comparable businesses. For greater certainty, dividends and bonuses may only be paid with NOHFC's prior written consent.
- 2.4 Transactions with Affiliates.** The Recipient will not sell property or services to, or purchase property or services from, or otherwise engage in any other transactions with, any Related Parties, except for transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Recipient than could be obtained on an arm's length basis from unrelated third parties.
- 2.5 Investments and Guarantees.** The Recipient will not purchase or invest in the shares or assets of any business, acquire or create any subsidiary or affiliated entity, or lend money to or guarantee the obligations of any person.
- 2.6 Change of Name; Nature of Business; Relocation.** The Recipient will not change its legal name, materially change the nature of its business, or relocate its operations outside of Northern Ontario.
- 2.7 Corporate Changes.** The Recipient will not liquidate or dissolve or enter into any consolidation, merger, partnership, joint venture or other combination, or enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other person, whether by way of corporate reorganization, recapitalization or transfer.
- 2.8 Change of Control.** The Recipient will not permit or suffer to exist a change of Control of the Recipient.

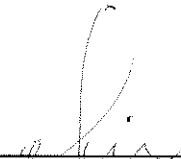
Schedule "G"

COMPLIANCE CERTIFICATE

I, James Daniel Springer, the President of 113869 Ontario Inc. (the "**Recipient**") hereby certify as of April 30, 2019:

1. I am familiar with and have examined the provisions of the loan and conditional contribution agreement between the Recipient and Northern Ontario Heritage Fund Corporation dated as of June 5th, 2019 (the "**Agreement**"). Terms defined in the Agreement have the same meanings when used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default under the Agreement.

Date: 5 June, 2019.

By: 
Name: James Daniel Springer
Title: President

THIS IS **EXHIBIT "J"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOËL TURBON

LOAN AND CONDITIONAL CONTRIBUTION AGREEMENT

This Agreement is made as of the 24th day of September, 2020

Between and among:

1138969 ONTARIO INC.

a corporation existing under the laws of Ontario

(as co-borrower and co-recipient, "113")

- and -

SPRINGER AEROSPACE HOLDINGS LIMITED

a corporation existing under the laws of Ontario

(as co-borrower and co-recipient, "SAHL")

(113 and SAHL hereinafter collectively referred to as the "Recipient")

- and -

NORTHERN ONTARIO HERITAGE FUND CORPORATION,

a corporation existing under the laws of Ontario

(as lender and funder, "NOHFC")

Whereas:

- (a) NOHFC has among its objects the promotion and stimulation of economic initiatives in Northern Ontario;
- (b) SAHL has applied to NOHFC for financial assistance to assist the Recipient in carrying out the Project; and
- (c) NOHFC is willing to provide the Financial Assistance on the terms and conditions of this Agreement.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that:

1. FINANCIAL ASSISTANCE

1.1 Definitions. Capitalized terms used but not otherwise defined herein have the meanings set out in Schedule "A" hereto.

1.2 Financial Assistance. Subject to the terms and conditions of this Agreement, NOHFC agrees to provide the Recipient an aggregate amount of financial assistance not to exceed \$1,000,000 (the "Financial Assistance") by way of (a) a non-revolving term loan in an

aggregate principal amount of up to \$600,000 (the “**Loan**”) and (b) a conditional contribution of up to \$400,000 (the “**Conditional Contribution**”).

1.3 Advances. NOHFC shall make disbursements of Financial Assistance (each, an “**Advance**”) to the Recipient to reimburse an amount equal to the Project Percentage of the Eligible Project Costs paid by the Recipient, provided that:

- (a) the Recipient has delivered a Request for Advance to NOHFC no later than 11:00 a.m. E.S.T. on the 10th Business Day before the requested date of the Advance;
- (b) the Recipient has satisfied all of the conditions precedent contained in this Agreement for each Advance;
- (c) NOHFC shall have no obligation to make any Advance after December 31, 2020 (the “**Commitment Termination Date**”);
- (d) NOHFC shall have no obligation to make any Advance that, either individually or in aggregate with any prior Advances, exceeds the Maximum Available Funds Amount; and
- (e) at NOHFC’s option, Advances or portions thereof may be directed to the Recipient’s suppliers.

Notwithstanding anything to the contrary in this Agreement, NOHFC shall have no obligation to make any Advance on the date requested by the Recipient if it determines, in its sole discretion, that it requires additional time to: (i) process the requested Advance payment; or (ii) to determine whether the Recipient has satisfied all of the conditions precedent contained in this Agreement for such Advance. If NOHFC decides to delay payment of an Advance beyond the date requested by the Recipient, it shall notify the Recipient and may pay the requested Advance on any later date that NOHFC determines, in its reasonable discretion.

1.4 Allocation. Except with NOHFC’s prior written consent, (i) 60% of each Advance (the “**Loan Percentage**”) made by NOHFC hereunder is, and shall be treated for all purposes under the Documents and Applicable Laws as, a Loan advance and (ii) the remaining 40% of each Advance (the “**Contribution Percentage**”) is, and shall be treated for all purposes under the Documents and Applicable Laws as, a Conditional Contribution disbursement.

1.5 Limits on Financial Assistance.

- (a) **Reduction for Excess Public Financing.** If the Recipient receives funds for the Project from public sector sources in excess of the public sector funding amounts, if any, set forth in the Project Budget (such excess funds, the “**Excess Public Funding Amount**”), the Recipient shall promptly notify NOHFC thereof and NOHFC may, in its sole discretion and whether it has received notification from the Recipient or not, permanently reduce the Maximum Financial Assistance Amount by all or any part of the Excess Public Funding Amount, thereby reducing the amount of Financial Assistance available to the Recipient hereunder.

(b) **Reduction where Budgeted Costs exceed Actual Costs.** If the estimated Eligible Project Costs in the Project Budget exceed the amount of Actual Eligible Project Costs upon completion of the Project (such excess, the “**Excess Funds Amount**”) NOHFC may, in its sole discretion, reduce the Maximum Financial Assistance Amount by all or any part of the product of (i) the Project Percentage multiplied by (ii) the Excess Funds Amount, thereby reducing the amount of Financial Assistance available to the Recipient hereunder.

1.6 Use of Proceeds. The Recipient shall use the proceeds of the Financial Assistance solely to reimburse Eligible Project Costs, and may, with NOHFC’s written consent, use such proceeds to repay third-party indebtedness incurred to pay Eligible Project Costs.

1.7 Co-Recipients.

(a) Either 113 or SAHL may request Advances on behalf of the Recipient.

(b) Each of 113 and SAHL is, and at all times shall be, jointly and severally liable for each and every one of the liabilities of the Recipient hereunder (the “**Liabilities**”), regardless of which co-recipient requested, received, used, or directly enjoyed the benefit of the Financial Assistance or any advance thereof.

(c) Each of 113 and SAHL, to the extent permitted by law, hereby waives any defense to such Liabilities that may arise by reason of the disability or other defense or cessation of liability of any other Recipient for any reason other than payment in full. Each of 113 and SAHL also waives any defense to such Liabilities that it may have as a result of NOHFC’s election to or failure to exercise any right, power, or remedy, including, without limitation, the failure to proceed first against the other co-recipient, or any security it holds for such other co-recipient’s liabilities under any Document.

(d) To the extent that either 113 or SAHL may be deemed a guarantor or surety for the liabilities of the other hereunder, each of 113 and SAHL waives all defences arising under the law of suretyship or guarantee and agrees that NOHFC, without affecting the enforceability or continuing effectiveness of this Agreement against either co-borrower and co-recipient, whether as a guarantor, surety or primary obligor: (i) may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise change the terms of any of the Liabilities and otherwise deal with either co-borrower and co-recipient and all other persons and securities, as NOHFC may see fit; and (ii) shall not be obliged to seek recourse against any other co-borrower or co-recipient or person or the securities it may hold before being entitled to payment from a co-borrower or co-recipient of all the Liabilities. Each of 113 and SAHL hereby renounces the benefits of discussion and division and the right to claim against, or set up against, NOHFC any right which such co-borrower and co-recipient may have to be subrogated in any of the rights, privileges and other security held from time to time by NOHFC.

(e) Upon the occurrence and during the continuance of any Event of Default, NOHFC may enforce the Documents independently as to each of 113 and SAHL and independently of any other remedy NOHFC at any time may have or hold in

connection with therewith. Each of 113 and SAHL expressly waives any right to require NOHFC to marshal assets in favor of the other co-recipient or any other person or to proceed against any co-recipient or any collateral provided by any person, and agrees that NOHFC may proceed against the Recipient or any collateral in such order as it shall determine in its sole and absolute discretion, subject to the terms hereof.

- (f) Except to the extent expressly provided for in any of the Documents, each of 113 and SAHL expressly waives all rights or entitlements to presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Liabilities, and all notices of acceptance of the Documents or of the existence, creation or incurring of new or additional Liabilities.

2. LOAN PROVISIONS

- 2.1 Loan Advances.** Loan advances shall be made only as an allocated portion of an Advance as contemplated by Section 1.4 above. The Loan is non-revolving in nature and no principal amount repaid on the Loan may be reborrowed.
- 2.2 Interest.** Interest on the outstanding principal balance of the Loan and on any overdue interest outstanding from time to time, will be payable at the rate of 2.70% per annum (the “**Interest Rate**”) calculated and compounded monthly, not in advance, until repayment in full. Interest shall be due and payable monthly on the first day of each month, with interest at the rate provided herein both before and after maturity, default, demand and judgment. For the purposes of disclosure under the *Interest Act* (Canada), the parties acknowledge that the Interest Rate, calculated and compounded monthly, not in advance, is equivalent to a rate of interest of 2.71523% per annum, calculated and compounded half yearly, not in advance.
- 2.3 Repayment.** Prior to the Blended Payment Commencement Date, interest-only payments shall be due and payable in accordance with Section 2.2. Thereafter, blended payments of principal and interest in the amount of \$5,710.93 per month shall be due and payable on the first day of each month during the period from and including the Blended Payment Commencement Date to but excluding the Maturity Date. Any remaining unpaid principal balance of the Loan and any accrued and unpaid interest shall be due and payable in full on the Maturity Date. The monthly blended payments are based on a 120-month amortization of the principal amount of the Loan commencing on the Blended Payment Commencement Date. The “**Blended Payment Commencement Date**” is the first day of the month following the earlier of (i) the month in which the Commitment Termination Date occurs and (ii) the month in which the Loan is fully drawn down.
- 2.4 Voluntary Prepayments.** The Recipient may prepay in whole at any time or in part from time to time, without penalty, the principal balance of the Loan, together with any accrued and unpaid interest, upon at least 5 Business Days’ notice.
- 2.5 Mandatory Repayment of Excess Loan Amount.** Notwithstanding anything to the contrary in this Agreement, if on any date the outstanding principal balance of the Loan exceeds an amount equal to “A” multiplied by “B”, where

A – is the Maximum Available Funds Amount on such date; and

B – is the Loan Percentage

(such excess, the “**Excess Loan Amount**”), then NOHFC, at its option, may demand repayment of all or any part of the outstanding Excess Loan Amount together with any accrued and unpaid interest thereon, and the amount so demanded shall be immediately due and payable by the Recipient.

2.6 Application of Loan Payments. All Loan payments and prepayments will be applied firstly on account of interest and then on account of principal. Payments and prepayments of Loan principal will be credited against payments of Loan principal due hereunder in inverse order of maturity.

2.7 Place and Manner of Payment. Payments of principal and interest will be made by the Recipient to NOHFC by way of certified cheque or pre-authorized electronic payment before 2:00 p.m. on the applicable due date at the address noted herein or in such other manner and at such other place and time as otherwise specified in writing by NOHFC. Notwithstanding anything to the contrary in this Agreement, each payment to be made by the Recipient to NOHFC hereunder shall be made on a Business Day, and if the date upon which a payment is due hereunder is not a Business Day, the payment shall be due and payable on the next Business Day.

3. CONDITIONAL CONTRIBUTION PROVISIONS

3.1 Conditional Contribution Disbursements. Conditional Contribution disbursements shall be made only as a portion of an Advance, allocated as per Section 1.4 above.

3.2 Movement and Disposal of Assets. Except with NOHFC’s prior written consent and subject to and without limiting the other terms and conditions of this Agreement, until the third anniversary of the Project Completion Date, the Recipient shall not sell, lease, or otherwise dispose of, or store or move to any location outside of Northern Ontario, any asset in respect of which it has received Financial Assistance for the costs, in whole or in part, of purchasing, constructing, or improving such asset, provided that the Recipient may sell, lease, or dispose of, and/or may store or move to a location outside Northern Ontario, assets having an aggregate purchase cost not in excess of \$10,000 to the extent such sale, lease, or disposal, or storage or movement, is not otherwise prohibited by this Agreement or any other Document.

3.3 Buildings and Facilities. Except with NOHFC’s prior written consent, until the later of the end of the Loan Term and the fifth anniversary of the Project Completion Date, either SAHL or 113 shall own or lease any buildings or facilities purchased, constructed, or improved with the Financial Assistance.

3.4 Repayment of Conditional Contribution upon Default. Without limiting the application of Article 8 hereof, at any time after an Event of Default has occurred and is continuing, NOHFC may, in its sole discretion, demand repayment of all or any part of the outstanding Conditional Contribution and the amount so demanded shall be immediately due and payable by the Recipient together with interest thereon payable at the Interest Rate, calculated and compounded monthly, not in advance, from the date of such demand until repayment in full.

3.5 Mandatory Repayment of Excess Contribution. Notwithstanding anything to the contrary in this Agreement, if on any date of determination the outstanding Conditional Contribution exceeds an amount equal to “A” multiplied by “B”, where

A – is the Maximum Available Funds Amount on such date; and

B – is the Contribution Percentage

(such excess, the “**Excess Contribution**”), then NOHFC may, at its option, demand repayment of all or any part of the outstanding Excess Contribution and the amount so demanded shall be immediately due and payable by the Recipient together with interest thereon payable at the Interest Rate, calculated and compounded monthly, not in advance, from the date of such demand until repayment in full.

4. SECURITY PROVISIONS

4.1 Security. The Loan and all other Obligations shall be secured during the Loan Term by the following security agreements (collectively, the “**Security**”):

- (a) a general security agreement, creating a valid charge over all present and after-acquired undertaking and property of 113;
- (b) a general security agreement, creating a valid charge over all present and after-acquired undertaking and property of SAHL; and
- (c) a collateral mortgage provided by SAHL in the principal amount of \$1,000,000 (the “**Mortgage**”), creating a valid charge over the Property.

4.2 Priority of Security. During the Loan Term, the Encumbrances on the Recipient’s property shall rank in priority as follows:

- (a) in respect of 113’s personal property:
 - (i) First, any Prior Encumbrances, as applicable;
 - (ii) Next, the Encumbrances created by the Security; and
 - (iii) Finally, any other Permitted Encumbrances.
- (b) in respect of SAHL’s personal property:
 - (i) First, any Prior Encumbrances, as applicable;
 - (ii) Next, the Encumbrances created by the Security; and
 - (iii) Finally, any other Permitted Encumbrances.
- (c) in respect of the Property:
 - (i) First, any Prior Encumbrances, as applicable;

- (ii) Next, the Encumbrances created by the Security; and
- (iii) Finally, any other Permitted Encumbrances.

For greater certainty, the inclusion of references to Permitted Encumbrances or Prior Encumbrances in this Agreement or any other Document is not intended to subordinate and shall not subordinate any Encumbrance created by the Security to any Permitted Encumbrance or Prior Encumbrance.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties. As an inducement to NOHFC to provide the Financial Assistance, the Recipient makes the representations and warranties set out on Schedule “E” hereto. Such representations and warranties shall be deemed to be repeated on the date of (i) each Advance and (ii) each compliance certificate delivered pursuant to Section 7.2(a)(ii).

6. PRE-CONDITIONS FOR THE ADVANCE OF THE FINANCIAL ASSISTANCE

6.1 Conditions Precedent to First Advance. The obligation of NOHFC to make the first Advance is subject to the fulfilment of the following conditions precedent, each in form and substance satisfactory to NOHFC, on or before the date of such Advance:

- (a) the Recipient will have executed and delivered all of the Documents applicable to it;
- (b) all registrations, filings, and notices necessary or desirable to fully secure the Obligations will have been made;
- (c) the Recipient will have delivered to NOHFC such documentation as NOHFC reasonably requires to conduct a due diligence review of 113, SAHL and the Project, including copies of approved building plans, specifications, building contracts, and a breakdown of building costs for any renovations or new buildings constructed or to be constructed on the Property, and NOHFC shall have completed and been satisfied with its due diligence review;
- (d) the representations and warranties set forth in Schedule “E” hereto will be true and correct in all material respects on the date of such Advance;
- (e) the Recipient will have delivered the following to NOHFC:
 - (i) a Request for Advance in accordance with Section 1.3(a), along with copies of all invoices or other documentation satisfactory to NOHFC, in its sole discretion, evidencing costs incurred relating to the Eligible Project Costs claimed in such Request for Advance, together with copies of cancelled cheques or other proof of payment satisfactory to NOHFC, in its sole discretion, evidencing compliance with Section 1.6;
 - (ii) an opinion from the Recipient’s legal counsel regarding 113, SAHL and the Documents;

- (iii) a certificate of insurance confirming that the Recipient is in compliance with Section 1.6 of Schedule “F”;
 - (iv) any estoppel letters, acknowledgements, consents, waivers, subordinations, postponements, discharges, priority agreements, intercreditor agreements, use or non-disturbance agreements, or evidence of registrations or discharges that NOHFC or its counsel may reasonably require to establish the required priority of the Encumbrances created by the Security;
 - (v) a mortgagee policy of title insurance in respect of the Property issued by a title company satisfactory to NOHFC insuring the validity and priority of the Mortgage, together with a copy of any existing survey of the Property;
 - (vi) evidence that all other financing obtained or to be obtained by the Recipient in respect of the Project as set forth in the Project Budget has been committed; and
 - (vii) such other documents or evidence as may be reasonably required by NOHFC or its counsel; and
- (f) no circumstance or event will have occurred that has or could reasonably be expected to have a Material Adverse Effect.

6.2 Conditions Precedent to Each Subsequent Advance. The obligation of NOHFC to make each subsequent Advance, if any, is subject to the fulfillment of the following conditions precedent, each in form and substance satisfactory to NOHFC, on or before the date of each applicable Advance:

- (a) the representations and warranties set forth in Schedule “E” hereto will be true and correct in all material respects on such date;
- (b) no circumstance or event will have occurred that has or could reasonably be expected to have a Material Adverse Effect;
- (c) the Recipient will have delivered the following to NOHFC:
 - (i) a Request for Advance completed and delivered by Recipient in accordance with Section 1.3(a), along with copies of all invoices or other documentation satisfactory to NOHFC, in its sole discretion, evidencing costs incurred relating to the Eligible Project Costs claimed in such Request for Advance, together with copies of cancelled cheques or other documentation satisfactory to NOHFC, in its sole discretion, evidencing compliance with Section 1.6;
 - (ii) any further estoppel letters, acknowledgements, consents, waivers, subordinations, postponements, discharges, priority agreements, intercreditor agreements, use or non-disturbance agreements, or evidence of registrations or discharges that NOHFC or its counsel may reasonably require to establish the required priority of the Security;

- (iii) a favorable opinion from the Recipient's legal counsel regarding such counsel's sub-searches of the title to the Property as of such date; and
- (iv) such other documents or evidence as NOHFC or its counsel may reasonably require; and
- (d) if requested, NOHFC will have had the opportunity to physically inspect the Recipient's operations and the state of completion of the Project, and to update its due diligence review of 113 and SAHL, and NOHFC will have been satisfied with such inspection and review.

7. COVENANTS, REPORTING AND INSPECTION

7.1 Covenants. The Recipient will perform all of the covenants set out in Schedule "F" hereto and any other covenants applicable to the Recipient in any of the Documents.

7.2 Reporting. The Recipient will provide or cause to be provided to NOHFC:

- (a) within 120 days of the end of each Fiscal Year during the Loan Term:
 - (i) financial statements for each of 113 and SAHL (review engagement standard), including a balance sheet, a profit and loss statement, and statement of changes in financial position as at the end of such Fiscal Year, all prepared in accordance with GAAP, accompanied by
 - (ii) compliance certificates of the President or Chief Financial Officer of each of 113 and SAHL in substantially the form of Schedule "G" hereto;
- (b) within 30 days of completion of the Project or of the date of this Agreement, whichever is later, a completed and duly executed final Project Report;
- (c) within 120 days after each Job Measurement Date, a Job Report; and
- (d) such other information, accounts, data, and projections as NOHFC may reasonably request from time to time.

7.3 NOHFC Representatives. For the purpose of sections 7.4, 7.5, 7.7, 7.8, and 7.9 below, "NOHFC" includes any auditor, agent, or other representative that NOHFC may identify from time to time.

7.4 Rights of Inspection, Inquiry and Audit. NOHFC may, during such reasonable times as requested by NOHFC, enter the premises of 113 or SAHL or both to conduct an audit, inquiry, or investigation of the Recipient's compliance with the Agreement, including assessing: (i) their respective books and financial records, including the records referred to in Section 7.6 below; (ii) their respective affairs, finances and accounts; (iii) the progress of the Project; (iv) information related to any Job Report; (v) the Recipient's allocation and expenditure of the proceeds of any Financial Assistance; or (vi) any representation or warranty made to NOHFC by either of 113 or SAHL.

- 7.5 Recipient's Cooperation.** To facilitate the rights provided in section 7.4, each of 113 and SAHL shall, on request by NOHFC: (i) provide NOHFC access to all of its records and documents, wherever located; (ii) permit and assist NOHFC to copy such records and documents; (iii) use best efforts to provide any information that NOHFC may identify, in any form requested; and (iv) carry out any activities that NOHFC reasonably requests.
- 7.6 Record maintenance.** The Recipient shall keep and maintain for a period of 7 years after the creation thereof: (i) all financial records (including invoices and evidence of payment) relating to the Financial Assistance or otherwise to the Project in a manner consistent with GAAP, and (ii) all non-financial documents and records relating to the Financial Assistance or otherwise to the Project.
- 7.7 No Control of Records.** No provision of this Agreement shall be construed so as to give NOHFC any control whatsoever over the records of 113, SAHL, or either of them.
- 7.8 Auditor General.** Each of 113 and SAHL acknowledges that NOHFC's rights under this Agreement are in addition to any rights provided to the Auditor General (the "AG") pursuant to the *Auditor General Act* (Ontario).
- 7.9 Audit report.** If NOHFC or the AG believes that there are inaccuracies in, or inconsistencies between, any documents submitted to NOHFC in connection with a request for Financial Assistance or any reports or financial statements submitted to NOHFC hereunder and the financial records and books of account of 113, SAHL or both, NOHFC or the AG may request and the Recipient must provide at its own expense an audit report from a public accountant licensed under the laws of Ontario. The audit report must be satisfactory to NOHFC in form and content and address: (i) all Financial Assistance funds received to date; (ii) Eligible Project Costs incurred by the Recipient to date; (iii) whether the costs claimed as Eligible Project Costs were incurred in connection with the Project and in accordance with this Agreement; and (iv) any other financial information pertaining to this Agreement as may be reasonably specified in the request.

8. DEFAULT AND ACCELERATION

- 8.1 Default.** Upon the happening of any one or more of the following events (each an "Event of Default"), namely:
- (a) the Recipient fails (i) to make any payment of Loan principal owing hereunder when due or (ii) to repay any of the Conditional Contribution when due;
 - (b) the Recipient fails to make any payment of interest owing hereunder when due and such failure continues 5 days after the applicable due date;
 - (c) any representation or warranty provided by either 113, SAHL, or both to NOHFC (herein or otherwise) is incorrect in any material respect on the date on which such representation or warranty was made;
 - (d) there is a default or breach by either 113, SAHL, or both of any of the negative covenants listed in Section 2 of Schedule "F" hereto or any of the following positive covenants listed in Schedule "F": Sections 1.4, 1.6, 1.9, 1.11 or 1.16;

- (e) there is a default or breach by either 113, SAHL, or both of any term or covenant (other than those listed in subparagraphs (a), (b) or (d) above) in this Agreement or any of the other Documents, which default or breach is not cured within 10 days after a notice thereof is delivered by NOHFC to the Recipient;
- (f) either 113, SAHL, or both (i) is dissolved, liquidated or wound up or makes a proposal in writing to be dissolved; (ii) admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement, or composition with or for the benefit of its creditors; (iv) institutes a proceeding seeking a judgment of bankruptcy or a receiving order or an order adjudicating or declaring it to be bankrupt or insolvent or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debt under any law including the *Companies Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*; (v) has a resolution passed for its winding-up, official management, or liquidation; (vi) seeks or becomes subject to the appointment of an administrator, liquidator, receiver, receiver-manager, trustee, or similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of a substantial or material portion of its assets or has a distress, execution, attachment, sequestration, or other legal process levied or enforced on or against a substantial or material part of its assets; (viii) ceases to carry on business; or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts or events;
- (g) any bankruptcy, reorganization, arrangement or insolvency proceedings for relief under any bankruptcy or similar laws for the relief of debtors, including any of the proceedings or petitions described in subparagraph (f) above are instituted against either 113, SAHL, or both and are consented to by 113 or SAHL, as applicable, or, if contested by 113 or SAHL, as applicable, are not dismissed within 30 days;
- (h) in the reasonable opinion of NOHFC, an event occurs that has or could reasonably be expected to have a Material Adverse Effect;
- (i) the nature of the operations or corporate status of either 113, SAHL, or both changes so that it no longer meets one or more of the applicable eligibility requirements of the program under which NOHFC provides the Financial Assistance;
- (j) either 113, SAHL, or both fails to comply with any term, condition, or obligation under any other agreement with Her Majesty the Queen in right of Ontario or one of Her agencies, including NOHFC, and such failure continues after the applicable notice and cure period, if any, and is continuing;
- (k) either 113, SAHL, or both fails to pay the principal of or interest on any outstanding indebtedness for borrowed money in excess of \$50,000 when such payment is due and such failure continues after the applicable grace period, if any, or any other event occurs that accelerates or permits the acceleration of any such indebtedness, or any such indebtedness shall be declared to be due and payable prior to its stated maturity; or

- (l) a final judgment or decree for the payment of money due is obtained or entered against either 113, SAHL, or both in excess of \$50,000 and is not vacated, discharged, or stayed pending appeal within 30 days;

then NOHFC may, by notice to the Recipient: (i) immediately terminate its obligation to make any further Advances and (ii) declare that all outstanding Obligations, including any accrued and unpaid principal and interest on the Loan, are immediately due and payable (provided that upon the occurrence of an Event of Default under Section 8.1(f) or (g), NOHFC's obligation to make any further Advances shall immediately terminate and all outstanding Obligations, including any accrued and unpaid principal and interest on the Loan, will immediately become due and payable, automatically and without any notice, demand or act by NOHFC, all of which are expressly waived by the Recipient). In addition to its rights under Section 3.4, NOHFC may demand payment of all such Obligations and it may enforce its rights and remedies under the Documents or otherwise provided by law, at any time while an Event of Default is continuing.

8.2 Allocations, etc. NOHFC may allocate and apply any proceeds of realization of the Security against payment of the Obligations in such order as NOHFC sees fit. If there is any surplus remaining, NOHFC may pay it to any person having a claim in priority to the Recipient, with any remaining balance paid to the Recipient. If the net proceeds from realization of the Security fails to satisfy the Obligations, the Recipient shall remain liable to pay any deficiency to NOHFC. At any time after an Event of Default has occurred and is continuing, NOHFC is irrevocably authorized to appropriate and set-off amounts payable by NOHFC to the Recipient with amounts owing to NOHFC from the Recipient. The taking of a judgment by NOHFC under this Agreement or the Security shall not operate as a merger of any term or condition hereof or of any Obligation.

8.3 Remedies Cumulative. All rights and remedies granted to NOHFC in this Agreement and the other Documents are cumulative and not exclusive or alternative and may be pursued by NOHFC separately or together in any order, sequence or combination.

8.4 Costs of Collection. All costs of collection of amounts owing hereunder, including expenses incurred by NOHFC to enforce its rights and remedies under the Documents or otherwise provided by law, shall be for the account of the Recipient and shall be added to the principal amount of the Loan.

9. INDEMNIFICATION

9.1 General Indemnity. The Recipient shall indemnify and hold harmless the Indemnified Parties from and against any and all liability, losses, costs, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits, or other proceedings of any kind or nature whatsoever that may be incurred or sustained by, or asserted or awarded against, any of the Indemnified Parties ("**Claim or Loss**") arising out of or in connection with:

- (a) any use made or proposed to be made of the proceeds of any Advance;
- (b) any breach by either 113, SAHL, or both of the representations, warranties or covenants in this Agreement or any other Document; and

- (c) the failure of the Recipient to make a payment in the manner and at the time specified in this Agreement.

9.2 Environmental Indemnity. The Recipient shall indemnify and hold harmless the Indemnified Parties from and against any Claim or Loss arising out of or in connection with:

- (a) any Hazardous Substance being present or released in, on, under, or around, or that migrated from, the Property or into or upon any land, the atmosphere, or any watercourse, body of water, or wetland, of any Hazardous Substance; or
- (b) any breach by either 113, SAHL, or both of Environmental Laws.

10. GENERAL PROVISIONS

10.1 Further Assurances. The Recipient will from time to time do, execute, and deliver or cause to be done, executed and delivered all acts and documents as may be reasonably required by NOHFC for the purpose of carrying out this Agreement.

10.2 Financial and Other Information. The Recipient consents to NOHFC at any time obtaining from any credit reporting agency or other source such financial, operational and other information regarding 113, SAHL and the Project as NOHFC may deem appropriate to evaluate the financial condition of 113, SAHL, or both and the status of the Project. Without limiting the application of Section 10.14, the Recipient further consents to the disclosure by NOHFC of any such information in NOHFC's possession to any person if: (i) such information is otherwise readily available to the public; (ii) such disclosure is required or permitted by Applicable Laws; (iii) 113 or SAHL has or proposes to have a financial relationship with such person; or (iv) such person is: (A) an assignee of NOHFC; or (B) a contractor, agent, or advisor of the Government of Ontario who needs to know the confidential information being disclosed and is under an obligation to preserve the confidentiality of such information.

10.3 No Set-off, etc. All payments (whether interest or otherwise) to be made by the Recipient pursuant to this Agreement are to be made without set-off or deduction of any kind whatsoever.

10.4 Evidence of Indebtedness. Absent manifest error, NOHFC's books and records will constitute *prima facie* evidence of the obligations of the Recipient to NOHFC hereunder with respect to all Advances and all other amounts owing by the Recipient to NOHFC.

10.5 Time Periods. Time shall be of the essence of this Agreement.

10.6 Notices. Any notice or other communication to be given hereunder (in each case, "**Communication**") must be in writing and given by personal delivery, courier, registered mail, or electronic means of communication, in each case addressed to the respective parties as follows:

- (a) in the case of NOHFC:

MNP LLP
210-1205 Amber Drive
Thunder Bay, Ontario P7B 6M4
Attention: Dave Covello, Partner
Fax: (807) 622-1282
Email: Dave.Covello@mnp.ca

With a copy to:

Northern Ontario Heritage Fund Corporation
Suite 200, Roberta Bondar Place,
70 Foster Drive, Sault Ste. Marie, Ontario P6A 6V8
Attention: Executive Director
Fax: (705) 945-6701
Email: NOHFC.FinancialServicesUnit@ontario.ca

- (b) in the case of 113:

1138969 Ontario Inc.
377 Lakeview Road
Echo Bay, Ontario P0S 1C0

Attention: Richard Picard, President and CEO
Fax: (705) 248-3438
Email: rpicard@springeraerospace.com

in the case of SAHL:

Springer Aerospace Holdings Limited
377 Lakeview Road
Echo Bay, Ontario P0S 1C0

Attention: Richard Picard, President and CEO
Fax: (705) 248-3438
Email: rpicard@springeraerospace.com

or as may be changed by notice to the other parties in accordance with this Section. Any Communication given by personal delivery, registered mail, or courier shall be deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication given by electronic means on a Business Day before 4:00 p.m. shall be deemed to have been given and received on such Business Day, and otherwise shall be deemed to have been given and received on the first Business Day following transmission.

- 10.7 Successors and Assigns.** This Agreement shall enure to the benefit of NOHFC and be binding upon the successors and permitted assigns of the parties hereto.

- 10.8 Assignment.** The rights and obligations of the Recipient under this Agreement are not assignable to any other person without the prior written consent of NOHFC. The rights and obligations of NOHFC under this Agreement may be assigned by NOHFC without the prior consent of the Recipient and NOHFC shall, to the extent of the interest assigned, be released from its obligations under this Agreement but in any event shall continue to be entitled to the benefits of Article 9.
- 10.9 Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the parties hereto.
- 10.10 Waiver.** The failure or delay by NOHFC in exercising any right or remedy with respect to any breach of this Agreement by the Recipient shall not operate as a waiver or release thereof or of any other right or remedy. Any waiver must be in writing and signed by NOHFC to be effective and shall be limited only to the specific breach waived.
- 10.11 Expenses.** For clarity, each of the Recipient and NOHFC shall be responsible for their own respective legal and other expenses incurred for the preparation, execution, and delivery of this Agreement and the other Documents, and for any amendments, waivers, discharges, and similar matters that may be required.
- 10.12 Agent.** The parties agree that MNP LLP or any successor or substitute appointed by NOHFC may act as NOHFC's agent for purposes of this Agreement, including determining compliance with conditions precedent for making Advances, monitoring compliance with the terms of this Agreement and assessing any proposed amendments, waivers, and similar matters on behalf of NOHFC.
- 10.13 Parties Independent.** Neither 113 nor SAHL is not an agent, joint venturer, partner or employee of NOHFC, the government of Ontario or any Indemnified Party, and shall not take any actions that could establish or imply such a relationship.
- 10.14 FIPPA, etc.** Subject to compliance with the *Freedom of Information and Protection of Privacy Act* (Ontario), all information pertaining to the Financial Assistance and the Recipient's obligations under this Agreement and the other Documents is public information and may be released to third parties upon request.
- 10.15 Acknowledge Support.** Unless otherwise directed by NOHFC, the Recipient shall, in a form approved by NOHFC, acknowledge the support of NOHFC in any publication of any kind, written or oral, relating to the Project.
- 10.16 Publication.** If the Recipient publishes any material of any kind, written or oral, relating to the Project, the Recipient shall indicate in the material that the views expressed in the material are the views of the Recipient and do not necessarily reflect those of NOHFC or the government of Ontario.
- 10.17 Signage.** At NOHFC's request, the Recipient shall install and maintain in good condition one or more signs or plaques supplied by NOHFC to acknowledge NOHFC's support for the Project in conspicuous and visually unobstructed locations near the Project as approved by NOHFC.

- 10.18 Severability.** Any provision of this Agreement that a court of competent jurisdiction finds to be invalid or unenforceable will be deemed to be severed and will not affect the validity or enforceability of any other provision of this Agreement.
- 10.19 Interpretation.** Unless the context otherwise requires, words importing the singular include the plural and *vice versa*; words importing persons include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, and governmental bodies; and the words “include”, “includes” and “including” and words of similar purpose denote that the subsequent list is not exhaustive.
- 10.20 Entire Agreement.** This Agreement and the other Documents constitute the entire agreement between the Recipient and NOHFC relating to the subject matter hereof, and supersede all prior agreements, representations, warranties, understandings, conditions, or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.
- 10.21 Survival.** Without prejudice to the survival of any other term or condition of this Agreement, the provisions of Sections **Error! Reference source not found.**, 2.5, 3.2, 3.2, 3.4, 3.5, Articles **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, 8, 9, Sections **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.**, and all applicable definitions, cross-referenced provisions, and schedules shall continue in full force and effect for a period of 7 years after the expiry or termination of this Agreement (the “**Survival Period**”). For greater certainty, any claim against either of the Parties arising out of this Agreement before or during the Survival Period shall survive the termination or expiry of this Agreement.
- 10.22 Governing Law.** This Agreement shall be interpreted in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada.
- 10.23 Anti-Money Laundering Legislation.** The Recipient will promptly provide any information regarding 113, SAHL and their respective directors, officers or shareholders that NOHFC may be required to obtain or verify pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or other similar legislation.
- 10.24 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 10.25 Execution by Electronic Means.** This Agreement may be executed by electronic signature and delivered by facsimile or e-mail transmission, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. The words “execution,” “signed,” “signature,” and words of like import in this Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature.

[Signature page follows]

The parties hereto have caused this Agreement to be duly executed as of the date first stated above.

NORTHERN ONTARIO HERITAGE FUND CORPORATION

By: _____
John Guerard
Executive Director (A)

I have authority to bind the corporation.

1138969 ONTARIO INC.

By:  _____
Name: Richard Picard
Title: President

I have authority to bind the corporation.

SPRINGER AEROSPACE HOLDINGS LIMITED

By:  _____
Name: Richard Picard
Title: President

I have authority to bind the corporation.

Schedule “A”

ADDITIONAL DEFINITIONS

1. **“Actual Eligible Project Costs”** means the total Eligible Project Costs actually incurred and paid by either 113 or SAHL for which satisfactory invoices and proof of payment or other satisfactory evidence of costs incurred and paid, in either case as determined by NOHFC in its sole discretion, have been delivered by the Recipient to NOHFC.
2. **“Agreement”** means this loan and conditional contribution agreement between and among NOHFC and the Recipient, including this schedule and the other schedules thereto, as it may be amended, varied, supplemented, restated, renewed, or replaced at any time and from time to time.
3. **“Applicable Laws”** means any law, statute, by-law, ordinance, decree, requirement, directive, order, judgment, license, permit, code or regulation having the force of law, and any applicable determination, interpretation, ruling, order or decree, of any governmental authority or arbitrator, that is legally binding at the time.
4. **“Application Date”** means the date that SAHL’s application for funding in respect of the Project was received by NOHFC, being July 13, 2018.
5. **“Blended Payment Commencement Date”** has the meaning set out in Section 2.3.
6. **“Business Day”** means a day other than a Saturday, Sunday, or any statutory holiday in the Province of Ontario.
7. **“Commitment Termination Date”** has the meaning set out in Section 1.3.
8. **“Conflict of Interest”** includes: (a) in relation to the process of applying for Financial Assistance, any circumstance where either 113, SAHL, or both has or could be perceived to have an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage over other applicants; and (b) in relation to the performance of its obligations under this Agreement, any circumstances where either 113, SAHL, or both (or any person who has the capacity to influence the decisions of 113 or SAHL) has outside commitments, relationships or financial interests that interfere with, or could be seen by a reasonable person to interfere with, either 113, SAHL, or both’s objective, unbiased and impartial judgment relating to the Project and the use of the Financial Assistance.
9. **“Contribution Percentage”** has the meaning set forth in Section 1.4.
10. **“Control”** shall be deemed to exist when a person (or persons acting jointly or in concert) or one or more of its or their subsidiaries and other persons controlled directly or indirectly by that person or persons, beneficially own(s), directly or indirectly, more than 50% of the voting shares of any company or corporation, or more than 50% of the ownership interests, however designated, in or of any trust, partnership, or other unincorporated entity or other person, or any lesser amount that would be sufficient to enable it or them to elect a majority of the directors (or trustees or other persons performing similar functions) of that company or corporation or other entity regardless of the manner in which other voting shares or other ownership interests are voted or has or have, through the operation of any

agreement or otherwise, the ability to elect or cause the election of a majority of the directors or to appoint management (or trustees or other persons performing similar functions) and determine policies of such company, corporation or other entity or person.

11. **“Documents”** means, collectively, this Agreement, the Security and all other documents delivered pursuant to or in connection with any of the foregoing.
12. **“Eligible Project Costs”** are costs incurred and paid by either 113 or SAHL for the purpose of carrying out the Project for which NOHFC may provide financial assistance under its program criteria and that are: (a) incurred by either 113 or SAHL, as applicable, between the Application Date and the Commitment Termination Date; (b) in the sole opinion of NOHFC, reasonable and necessary for carrying out the Project; (c) limited to the amounts and Project cost categories set out in the Project Budget, including any explanatory notes thereto; and (d) in each case net of any costs (including taxes) for which the Recipient has received, will receive, or is eligible to receive a rebate, credit, or refund.
13. **“Encumbrance”** means any mortgage, charge, pledge, security interest, lien (statutory or otherwise), title retention agreement or other encumbrance of any kind.
14. **“Environmental Laws”** means any Applicable Laws relating to pollution or the protection of the environment or any activity, event, or circumstance in respect of a Hazardous Substance, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, or transportation, or its release, escape, leaching, dispersal, or migration into the natural environment, including the movement through or in the air, land surface, or subsurface strata, surface water, or groundwater.
15. **“Event of Default”** has the meaning set forth in Section 8.1.
16. **“Excess Contribution”** has the meaning set forth in Section 3.5.
17. **“Excess Funds Amount”** has the meaning set forth in Section 1.5(b).
18. **“Excess Loan Amount”** has the meaning set forth in Section 2.5.
19. **“Excess Public Funding Amount”** has the meaning set forth in Section 1.5(b).
20. **“Fiscal Year”** means a fiscal year of 113 or SAHL, as applicable.
21. **“Full Time Equivalents”** means, as of any Job Measurement Date, the sum of (i) the number of individuals employed by 113 as of such date that have worked at least 1,500 hours during the Fiscal Year ending on such date, plus (ii) the quotient of (a) the total number of hours worked by all individuals employed by 113 as of such date that have worked less than 1,500 hours during the Fiscal Year ending on such date, divided by (b) 1,500; which can be expressed mathematically as follows:

$$\text{Full Time Equivalents} = X + \frac{Y}{1500}$$

where:

X = the number of individuals employed by 113 as of the Job Measurement Date that have worked at least 1,500 hours during the Fiscal Year ending on such date;

Y = the total number of hours worked by all individuals employed by 113 as of Job Measurement Date that have worked less than 1,500 hours during the Fiscal Year ending on such date.

For certainty, hours worked by any independent contractors of 113, or by any employees or independent contractors of SAHL, may not be included in the calculation of Full Time Equivalents without NOHFC's written consent.

22. **"GAAP"** means, at any time, generally accepted Canadian accounting principles then in effect, consistently applied.
23. **"Hazardous Substance"** means any pollutant, containment, or substance that when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or a material risk to human health and without restricting the generality of the foregoing, Hazardous Substance includes any pollutant, contaminant, waste, hazardous waste, or dangerous good as defined by Applicable Laws for the protection of the natural environment or human health (including asbestos and poly-chlorinated biphenyls).
24. **"Indemnified Parties"** means Northern Ontario Heritage Fund Corporation and each of its officers, directors, advisors, agents, and representatives.
25. **"Interest Rate"** has the meaning set forth in Section 2.2.
26. **"Job Baseline"** means the number of Full Time Equivalents of 113 as of the Application Date, as specified in Section 5 of Schedule "B".
27. **"Job Creation Target"** means the number of new Full Time Equivalents to be achieved by 113 as a result of the Project, as specified in Section 5 of Schedule "B".
28. **"Job Measurement Date"** means the last day of each of the first, second and third full Fiscal Years of 113 occurring after the date of this Agreement.
29. **"Job Report"** means a certificate in the form required by NOHFC executed by a senior officer of 113 certifying 113's compliance with Section 1.16 of Schedule "F", including the number of Full Time Equivalents of 113 as of the most recent Job Measurement Date.
30. **"Loan Percentage"** has the meaning set forth in Section 1.4.
31. **"Loan Term"** means the period from the date of this Agreement until the latest of: (i) the date on which the principal of the Loan, and all accrued and unpaid interest thereon, has been repaid in full; and (ii) the Project Completion Date.
32. **"Material Adverse Effect"** means a material adverse effect on the business, assets, operations or financial condition of either 113, SAHL, or both.

33. **“Maturity Date”** means the tenth anniversary of the Blended Payment Commencement Date.
34. **“Maximum Available Funds Amount”** means, on any date of determination, the lesser of: (a) the Maximum Financial Assistance Amount; and (b) the amount equal to the Project Percentage of the aggregate amount of Actual Eligible Project Costs on such date of determination.
35. **“Maximum Financial Assistance Amount”** means the maximum amount of Financial Assistance available to the Recipient under this Agreement as set forth in Section 1.2 less any reductions made by NOHFC, in its sole discretion, from time to time, pursuant to Section 1.5.
36. **“Northern Ontario”** means the territorial districts of Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay, and Timiskaming.
37. **“Obligations”** means all present and future indebtedness, liabilities, and obligations of the Recipient to NOHFC under this Agreement and the other Documents, whether direct or indirect, contingent, or absolute, and whether in respect of the Loan, the Conditional Contribution or otherwise, in each case, with interest thereon to the extent applicable.
38. **“Permitted Encumbrances”** has the meaning ascribed to it in Schedule “D” hereto.
39. **“Prior Encumbrances”** has the meaning ascribed to it in Schedule “D” hereto.
40. **“Project”** means the undertaking described in Sections 1 through 4 of Schedule “B”, to be completed by the Recipient in accordance with the Project Budget.
41. **“Project Budget”** means the budget for the Project set out in Schedule “C”.
42. **“Project Completion Date”** is the date upon which the Recipient has delivered to NOHFC: (a) satisfactory evidence that the Project has been completed in accordance with the terms and conditions of the Documents; and (b) a satisfactory final Project Report.
43. **“Project Location”** means the location of the Project specified in Section 3 of Schedule “B”.
44. **“Project Percentage”** means the maximum percentage of Eligible Project Costs that NOHFC may reimburse, as set out on Schedule “C”.
45. **“Project Report”** means a written report on the Project, in the form required by NOHFC, completed and duly executed by the Recipient and satisfactory to NOHFC.
46. **“Project Timelines”** means the timelines for completion of the Project and each of the Project milestones described in Schedule “B”.
47. **“Property”** means the property of SAHL municipally known as 377 Lake View Rd., Echo Bay, Ontario, and more particularly described as follows:

PIN 31470-0098 (LT): LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN FAVOUR OF OF LT 17 RCP H759 AS IN AL195932

PIN 91470-0011 (LT): PCL 12-1 SEC 1M498; BLK 12 PL 1M498 LAIRD EXCEPT PT 1 1R7890; LAIRD; SUBJECT TO AN EASEMENT OVER BLK 12 PL 1M498 EXCEPT PT 1 1R7890 IN FAVOUR OF LT 17 RCP H759 AS IN AL195932

48. **“Related Parties”** includes any shareholder, director, officer or employee of 113 or SAHL or any individual related by blood, adoption or marriage to any such person or any corporation or other person not dealing at arms’ length (as such term is defined in the *Income Tax Act* (Canada)) with any such person.
49. **“Request for Advance”** means a written request for an Advance, in the form required by NOHFC, completed and duly executed by the Recipient.
50. **“Total Job Target”** means a number equal to the Job Baseline plus the Job Creation Target.

Schedule “B”

PROJECT DESCRIPTION

1. **Project summary**

The Recipient will construct a new airplane hangar of approximately 29,420 square feet in size on the Property.

2. **Project purpose**

The construction of the new hangar will allow the Recipient to increase its operational capacity, allowing it to service more aircrafts simultaneously, as well as larger aircrafts.

3. **Project location**

Gore Bay, Ontario

4. **Project timelines**

As at the date of this Agreement, the Project has been completed.

5. **Job Covenant Targets**

The Recipient is required to create the employment outcomes stipulated in Section 1.16 of Schedule “F”. The formula set out in Section 1.16 uses the following variables:

Job Baseline: 30 Full Time Equivalents

Job Creation Target: 69.5 Full Time Equivalents

Total Job Target: 99.5 Full Time Equivalents

Schedule "C"
PROJECT BUDGET

1. Project Costs Chart

<i>Project cost category</i>	<i>Eligible Project Costs</i>	<i>Ineligible Project Costs</i>	<i>Total cost</i>
Capital Construction	\$2,038,105	\$0	\$2,038,105
Contingency	\$61,895	\$0	\$61,895
TOTALS:	\$2,100,000	\$0	\$2,100,000

2. Project Funding Chart

<i>Funding source</i>	<i>Financing type</i>	<i>Total funding</i>
NOHFC	Loan	\$600,000
NOHFC	Conditional Contribution	\$400,000
Recipient	Own resources	\$100,000
Caisse Desjardins Ontario Credit Union Inc.	Loan	\$1,000,000
TOTAL:		\$2,100,000
Project Percentage (NOHFC maximum % of Eligible Project Costs)		47.6%

Schedule “D”
ENCUMBRANCES

“Prior Encumbrances” means:

(i) (a) the security interests granted by 113 that are evidenced by the following registrations:

Personal Property Security Act (Ontario) (“PPSA”) Registrations

<i>Reference File No.</i>	<i>Registration No.</i>	<i>Secured Party</i>	<i>Collateral¹</i>	<i>General Collateral Description/Comments</i>
738525033	20180423 1432 6083 1810 Amendment: 20181004 1937 1531 1552	CAISSE POPULAIRE VERMILLON INC.	CG, I, E, A, O	GENERAL SECURITY AGREEMENT DATED FEBRUARY 5, 2018 BETWEEN 1138969 ONTARIO INC. AND CAISSE POPULAIRE VERMILLON INC.
751723425	20190529 1614 1532 6717	CAISSE POPULAIRE VERMILLON INC.	E, O, MV	Year:2016, Make: DODGE, Model: GRAND CARAVAN , VIN:2C4RDGB9GR169495 1. DASH 8 HEAVY CHECK WING, ENGINE AND NACELLE DOCK STANDS 2. DASH 8 JACKS AND TAIL STANDS INCLUDING, BUT NOT LIMITED TO A. TRONAIR NOSE JACK SN 181286011 B. TRONAIR MAIN JACK SN 9834071001 C. TRONAIR MAIN JACK SN 9834071002 3. 2016 JCB 35D 4X4 TELETRUK FORKLIFT SN 2253620 TOGETHER WITH THE FULL CAB, PALLET FORKS AND SIDE SHIFT 4. 80X40X24 ARCTIC SHELTER STORAGE BUILDING / PEAK DOUBLE TRUSS, PVC FABRIC
751988475	20190605 1138 1862 0881	NORTHERN ONTARIO HERITAGE FUND CORPORATION	I, E, A, O	
758066724	20191129 0835 1532 6371 Transfer: 20200401 1632 1532 9212	VW CREDIT CANADA INC.	E, O, MV	Year: 2019, Make: VOLKSWAGEN, Model: GOLF COMFORTLINE, VIN: 3VWG57AU3KM032822
760580019	20200303 1320 6005 8193	CWB NATIONAL LEASING INC.	E, MV	2005 SKYJACK SJ4632 SCISSOR LIFT 711591 2007 SKYJACK SJ4632 SCISSOR LIFT 718796 AGREEMENT NUMBER 2979258, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY OR INDIRECTLY THEREFROM.

¹ The following abbreviations are used to identify collateral classifications under the PPSA: A – Accounts; I- Inventory; CG - Consumer Goods; MV - includes Motor Vehicle; E – Equipment; and O –Other.

Program: Northern Ontario Business Opportunities Program (Business Expansion)

Project Number: 8411008

Recipient Name: 1138969 Ontario Inc. and Springer Aerospace Holdings Limited

(b) the security interests granted by SAHL that are evidenced by the following registrations:

Personal Property Security Act (Ontario) (“PPSA”) Registrations

<i>Reference File No.</i>	<i>Registration No.</i>	<i>Secured Party</i>	<i>Collateral¹</i>	<i>General Collateral Description/Comments</i>
745544772	20181105 1424 9489 0035	CAISSE POPULAIRE VERMILLON INC.	I, E, A, O, MV	GENERAL SECURITY AGREEMENT REGISTERED AGAINST ALL PRESENT AND AFTER-ACQUIRED ASSETS

746401158	20181130 1406 9489 0053	CAISSE POPULAIRE VERMILLON INC.	I, E, A, O	<p>ONE (1) 1981 CESSNA AIRCRAFT COMPANY MODEL 425 (AS DESCRIBED IN THE DROP-DOWN MENU OF THE INTERNATIONAL REGISTRY), AIRFRAME BEARING MANUFACTURE'S SERIAL NUMBER 425-0080 AND CANADIAN REGISTRATION MARKS C-CVCI, TWO (2) PRATT & WHITNEY CANADA, MODEL PT6A SERIES (AS DESCRIBED IN THE DROP-DOWN MENU OF THE INTERNATIONAL REGISTRY), ENGINES BEARING MANUFACTURE'S SERIAL NUMBERS 12165 AND 12168, WHEREVER LOCATED, TOGETHER WITH ALL COMPONENTS, FURNISHINGS, EQUIPMENT OR OTHER PARTS OF ANY KIND WHICH MAY FROM TIME TO TIME BE INCORPORATED OR INSTALLED IN OR ATTACHED TO THE AIRFRAME OR ANY ENGINE FOR SO LONG AS THE SAME IS SO ATTACHED AND THEREAFTER FOR SO LONG AS THE SAME IS SUBJECT TO THE SECURITY INTEREST IN RESPECT THEREOF (THE ?AIRCRAFT?). ANY AND ALL BILLS OF SALE IN RESPECT OF THE AIRCRAFT OR ANY PART THEREOF. ALL MANUALS, DOCUMENTS, DATA, LOG BOOKS, AND OTHER RECORDS IN RESPECT OF THE AIRCRAFT OR ANY PART THEREOF. ALL CONTRACTS OR POLICIES OF INSURANCE COVERING THE AIRCRAFT AND ALL RIGHTS TO MONEY OR THE VALUE PAYABLE UNDER INSURANCE POLICIES IN RESPECT TO THE AIRCRAFT, AND THE RIGHT TO MAKE ALL CLAIMS UNDER ALL SUCH CONTRACTS AND POLICIES OF INSURANCE. ALL WARRANTIES, REPRESENTATIONS, SERVICE CONTRACTS, PRODUCT SUPPORT, OR OTHER AGREEMENTS OF ANY NATURE IN RESPECT OF OR THAT SHALL APPLY TO THE AIRCRAFT OR ANY PART THEREOF FROM ANY MANUFACTURE, VENDOR, CONTRACTOR OR SUPPLIER THEREOF. ALL RENTS, PAYMENTS OR PROCEEDS PAYABLE WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF AS THE RESULT OF THE USE, SALE, LEASE, SUBLEASE, OR OTHER DISPOSITION THEREOF. ALL REPLACEMENTS, RENEWALS, ADDITIONS AND ACCESSIONS TO AND SUBSTITUTIONS FOR ANY OF THE FOREGOING. AND ALL LEASES IN RESPECT TO THE AIRCRAFT, INCLUDING, WITHOUT LIMITATION, THE IMMEDIATE AND CONTINUING RIGHT TO RECEIVE AND COLLECT ALL RENTS, SUPPLEMENTAL RENTS, STIPULATED LOSS VALUES, INCOME, REVENUES, ISSUES, PROFITS, INSURANCE PROCEEDS, CONDEMNATION AWARDS AND OTHER PAYMENTS NOW OR THEREAFTER TO OR RECEIVABLE UNDER SUCH LEASES. TOGETHER WITH ALL PROCEEDS OR ANY OF THE FOREGOING IN ANY FORM INCLUDING GOODS, DOCUMENTS, OF TITLE, CHATTEL PAPER, SECURITY, INSTRUMENTS, MONEY, INTANGIBLES OR ANY OTHER PERSONAL PROPERTY RECEIVED WHEN SUCH COLLATERAL OR PROCEEDS ARE SOLD, COLLECTED, DEALT WITH OR OTHERWISE DISPOSED OF.</p>
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Program: Northern Ontario Business Opportunities Program (Business Expansion)
 Project Number: 8411008
 Recipient Name: 1138969 Ontario Inc. and Springer Aerospace Holdings Limited

Reference File No.	Registration No.	Secured Party	Collateral ¹	General Collateral Description/Comments
746403408	20181130 1420 9489 0054	CAISSE POPULAIRE VERMILLON INC.	I, E, A, O	<p>ONE (1) 1987 PIPER MALIBU MODEL PA-46-310P (AS DESCRIBED IN THE DROP-DOWN MENU OF THE INTERNATIONAL REGISTRY), AIRFRAME BEARING MANUFACTURE'S SERIAL NUMBER 4608051 AND CANADIAN REGISTRATION C-GHWQ, WHEREVER LOCATED, TOGETHER WITH ALL COMPONENTS, FURNISHINGS, EQUIPMENT OR OTHER PARTS OF ANY KIND WHICH MAY FROM TIME TO TIME BE INCORPORATED OR INSTALLED IN OR ATTACHED TO THE AIRFRAME OR ANY ENGINE FOR SO LONG AS THE SAME IS SO ATTACHED AND THEREAFTER FOR SO LONG AS THE SAME IS SUBJECT TO THE SECURITY INTEREST IN RESPECT THEREOF (THE "AIRCRAFT?"). ANY AND ALL BILLS OF SALE IN RESPECT OF THE AIRCRAFT OR ANY PART THEREOF. ALL MANUALS, DOCUMENTS, DATA, LOG BOOKS, AND OTHER RECORDS IN RESPECT OF THE AIRCRAFT OR ANY PART THEREOF. ALL CONTRACTS OR POLICIES OF INSURANCE COVERING THE AIRCRAFT AND ALL RIGHTS TO MONEY OR THE VALUE PAYABLE UNDER INSURANCE POLICIES IN RESPECT TO THE AIRCRAFT, AND THE RIGHT TO MAKE ALL CLAIMS UNDER ALL SUCH CONTRACTS AND POLICIES OF INSURANCE. ALL WARRANTIES, REPRESENTATIONS, SERVICE CONTRACTS, PRODUCT SUPPORT, OR OTHER AGREEMENTS OF ANY NATURE IN RESPECT OF OR THAT SHALL APPLY TO THE AIRCRAFT OR ANY PART THEREOF FROM ANY MANUFACTURE, VENDOR, CONTRACTOR OR SUPPLIER THEREOF. ALL RENTS, PAYMENTS OR PROCEEDS PAYABLE WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF AS THE RESULT OF THE USE, SALE, LEASE, SUBLEASE, OR OTHER DISPOSITION THEREOF. ALL REPLACEMENTS, RENEWALS, ADDITIONS AND ACCESSIONS TO AND SUBSTITUTIONS FOR ANY OF THE FOREGOING. AND ALL LEASES IN RESPECT TO THE AIRCRAFT, INCLUDING, WITHOUT LIMITATION, THE IMMEDIATE AND CONTINUING RIGHT TO RECEIVE AND COLLECT ALL RENTS, SUPPLEMENTAL RENTS, STIPULATED LOSS VALUES, INCOME, REVENUES, ISSUES, PROFITS, INSURANCE PROCEEDS, CONDEMNATION AWARDS AND OTHER PAYMENTS NOW OR THEREAFTER TO OR RECEIVABLE UNDER SUCH LEASES. TOGETHER WITH ALL PROCEEDS OR ANY OF THE FOREGOING IN ANY FORM INCLUDING GOODS, DOCUMENTS, OF TITLE, CHATTEL PAPER, SECURITY, INSTRUMENTS, MONEY, INTANGIBLES OR ANY OTHER PERSONAL PROPERTY RECEIVED WHEN SUCH COLLATERAL OR PROCEEDS ARE SOLD, COLLECTED, DEALT WITH OR OTHERWISE DISPOSED OF.</p>

Program: Northern Ontario Business Opportunities Program (Business Expansion)
 Project Number: 8411008
 Recipient Name: 1138969 Ontario Inc. and Springer Aerospace Holdings Limited

<i>Reference File No.</i>	<i>Registration No.</i>	<i>Secured Party</i>	<i>Collateral¹</i>	<i>General Collateral Description/Comments</i>
751978728	20190605 1059 1862 0870	NORTHERN ONTARIO HERITAGE FUND CORPORATION	A, O	
758066724	20191129 0835 1532 6371 Transfer: 20200401 1632 1532 9212	VW CREDIT CANADA INC.	E, O, MV	Year: 2019, Make: VOLKSWAGEN, Model: GOLF COMFORTLINE, VIN: 3VWG57AU3KM032822
761337783	20200401 0816 1532 8182	VW CREDIT CANADA INC.	E, O, MV	Year:2019, Make: VOLKSWAGEN, Model: GOLF SPORTWAGON COM, VIN:3VW117AUXKM515581

and the charges/mortgages described below:

- Charge/mortgage in favour of Caisse Desjardins Ontario Credit Union Inc. securing the maximum principal amount of \$6,500,000, registered as instrument no. AL213732
- (ii) Encumbrances described in clause (iii) of the definition of Permitted Encumbrances, to the extent that such Encumbrances are entitled under Applicable Laws to rank in priority ahead of the Encumbrances created by the Security; and
- (iii) Encumbrances described in clause (iv) of the definition of Permitted Encumbrances to the extent that such Encumbrances arise by operation of law and are not voluntarily granted, and are entitled under Applicable Laws to rank in priority ahead of the Encumbrances created by the Security;
- (iv) any Encumbrance in favour of NOHFC; and
- (v) any Encumbrance that NOHFC may expressly permit in writing to take priority ahead of the Encumbrances created by the Security.

“Permitted Encumbrances” means:

- (i) the Encumbrances created by the Security;
- (ii) all Prior Encumbrances;
- (iii) any purchase-money Encumbrance or capital lease, provided that any such Encumbrance shall (i) extend only to the specific asset(s) financed and any proceeds or rights of insurance thereto and (ii) secure only the price of such financed property, or debt incurred solely for the purpose of acquiring or leasing such property, as the case may be;
- (iv) any one or more of the following:
- (a) undetermined or inchoate Encumbrances arising in the ordinary course of business that have not at such time been filed pursuant to law against the Recipient or that

- relate to obligations not due or delinquent;
- (b) carriers', warehousemen's, mechanics', material-men's, repairmen's, or other similar Encumbrances arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested at the time by the Recipient in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Recipient, in accordance with GAAP, so long as the same do not involve any immediate danger of the sale, forfeiture, or loss of the assets that are subject to the Encumbrance;
 - (c) any Encumbrance resulting from the deposit of cash or securities in connection with contracts, tenders, or expropriation proceedings, or to secure worker's compensation, surety appeal bonds, or costs of litigation when required by law, and public and statutory obligations;
 - (d) any Encumbrance resulting from security given to a public utility or governmental authority when required by such utility or governmental authority in connection with the operation of the business of the Recipient;
 - (e) the right reserved to or vested in any governmental authority by any statutory provision, or by the terms of any lease, licence, franchise, grant, or permit held by the Recipient, to terminate any such lease, license, franchise, grant, or permit or to require annual or other payments as a condition to the continuance thereof;
 - (f) with respect to the Property, any one or more of the following:
 - i. Encumbrances for realty taxes or assessments not at the time due or delinquent or the validity of which are being contested by the Recipient in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the Recipient, in accordance with GAAP, so long as such Encumbrances do not involve any immediate danger of the sale, forfeiture, or loss of the Property or any part thereof;
 - ii. Encumbrances that are: (i) title defects, encroachments, or irregularities of a minor nature; or (ii) restrictions, easements, rights-of-way, servitudes, or other similar rights in land (including rights of way and servitudes for railways, sewers, drains, gas, and oil pipelines, gas and water mains, and electric power and telephone or cable conduits, poles and wires) granted to or reserved by other persons, in each case where such Encumbrances in the aggregate do not materially impair the usefulness or marketability of the Property;
 - iii. the reservations, limitations, provisos, and conditions, if any, expressed in any original grants of real property from the Crown;
 - iv. any lien, claim, or liability under the *Construction Act* (Ontario) or other similar law in respect of which NOHFC is fully indemnified to its satisfaction from any liability or expense in respect thereof;
 - v. zoning and building by-laws and ordinances, municipal by-laws, provincial laws, and regulations, that do not materially impair the usefulness or

marketability of the Property or its usefulness for the purposes for which it is held; and

- vi. covenants restricting or prohibiting access to or from real property abutting on controlled access highways, that do not adversely impair in any material respect the usefulness or marketability of the Property;
- (v) any Encumbrance on the Property that (a) arises after the disbursement by NOHFC of the maximum amount of Financial Assistance contemplated under this Agreement, and (b) ranks behind or is subordinated to the Security, including the charge/mortgage in favour of (as co-lenders) Community Futures Development Corporation of Sault Ste. Marie & Area, East Algoma Futures Development Corporation, and Nickel Basin Federal Development Corporation securing the maximum principal amount of \$900,000 and registered as instrument no. AL216665;
- (vi) any Encumbrance on personal property that ranks behind or is subordinated to the Security, including: (i) the security interests granted by each of SAHL and 113 in favour of Aviation Maintenance Inc., to be registered under the PPSA; and (ii) the security interests granted by each of SAHL and 113 in favour of (as co-lenders) Community Futures Development Corporation of Sault Ste. Marie & Area, East Algoma Futures Development Corporation, and Nickel Basin Federal Development Corporation; and
- (vii) any other Encumbrances that NOHFC expressly agrees in writing to permit.

SCHEDULE "E"

REPRESENTATIONS AND WARRANTIES

1. **Due Incorporation.** Each of 113 and SAHL is a duly incorporated corporation and is existing pursuant to the laws of the Province of Ontario.
2. **Power and Authority.** Each of 113 and SAHL has the requisite power and capacity to carry on its business, to own and grant security interests in its property and assets, and to enter into and deliver this Agreement and the other Documents and carry out its obligations thereunder and hereunder.
3. **Governance and Related Matters.** The Recipient has: (a) a code of conduct and ethical responsibilities for all persons at all levels of the Recipient's organization; (b) procedures to ensure the ongoing effective functioning of the Recipient; (c) decision-making mechanisms; (d) procedures to manage the Financial Assistance prudently and effectively; (e) procedures to enable the successful completion of the Project; (f) procedures to identify risks to the completion of the Project and strategies to address the identified risks, all in a timely manner; (g) procedures to enable the preparation and delivery of all reports required pursuant to this Agreement; (h) procedures to address such other matters as the Recipient considers necessary to ensure that the Recipient carries out its obligations under this Agreement; and (i) the experience and expertise necessary to carry out the Project.
4. **Absence of Conflict of Interest.** No Conflict of Interest exists.
5. **Enforceability.** This Agreement and the other Documents to which the Recipient is a party constitute valid and binding obligations of each of 113 and SAHL enforceable against each of them in accordance with their respective terms.
6. **Authorization of Documents.** Each of 113 and SAHL has taken all necessary corporate action to authorize, and has duly executed and delivered, this Agreement and the other Documents, and there are no provisions in any unanimous shareholder agreement that restrict or limit its powers to borrow money or grant security in respect of its assets as contemplated herein.
7. **Approvals and Compliance.** All orders, licences, approvals, permits, authorizations, exemptions, filings, or registrations of, from or with any governmental authority that are material to the operation of the business of the Recipient have been obtained, and the Recipient has not received any notice, nor does it have any knowledge, that any real property owned or used by it, the use thereof, or any of the Recipient's operations are not in compliance in all material respects with all Applicable Laws, including Environmental Laws, the non-compliance with that could reasonably be expected to have a Material Adverse Effect.
8. **Title to Assets.** Each of 113 and SAHL has good and marketable title to its properties and assets, free and clear of any Encumbrances other than Permitted Encumbrances.

9. **Insurance.** The business of the Recipient and all its properties and assets are covered by such policies of insurance as are appropriate to such business, property, and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties, and assets.
10. **Litigation.** Except as disclosed in its most recent financial statements, there is no suit, action, litigation, arbitration proceeding, or governmental proceeding in progress, pending or, to the Recipient's knowledge, threatened against 113 or SAHL or affecting their respective properties or business and there is not presently outstanding against 113 or SAHL any judgment, decree, injunction, rule, or order of any court, governmental department, commission, agency, arbitrator, or regulatory authority.
11. **Insolvency.** Neither 113 nor SAHL has proposed a compromise or arrangement to its creditors generally, taken, become subject to, or consented to any proceeding to have itself declared bankrupt or wound-up or to have a receiver appointed over any of its property, had any encumbrancers take possession of any of its property, or had any execution or distress become enforceable or levied upon any of its property.
12. **Absence of Guarantees.** Neither 113 nor SAHL has given or agreed to give any guarantees and is not contingently responsible for indebtedness or other obligations of any other persons.
13. **Absence of Conflicting Agreements; No Consents.** Neither 113 nor SAHL is a party to any agreement that would be contravened by, or under which any obligation would be accelerated or default or termination would occur, as a result of the consummation of any of the transactions provided for in this Agreement and the other Documents. No consents or approvals are required from any persons in connection with the execution and delivery by and the performance of the obligations of 113 and SAHL under this Agreement and the other Documents, other than those consents and approvals previously obtained and delivered to NOHFC.
14. **Material Agreements.** Each of the material agreements to which each of 113 and SAHL is a party (including leases) is in good standing in all material respects and in full force and effect, and no breach of such agreements has occurred by the Recipient or, to its knowledge, any of the other parties to such agreements that could reasonably be expected to have a Material Adverse Effect.
15. **Tax Matters.** Neither 113 nor SAHL is in default in any material respect in connection with Canadian federal, provincial, municipal or local taxes or assessments or penalties due and unpaid in respect of its income, business or property and has duly filed all required tax returns.
16. **Remittances.** All remittances required to be made by 113 or SAHL to the federal, provincial and municipal governments are currently paid and up to date, and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including those required under the *Income Tax Act* (Canada), the *Canada Pension Plan Act* and the *Employment Insurance Act*), sales and good-and-services taxes (both provincial and federal), instalments for corporate income and capital taxes, payroll taxes and WSIB premiums are currently paid and up to date.

17. **Financial and Other Information.** All financial information relating to 113 and SAHL which has been delivered to NOHFC is complete and accurate in all material respects. All information provided by the Recipient to NOHFC in support of its request for Financial Assistance (including information relating to any eligibility requirements) was true and complete at the time the Recipient provided it and shall continue to be true and complete for the Loan Term, except as otherwise set out in the Agreement.
18. **Construction Liens.** Neither 113 nor SAHL has received any notice of any construction liens currently outstanding in respect of the Property.
19. **Expropriation and Work Orders.** Neither 113 nor SAHL has received any notice that any part of the Property has been or is in the process of being condemned, taken or expropriated by any provincial, municipal or any other competent authority and no alteration, repair, improvement or other work has been ordered or directed to be done to or performed in respect of the Property by any such authority.
20. **Utility Arrears.** There is nothing owing in respect of the Property to any municipality or to any corporation or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water, or for the use thereof or for the machines, apparatus, meters, or other things leased in respect thereof or for any work or service performed for any such corporation or commission in connection with such public utilities, except current charges.
21. **Environmental.** Neither 113 nor SAHL has knowledge of having caused or permitted the release of any Hazardous Substance on any real property used by it, except in compliance with all Environmental Laws. All Hazardous Substances have, to the knowledge of 113 and SAHL, been used, disposed of, treated and stored by each of them in compliance with all Environmental Laws.
22. **Project Financing.** The Recipient has arranged financing for the Project with the parties and in the amounts set forth in the Project Budget in Schedule "C" hereto.
23. **Material Adverse Event.** No event has occurred since the date of the most recent financial statements of each of 113 and SAHL provided to NOHFC which could reasonably be expected to have a Material Adverse Effect.
24. **Events of Default.** No Event of Default has occurred and is continuing, nor has any event occurred that with the giving of notice, the passage of time, or both, will result in an Event of Default.
25. **Job Baseline.** As of the Application Date, the number of Full Time Equivalents of 113 was equal to at least the Job Baseline.

Schedule "F"

COVENANTS

1. Affirmative Covenants

For the duration of the Loan Term, the Recipient covenants and agrees as follows:

- 1.1 Payments.** The Recipient will pay all principal, interest and other amounts owing under this Agreement and the other Documents on the dates, at the times and in the manner specified herein or therein.
- 1.2 Existence.** Each of 113 and SAHL will preserve and maintain its existence, rights, powers, licences, privileges, and goodwill, and exercise any rights of renewal or extensions of any leases, licences, or any other rights that are necessary or material to the conduct of its business.
- 1.3 Keeping of Records.** Each of 113 and SAHL will keep accurate and complete books and records of account, together with all supporting documents, in accordance with GAAP.
- 1.4 Notification.** The Recipient will promptly notify NOHFC of (i) any one or more actions, suits or proceedings that might result in a liability in excess of \$50,000 against either 113 or SAHL, individually or in the aggregate; (ii) any occurrence that causes or that could reasonably be expected to cause a Material Adverse Effect; and (iii) any occurrence that is or that could reasonably be expected to result in an Event of Default.
- 1.5 Conduct of Business; Maintenance of Assets; Compliance with Laws.** The business of the Recipient will be conducted in a proper and efficient manner so as to (i) protect and maintain the property and assets of 113 and SAHL in good working order and condition, ordinary wear and tear excepted; (ii) protect and maintain the earnings, income, rents and profits of such business; and (iii) comply with all Applicable Laws including Environmental Laws. Each of 113 and SAHL will perform and discharge its obligations and covenants under all material agreements to which it is a party (including all material permits, leases, licenses, concessions, franchises or rights held by it, so long as the same is of commercial value and beneficial to it, and including insurance contracts) and each of 113 and SAHL will demand and take all reasonable steps to ensure the performance by the other parties to such agreements of their obligations thereunder.
- 1.6 Insurance.** Each of 113 and SAHL shall maintain, at its own cost and expense, with insurers having a secure A.M. Best rating of B + or greater or the equivalent, all the appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, which shall include, at a minimum, the following:
 - (a) a commercial general liability insurance policy on an occurrence basis for third party bodily injury, personal injury, and property damage, to an inclusive limit of not less than \$2,000,000 per occurrence, and \$2,000,000 products and completed operations aggregate, with:

- (i) Northern Ontario Heritage Fund Corporation and each of its officers, directors, advisors, agents, and representatives as additional insureds with respect to liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, this Agreement;
 - (ii) a cross-liability clause;
 - (iii) contractual liability coverage; and
 - (iv) 30-day written notice of cancellation, termination, or material change; and
- (b) property insurance covering its property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, property, and assets, with:
- (i) insurance against risk of loss or damage to property to a minimum limit of the lesser of: (1) the total amount of the Recipient's indebtedness for borrowed money (including, for greater certainty, the maximum principal amount of the Loan) plus the maximum amount of the Conditional Contribution; and (2) full replacement value of such property;
 - (ii) NOHFC designated as a loss payee as its interests may appear; and
 - (iii) where applicable, a standard mortgage clause approved by the Insurance Bureau of Canada (IBC 3000).

1.7 Evidence of Insurance. The Recipient shall provide NOHFC with certificates of insurance confirming the insurance coverage required by Section 1.6 immediately above. Upon request, the Recipient shall make available to NOHFC a copy of each insurance policy. Failure of NOHFC to identify a deficiency from certificates or policies provided shall not be construed as a waiver of Recipient's obligation to maintain such insurance.

1.8 Insurance Proceeds. In the event of insurable loss or damage to property or assets of either 113, SAHL, or both and so long as no Event of Default has occurred and is continuing and the applicable insurance proceeds are sufficient to fully restore or replace such property or assets, then on request by the Recipient the proceeds of any claim of insurance may be released to the Recipient to be used solely for repairing and restoring the property or assets that are subject to the claim.

1.9 Taxes and Other Charges. Each of 113 and SAHL will file all tax returns and pay promptly, when due (i) all taxes, assessments and governmental charges or levies lawfully imposed upon it or upon its property; and (ii) all claims that, if unpaid, might by law become a lien upon or deemed trust affecting its property, other than Permitted Encumbrances.

1.10 Completion of the Project. The Recipient shall complete the Project in accordance with the project description set forth in Schedule "B", the Project Budget, the Project Timelines and Applicable Laws, and shall not make any changes to the Project, the Project Timelines, or the Project Budget without the prior written consent of NOHFC.

- 1.11 Value for Money.** Goods or services claimed as Eligible Project Costs shall be procured through a process that promotes the best value for money.
- 1.12 Cost Overruns.** The Recipient will promptly notify NOHFC of any material cost overrun or any proposed change orders in the Project as compared with the Project Budget. NOHFC may require proof that the Recipient has paid or financed any cost overrun before making any further Advances. The Recipient acknowledges that NOHFC has no obligation to finance any cost overrun.
- 1.13 NOHFC May Perform Covenants.** If either 113, SAHL, or both fails to perform any covenant hereunder, NOHFC may, in its sole discretion and following notice to the Recipient, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, NOHFC may make such payment or expenditure, but shall be under no obligation to do so, and all sums so expended shall be payable by the Recipient to NOHFC upon demand and shall bear interest at the Interest Rate until paid.
- 1.14 Avoidance and Disclosure of Conflicts of Interest.** The Recipient shall immediately disclose to NOHFC any situation that a reasonable person would interpret as an actual, potential or perceived Conflict of Interest. The Recipient shall carry out the Project and use all proceeds of the Financial Assistance in a manner that avoids a Conflict of Interest, unless such Conflict of Interest has been disclosed to NOHFC and consented to by NOHFC in writing.
- 1.15 Governance and Related Matters.** The Recipient shall continue to maintain the competencies, governance processes and other matters described in section 3 of Schedule "E", and shall, on request, provide NOHFC with evidence thereof.

Additionally, until the last Job Measurement Date, the Recipient covenants and agrees as follows:

- 1.16 Job Covenant.** 113 shall, on at least one Job Measurement Date (as reported in a Job Report delivered pursuant to Section 7.2(c)):
- (i) have a number of Full Time Equivalents equal to at least the Total Job Target; and
 - (ii) have created at the Project Location new (since the Application Date) employment positions representing Full Time Equivalents in an amount equal to at least the Job Creation Target.

2. Negative Covenants

For the duration of the Loan Term, the Recipient covenants and agrees that, without the prior written consent of NOHFC, which shall not be unreasonably withheld:

- 2.1 Encumbrances.** Neither 113 nor SAHL will incur, assume or permit to exist any Encumbrance on any property now owned or hereafter acquired by it other than Permitted Encumbrances.

- 2.2 Sale of Assets.** Neither 113 nor SAHL will enter into any agreement or grant any option or other right in favour of any person for the sale, transfer, lease or other disposition of any of its assets, provided that, subject to Section 3.2 of this Agreement, the Recipient may sell or otherwise dispose of equipment that has become worn out or damaged or otherwise unsuitable on condition that the Recipient shall substitute property of equal value therefor, subject to the requirements of Article 4 so that NOHFC's security shall not in any way be reduced or impaired.
- 2.3 Corporate Distributions.** Neither 113 nor SAHL will make any distribution or payment of any amount to or on behalf of any Related Parties, by way of salary, bonus, directors fees, management fees, dividends, loans, redemption or retraction of shares, or otherwise, and whether payments are made to such persons in their capacities as shareholders, directors, officers, employees or creditors of either 113 or SAHL, as applicable, or otherwise, or any other direct or indirect payment in respect of earnings or capital of either 113 or SAHL, except for wages to employees of 113 and SAHL in the ordinary course of business and at levels of compensation paid by owners of comparable businesses. For greater certainty, dividends and bonuses may only be paid with NOHFC's prior written consent.
- 2.4 Transactions with Affiliates.** Neither 113 nor SAHL will sell property or services to, or purchase property or services from, or otherwise engage in any other transactions with, any Related Parties, except for transactions in the ordinary course of business at prices and on terms and conditions not less favorable to 113 or SAHL, as applicable, than could be obtained on an arm's length basis from unrelated third parties.
- 2.5 Investments and Guarantees.** Neither 113 nor SAHL will purchase or invest in the shares or assets of any business, acquire or create any subsidiary or affiliated entity, or lend money to or guarantee the obligations of any person.
- 2.6 Change of Name; Nature of Business; Relocation.** Neither 113 nor SAHL will change its legal name, materially change the nature of its business, or relocate its operations outside of Northern Ontario.
- 2.7 Corporate Changes.** Neither 113 nor SAHL will liquidate or dissolve or enter into any consolidation, merger, partnership, joint venture or other combination, or enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other person, whether by way of corporate reorganization, recapitalization or transfer.
- 2.8 Change of Control.** Neither 113 nor SAHL will permit or suffer to exist a change of Control of 113 or SAHL, as applicable.

Schedule "G"

**COMPLIANCE CERTIFICATE
1138969 ONTARIO INC.**

I, [], the [insert title] of 1138969 Ontario Inc. hereby certify as of [insert last day of fiscal quarter/Fiscal Year, as applicable]:

1. I am familiar with and have examined the provisions of the loan and conditional contribution agreement between the Recipient and Northern Ontario Heritage Fund Corporation dated as of _____ (the "**Agreement**"). Terms defined in the Agreement have the same meanings when used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred that constitutes or that, with the giving of notice, lapse of time, or both, would constitute an Event of Default under the Agreement.

Date: [], 20[].

By: _____
Name:
Title:

Schedule "G" – con't

**COMPLIANCE CERTIFICATE
SPRINGER AEROSPACE HOLDINGS LIMITED**

I, [], the [insert title] of Springer Aerospace Holdings Limited hereby certify as of [insert last day of fiscal quarter/Fiscal Year, as applicable]:

4. I am familiar with and have examined the provisions of the loan and conditional contribution agreement between the Recipient and Northern Ontario Heritage Fund Corporation dated as of _____ (the "**Agreement**"). Terms defined in the Agreement have the same meanings when used in this certificate.
5. The representations and warranties contained in the Agreement are true and correct.
6. No event or circumstance has occurred that constitutes or that, with the giving of notice, lapse of time, or both, would constitute an Event of Default under the Agreement.

Date: [], 20[].

By: _____
Name:
Title:

THIS IS **EXHIBIT "K"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joëlle Turgeon

GENERAL SECURITY AGREEMENT

This Agreement is made as of the _____ day of _____, 2020

By:

1138969 ONTARIO INC.,
a corporation existing under the laws of the Province of Ontario

(the "**Grantor**")

In favour of:

NORTHERN ONTARIO HERITAGE FUND CORPORATION,
a corporation existing under the laws of the Province of Ontario

(the "**NOHFC**")

Whereas:

- (a) pursuant to a Loan and Conditional Contribution Agreement dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among NOHFC (as lender and funder), Springer Aerospace Holdings Limited (as co-borrower and co-recipient; "**SAHL**") and the Grantor (as co-borrower and co-recipient; collectively with SAHL, the "**Recipient**"), NOHFC has agreed to make a term loan and a conditional contribution to the Recipient, as more particularly set out in the Loan Agreement; and
- (b) as a condition to NOHFC making the loan and conditional contribution under the Loan Agreement, the Grantor is required to execute and deliver this Agreement to NOHFC.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Grantor agrees with NOHFC as follows:

1. **Obligations Secured.** The Security Interest (as hereinafter defined) is granted by the Grantor to NOHFC as continuing security for the payment of all present and future indebtedness and liabilities of the Recipient to NOHFC, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Grantor to NOHFC, including the obligations of Construction to NOHFC for which Grantor is jointly and severally liable whether direct or indirect, contingent or absolute, including those arising under the Loan Agreement and this Agreement (collectively, the "**Obligations**").

2. **Defined Terms.** Unless otherwise defined herein, capitalized terms used herein that are defined in the PPSA or the STA, as applicable, shall have the meanings assigned to them in the PPSA or the STA; provided that in any event, the following terms shall have the meanings assigned to them in the PPSA or the STA, as applicable:

"Account"; "Chattel Paper"; "Certificated Securities"; "Consumer Goods"; "Control";
"Document of Title"; "Entitlement Holder"; "Equipment"; "Financial Asset"; "Goods";

“Instruments”; “Inventory”; “Investment Property”; “Money”; “Proceeds”; “Security”; “Securities Account”; “Securities Intermediary”; “Security Entitlement”; and “Uncertificated Security”;

where

“**PPSA**” means the *Personal Property Security Act* (Ontario), as may be amended or replaced from time to time, and includes all regulations and Minister’s Orders from time to time made under such legislation; and

“**STA**” means the *Securities Transfer Act, 2006* (Ontario), as may be amended or replaced from time to time, and includes all regulations from time to time made under such legislation.

3. **Creation of Security Interest.** As general and continuing security for the payment and performance when due of all the Obligations, the Grantor hereby mortgages, pledges, hypothecates, transfers, assigns and charges to NOHFC, and hereby grants to NOHFC a security interest in (collectively, the “**Security Interest**”) all present and after-acquired undertaking and property of the Grantor of any nature whatsoever (such undertaking and property are referred to collectively as the “**Collateral**”) including in all Accounts; Equipment; Goods; Inventory; fixtures; Documents of Title (whether negotiable or not); Instruments (including all promissory notes, drafts, bills of exchange or acceptances); Chattel Paper; Securities (including any Uncertificated Securities and all substitutions therefor and dividends and income derived therefrom); Securities Accounts and Security Entitlements now owned or hereafter owned or acquired by or on behalf of the Grantor (including such as may be returned to or repossessed by the Grantor); Investment Property; Financial Assets; intangible personal property, including all contract rights, goodwill, patents, trademarks, copyrights and other intellectual property, and all other choses in action of the Grantor of every kind, whether due at the present time or hereafter (collectively, “**General Intangibles**”); Money; letters of credit or secondary obligations that support the payment or performance of an Account, Chattel Paper, Document of Title, General Intangible, Instrument or Investment Property; all books and records pertaining to the Collateral; and to the extent not covered previously in this Section 3, all other personal property of such Grantor, whether tangible or intangible, and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all Proceeds of any insurance, indemnity, warranty or guarantee payable to the Grantor from time to time with respect to any of the foregoing **provided that** the Collateral shall not include any Consumer Goods.

4. **Attachment.** The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in the Collateral, and (iii) the Security Interest shall attach to existing Collateral when the Grantor signs this Agreement and to after-acquired Collateral at the time that the Grantor acquires rights therein.

5. **Dealings with Collateral.** Until the Security Interest becomes enforceable, the Grantor may vote the Securities and other Financial Assets and receive all distributions and dividends (collectively, the “**Distributions**”) related thereto, sell its Inventory and collect its Accounts in the ordinary course of its business; provided that after the Security Interest becomes enforceable, all such Accounts and Distributions collected by the Grantor shall be immediately remitted to NOHFC (which, until remitted, shall be held by the Grantor as agent and in trust for NOHFC).

6. **Notification to Account Debtors.** NOHFC may, after the Security Interest becomes enforceable, notify any person obligated to the Grantor in respect of an Account, Chattel Paper or Instrument to make payment to NOHFC of all such present and future amounts due thereon.

7. **Exception re Leasehold Interests and Contractual Rights.** The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Grantor agrees to stand possessed of such last day in trust for any person acquiring such interest of the Grantor. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right, licence or permit to which the Grantor is a party, the Security Interest shall not attach thereto, but the Grantor shall hold its interest therein in trust for NOHFC, and the Security Interest shall attach thereto forthwith upon obtaining the consent of the other party thereto.

8. **Representations and Warranties.** The Grantor hereby represents and warrants as follows to NOHFC and acknowledges that NOHFC is relying thereon:

- (a) the Grantor has the capacity and authority to incur the Obligations, create the Security Interest and perform its obligations under this Agreement;
- (b) except for the Security Interest and Permitted Encumbrances (as defined in the Loan Agreement), the Collateral is owned by the Grantor free from any mortgage, lien, charge, encumbrance, pledge, security interest or other claim whatsoever;
- (c) the chief executive office of the Grantor is located at the address of the Grantor set out on the signing page of this Agreement;
- (d) the Collateral is located only at the address of the Grantor set out in this Agreement or the location(s) set out in Schedule "A" attached hereto or is in transit to or from such locations and does not include shares in any unlimited liability company or corporation ("**ULC Shares**"); and
- (e) the terms of any interest in a partnership or limited liability company that is Collateral expressly provide that the interest is a "security" for purposes of the STA.

9. **Covenants of Grantor.** The Grantor covenants and agrees in favour of NOHFC as follows:

- (a) to pay or satisfy the Obligations when due;
- (b) to keep the Collateral free and clear of all taxes, assessments, liens, mortgages, charges, claims, encumbrances and security interests whatsoever, except for the Security Interest and Permitted Encumbrances;
- (c) not to sell, exchange, transfer, assign, lease or otherwise dispose of or deal in any way with the Collateral or any interest therein, or enter into any agreement or undertaking to do so, except as may be permitted in this Agreement or the Loan Agreement;

- (d) to keep the Collateral located at the places warranted herein and to maintain insurance against loss or damage to the Collateral as required in the Loan Agreement;
- (e) to promptly notify NOHFC of any loss or damage to the Collateral, and of any change of name of the Grantor or of any other information provided in this Agreement;
- (f) if any Securities now owned by the Grantor are or become Uncertificated Securities registered in the name of the Grantor, to, at the request of NOHFC, cause the issuer to register NOHFC or its nominee as the registered owner of such Securities or otherwise cause NOHFC to have Control over such Securities;
- (g) if any Securities now owned by the Grantor are or become Certificated Securities, to, at the request of NOHFC, deliver them to NOHFC or its nominee or otherwise grant Control over such Securities to NOHFC;
- (h) if the Grantor now has or hereafter acquires any Securities Accounts or Security Entitlements (collectively, the “**Entitlements**”), to, at the request of NOHFC, take all necessary action to ensure that NOHFC becomes the Entitlement Holder of such Entitlements or enter into a control agreement with NOHFC and the applicable Securities Intermediary, in form and substance satisfactory to NOHFC, in respect of such Entitlements;
- (i) to notify NOHFC in writing, and provide particulars of, within 15 days after any acquisition of, Entitlements, Instruments, Financial Assets, Securities or other Investment Property hereafter acquired by the Grantor and, upon request by NOHFC, to promptly deliver to and deposit with NOHFC, or cause NOHFC to have Control over, such Instruments, Financial Assets, Securities or other Investment Property as security for the Obligations; and
- (j) to promptly inform NOHFC in writing of the acquisition by the Grantor of any ULC Shares.

10. **Enforcement.** The Security Interest shall become enforceable immediately upon the occurrence of an Event of Default as such term is defined in the Loan Agreement (“**Event of Default**”).

11. **Remedies.** In the event that the Security Interest becomes enforceable, NOHFC shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between the Grantor and NOHFC, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) sale or lease of Collateral by any method permitted by law;
- (d) collection of any rents, income and profits received in connection with the business of the Grantor or the Collateral;

- (e) collection, realization, sale or other dealing with any Accounts;
- (f) the voting of any Securities and Financial Assets that are part of the Collateral, the collection and receipt of any Distributions and, if necessary, causing such Securities and Financial Assets to be registered in the name of NOHFC or its nominee if not already done, or transferred to an Account maintained with NOHFC;
- (g) appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (h) exercise by NOHFC of any of the powers set out in Section 12, without the appointment of a Receiver;
- (i) proceedings in any court of competent jurisdiction for the appointment of a Receiver or for the sale of the Collateral; and
- (j) filing of proofs of claim and other documents in order to have the claims of NOHFC lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Grantor.

12. **Powers of Receiver.** NOHFC may appoint any person(s) as Receiver, and NOHFC may remove any Receiver so appointed and appoint any other(s) instead. Any Receiver appointed shall act as agent for NOHFC for the purposes of taking possession of the Collateral and (except as provided below) as agent for the Grantor for all other purposes. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease or otherwise dispose of Collateral as agent for the Grantor or as agent for NOHFC as it may determine in its sole discretion. The Grantor agrees to ratify and confirm all actions of the Receiver acting as agent for the Grantor, and to release and indemnify the Receiver in respect of all such actions. Any Receiver appointed shall have the following powers:

- (a) to enter upon, use and occupy all premises owned or occupied by the Grantor;
- (b) to take possession of the Collateral;
- (c) to carry on the business of the Grantor;
- (d) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Grantor, and in the discretion of such Receiver, to charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money borrowed;
- (e) to sell, lease or otherwise dispose of all or part of the Collateral on such terms and conditions and in such manner as the Receiver shall determine in its discretion;
- (f) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment

or performance of all or any part of the Accounts or any other obligation of any third party to the Grantor; and

- (g) to exercise any rights or remedies which could have been exercised by NOHFC against the Grantor or the Collateral.

13. **Disposition.** In the event that the Security Interest becomes enforceable, NOHFC may sell, lease or otherwise dispose of any Collateral as a whole or in separate parcels by public auction or private tender or by private contract with or without notice or advertising and without any other formality, all of which are hereby expressly waived by the Grantor and any such sale, lease or disposition shall be on such terms and conditions as to credit, as to upset or reserve bid or price and otherwise as NOHFC may consider commercially reasonable. In the event that any disposition is made on credit or part cash and part credit, NOHFC need only credit the actual cash received at the time of disposition against the Obligations and any payments made pursuant to any credit granted at the time of the disposition shall be credited against the Obligations as and when received. NOHFC may rescind, terminate or vary any contract for the sale, lease or disposition of any Collateral and may resell, relet or otherwise redispense of the Collateral without being accountable or otherwise liable for any loss occasioned thereby. Any sale, lease or other disposition of any Collateral may be made by NOHFC whether or not it has taken possession of the Collateral.

14. **Application of Payments.** All payments made in respect of the Obligations and all monies received by NOHFC or any Receiver appointed by NOHFC in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be determined in the sole discretion of NOHFC or the Receiver, as the case may be, and NOHFC may at any time apply or change any such appropriation of such payments or monies to such part or parts of the Obligations as NOHFC may determine in its sole discretion. The Grantor shall remain liable to NOHFC for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

15. **Dealings by NOHFC.** NOHFC may grant extensions of time and other indulgences, take and give up securities, grant releases and discharges, and otherwise deal with the Collateral, the Grantor, debtors of the Grantor, guarantors and sureties of the Grantor, issuers of Securities and Securities Intermediaries, and others as NOHFC may see fit, without prejudice to the Obligations and the rights of NOHFC to hold and realize upon the Security Interest. NOHFC has no obligation to keep Collateral identifiable, or to preserve rights against prior secured creditors in respect of any Collateral or to protect any Instruments, Financial Assets, Securities or other Investment Property from depreciating in value. NOHFC shall not be liable for any delay or failure to enforce any remedies available to it or any delay or failure to institute any proceedings for such purposes.

16. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder shall be made in accordance with the provisions of the Loan Agreement.

17. **Power of Attorney.** The Grantor hereby constitutes and appoints NOHFC or any officer or Agent thereof as its true and lawful attorney, effective upon the Security Interest becoming enforceable, with full power of substitution, to execute all documents and take all actions as may be necessary or desirable to perform any obligations of the Grantor arising pursuant to this Agreement, and in executing such documents and taking such actions, to use the name of the Grantor whenever and wherever it may be considered necessary or expedient. These powers

are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full.

18. **Agent.** The parties agree that MNP, LLP or any successor appointed by NOHFC may act as agent for NOHFC (in such capacity, the “**Agent**”) for the purpose of monitoring compliance with the terms of this Agreement during the period that the Obligations are outstanding, assessing any proposed amendments, waivers and similar matters on behalf of NOHFC, and exercising, enforcing or protecting any other rights, powers or remedies provided to NOHFC under this Agreement.

19. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by NOHFC in respect of the Grantor, the Obligations or the Collateral and any other present and future rights or remedies which NOHFC might have with respect thereto.

20. **NOHFC Not Obligated to Advance.** Nothing in this Agreement shall obligate NOHFC to make any loan, conditional contribution or other accommodation to the Grantor or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

21. **Amalgamation of Grantor.** The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons (which it is prohibited from doing without the prior written consent of NOHFC) then the Collateral and the Security Interest shall extend to and include all like property of the amalgamated corporation and all references herein to the Grantor shall extend to and include the amalgamated corporation and all references herein to obligations shall extend to and include all of the debts, liabilities and obligations of every type and kind of the amalgamated corporation.

22. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.

23. **Waivers.** NOHFC shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers or remedies unless such waiver is in writing and signed by NOHFC. Any such waiver given on any one occasion shall not operate as a waiver on any future occasion or be construed as a bar to or waiver of any other right, power or remedy.

24. **Assignment.** The Grantor may not assign its obligations under this Agreement without the prior written consent of NOHFC. The rights of NOHFC under this Agreement may be assigned without the prior consent of the Grantor. This Agreement shall enure to the benefit of NOHFC and its successors and assigns, and shall be binding upon the Grantor and its successors and permitted assigns.

25. **Discharges.** Upon payment and performance in full of the Obligations, NOHFC shall at the request and expense of the Grantor release the Security Interest and reassign the Collateral to the Grantor without recourse, and execute and deliver all releases or discharges as may be reasonably required.

26. **Joint and Several.** If this Agreement has been executed by more than one debtor, their obligations hereunder shall be joint and several, and all references to the “Grantor” herein shall refer to all such debtors, as the context requires.

27. **Number, Gender and Persons.** Unless the context otherwise requires, words importing the singular shall include the plural and *vice versa* and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities, and the words “include”, “includes” and “including” and words of similar purpose shall not denote an exhaustive list.

28. **Severability.** If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall not invalidate or render unenforceable the remaining provisions hereof.

29. **Time.** Time shall be of the essence of this Agreement.

30. **Electronic Transmission.** Delivery of an executed copy of a signature page to this Agreement by fax or pdf shall be as effective as delivery of a manually executed copy of this Agreement and the Grantor undertakes to provide NOHFC with a copy of this Agreement bearing original signatures forthwith upon demand.

31. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

32. **Entire Agreement.** This Agreement, the Loan Agreement and any other documents referred to herein or therein constitute the entire agreement between the Grantor and NOHFC relating to the subject-matter hereof and supersede all prior agreements and understandings, whether oral or written, with respect to the subject matter hereof.

33. **Expenses.** The Grantor shall pay upon demand to NOHFC all expenses, including any reasonable legal, accounting, Receiver’s and Agent’s fees and disbursements, which NOHFC may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization of Collateral, (ii) the exercise, enforcement or protection of any of the rights of NOHFC hereunder, or (iii) the failure of the Grantor to perform or observe any of the provisions hereof.

34. **Further Assurances.** The Grantor shall, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by NOHFC to establish in favour of NOHFC the Security Interest and carry out the intention of this Agreement.

35. **Paramourcy.** If there is any conflict or inconsistency between this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall govern and prevail.

36. **Copy of Agreement.** The Grantor acknowledges receipt of an executed copy of this Agreement.

[Signature page follows]

This Agreement has been executed by the Grantor as of the date first stated above.

1138969 ONTARIO INC.

(Address of Grantor)

By: 

Name: Richard Picard
Title: President

I have authority to bind the corporation

Schedule "A"

Locations of Collateral

1. [Recipient's Counsel to Insert]

GENERAL SECURITY AGREEMENT

This Agreement is made as of the _____ day of _____, 2020

By:

SPRINGER AEROSPACE HOLDINGS LIMITED
a corporation existing under the laws of the Province of Ontario

(the "**Grantor**")

In favour of:

NORTHERN ONTARIO HERITAGE FUND CORPORATION,
a corporation existing under the laws of the Province of Ontario

("**NOHFC**")

Whereas:

- (a) pursuant to a Loan and Conditional Contribution Agreement dated as of the date hereof (as amended, supplemented, restated or replaced from time to time, the "**Loan Agreement**") among NOHFC (as lender and funder), 1138969 Ontario Inc., (as co-borrower and co-recipient; "**113**") and the Grantor (as co-borrower and co-recipient; collectively with 113, the "**Recipient**"), NOHFC has agreed to make a term loan and a conditional contribution to the Recipient, as more particularly set out in the Loan Agreement; and
- (b) as a condition to NOHFC making the loan and conditional contribution under the Loan Agreement, the Grantor is required to execute and deliver this Agreement to NOHFC.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Grantor agrees with NOHFC as follows:

1. **Obligations Secured.** The Security Interest (as hereinafter defined) is granted by the Grantor to NOHFC as continuing security for the payment of all present and future indebtedness and liabilities of the Recipient to NOHFC, including interest thereon, and for the prompt and complete performance of all other present and future obligations of the Grantor to NOHFC, including the obligations of Construction to NOHFC for which Grantor is jointly and severally liable whether direct or indirect, contingent or absolute, including those arising under the Loan Agreement and this Agreement (collectively, the "**Obligations**").

2. **Defined Terms.** Unless otherwise defined herein, capitalized terms used herein that are defined in the PPSA or the STA, as applicable, shall have the meanings assigned to them in the PPSA or the STA; provided that in any event, the following terms shall have the meanings assigned to them in the PPSA or the STA, as applicable:

"Account"; "Chattel Paper"; "Certificated Securities"; "Consumer Goods"; "Control";
"Document of Title"; "Entitlement Holder"; "Equipment"; "Financial Asset"; "Goods";

“Instruments”; “Inventory”; “Investment Property”; “Money”; “Proceeds”; “Security”; “Securities Account”; “Securities Intermediary”; “Security Entitlement”; and “Uncertificated Security”;

where

“**PPSA**” means the *Personal Property Security Act* (Ontario), as may be amended or replaced from time to time, and includes all regulations and Minister’s Orders from time to time made under such legislation; and

“**STA**” means the *Securities Transfer Act, 2006* (Ontario), as may be amended or replaced from time to time, and includes all regulations from time to time made under such legislation.

3. **Creation of Security Interest.** As general and continuing security for the payment and performance when due of all the Obligations, the Grantor hereby mortgages, pledges, hypothecates, transfers, assigns and charges to NOHFC, and hereby grants to NOHFC a security interest in (collectively, the “**Security Interest**”) all present and after-acquired undertaking and property of the Grantor of any nature whatsoever (such undertaking and property are referred to collectively as the “**Collateral**”) including in all Accounts; Equipment; Goods; Inventory; fixtures; Documents of Title (whether negotiable or not); Instruments (including all promissory notes, drafts, bills of exchange or acceptances); Chattel Paper; Securities (including any Uncertificated Securities and all substitutions therefor and dividends and income derived therefrom); Securities Accounts and Security Entitlements now owned or hereafter owned or acquired by or on behalf of the Grantor (including such as may be returned to or repossessed by the Grantor); Investment Property; Financial Assets; intangible personal property, including all contract rights, goodwill, patents, trademarks, copyrights and other intellectual property, and all other choses in action of the Grantor of every kind, whether due at the present time or hereafter (collectively, “**General Intangibles**”); Money; letters of credit or secondary obligations that support the payment or performance of an Account, Chattel Paper, Document of Title, General Intangible, Instrument or Investment Property; all books and records pertaining to the Collateral; and to the extent not covered previously in this Section 3, all other personal property of such Grantor, whether tangible or intangible, and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all Proceeds of any insurance, indemnity, warranty or guarantee payable to the Grantor from time to time with respect to any of the foregoing **provided that** the Collateral shall not include any Consumer Goods.

4. **Attachment.** The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in the Collateral, and (iii) the Security Interest shall attach to existing Collateral when the Grantor signs this Agreement and to after-acquired Collateral at the time that the Grantor acquires rights therein.

5. **Dealings with Collateral.** Until the Security Interest becomes enforceable, the Grantor may vote the Securities and other Financial Assets and receive all distributions and dividends (collectively, the “**Distributions**”) related thereto, sell its Inventory and collect its Accounts in the ordinary course of its business; provided that after the Security Interest becomes enforceable, all such Accounts and Distributions collected by the Grantor shall be immediately remitted to NOHFC (which, until remitted, shall be held by the Grantor as agent and in trust for NOHFC).

6. **Notification to Account Debtors.** NOHFC may, after the Security Interest becomes enforceable, notify any person obligated to the Grantor in respect of an Account, Chattel Paper or Instrument to make payment to NOHFC of all such present and future amounts due thereon.

7. **Exception re Leasehold Interests and Contractual Rights.** The last day of the term of any lease, sublease or agreement therefor is specifically excepted from the Security Interest, but the Grantor agrees to stand possessed of such last day in trust for any person acquiring such interest of the Grantor. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right, licence or permit to which the Grantor is a party, the Security Interest shall not attach thereto, but the Grantor shall hold its interest therein in trust for NOHFC, and the Security Interest shall attach thereto forthwith upon obtaining the consent of the other party thereto.

8. **Representations and Warranties.** The Grantor hereby represents and warrants as follows to NOHFC and acknowledges that NOHFC is relying thereon:

- (a) the Grantor has the capacity and authority to incur the Obligations, create the Security Interest and perform its obligations under this Agreement;
- (b) except for the Security Interest and Permitted Encumbrances (as defined in the Loan Agreement), the Collateral is owned by the Grantor free from any mortgage, lien, charge, encumbrance, pledge, security interest or other claim whatsoever;
- (c) the chief executive office of the Grantor is located at the address of the Grantor set out on the signing page of this Agreement;
- (d) the Collateral is located only at the address of the Grantor set out in this Agreement or the location(s) set out in Schedule "A" attached hereto or is in transit to or from such locations and does not include shares in any unlimited liability company or corporation ("**ULC Shares**"); and
- (e) the terms of any interest in a partnership or limited liability company that is Collateral expressly provide that the interest is a "security" for purposes of the STA.

9. **Covenants of Grantor.** The Grantor covenants and agrees in favour of NOHFC as follows:

- (a) to pay or satisfy the Obligations when due;
- (b) to keep the Collateral free and clear of all taxes, assessments, liens, mortgages, charges, claims, encumbrances and security interests whatsoever, except for the Security Interest and Permitted Encumbrances;
- (c) not to sell, exchange, transfer, assign, lease or otherwise dispose of or deal in any way with the Collateral or any interest therein, or enter into any agreement or undertaking to do so, except as may be permitted in this Agreement or the Loan Agreement;

- (d) to keep the Collateral located at the places warranted herein and to maintain insurance against loss or damage to the Collateral as required in the Loan Agreement;
- (e) to promptly notify NOHFC of any loss or damage to the Collateral, and of any change of name of the Grantor or of any other information provided in this Agreement;
- (f) if any Securities now owned by the Grantor are or become Uncertificated Securities registered in the name of the Grantor, to, at the request of NOHFC, cause the issuer to register NOHFC or its nominee as the registered owner of such Securities or otherwise cause NOHFC to have Control over such Securities;
- (g) if any Securities now owned by the Grantor are or become Certificated Securities, to, at the request of NOHFC, deliver them to NOHFC or its nominee or otherwise grant Control over such Securities to NOHFC;
- (h) if the Grantor now has or hereafter acquires any Securities Accounts or Security Entitlements (collectively, the “**Entitlements**”), to, at the request of NOHFC, take all necessary action to ensure that NOHFC becomes the Entitlement Holder of such Entitlements or enter into a control agreement with NOHFC and the applicable Securities Intermediary, in form and substance satisfactory to NOHFC, in respect of such Entitlements;
- (i) to notify NOHFC in writing, and provide particulars of, within 15 days after any acquisition of, Entitlements, Instruments, Financial Assets, Securities or other Investment Property hereafter acquired by the Grantor and, upon request by NOHFC, to promptly deliver to and deposit with NOHFC, or cause NOHFC to have Control over, such Instruments, Financial Assets, Securities or other Investment Property as security for the Obligations; and
- (j) to promptly inform NOHFC in writing of the acquisition by the Grantor of any ULC Shares.

10. **Enforcement.** The Security Interest shall become enforceable immediately upon the occurrence of an Event of Default as such term is defined in the Loan Agreement (“**Event of Default**”).

11. **Remedies.** In the event that the Security Interest becomes enforceable, NOHFC shall have the following remedies in addition to any other remedies available at law or equity or contained in any other agreement between the Grantor and NOHFC, all of which remedies shall be independent and cumulative:

- (a) entry of any premises where Collateral may be located;
- (b) possession of Collateral by any method permitted by law;
- (c) sale or lease of Collateral by any method permitted by law;
- (d) collection of any rents, income and profits received in connection with the business of the Grantor or the Collateral;

- (e) collection, realization, sale or other dealing with any Accounts;
- (f) the voting of any Securities and Financial Assets that are part of the Collateral, the collection and receipt of any Distributions and, if necessary, causing such Securities and Financial Assets to be registered in the name of NOHFC or its nominee if not already done, or transferred to an Account maintained with NOHFC;
- (g) appointment by instrument in writing of a receiver or a receiver and manager (each of which is herein called a “**Receiver**”) of the Collateral;
- (h) exercise by NOHFC of any of the powers set out in Section 12, without the appointment of a Receiver;
- (i) proceedings in any court of competent jurisdiction for the appointment of a Receiver or for the sale of the Collateral; and
- (j) filing of proofs of claim and other documents in order to have the claims of NOHFC lodged in any bankruptcy, winding-up or other judicial proceeding relating to the Grantor.

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- (a) to enter upon, use and occupy all premises owned or occupied by the Grantor;
- (b) to take possession of the Collateral;
- (c) to carry on the business of the Grantor;
- (d) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Grantor, and in the discretion of such Receiver, to charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money borrowed;
- (e) to sell, lease or otherwise dispose of all or part of the Collateral on such terms and conditions and in such manner as the Receiver shall determine in its discretion;
- (f) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment

or performance of all or any part of the Accounts or any other obligation of any third party to the Grantor; and

- (g) to exercise any rights or remedies which could have been exercised by NOHFC against the Grantor or the Collateral.

13. **Disposition.** In the event that the Security Interest becomes enforceable, NOHFC may sell, lease or otherwise dispose of any Collateral as a whole or in separate parcels by public auction or private tender or by private contract with or without notice or advertising and without any other formality, all of which are hereby expressly waived by the Grantor and any such sale, lease or disposition shall be on such terms and conditions as to credit, as to upset or reserve bid or price and otherwise as NOHFC may consider commercially reasonable. In the event that any disposition is made on credit or part cash and part credit, NOHFC need only credit the actual cash received at the time of disposition against the Obligations and any payments made pursuant to any credit granted at the time of the disposition shall be credited against the Obligations as and when received. NOHFC may rescind, terminate or vary any contract for the sale, lease or disposition of any Collateral and may resell, relet or otherwise redispense of the Collateral without being accountable or otherwise liable for any loss occasioned thereby. Any sale, lease or other disposition of any Collateral may be made by NOHFC whether or not it has taken possession of the Collateral.

14. **Application of Payments.** All payments made in respect of the Obligations and all monies received by NOHFC or any Receiver appointed by NOHFC in respect of the enforcement of the Security Interest (including the receipt of any Money) may be held as security for the Obligations or applied in such manner as may be determined in the sole discretion of NOHFC or the Receiver, as the case may be, and NOHFC may at any time apply or change any such appropriation of such payments or monies to such part or parts of the Obligations as NOHFC may determine in its sole discretion. The Grantor shall remain liable to NOHFC for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

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16. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder shall be made in accordance with the provisions of the Loan Agreement.

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are coupled with an interest and are irrevocable until all of the Obligations have been repaid in full.

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19. **Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by NOHFC in respect of the Grantor, the Obligations or the Collateral and any other present and future rights or remedies which NOHFC might have with respect thereto.

20. **NOHFC Not Obligated to Advance.** Nothing in this Agreement shall obligate NOHFC to make any loan, conditional contribution or other accommodation to the Grantor or any other party in connection with this Agreement, or extend the time for payment or satisfaction of any Obligations.

21. **Amalgamation of Grantor.** The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons (which it is prohibited from doing without the prior written consent of NOHFC) then the Collateral and the Security Interest shall extend to and include all like property of the amalgamated corporation and all references herein to the Grantor shall extend to and include the amalgamated corporation and all references herein to obligations shall extend to and include all of the debts, liabilities and obligations of every type and kind of the amalgamated corporation.

22. **Amendments.** This Agreement may not be amended or otherwise modified except by an instrument in writing executed by all the parties hereto.

23. **Waivers.** NOHFC shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers or remedies unless such waiver is in writing and signed by NOHFC. Any such waiver given on any one occasion shall not operate as a waiver on any future occasion or be construed as a bar to or waiver of any other right, power or remedy.

24. **Assignment.** The Grantor may not assign its obligations under this Agreement without the prior written consent of NOHFC. The rights of NOHFC under this Agreement may be assigned without the prior consent of the Grantor. This Agreement shall enure to the benefit of NOHFC and its successors and assigns, and shall be binding upon the Grantor and its successors and permitted assigns.

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27. **Number, Gender and Persons.** Unless the context otherwise requires, words importing the singular shall include the plural and *vice versa* and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities, and the words “include”, “includes” and “including” and words of similar purpose shall not denote an exhaustive list.

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32. **Entire Agreement.** This Agreement, the Loan Agreement and any other documents referred to herein or therein constitute the entire agreement between the Grantor and NOHFC relating to the subject-matter hereof and supersede all prior agreements and understandings, whether oral or written, with respect to the subject matter hereof.

33. **Expenses.** The Grantor shall pay upon demand to NOHFC all expenses, including any reasonable legal, accounting, Receiver’s and Agent’s fees and disbursements, which NOHFC may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization of Collateral, (ii) the exercise, enforcement or protection of any of the rights of NOHFC hereunder, or (iii) the failure of the Grantor to perform or observe any of the provisions hereof.

34. **Further Assurances.** The Grantor shall, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by NOHFC to establish in favour of NOHFC the Security Interest and carry out the intention of this Agreement.

35. **Paramourncy.** If there is any conflict or inconsistency between this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall govern and prevail.

36. **Copy of Agreement.** The Grantor acknowledges receipt of an executed copy of this Agreement.

[Signature page follows]

This Agreement has been executed by the Grantor as of the date first stated above.

1138969 ONTARIO INC.

(Address of Grantor)

By: 

Name: Richard Picard
Title: President

I have authority to bind the corporation

Schedule "A"

Locations of Collateral

1. [Recipient's Counsel to Insert]

THIS IS **EXHIBIT "L"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOEL TURGEON

PROMISSORY NOTE

Principal Sum: \$900,000.00
Sault Ste. Marie, Ontario

DUE: May 1st, 2022
DATE: September 4th, 2020

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, the undersigned, Springer Aerospace Holdings Limited and 1138969 Ontario Inc. operating as Springer Aerospace (collectively, the "Borrower") hereby promises to pay jointly and severally to the Community Development Corporation of Sault Ste Marie & Area, the East Algoma Community Futures Development Corporation and the Nickel Basin Federal Development Corporation (collectively hereinafter called "Secured Party") c/o 672 Queen St. East, Sault Ste. Marie, Ontario, P6A 2A4, the sum of NINE HUNDRED THOUSAND (\$900,000.00) Dollars together with interest thereon at the rate of three (3.00) per centum per annum, calculated monthly, (3.019% semi-annual equivalent) , as well after as before maturity and both before and after default. Repayment shall be that no payments or interest shall be charged on the account to the borrowers until December 1, 2020 followed by blended monthly payments of Six Thousand Three Hundred and Eighty Four Dollars and Ninety Seven Cents (\$6,384.97) due on the 1st day of each month commencing December 1, 2020 and continuing until July 1, 2022 followed by one final instalment being the balance of principal and interest due August 1, 2022.

Such payments shall be applied firstly on account of the life insurance premium, secondly on the interest at the above rate and thirdly in the reduction of the principal sum owing.

Prepayment in whole or in part may be made at any time without notice or penalty.

Provided further the Borrower hereby waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour, bringing of suit and diligence in taking any action.

If any instalment is not paid on the due date, the entire balance of the principal sum with accrued interest thereon shall become due and payable at the option of the Secured Party.

This note providing as it does for blended monthly payments of principal and interest, in order to comply with the provisions of the Interest Act, it is hereby expressly stated and agreed, notwithstanding anything to the contrary herein contained, that the amount of principal money secured by this charge is \$900,000.00 Dollars and the rate of interest chargeable thereon calculated half-yearly not in advance is 3.00% per centum per annum.

In the event of the Borrower, jointly or severally, cease(s) to operate, relocate(s) outside the C.D.C. jurisdiction or be sold or default(s) on this or any other account with the Secured Party, the balance of the principal on all accounts shall become immediately due and payable, together with interest at their respective rates.

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or by email in PDF or other similar document format and all such counterparts and facsimiles or other electronic copies together form one and the same agreement.

Delivery of an executed copy of a signature page to this Agreement by facsimile or email transmission shall be as effective as delivery of a manually executed copy of this Agreement and each Party undertakes to provide the other Party with a copy of the Agreement bearing original signatures forthwith upon demand.

Springer Aerospace Holdings Limited

Per:  _____
Richard Picard

I have authority to bind the Corporation

1138969 Ontario Inc. o/a Springer Aerospace

Per:  _____
Richard Picard

I have authority to bind the Corporation

THIS IS **EXHIBIT "M"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joë TURGEON

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made between **COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA**, an Ontario Corporation, having its Head Office in the City of Sault Ste. Marie, in the District of Algoma; **EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION**, an Ontario Corporation having its Head Office in the city of Blind River and **NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION** having its head office in the City of Sudbury (jointly and severally, herein collectively referred to as the "Secured Party") and **1138969 Ontario Inc. operating as Springer Aerospace** an Ontario Corporation, having its head office in the City of Sault Ste. Marie, in the District of Algoma (hereinafter referred to as "Debtor").

1. CREATION OF SECURITY INTEREST

(1) For value received, Debtor hereby grants to Secured Party a security interest (the "Security Interest") in the undertaking of Debtor and in all goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), inventory, equipment (including specifically, but not limited to, the equipment described in Schedule "A" annexed hereto), accounts receivable, chattel paper, documents of title (whether negotiable or not), instruments, intangibles (including all book debts) and securities, of whatever kind or wherever situate, now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor and in all documents, writings and records now or hereafter existing of Debtor (hereinafter collectively called "the Collateral").

(2) The Security Interest granted hereby shall not extend or apply to, and the Collateral shall not include, the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed on such last day in trust to assign the same to any person acquiring such term.

(3) The terms "goods", "chattel paper", "documents of title", "instruments", "intangibles", "securities", "proceeds", "inventory", and "accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal

Property Security Act of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is referred to as the "P.P.S.A.". Provided always that the term "goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A. Any reference herein to "collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. OBLIGATIONS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of Debtor to Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, what-so-ever and how-so-ever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

3. USE OF COLLATERAL BY DEBTOR AND CONFIRMATION OF COLLATERAL BY SECURED PARTY

Subject to Clause 4 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with the Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that Secured Party shall have the right at any time and from time to time to confirm the existence and state of the Collateral in any manner Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as Secured Party may reasonable request in connection therewith and for such purpose to grant to Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by Debtor.

4. COLLECTION OF DEBTS FORMING PART OF COLLATERAL

Before or after default under this Security Agreement, Secured Party may notify all or any account debtors of the Security Interest and may also direct such account debtors to make all payments on the Collateral to Secured Party. Debtor acknowledges that any payments on or other proceeds of the Collateral received by Debtor from any account debtors, whether before or after notification of this Security Interest to account debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for Secured Party and shall be turned over to Secured Party upon request.

5. EVENTS OF DEFAULT

The happening of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(1) the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement;

(2) the bankruptcy or insolvency of Debtor, the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor; or the institution by or against Debtor of any other type of insolvency proceedings under the Bankruptcy Act or otherwise.

(3) that the Debtor and Springer Aerospace Holdings Limited are joint and several debtors pursuant to a loan agreement with the Secured Party for the sum of \$900,000.00 plus accrued interest and the following security has been executed by the Debtor and Springer Aerospace Holdings Inc.:

1. Promissory Note;
2. Charge/Mortgage of Land, for 377 Lakeview Road, Echo Bay, Ontario;
3. Charge/Mortgage of Land for 421 Lakeview Road, Echo Bay, Ontario;

And the Debtor and Springer Aerospace Holdings Inc. acknowledge and agree that default by the Debtor herein shall constitute default by Springer Aerospace Holdings Inc.

6. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default.

7. REMEDIES

(1) Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefore and in respect thereof and, upon default Secured Party may sell, lease or otherwise dispose of the Collateral in any such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Secured Party may seem reasonable.

(2) In addition to the rights granted herein, Secured Party may enforce any other rights and remedies it may have at law or in equity, and shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A.

(3) Debtor agrees to pay all costs, charges and expenses reasonably incurred by Secured Party or any receiver appointed by it, whether directly or for services rendered (including reasonable solicitors' and auditors' costs and other legal expenses and receiver remuneration) in operating Debtor's accounts and in preparing or enforcing its rights under this Security Agreement.

8. **MISCELLANEOUS**

(1) Security Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with the Collateral and other security as Secured Party may see fit without prejudice to the liability of Debtor or Secured Party's right to hold and realize the Security Interest.

(2) No delay or omission by Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy. Furthermore, Secured Party may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(3) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. If more than one Debtor executes this Security Agreement the obligations of such debtors here-under shall be joint and several.

(4) No modifications, variation or amendment of any provisions of this Security Agreement shall be made except by a written agreement executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(5) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

(6) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to Secured Party.

9. ACKNOWLEDGEMENTS OF DEBTOR

Debtor hereby acknowledges receipt of a copy of this Security Agreement and that the failure of Secured Party to receive full payment or satisfaction of the debt through its rights and remedies herein provided shall not in any way release the debtor who covenants to pay or satisfy any deficiency.


10. EXECUTION


This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or by email in PDF or other similar document format and all such counterparts and facsimiles or other electronic copies together form one and the same agreement.

Delivery of an executed copy of a signature page to this Agreement by facsimile or email transmission shall be as effective as delivery of a manually executed copy of this Agreement and each Party undertakes to provide the other Party with a copy of the Agreement bearing original signatures forthwith upon demand.

IN WITNESS WHEREOF Debtor has executed this Security Agreement
this 3 day of September, 2020

1138969 Ontario Inc. o/a Springer Aerospace

Per: 
Richard Picard

Per: 
Christopher Grant
We have authority to bind the Corporation

GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made between **COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE. MARIE & AREA**, an Ontario Corporation, having its Head Office in the City of Sault Ste. Marie, in the District of Algoma; **EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION**, an Ontario Corporation having its Head Office in the city of Blind River and **NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION** having its head office in the City of Sudbury (jointly and severally, herein collectively referred to as the "Secured Party") and **Springer Aerospace Holdings Limited** an Ontario Corporation, having its head office in the town of Echo Bay in the District of Algoma (hereinafter referred to as "Debtor").

1. CREATION OF SECURITY INTEREST

(1) For value received, Debtor hereby grants to Secured Party a security interest (the "Security Interest") in the undertaking of Debtor and in all goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), inventory, equipment (including specifically, but not limited to, the equipment described in Schedule "A" annexed hereto), accounts receivable, chattel paper, documents of title (whether negotiable or not), instruments, intangibles (including all book debts) and securities, of whatever kind or wherever situate, now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor and in all documents, writings and records now or hereafter existing of Debtor (hereinafter collectively called "the Collateral").

(2) The Security Interest granted hereby shall not extend or apply to, and the Collateral shall not include, the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed on such last day in trust to assign the same to any person acquiring such term.

(3) The terms "goods", "chattel paper", "documents of title", "instruments", "intangibles", "securities", "proceeds", "inventory", and "accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal

Property Security Act of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is referred to as the "P.P.S.A.". Provided always that the term "goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A. Any reference herein to "collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. OBLIGATIONS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of Debtor to Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, what-so-ever and how-so-ever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness").

3. USE OF COLLATERAL BY DEBTOR AND CONFIRMATION OF COLLATERAL BY SECURED PARTY

Subject to Clause 4 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with the Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that Secured Party shall have the right at any time and from time to time to confirm the existence and state of the Collateral in any manner Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as Secured Party may reasonable request in connection therewith and for such purpose to grant to Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by Debtor.

4. COLLECTION OF DEBTS FORMING PART OF COLLATERAL

Before or after default under this Security Agreement, Secured Party may notify all or any account debtors of the Security Interest and may also direct such account debtors to make all payments on the Collateral to Secured Party. Debtor acknowledges that any payments on or other proceeds of the Collateral received by Debtor from any account debtors, whether before or after notification of this Security Interest to account debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for Secured Party and shall be turned over to Secured Party upon request.

5. EVENTS OF DEFAULT

The happening of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(1) the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement;

(2) the bankruptcy or insolvency of Debtor, the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor; or the institution by or against Debtor of any other type of insolvency proceedings under the Bankruptcy Act or otherwise.

(3) that the Debtor and 1138969 Ontario Inc. operating as Springer Aerospace are joint and several debtors pursuant to a loan agreement with the Secured Party for the sum of \$900,000.00 plus accrued interest and the following security has been executed by the Debtor and 1138969 Ontario Inc. operating as Springer Aerospace:

1. Promissory Note;

2. Charge/Mortgage of Land, for 377 Lakeview Road, Echo Bay, Ontario;
3. Charge/Mortgage of Land for 421 Lakeview Road, Echo Bay, Ontario;

And the Debtor and 1138969 Ontario Inc. operating as Springer Aerospace. acknowledge and agree that default by the Debtor herein shall constitute default by 1138969 Ontario Inc. operating as Springer Aerospace.

6. ACCELERATION

The Secured Party, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default.

7. REMEDIES

(1) Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefore and in respect thereof and, upon default Secured Party may sell, lease or otherwise dispose of the Collateral in any such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Secured Party may seem reasonable.

(2) In addition to the rights granted herein, Secured Party may enforce any other rights and remedies it may have at law or in equity, and shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A.

(3) Debtor agrees to pay all costs, charges and expenses reasonably incurred by Secured Party or any receiver appointed by it, whether directly or for services rendered (including reasonable solicitors' and auditors' costs and other legal expenses and receiver remuneration) in operating Debtor's accounts and in preparing or enforcing its rights under this Security Agreement.

8. **MISCELLANEOUS**

(1) Security Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with the Collateral and other security as Secured Party may see fit without prejudice to the liability of Debtor or Secured Party's right to hold and realize the Security Interest.

(2) No delay or omission by Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy. Furthermore, Secured Party may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of Secured Party granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(3) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. If more than one Debtor executes this Security Agreement the obligations of such debtors here-under shall be joint and several.

(4) No modifications, variation or amendment of any provisions of this Security Agreement shall be made except by a written agreement executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(5) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

(6) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to Secured Party.

9. ACKNOWLEDGEMENTS OF DEBTOR

Debtor hereby acknowledges receipt of a copy of this Security Agreement and that the failure of Secured Party to receive full payment or satisfaction of the debt through its rights and remedies herein provided shall not in any way release the debtor who covenants to pay or satisfy any deficiency.

10. EXECUTION


This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or by email in PDF or other similar document format and all such counterparts and facsimiles or other electronic copies together form one and the same agreement.

Delivery of an executed copy of a signature page to this Agreement by facsimile or email transmission shall be as effective as delivery of a manually executed copy of this Agreement and each Party undertakes to provide the other Party with a copy of the Agreement bearing original signatures forthwith upon demand.

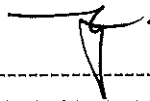
IN WITNESS WHEREOF Debtor has executed this Security Agreement
this 3 day of September, 2020

Springer Aerospace Holdings Limited

Per: 
Richard Picard

Per: 
Christopher Grant
We have authority to bind the Corporation

THIS IS **EXHIBIT "N"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JODI TURGEON

ServiceOntario

[Main Menu](#) [New Enquiry](#)

Enquiry Result

File Currency: 21SEP 2022



 All Pages 


[Show All Pages](#)**Note: All pages have been returned.**

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	738525033	1	6	1	11	23APR 2028			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
738525033		001	1		20180423 1432 6083 1810	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1138969 ONTARIO INC.					1138969			
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	CAISSE POPULAIRE VERMILLON INC.								
	Address				City	Province	Postal Code		
	866 NEWGATE AVENUE				SUDBURY	ON	P3A 5J9		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X	X	X	X	X		500000		X
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT DATED FEBRUARY 5, 2018 BETWEEN 1138969 ONTARIO INC. AND CAISSE POPULAIRE VERMILLON INC.								
Registering Agent	Registering Agent								
	ELAINE S. PITCHER								

	Address	City	Province	Postal Code
	390 BAY STREET SUITE #300	SAULT STE MARIE	ON	P6A 1X2

CONTINUED

Type of Search	Business Debtor										
Search Conducted On	1138969 ONTARIO INC.										
File Currency	21SEP 2022										
	File Number	Family	of Families	Page						of Pages	
	738525033	1	6	2						11	
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT											
	Cautious Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under			
		01	001		20181004 1937 1531 1552						
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required			Renewal Years	Correct Period			
	738525033		X	A AMNDMNT							
Reference Debtor/ Transferor	First Given Name			Initial	Surname						
	Business Debtor Name										
	1138969 ONTARIO INC.										
Other Change	Other Change										
Reason / Description	Reason / Description										
	REMOVE AMOUNT SECURED										
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname					
	Business Debtor Name							Ontario Corporation Number			
	Address				City		Province	Postal Code			
Assignor Name	Assignor Name										
Secured Party	Secured party, lien claimant, assignee										
	Address				City		Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date		
	X	X	X	X	X				X		
Motor Vehicle Description	Year	Make			Model			V.I.N.			
General Collateral Description	General Collateral Description										
Registering Agent	Registering Agent or Secured Party/ Lien Claimant										
	CANADIAN SECURITIES REGISTRATION SYSTEMS										
	Address				City			Province	Postal		

				Code
	4126 NORLAND AVENUE	BURNABY	BC	V5G 3S8

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	751723425	2	6	3	11	29MAY 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
751723425		001	3		20190529 1614 1532 6717	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	1138969 ONTARIO INC.								
	Address				City	Province	Postal Code		
	377 LAKEVIEW RD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	CAISSE POPULAIRE VERMILLON INC.								
	Address				City	Province	Postal Code		
	29, RUE MAIN EST				CHELMSFORD	ON	P0M 1L0		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X		X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
	2016	DODGE			GRAND CARAVAN	2C4RDGB9GR169495			
General Collateral Description	General Collateral Description								
	1. DASH 8 HEAVY CHECK WING, ENGINE AND NACELLE DOCK STANDS								
	2. DASH 8 JACKS AND TAIL STANDS INCLUDING, BUT NOT LIMITED TO								
	A. TRONAIR NOSE JACK SN 181286011								
Registering Agent	Registering Agent								
	CSRS								
	Address				City	Province	Postal Code		
	4126 NORLAND AVE				BURNABY	BC	V5G 3S8		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	751723425	2	6	4	11	29MAY 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
751723425		002	3		20190529 1614 1532 6717				
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	B. TRONAIR MAIN JACK SN 9834071001								
	C. TRONAIR MAIN JACK SN 9834071002								
	3. 2016 JCB 35D 4X4 TELETRUK FORKLIFT SN 2253620 TOGETHER WITH THE								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	751723425	2	6	5	11	29MAY 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
751723425		003	3		20190529 1614 1532 6717				
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	FULL CAB, PALLET FORKS AND SIDE SHIFT								
	4. 80X40X24 ARCTIC SHELTER STORAGE BUILDING / PEAK DOUBLE TRUSS, PVC FABRIC								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	758066724	3	6	6	11	29NOV 2025			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
758066724		001	1		20191129 0835 1532 6371	P PPSA	06		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	1138969 ONTARIO INC.								
	Address				City	Province	Postal Code		
	377 LAKEVIEW RD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	VW CREDIT CANADA INC.								
	Address				City	Province	Postal Code		
	4865 MARC-BLAIN ST., SUITE 300				ST-LAURENT	QC	H4R 3B2		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X		X	X	32319.70	22NOV2025	
Motor Vehicle Description	Year	Make			Model		V.I.N.		
	2019	VOLKSWAGEN			GOLF COMFORTLINE		3VWG57AU3KM032822		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	D + H LIMITED PARTNERSHIP								
	Address				City	Province	Postal Code		
	2 ROBERT SPECK PARKWAY, 15TH FLOOR				MISSISSAUGA	ON	L4Z 1H8		

CONTINUED

Type of Search	Business Debtor									
Search Conducted On	1138969 ONTARIO INC.									
File Currency	21SEP 2022									
	File Number	Family	of Families	Page						of Pages
	758066724	3	6	7						11
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT										
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under		
		001	1		20200401 1632 1532 9212					
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required			Renewal Years	Correct Period		
	758066724			E TRANSFER						
Reference Debtor/ Transferor	First Given Name			Initial	Surname					
	Business Debtor Name									
	1138969 ONTARIO INC.									
Other Change	Other Change									
Reason / Description	Reason / Description									
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname				
	Business Debtor Name							Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED									
	Address				City		Province	Postal Code		
	377 LAKEVIEW RD				ECHO BAY		ON	P0S 1C0		
Assignor Name	Assignor Name									
Secured Party	Secured party, lien claimant, assignee									
	Address				City		Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date	
Motor Vehicle Description	Year	Make			Model			V.I.N.		
General Collateral Description	General Collateral Description									
Registering Agent	Registering Agent or Secured Party/ Lien Claimant									
	D + H LIMITED PARTNERSHIP									
	Address				City			Province	Postal	

				Code
	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON	L4Z 1H8

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	760580019	4	6	8	11	03MAR 2025			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
760580019		001	1		20200303 1320 6005 8193	P PPSA	05		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1138969 ONTARIO INC.								
	Address				City	Province	Postal Code		
	377 LAKE VIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SPRINGER AEROSPACE								
	Address				City	Province	Postal Code		
	377 LAKE VIEW ROAD				ECHO BAY	ON	P0S 1C0		
Secured Party	Secured Party / Lien Claimant								
	CWB NATIONAL LEASING INC.								
	Address				City	Province	Postal Code		
	1525 BUFFALO PLACE (2979258)				WINNIPEG	MB	R3T 1L9		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X			X			
Motor Vehicle Description	Year	Make			Model		V.I.N.		
	2005	SKYJACK			SJ4632 SCISSOR LIFT		711591		
	2007	SKYJACK			SJ4632 SCISSOR LIFT		718796		
General Collateral Description	General Collateral Description								
	AGREEMENT NUMBER 2979258, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY OR INDIRECTLY THEREFROM.								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765706797	5	6	9	11	14SEP 2033			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765706797		001	002		20200914 1107 1862 0810	P PPSA	13		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED								
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	1138969 ONTARIO INC.								
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Secured Party	Secured Party / Lien Claimant								
	NORTHERN ONTARIO HERITAGE FUND CORPORATION								
	Address				City	Province	Postal Code		
	#200-70 FOSTER DRIVE				SAULT STE. MARIE	ON	P6A 6V8		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	MNDM - LEGAL SERVICES BR (NOHFC 8410837/TJ)								
	Address				City	Province	Postal Code		
	SUITE 1601, 700 BAY STREET				TORONTO	ON	M5G 1Z6		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765706797	5	6	10	11	14SEP 2033			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765706797		002	002		20200914 1107 1862 0810				
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SPRINGER AEROSPACE								
	Address			City	Province	Postal Code			
	377 LAKEVIEW ROAD			ECHO BAY	ON	P0S 1C0			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

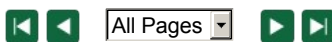
END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1138969 ONTARIO INC.								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	766401228	6	6	11	11	02OCT 2030			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
766401228		001	001		20201002 1515 1862 2214	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED						1972686		
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	1138969 ONTARIO INC.						1138969		
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Secured Party	Secured Party / Lien Claimant								
	AVIATION MAINTENANCE INC.								
	Address				City	Province	Postal Code		
	3255 HAIGHT ROAD				ST. JOSEPH ISLAND	ON	P0R 1G0		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X	2500000	21NOV2029	
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT OF ALL PRESENT AND FUTURE PROPERTY OF THE DEBTOR, GUARANTEE, INDEMNITY, ASSIGNMENT AND POSTPONEMENT.								
Registering Agent	Registering Agent								
	WISHART LAW FIRM LLP								
	Address				City	Province	Postal Code		
	390 BAY STREET, 5TH FLOOR				SAULT STE. MARIE	ON	P6A 1X2		

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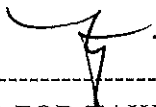
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THIS IS **EXHIBIT "O"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

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Enquiry Result

File Currency: 21SEP 2022



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Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	745544772	1	7	1	12	05NOV 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
745544772		001	1		20181105 1424 9489 0035	P PPSA	05		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1138968 ONTARIO LIMITED								
	Address				City	Province	Postal Code		
	377 LAKESHORE DRIVE				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SPRINGER AEROSPACE HOLDINGS LIMITED								
	Address				City	Province	Postal Code		
	377 LAKESHORE DRIVE				ECHO BAY	ON	P0S 1C0		
Secured Party	Secured Party / Lien Claimant								
	CAISSE POPULAIRE VERMILLON INC.								
	Address				City	Province	Postal Code		
	29 MAIN STREET				CHELMSFORD	ON	P0M 1L0		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT REGISTERED AGAINST ALL PRESENT AND AFTER-ACQUIRED ASSETS								
Registering Agent	Registering Agent								
	MLA LAW LLP C/O SHEENA ALEXANDER								

	Address	City	Province	Postal Code
	33 MACKENZIE STREET, SUITE 200	SUDBURY	ON	P3C 4Y1

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	758066724	2	7	2	12	29NOV 2025			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
758066724		001	1		20191129 0835 1532 6371	P PPSA	06		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1138969 ONTARIO INC.								
	Address			City	Province	Postal Code			
	377 LAKEVIEW RD			ECHO BAY	ON	P0S 1C0			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	VW CREDIT CANADA INC.								
	Address			City	Province	Postal Code			
	4865 MARC-BLAIN ST., SUITE 300			ST-LAURENT	QC	H4R 3B2			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X		X	X	32319.70	22NOV2025	
Motor Vehicle Description	Year	Make		Model		V.I.N.			
	2019	VOLKSWAGEN		GOLF COMFORTLINE		3VWG57AU3KM032822			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	D + H LIMITED PARTNERSHIP								
	Address			City	Province	Postal Code			
	2 ROBERT SPECK PARKWAY, 15TH FLOOR			MISSISSAUGA	ON	L4Z 1H8			

CONTINUED

Type of Search	Business Debtor									
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED									
File Currency	21SEP 2022									
	File Number	Family	of Families	Page						of Pages
	758066724	2	7	3						12
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT										
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under		
		001	1		20200401 1632 1532 9212					
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period				
	758066724			E TRANSFER						
Reference Debtor/ Transferor	First Given Name			Initial	Surname					
	Business Debtor Name									
	1138969 ONTARIO INC.									
Other Change	Other Change									
Reason / Description	Reason / Description									
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname				
	Business Debtor Name							Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED									
	Address				City		Province	Postal Code		
	377 LAKEVIEW RD				ECHO BAY		ON	P0S 1C0		
Assignor Name	Assignor Name									
Secured Party	Secured party, lien claimant, assignee									
	Address				City		Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date	
Motor Vehicle Description	Year	Make			Model			V.I.N.		
General Collateral Description	General Collateral Description									
Registering Agent	Registering Agent or Secured Party/ Lien Claimant									
	D + H LIMITED PARTNERSHIP									
	Address				City			Province	Postal	

				Code
	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON	L4Z 1H8

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	761337783	3	7	4	12	01APR 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
761337783		001	1		20200401 0816 1532 8182	P PPSA	06		
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SPRINGER AEROSPACE HOLDINGS LIMITED								
	Address			City	Province	Postal Code			
	377 LAKEVIEW RD			ECHO BAY	ON	P0S 1C0			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	VW CREDIT CANADA INC.								
	Address			City	Province	Postal Code			
	4865 MARC-BLAIN ST., SUITE 300			ST-LAURENT	QC	H4R 3B2			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X		X	X	37189.23	30MAR2026	
Motor Vehicle Description	Year	Make			Model	V.I.N.			
	2019	VOLKSWAGEN			GOLF SPORTWAGON COM	3VW117AUXKM515581			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	D + H LIMITED PARTNERSHIP								
	Address			City	Province	Postal Code			
	2 ROBERT SPECK PARKWAY, 15TH FLOOR			MISSISSAUGA	ON	L4Z 1H8			

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765485847	4	7	5	12	04SEP 2035			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765485847		001	3		20200904 1658 1590 1123	P PPSA	15		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SPRINGER AEROSPACE HOLDINGS LIMITED					1972686			
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	COMMUNITY DEVELOPMENT CORPORATION OF SAULT STE MARIE								
	Address				City	Province	Postal Code		
	672 QUEEN STREET EAST				SAULT STE MARIE	ON	P6A 2A4		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	PASCUZZI & BERLINGIERI LAW FIRM LLP								
	Address				City	Province	Postal Code		
	369 QUEEN STREET EAST SUITE 200				SAULT STE. MARIE	ON	P6A 1Z4		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765485847	4	7	6	12	04SEP 2035			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765485847		002	3		20200904 1658 1590 1123				
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	EAST ALGOMA COMMUNITY FUTURES DEVELOPMENT CORPORATION								
	Address			City	Province	Postal Code			
	1 INDUSTRIAL PARK ROAD			BLIND RIVER	ON	P0R 1B0			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make		Model		V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765485847	4	7	7	12	04SEP 2035			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765485847		003	3		20200904 1658 1590 1123				
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	NICKEL BASIN FEDERAL DEVELOPMENT CORPORATION								
	Address			City	Province	Postal Code			
	200 BRADY STREET			SUDBURY	ON	P3E 3L9			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make		Model	V.I.N.				
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765706797	5	7	8	12	14SEP 2033			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765706797		001	002		20200914 1107 1862 0810	P PPSA	13		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED								
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	1138969 ONTARIO INC.								
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Secured Party	Secured Party / Lien Claimant								
	NORTHERN ONTARIO HERITAGE FUND CORPORATION								
	Address				City	Province	Postal Code		
	#200-70 FOSTER DRIVE				SAULT STE. MARIE	ON	P6A 6V8		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	MNDM - LEGAL SERVICES BR (NOHFC 8410837/TJ)								
	Address				City	Province	Postal Code		
	SUITE 1601, 700 BAY STREET				TORONTO	ON	M5G 1Z6		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	765706797	5	7	9	12	14SEP 2033			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
765706797		002	002		20200914 1107 1862 0810				
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SPRINGER AEROSPACE								
	Address			City	Province	Postal Code			
	377 LAKEVIEW ROAD			ECHO BAY	ON	P0S 1C0			
Individual Debtor	Date of Birth	First Given Name		Initial	Surname				
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	766401228	6	7	10	12	02OCT 2030			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
766401228		001	001		20201002 1515 1862 2214	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED						1972686		
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	1138969 ONTARIO INC.						1138969		
	Address				City	Province	Postal Code		
	377 LAKEVIEW ROAD				ECHO BAY	ON	P0S 1C0		
Secured Party	Secured Party / Lien Claimant								
	AVIATION MAINTENANCE INC.								
	Address				City	Province	Postal Code		
	3255 HAIGHT ROAD				ST. JOSEPH ISLAND	ON	P0R 1G0		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X	2500000	21NOV2029	
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT OF ALL PRESENT AND FUTURE PROPERTY OF THE DEBTOR, GUARANTEE, INDEMNITY, ASSIGNMENT AND POSTPONEMENT.								
Registering Agent	Registering Agent								
	WISHART LAW FIRM LLP								
	Address				City	Province	Postal Code		
	390 BAY STREET, 5TH FLOOR				SAULT STE. MARIE	ON	P6A 1X2		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	774382131	7	7	11	12	13JUL 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
774382131		01	002		20210713 1406 1462 5841	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	SPRINGER AEROSPACE HOLDINGS LIMITED								
	Address				City	Province	Postal Code		
	377 LAKEVIEW RD				ECHO BAY	ON	P0S1C0		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	CAISSE DESJARDINS ONTARIO CREDIT UNION INC.								
	Address				City	Province	Postal Code		
	43, RUE NOTRE-DAME, C.P. 550				AZILDA	ON	P0M1B0		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X		X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	A FIRST RANKING SECURITY INTEREST ON THE FOLLOWING PROPERTY - 1986 PIPER, MODEL PA-46-310P, VIN 4608032 FAA REGISTRATION N712MK PRATT & WHITNEY PT-6A-34 ENGINE BEARING SERIAL PCE RB-0006 HARTZELL								
Registering Agent	Registering Agent								
	PPSA CANADA INC. - (8725)								
	Address				City	Province	Postal Code		
	303-110 SHEPPARD AVE. E.				TORONTO	ON	M2N6Y8		

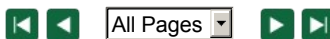
CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SPRINGER AEROSPACE HOLDINGS LIMITED								
File Currency	21SEP 2022								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	774382131	7	7	12	12	13JUL 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
774382131		02	002		20210713 1406 1462 5841	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	Address				City	Province	Postal Code		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name						Ontario Corporation Number		
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	HC-E4N-31 PROPELLER BEARING SERIAL HH4329 AIRCRAFT LOG BOOKS AND RECORDS								
Registering Agent	Registering Agent								
	PPSA CANADA INC. - (8725)								
	Address				City	Province	Postal Code		
	303-110 SHEPPARD AVE. E.				TORONTO	ON	M2N6Y8		

LAST PAGE

Note: All pages have been returned.

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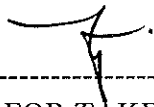
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THIS IS **EXHIBIT "P"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

J. TURBEAU



Tax Services Office
Kingston ON K7M 0E6

OCT 17 2022
RECEIVED

October 07, 2022

1138969 ONTARIO INC
377 LAKEVIEW ROAD PO BOX 269
ECHO BAY ON P0S 1C0

Account Number
89564 7683 RM0001

Dear Sir or Madam:

Re: Canada Customs Account
Balance: \$363,041.51

Thank you for proposing an arrangement to pay the outstanding arrears in your account.

We confirm that the terms of your arrangement are as follows:

Due date of first payment	Number of payments	Payment interval (days)	Amount of payment(s)
2022-10-15	22	30	16,000.00
2024-08-15	01	0	11,041.51

The above schedule of payments is acceptable if you meet the following conditions:

- Any payments must be honoured on the due date; and
- Keeping current on the other import duties & taxes.

.../2

You must follow this arrangement and make your payments on time. If you do not, we may take legal action against you. For example, we may garnish your income, garnish your bank account, seize and sell your assets, or use any other means under the laws that apply to collect the amount you owe.

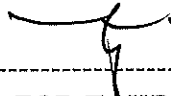
We would appreciate your immediate attention to this matter.

Yours truly,

MICHAEL JING
Revenue Collections Division

A handwritten signature in black ink that reads "Michael Jing". The signature is written in a cursive style with a large, looping "J" at the end.

THIS IS **EXHIBIT "Q"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joel TURGEON



June 30, 2022

BY EMAIL

Me François Viau
Direct: 514-392-9530
Fax : 514-876-9530
francois.viau@gowlingwg.com

SPRINGER AEROSPACE HOLDINGS LIMITED
377 Lakeview Rd
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

**RE: Demand for payment and Notice of intention to enforce security pursuant to Section 244 (1) of the *Bankruptcy and Insolvency Act*
Our file : L153200041**

Sir,

We are the attorneys of the Caisse Desjardins Ontario Credit Union Inc. (the "**Creditor**"), which has instructed us to address you the following Demand for payment and Notice of intention to enforce security pursuant to section 244 (1) of the *Bankruptcy and Insolvency Act*.

We refer you to a financing offer, as amended from time to time, made by the Creditor to Springer Aerospace Holdings Limited (the "**Borrower**") dated May 7, 2020 and accepted by the latter on May 12, 2020, and bearing loan Nos. 480229-PR-2 (" **Loan PR-2**") and 480229-PR-3 ("**Loan PR-3**" and collectively with the Loan PR-2 the "**Financing Offer**").

For avoidance of doubt, we also refer you to the following guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, 1138969 Ontario Inc., Christopher Grant and yourself (collectively the "**Guarantors**") accepted to jointly and severally guarantee all of the financial obligations of the Borrower, for a maximum amount of \$6,500,000.00:

- i. A General Guarantee and Postponement of Claim executed by Christopher Grant and yourself on July 9, 2021;
- ii. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
- iii. A General Guarantee and Postponement of Claim executed by 1138969 Ontario Inc. on July 9, 2021;

We also refer you to a personal guarantee executed by yourself with respect to all facilities made to the Borrower, thus including the Financing Offer, for a maximum of \$500,000.00.

It shall also be noted that the performance of the Borrower's obligations set forth in the Loan PR-2 is further secured by a guarantee under the Export Development Canada program run by Government of Canada with a percentage of 75.00%, plus accrued and unpaid interest calculated at the Guaranteed Interest Rate (as defined in the EDC Guarantee Approval dated June 4, 2020) for up to a maximum of one hundred and twenty (120) days of accrued and unpaid interest.

The Borrower's obligations under the Financing Offer are also secured, *inter alia*, by the following:

- i. A general personal property security against all of the present and future personal property of the Borrower filed in the Ontario Personal Property Registry under Registration Number 745544772;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Creditor;
- iii. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the Borrower (the "**Immovable**") in the amount of \$6,500,000.00 together with an assignment of rents and of insurance proceeds in respect thereto.
- iv. A 1st ranking security interest on the following property: 1986 PIPER, Model PA-46-310P, VIN 4608032 FAA Registration N712MK 15 Pratt & Whitney PT-6A-34 Engine bearing serial PCE RB-0006 HARTZELL;
 - a. Of the same rank on the rights and indemnities under the insurance policy or policies covering the property listed above as well as any other compensation to which the Borrower may be entitled if said property is damaged, lost, destroyed or otherwise affected, or if debts or accounts cannot be collected in whole or in part, including indemnities for loss of income or equipment breakdown, as the case may be;
 - b. of the same rank on debts, accounts, instruments or monies arising from the lease, sale or other disposal of the aforementioned collateral;

The Borrower is in default under the Financing Offer and the aforementioned security documents (collectively the "**Security Documents**"), in that, notably, but not limited to :

- i. It failed to pay the outstanding property taxes related to the Immovable;
- ii. It failed to maintain a working capital ratio equal to or greater than 1.25:1;
- iii. It failed to maintain a fixed-charge coverage ratio equal to or greater than 1.10:1;

- iv. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;

Moreover, 1138969 Ontario Inc. is in default under the variable credit contract, as amended from time to time, made by the Creditor to 1138969 Ontario Inc. on May 16, 2019 and accepted by the latter on May 22, 2019, and bearing loan No. 03 (“**Credit 03**”), which constitutes an additional default as per the Cross Default Clause incorporated in both the Financing Offer and the Credit 03, by which an event of default in any of the obligations of the Borrower and/or 1138969 Ontario Inc. will constitute a default in the credit arrangement of both credit facilities.

In consideration of the foregoing, the indebtedness has been accelerated and, in accordance with the terms of the Financing Offer, the Creditor demands, subject to all of its other rights and remedies, full and immediate payment of the amounts loaned, accrued interest and any other amount payable by the Borrower under the Financing Offer:

Loan PR-2	Total due Including arrears
Principal balance	\$1,027,951.97
Interest (up to and including June 21, 2022) ¹	\$2,011.25
Total	\$1,029,963.22
<i>Per Diem</i>	<i>\$146.00</i>
Loan PR-3	Total due Including arrears
Principal balance	\$3,914,127.73
Interest (up to and including June 21, 2022) ²	\$7,519.15
Total	\$3,921,646.88
<i>Per Diem</i>	<i>\$549.61</i>

plus interest accrued thereon, by certified funds payable to the order of Gowling WLG (Canada) LLP *in Trust*, failing which the appropriate legal proceedings will be instituted against the Borrower and the Guarantors without any further notice or delay.

If you require additional time to pay the full outstanding amount, then we require that you contact our office within the next (10) days following the receipt of the present letter to discuss any terms that Desjardins, in its sole discretion, may consider.

The Creditor expressly reserves its rights and remedies with respect to any other default, past, present and future that arose or may arise at the time of the present Demand for payment, as per the Financing Offer, the Security Documents, and/or other agreement or more generally by law.

The Creditor further reserves all of its rights and remedies against any other party in connection with the amounts owing, including, but not limited to, the Guarantors, whether as per the

¹ The Loan PR-2 bears interest at the fixed rate of 5.00% as of the date of the present Demand for payment.

² The Loan PR-3 bears interest at the fixed rate of 5.00% as of the date of the present Demand for payment.

Financing Offer, the Security Documents, personal guarantees and/or any other agreement or more generally by law.

DO GOVERN YOURSELF ACCORDINGLY.

GOWLING WLG (CANADA) LLP



FRANÇOIS VIAU

c.c. Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, 1138969 Ontario Inc.,
Christopher Grant

THIS IS **EXHIBIT "R"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOËL TURGEON

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

TO : **SPRINGER AEROSPACE HOLDINGS LIMITED** (HEREINAFTER THE “**INSOLVENT PERSON**”)
377 Lakeview Rd
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

TAKE NOTICE THAT:

1. The Caisse Desjardins Ontario Credit Union Inc., a secured creditor, intends to enforce its securities on the property of an Insolvent Person described below:
 - i. 201 River Side Rd, Echo Bay, ON, P0S 1C0 (the “River Side Lands”)
 - ii. The rents and insurance proceeds of the River Side Lands
 - iii. 377 Lake View Rd, Echo Bay, ON, P0S 1C0 (the “Lake View Lands”)
 - iv. The rents and insurance proceeds of the Lake View Lands
 - v. 1986 PIPER, Model PA-46-310P, VIN 4608032 FAA Registration N712MK 15 Pratt & Whitney PT-6A-34 Engine bearing serial PCE RB-0006 HARTZELL
 - vi. All property of the Insolvent Person charged by the general personal property security described below and registered under the *Personal Property Security Act* (Ontario) on November 5, 2018 as reference file no. 745544772 (original registration no. 20181105 1424 9489 0035)
2. The security that is to be enforced is in the form of:
 - a) A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0;
 - b) A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0;
 - c) A general personal property security interest in favour of Caisse Desjardins Ontario Credit Union Inc. and registered under the *Personal Property Security Act* (Ontario) on November 5, 2018 as reference file no. 745544772 (original registration no. 20181105 1424 9489 0035); and

- d) A personal property security interest in favour of Caisse Desjardins Ontario Credit Union Inc. and registered under the *Personal Property Security Act* (Ontario) on July 13, 2021 as reference file no. 774382131 (original registration no. 20210713 1406 1462 5841).
3. The total amount of indebtedness secured by the security was, as of June 21, 2022, \$4,951,610.10 plus interest at the then present rate of \$695.61 per day thereafter. The particulars of the indebtedness can be broken down as follows:

Loan No. 480229-PR-2	Total due Including arrears
Principal balance	\$1,027,951.97
Interest (up to and including June 21, 2022)	\$2,011.25
Total	\$1,029,963.22
<i>Per Diem</i>	<i>\$146.00</i>
Loan No. 480229-PR-3	Total due Including arrears
Principal balance	\$3,914,127.73
Interest (up to and including June 21, 2022)	\$7,519.15
Total	\$3,921,646.88
<i>Per Diem</i>	<i>\$549.61</i>

4. The secured creditor will not have the right to enforce its securities until after the expiry of the 10-day period after this notice is sent unless the Insolvent Person consents to an earlier enforcement.

GOWLING WLG (CANADA) LLP



François Viau

ACKNOWLEDGMENT OF RECEIPT AND CONSENT

The undersigned, for and on behalf of Springer Aerospace Holdings Limited, acknowledge receipt of the present notice under section 244 of the *Bankruptcy and Insolvency Act.*, declare having not signed nor filed a notice of intention under the *Bankruptcy and Insolvency Act.*, and consent to the immediate enforcement of Caisse Desjardins Ontario Credit Union Inc.'s securities against the assets mentioned in the said notice.

SPRINGER AEROSPACE HOLDINGS LIMITED

By : James Daniel Springer, President

THIS IS **EXHIBIT "S"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joël TURGEON



July 21, 2022

1138969 ONTARIO INC.
377 Lakeview Rd
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

SPRINGER AEROSPACE HOLDINGS LIMITED
377 Lakeview Rd
Echo Bay (Ontario) P0S 1C0

Att : Mr. James Daniel Springer, President

RE: Forbearance Agreement

Sir,

Reference is made to a variable credit contract, as amended from time to time, between Caisse Desjardins Ontario Credit Union Inc. (the "**Lender**") and 1138969 Ontario Inc. (the "**113**") dated May 16, 2019 and accepted by the latter on May 22, 2019, and bearing loan No. 03 ("**Credit 113-03**").

Reference is also made to a financing offer, as amended from time to time, made by the Lender to Springer Aerospace Holdings Limited (the "**SAHL**") dated May 7, 2020 and accepted by the latter on May 12, 2020, and bearing loan Nos. 480229-PR-2 ("**Loan SAHL-2**") and 480229-PR-3 ("**Loan SAHL-3**") and collectively with the Loan SAHL-2 the "**SAHL-Financing**". The SAHL-Financing and Credit 113-03 are hereinafter collectively referred to as "**the Financing Documents**").

113's obligations under Credit 113-03 are secured, *inter alia*, by the following:

- i. A first priority ranking general personal property security securing all of the present future personal property of 113;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Lender;

- 2 -

- iv. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the 113 (the "**113-Immovable**") together with an assignment of rents and of insurance proceeds in respect thereto.

(collectively: the "**113-Security**")

- v. Guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, SAHL, Christopher Grant and Jean Daniel Springer Lender (collectively: the "**113-Guarantors**") accepted to jointly and severally guarantee all of the financial obligations of 113, for a maximum amount of \$1,025,000 under the following;

- a. A General Guarantee and Postponement of Claim executed by Christopher Grant and Jean Daniel Springer on August 28, 2020;
- b. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
- c. A General Guarantee and Postponement of Claim executed by 5010945 Ontario Limited and 1929927 Ontario Inc. on August 28, 2020;
- d. A General Guarantee and Postponement of Claim executed by SAHL on August 28, 2020.

(collectively: the "**113-Guarantor Agreements**")

SAHL's obligations under SAHL Financing are secured, inter alia, by the following:

- i. A general personal property security against all of the present and future personal property of the SAHL filed in the Ontario Personal Property Registry under Registration Number 745544772;
- ii. A charge/mortgage of land in the original principal amount of \$350,000.00 registered as Instrument No. AL207556 at the Algoma Land Titles Office (No. 1) against the property municipally known as 201 River Side Rd, Echo Bay, ON, P0S 1C0, together with the assignment of rents and of insurance proceeds in respect thereto which such assignment is subject to a security interest in favour of the Lender;
- iii. A charge/mortgage of land in the original principal amount of \$6,500,000.00 registered as Instrument No. AL213732 at the Algoma Land Titles Office (No. 1) against the property municipally known as 377 Lake View Rd, Echo Bay, ON, P0S 1C0 and owned by the SAHL (the "**SAHL-Immovable**") in the amount of \$6,500,000.00 together with an assignment of rents and of insurance proceeds in respect thereto;
- iv. A 1st ranking security interest on the following property: 1986 PIPER, Model PA-46-310P, VIN 4608032 FAA Registration N712MK 15 Pratt & Whitney PT-6A-34 Engine bearing serial PCE RB-0006 HARTZELL.

- 3 -

(collectively: the "**SAHL-Security**". The SAHL-Security and the 113-Security are hereinafter collectively referred to as the "**Security**")

- v. Guarantees, by which Aviation Maintenance Inc., 1929927 Ontario Inc., 5010945 Ontario Limited, 1138969 Ontario Inc., Christopher Grant and Jean Daniel Springer (collectively: the "**SAHL-Guarantors**". The SAHL-Guarantors and the 113-Guarantors are hereinafter collectively referred to as the "**Guarantors**") accepted to jointly and severally guarantee all of the financial obligations of SAHL, for a maximum amount of \$6,500,000.00 under the following:
- a. A General Guarantee and Postponement of Claim executed by Christopher Grant and Jean Daniel Springer on July 9, 2021;
 - b. A General Guarantee and Postponement of Claim executed by Aviation Maintenance Inc., 1929927 Ontario Inc., and 5010945 Ontario Limited on July 9, 2021;
 - c. A General Guarantee and Postponement of Claim executed by 1138969 Ontario Inc. on July 9, 2021.

(collectively: the "**SAHL-Guarantor Agreements**". The SAHL Guarantors-Agreements and the 113-Guarantors Agreements are hereinafter collectively referred to as the "**Guarantor Agreements**")

113 is in default under Credit 113-03 and the 113-Security, in that, notably, but not limited to :

- i. It failed to pay the outstanding property taxes related to the 113-Immovable;
- ii. As per the latest consolidated financial statements of SAHL, 113, 1929927 Ontario Inc. and Aviation Maintenance Inc., it failed to achieve a ratio of total debt to tangible net worth equal or less than 3.0:1;
- iii. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;
- iv. SAHL is in default under the SAHL-Financing.

(collectively: the "**113-Defaults**")

SAHL is in default under SAHL-Financing and SAHL-Security, in that, notably, but not limited to:

- i. It failed to pay the outstanding property taxes related to the SAHL-Immovable;
- ii. It failed to maintain a working capital ratio equal to or greater than 1.25:1;
- iii. It failed to maintain a fixed-charge coverage ratio equal to or greater than 1.10:1;
- iv. It failed to maintain a ratio of total debt to tangible net worth equal or less than 3.00:1;

- 4 -

v. 113 is in default under the Credit 113-03.

(collectively: the "**SAHL-Defaults**". The SAHL-Defaults and the 113-Defaults and hereinafter collectively referred to as the "**Defaults**")

On, or about June 30th, 2022, given the 113-Defaults, the Lender served upon 113 and 113-Guarantors, a *Notice of Termination of a Variable Credit Contract and Notice of intention to enforce security pursuant to Section 244 (1) of the Bankruptcy and Insolvency Act.* (the "**113-244 Notice**").

On, or about June 30th, 2022, given the SACH-Defaults, the Lender served upon SACH and SAHL Guarantors a *Demand for payment and Notice of intention to enforce security pursuant to Section 244 (1) of the Bankruptcy and Insolvency Act* (the "**SAHL-244 Notice**". The SAHL-244 Notice and the 113-244 Notice are hereinafter collectively referred to as "the "**244 Notices**").

As of June 21st 2022, the outstanding amount owed to the Lender by 113 is as follows:

Credit 03	Total due Including arrears
Principal balance	\$794,006.87
Interest (up to and including June 21, 2022)	\$1,610.04
Total	\$795,616.91
<i>Per Diem</i>	\$107.90

subject to adjustment plus any other indebtedness, liabilities and obligations of the 113 to the Lender of every nature and kind whatsoever, present, future, direct, indirect and contingent, including without limitation: (i) any and all indebtedness, liabilities and obligations and all other fees, charges and expenses required to be paid by 113 to the Lender and (ii) any and all expenses and charges, whether for legal expenses or otherwise, suffered or incurred by the Lender in collecting or enforcing any such indebtedness, obligations and liabilities or in realizing on or protecting or preserving any security, including the present Forbearance Agreement provided for under Credit 113-03 (the "**113-Outstanding Obligations**").

- 5 -

As of June 21st 2022, the outstanding amount owed to the Lender by SAHL is as follows:

Loan SAHL-2	Total due Including arrears
Principal balance	\$1,027,951.97
Interest (up to and including June 21, 2022)	\$2,011.25
Total	\$1,029,963.22
<i>Per Diem</i>	\$146.00
Loan SAHL-3	Total due Including arrears
Principal balance	\$3,914,127.73
Interest (up to and including June 21, 2022)	\$7,519.15
Total	\$3,921,646.88
<i>Per Diem</i>	\$549.61

subject to adjustment plus any other indebtedness, liabilities and obligations of SAHL to the Lender every nature and kind whatsoever, present, future, direct, indirect and contingent, including without limitation: (i) any and all indebtedness, liabilities and obligations and all other fees, charges and expenses required to be paid by SAHL to the Lender (ii) any and all expenses and charges, whether for legal expenses or otherwise, suffered or incurred by the Lender in collecting or enforcing any such indebtedness, obligations and liabilities or in realizing on or protecting or preserving any security, including the present Forbearance Agreement provided for under the SAHL-Financing (the "**SAHL-Outstanding Obligations**");

(the 113-Outstanding Obligations and SAHL-Outstanding Obligations are collectively referred to as the "**Outstanding Obligations**").

113 and SAHL (collectively: the "**Borrowers**") have advised the Lender that they are not in a position to pay the Outstanding Obligations and therefore have requested that the Lender forbear from exercising its rights and remedies under the Financing Documents as a result of the Defaults. The Lender has agreed to such request for a period on the terms and conditions set out in this agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto covenant and agree with each other as follows:

1. PREAMBLE

1.1 The Borrowers and Guarantors acknowledge that all of the facts set out in the preamble are true and correct.

2. ACKNOWLEDGMENT OF DEBTS

2.1 The Borrowers acknowledges that they are indebted to the Lender for the full amount of the Outstanding Obligations and that the Outstanding Obligations continue to accrue until same are paid in full.

2.2 The Borrowers acknowledges that all Outstanding Obligations are secured by the Security, and that all security held by the Lender are valid, in full force and effect and enforceable by the Lender.

2.3 The Guarantors acknowledge being indebted to the Lender pursuant to the Guarantee Agreements in respect of all Outstanding Obligations of the Borrowers and that such Guarantee Agreements are valid, in full force and effect and enforceable by the Lender.

3. PREREQUISITES FOR SUSPENSION

3.1 Payment by SAHL of USD\$112,000. to the Lender to be applied in permanent reduction of Loan SAHL-3.

3.2 The maintenance in force and renewal of the EDC Guarantees.

4. FORBEARANCE PERIOD

4.1 In consideration of the terms and conditions herein, the Lender agrees to forbear from exercising its rights and remedies under the Financing Documents and following the expiry of the 244 Notice with respect to the Defaults until the earlier of (the "**Forbearance Period**"):

- a) January 31, 2023; and
- b) The date upon which a Default or Event of Default (as defined hereafter) occurs;

Upon termination of the Lender's Forbearance obligations hereunder, the Lender shall be free, in the Lender's sole and absolute discretion, subject to the law, to proceed to enforce and or all of its rights and remedies under or in respect of the Financing Documents, the Security and applicable law.

4.2 During the Forbearance Period:

4.2.1 Borrowers agree that RCGT will monitor the 13 week cash-flow provided to the Lender in Schedule A every two weeks (next review being for the 2 weeks ending July 30th 2022) with explanations for any significant variances between actual and forecast results and shall deliver to the Lender its updated 13 week cash-flow on a bi-weekly basis. All information required for the bi-weekly monitoring and update of the 13 week cash flow shall be provided to RCGT no later than noon on the Wednesday following the end of

the 2 week period (deadline to provide information for the 2 weeks ending July 30th 2022 will be August 3rd 2022).

- 4.2.2 Borrowers undertake to deliver the following documents on a monthly basis, no later than the 20th day after the end of the month:
- 4.2.2.1 Monthly financial statements;
 - 4.2.2.2 Detailed list of accounts receivable;
 - 4.2.2.3 Detailed list of accounts payable, including amounts owing under tax laws;
 - 4.2.2.4 Summary statement of goods in inventory;
 - 4.2.2.5 Confirmation of payments of deductions at source and taxes (GST/QST);
 - 4.2.2.6 Calculation of the ratios of all creditors; and
 - 4.2.2.7 Signed officer's certificate.
- 4.2.3 Borrowers will submit to the Lender, on or before September 30th, 2022, a detailed business plan for the next 12 months, duly validated by RCGT Inc., which will address the Borrowers' plan to profitability and the repayment of the Outstanding Obligations.
- 4.2.4 ~~1929927 Ontario Inc. will remit to SAHL, on or before, September 30th, 2022, a detailed repayment plan of all amounts owed to SAHL to be paid within a maximum period of 24 months, duly validated by RCGT Inc. and to the Lender's satisfaction, being understood that the borrowers will not have to right to provide additional credit to 1929927 Ontario Inc..~~
- 4.2.5 SAHL will pay to the Lender, before September 30th, 2022, an amount of USD\$100,000. to be applied in permanent reduction of Loan SAHL-3;
- 4.2.6 as of August 30th 2022, the following financial ratios will have to be followed and maintained:
- 4.2.6.1 a working capital ratio, equal to or greater than 1.25:1;
 - 4.2.6.2 a debt service coverage ratio equal to or greater than 1.25:1;
 - 4.2.6.3 total debt to tangible net worth equal to or less than 3:1
- 4.2.7 the Borrowers agree to deliver the following documents no later than November 30th, 2022:
- 4.2.7.1 annual financial statements as of August 31st, 2022, including a consolidated version;

- 4.2.7.2 detailed list of accounts receivable and accounts payable as at the date of the annual financial statements;
- 4.2.7.3 confirmation of payment of government remittances and other government claims;
- 4.2.7.4 confirmation of payment of property taxes for the 113 Immovable and the SAHL Immovable;
- 4.2.7.5 the duly signed balance sheets of Christopher Grant and Jean Daniel Springer.

4.3 Except as otherwise expressly provided for in this Agreement, nothing in this Agreement shall extend or affect in any way, any of the Borrowers' obligations under the Financing Documents, the Security or any of the rights and remedies of the Lender which shall not be deemed to have waived any or all of such its rights or remedies with respect to any Defaults or Event of Default or event or condition which, with notice or the lapse of time or both, would become a Default or Event of Default under the Financing Documents, the Guarantee Agreements, the Security and which upon the Borrowers' execution and delivery of this Agreement might otherwise exist or which might hereafter occur.

5. **ACKNOWLEDGEMENTS, REPRESENTATIONS AND WARRANTIES BY THE BORROWERS**

5.1 Borrowers hereby represent, warrant, acknowledge and agree that:

- a) The Lender has not waived the Defaults and, subject to this Agreement, presently has an exercisable right to enforce its rights under the terms of the Financing Documents, the Security, the Guarantee Agreements and applicable law;
- b) except as expressly or implicitly amended or varied hereby, this Agreement does not and shall not be construed as revoking, amending, limiting or otherwise varying any of the terms, conditions, undertakings and covenants of the Financing Documents, the Security and the Guarantee Agreements;
- c) there are no disputes or claims of any nature or kind against the Lender or any shareholder, officer, director, employee, solicitors or agent of the Lender relating to the Outstanding Obligations, the Financing Documents, the Security, the Guarantee Agreements or that would constitute a valid defence or cause of opposition to the Lender's claim for the payment of the Outstanding Obligations or the enforcement of its rights and remedies under the its Security;
- d) the execution and delivery of this Agreement and the performance of the Borrowers' obligations hereunder have been duly authorized by all necessary corporate action;
- e) the property secured by the Security is in existence, in their possession and control and has not been transferred, sold, encumbered or impaired in any manner which would deteriorate from or adversely affect the value of same;

- 9 -

- f) they shall not make any settlement with or payment to any party or to any other current or future creditor, other than in the ordinary course of their business and in conformity with the cash-flow and the law;
- g) they shall not pay to its shareholders or any affiliates or the shareholders thereof, any amount, other than normal salary and expenses, whether by way of dividend, repayment of loans or otherwise, or grant any loan to any of its officers, directors or shareholders or any affiliates or the shareholders thereof, without the prior written consent of the Lender;
- h) They will not incur or create any further or additional indebtedness other than under their cash-flow forecasts, except as expressly authorized by the Lender in writing or that such indebtedness is incidental to the ordinary course of their business;
- i) they shall not create any additional liens upon or assign or transfer security or pledge or hypothecate any of their property;
- j) they shall not cease or threaten to cease to carry on its business; and
- k) they shall not amalgamate, merge, acquire or otherwise combine their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.

5.2 The Borrowers acknowledge that the Lender is relying on the foregoing acknowledgements, representations and warranties in granting the Forbearance Period and entering into this Agreement. The following covenants and foregoing acknowledgements, representations and warranties shall survive the execution and delivery of this Agreement.

6. OTHER COVENANTS

6.1 The Borrowers agree to pay to the Lender the following forbearance fees ("**Forbearance Fee**") concurrently with the execution of this Agreement and hereby authorizes the Lender to debit such amounts directly from their accounts.

6.1.1 113: \$2,500;

6.1.2 SAHL: \$2,600 (Loan SAHL-2): \$9,800 (Loan SAHL-3).

It is understood that the Forbearance Fee shall be fully earned when due and non-refundable when paid.

6.2 The Borrowers agree to pay to the Lender monthly monitoring fees of \$400.00 each retroactively to the 1st of July 2022 and hereby authorizes the Lender to debit such amounts directly from their accounts.

6.3 If any document is not submitted by the deadline, the Borrowers will pay a penalty fee of \$150 per document, per week to be debited from their accounts, the borrowers hereby authorize the Lender to debit such amounts directly from their accounts.

6.4 The Borrowers further agrees to be responsible for all reasonable present and future out-of-pocket costs and expenses (including, without limitation, all lawyers' fees and disbursements) incurred by the Lender in connection with the Defaults, the preparation, execution, delivery or enforcement of this Agreement or the Security.

7. EVENTS OF DEFAULT

7.1 Other than the existing Defaults, the following shall constitute an event of default ("**Event of Default**"):

- a) any default or breach in the observance or performance of any of the obligations, covenants, agreements or undertakings set out in this Agreement or any further default or breach under any terms of the Financing Documents, the Security and the Guarantee Agreements;
- b) any representation, warranty or statement herein or any document delivered in connection this Agreement herewith which is proven to be untrue or incorrect in a manner materially adverse to the Lender;
- c) any material deterioration of the Lender's position or any adverse change in the financial situation, the ownership or the business of the Borrowers or the ability of the Borrowers to pay amounts owing has been impaired, worsened, diminished or threatens to further deteriorate;
- d) any steps taken by the Borrowers or a third party to wind-up or dissolve the Borrowers or to put the Borrower into receivership, bankruptcy or liquidation;
- e) the Borrowers cease to carry on business, files an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* or make an application for relief under the *Companies' Creditors Arrangement Act*, or a receiver, interim receiver, liquidator, agent or other similar party is appointed in respect of their property or any material part thereof; or
- f) any person, whether or not holding of any security interest, hypothec, mortgage, lien, charge, claim or encumbrance, institutes proceedings, enforces against, delivers any notice relating to its rights or its intention to institute proceedings or enforce against (where such holder is reasonably considered to have a bona fide right to enforce) the Borrowers or any of their assets, otherwise take possession, management or control of any of the assets of the Borrowers or the interest of the Borrowers in any of such assets, and such proceedings or enforcement are not stayed within 5 days.

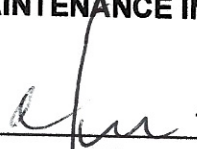
7.2 Upon the occurrence of any Event of Default, under the terms of this Agreement or under the terms of any other agreement between the Lender and the Borrowers, the Lenders may enforce the Security and pursue all remedies that it may have in connection with the Borrowers, as it deems appropriate, including, without limitation, the appointment, upon providing any notices required by law, of a receiver or a trustee in bankruptcy over the assets and ongoing business of the Borrowers, with all powers deemed to be necessary by the Lender, at its own discretion, the Borrowers hereby renouncing to oppose the appointment of any such receiver or trustee.

8. GENERAL

- 8.1 It is expressly declared and agreed that all covenants, clauses, agreements, provisions, stipulations, conditions, powers, matters and things whatsoever contained in the Financing Documents, the Security and the Guarantee Agreements shall continue in full force and effect, except only as set out herein.
- 8.2 Time shall be of the essence in all respects herein.
- 8.3 This Agreement may be modified, cancelled or extended at any time but only with the written consent and agreement of the Lender and the Borrowers.
- 8.4 This Agreement and Financing Documents, the Security and the Guarantee Agreements constitute the entire agreement between the parties hereto pertaining to the subject matter hereof. This Agreement supersedes any prior or contemporaneous agreements, negotiations and discussions of the parties in respect of the subject matter hereof. No agreement, waiver or termination of this Agreement shall extend to any other than the specific subject matter thereof. The failure at any time of any party to insist on strict performance of any provision of this Agreement shall not limit the ability of the party to insist at any future time whatsoever on the performance of the same or any other provision (except insofar as that party may have given a valid and effective written waiver or release).
- 8.5 Each party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other party may require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.
- 8.6 This Agreement shall not constitute and shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of the Financing Documents, the Security and the Guarantee Agreements.
- 8.7 Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
- 8.8 This Agreement shall in all respects be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 8.9 This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereof.

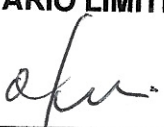
- 13 -

AVIATION MAINTENANCE INC., as Guarantor
Per:



Name: JAMES DANIEL SPRINKLER
Title: PRESIDENT

5010945 ONTARIO LIMITED., as Guarantor
Per:



Name: JAMES DANIEL SPRINKLER
Title: PRESIDENT

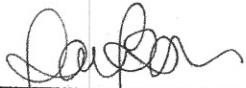
1929927 ONTARIO INC., as Guarantor
Per:

Name:
Title:

9. Acceptance

The Borrowers and Guarantors must accept this agreement by returning the attached copy, duly signed, before 4:00 p.m, on July 27, 2022

Desjardins Ontario Credit Union Inc.

By: 

Dominic Bacon, Account Manager
Special Loans

ACCEPTANCE

The undersigned accept all the terms and conditions set out in this Forbearance Agreement.

1138969 ONTARIO INC., as Borrower
Per:

Name:
Title:

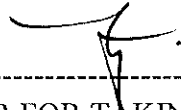
SPRINGER AEROSPACE HOLDINGS LIMITED, as Borrower
Per:

Name:
Title:

1138969 ONTARIO INC., as Guarantor
Per:

Name:
Title:

THIS IS **EXHIBIT "T"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOËL TURGEON

Joel Turgeon

De: Sheldon Title <Sheldon.Title@mnt.ca>
Envoyé: Thursday, November 17, 2022 3:46 PM
À: 'Haddon Murray - Gowling WLG (haddon.murray@gowlingwlg.com)'; 'Loiselle, Stanley'
Cc: Caitlin Fell; Sharon Kour
Objet: RE: Springer Aerospace
Pièces jointes: Springer projections Period ending February 11 2023 .xlsx

Haddon and Stanley,

Please use this version of the model, which is only slightly tweaked from the version sent earlier.

Regards,
Sheldon

Sheldon Title, CPA, CA, CIRP, LIT
SENIOR VICE-PRESIDENT

DIRECT 416.263.6945

FAX 416.323.5240
CELL 416.573.5320
111 Richmond Street West
Suite 300
Toronto, ON
M5H 2G4
sheldon.title@mnt.ca
mntdebt.ca



From: Sheldon Title
Sent: November 17, 2022 3:39 PM
To: Haddon Murray - Gowling WLG (haddon.murray@gowlingwlg.com) <haddon.murray@gowlingwlg.com>; Loiselle, Stanley <Loiselle.Stanley@rcgt.com>
Cc: Caitlin Fell <cfell@reconllp.com>; Sharon Kour <skour@reconllp.com>
Subject: Springer Aerospace

Good afternoon,

Please find enclosed a draft version of the 13-week cash flow projection for 1138969 Ontario Inc. o/a Springer Aerospace and Springer Aerospace Holdings Limited (the "Companies") for the period ending February 11, 2023.

Please note that these projections remain subject to the Companies' review. Please also note that the entries for the week ended February 11, 2023 are currently hard coded entries. The model will be revised tomorrow to link the calculations to the various tabs.

The projections are based on the attached assumptions, which also remain subject to review.

Should you have any questions, please call.

Regards,
Sheldon

Sheldon Title, CPA, CA, CIRP, LIT
SENIOR VICE-PRESIDENT

DIRECT 416.263.6945

FAX 416.323.5240

CELL 416.573.5320

111 Richmond Street West

Suite 300

Toronto, ON

M5H 2G4

sheldon.title@mnp.ca

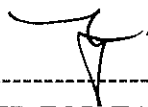
mnpdebt.ca



Member of Praxity, AISBL
Global Alliance of Independent Firms

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THIS IS **EXHIBIT "U"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

JOEL TORGEON

Joel Turgeon

De: Murray, Haddon <Haddon.Murray@gowlingwlg.com>
Envoyé: Monday, November 21, 2022 4:50 PM
À: Caitlin Fell
Cc: Sheldon Title; Sharon Kour; Joel Turgeon
Objet: RE: Springer

Caitlin, I have spoken with my client.

Desjardins is not willing to act as the DIP Lender in this proceeding. Among other issues, Desjardins has lost any confidence in management.

Desjardins' loss of confidence goes well beyond Desjardins well founded concerns about managements' competence to effectively operate the business. As you may be aware, Desjardins' loans to the Springer debtors were to be secured by, among other things, a security interest in an aircraft owned by SAHL. Chris Grant informed Benoit Fournier at Desjardins that SAHL was looking at options for the sale of the aircraft. Mr. Fournier told Mr. Grant to inform him when the sale would occur and excepted that he would received a signed sale agreement and some documentation for the discharge of the security. Mr. Fournier also told Mr. Grant that the proceeds would have to be held so that Credit at Desjardins would make a decision on how much could be released.

SAHL sold the aircraft in March of 2022 for \$720,000. Contrary to the discussion between Mr. Grant and Mr. Fournier, Desjardins was not given any notice of the timing of the sale or any of the sale contracts. By the time Desjardins became aware of the sale, SAHL had utilized approximately \$500,000 and consequently only \$200,000 remained available. Desjardins demanded and SAHL agreed to pay the remaining \$200,000 however, this payment was never made. SAHL's sale of a significant asset subject to security without giving notice to Desjardins demonstrates an absence of good faith and integrity. For these reasons, Desjardins is of the view that a debtor in possession proceeding is not appropriate.

Having said that, Desjardins is prepared to not oppose the institution of a DIP Proceeding and the imposition of a DIP Loan of up to \$500,000 on the following bases:

- 1) The DIP proceeding is an NOI rather than a CCAA. Desjardins is of the view that this will reduce costs and set an appropriate 6 month deadline for the proceeding.
- 2) RCGT is to act as the Proposal Trustee. However, MNP will continue to have a role working with the company to prepare financial records and improve the Debtors' operations with the performance management group.
- 3) The focus of the proceeding is a SISP with tight deadlines. Given the nature of the business, there are unlikely to be a large number of potential investors and very few operators who would consider purchasing or investing. Accordingly, we believe that a relatively tight process is reasonable in the circumstances.

We are willing to discuss Desjardins' rationale behind each of the above further, if you wish.

Regards,

Haddon

Haddon Murray
Partner
T +1 416 862 3604
haddon.murray@gowlingwlg.com



From: Caitlin Fell <cfell@reconllp.com>
Sent: Monday, November 21, 2022 8:43 AM
To: Murray, Haddon <Haddon.Murray@ca.gowlingwlg.com>
Cc: Sheldon Title <Sheldon.Title@mnp.ca>; Sharon Kour <skour@reconllp.com>; Joel Turgeon <jturgeon@reconllp.com>
Subject: Springer

This message originated from outside of Gowling WLG. | Ce message provient de l'extérieur de Gowling WLG.

Hi Haddon,

Can you please let us know where Desjardins stands in terms of a DIP? We are tentatively booked into court on Friday at noon.

Caitlin



Caitlin Fell
Partner
T | 416.613.8282
C | 416.258.5843
E | cfell@reconllp.com

Reconstruct LLP | Restructuring and Litigation Lawyers
200 Bay Street | Suite 2305 | Box 120 | Toronto ON M5J 2J3

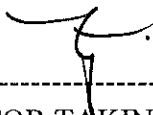
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THIS IS **EXHIBIT "V"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Joël Turgeon



Term Sheet

November 22, 2022

1138969 Ontario Inc. operating as
Springer Aerospace
377 Lakeview Road
Echo Bay, ON

Springer Aerospace Holdings Limited
377 Lakeview Road
Echo Bay, ON

Dear Sirs:

RE: Term Credit Facility (the “DIP Facility”)

We understand that 1138969 Ontario Inc. operating as Springer Aerospace and Springer Aerospace Holdings Limited (collectively, (the “**Borrower**”)) intend to seek protection under the *Companies’ Creditors Arrangement Act* (the “**CCA**”) pursuant to an initial order (and subsequent amended and restated initial order (together, the “**Initial Order**”) to be obtained from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), which, among other things, appoints MNP Ltd. as the court-appointed monitor (in such capacity, the “**Monitor**”).

In connection with the proceedings to be commenced by the Initial Order (the “**CCA Proceedings**”), Hillmount Capital Inc., in its capacity as a lender (the “**Lender**”), wishes to extend a preliminary quote and pursue arranging a formal DIP Loan Agreement (as defined below) in accordance with the terms and conditions detailed below and subject to final approval. The terms and conditions are as follows:

LENDER: Hillmount Capital Inc. (the “**Lender**”)

BORROWER(S): 1138969 Ontario Inc. operating as Springer Aerospace and Springer Aerospace Holdings Limited (the “**Borrower**”)

PROPERTY: All of the Borrower’s property, assets, rights and undertaking, real and personal, moveable or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind (the “**Collateral**”), wherever located, both present and future, now or hereinafter owned or acquired, including but not limited to, the real property municipally known as: (i) 377 Lakeview Road, Echo Bay, ON; (ii) 421 Lakeview Road, Echo Bay, ON; and (iii) 201 Riverside Drive, Echo Bay, ON (collectively, the “**Real Property**”) together with the Collateral (collectively, the “**Property**”). The Real Property located at 421 Lakeview Road is occupied by employees of the Borrower subject to an employment agreement between the Borrower and employees, which can be terminated on 3 months’ notice, and is not subject to nor will be subject to any tenancies or leases.

PRIORITY / SECURITY: Subject to an Initial Order to be obtained from the Court, as general and continuing security for the payment and performance for the obligations, the following security and supporting documents (the “**Security**”) shall be granted to the Lender:

- 1. DIP Loan Agreement in a form and manner satisfactory to the Lender’s solicitor.

Borrower(s)/Guarantor(s) Initials: _____

2. All supporting authorizations, certificates, acknowledgments and legal opinions as the Lender may reasonably require including, without limitation, satisfactory legal opinions of the Lender's lawyer relating to any business style registration or incorporation, organization and corporate powers of the Borrower and to the enforceability and priority of the security.
3. A super-priority court ordered charge pursuant to the Initial Order over the Property (as defined above) in favour of the Lender in priority to any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest, trusts (statutory or otherwise), claims of any nature, adverse claim, exception, reservation, easement, encroachment, servitude, restriction on use, right of occupation, lease, any matter capable of registration against title, option, right of first offer or refusal or similar right, restriction on voting (in the case of any voting or equity shares), right of pre-emption or privilege or any contract to create any of the foregoing; (the "**DIP Charge**"), subject only to the super-priority court ordered Administration Charge pursuant to the Initial Order in the amount of \$250,000 (the "**Administration Charge**").
4. Such other security, documentation or assurances as may be requested or reasonably required by the Lender or the Lender's solicitor (including a DIP Mortgage).

LOAN AMOUNT: Maximum principal amount of \$1,500,000 subject to conditions set out under Advances.

FEES: Lender Commitment Fee – 4% of the maximum principal amount of the DIP Facility.

Lender Legal Fees, Disbursements and HST – To be determined by Lender's solicitor

The Lender Commitment Fee shall be earned and payable on the date that the Court issues the Initial Order.

ADVANCES: Provided that (i) the Initial Order including the DIP Charge has been made or granted by the Court; (ii) an Event of Default has not occurred; and (iii) demand for payment has not been made, the DIP Facility shall be made available and advanced as follows:

- i) \$600,000 initial advance, or such other amount as the Borrower requests and the Court approves, less the following:
 - a. Lender Commitment Fee on the maximum loan amount and Lender wiring fees;
 - b. Lender's legal fees and disbursements plus HST thereon;
 - c. All reasonable costs, fees and expenses incurred by the Lender in connection with the negotiation and preparation of this Term Sheet and the DIP Loan Agreement; and
 - d. Interest adjustment payment to the 1st of the month.
- ii) Additional advances up to the maximum loan amount may be requested by the Borrower, in multiple advances each in the minimum amount of \$100,000. Advances shall be provided promptly upon request by the Borrower and approved by the Monitor and shall be available on 2 business days prior written request to the Lender and approved by the Monitor. Proceeds of each additional advance shall be advanced less the following: (a) Lender Advance Fee of \$750; (b) Lender wiring fee; (c) an interest adjustment payment to the 1st of the month thereafter; and (d) reasonable legal fees and disbursements, including HST thereon.

INTEREST RATE & PAYMENT: Interest shall be compounded and calculated monthly at the greater of **12% per annum or RBC Prime plus 7%**, not in advance. Interest shall be payable: (i) monthly, in arrears, on

Borrower(s)/Guarantor(s) Initials: _____



the 1st day of each month until the full amount outstanding hereunder on account of the DIP Facility has been paid in full; (ii) in accordance with the Repayment section below; and (iii) upon Maturity (as hereinafter defined).

REPAYMENT:

Any amounts received in repayment of obligations owing under the DIP Loan Agreement shall be paid and applied as follows: (i) firstly, towards outstanding interest and costs payable hereunder; (ii) secondly, towards outstanding Permitted Fees and Expenses (as hereinafter defined); and (iii) thirdly, towards outstanding principal hereunder.

PERMITTED FEES & EXPENSES:

Permitted Fees and Expenses includes:

- (a) All reasonable costs, fees and expenses incurred by the Lender in connection with the administration of the DIP Facility including any enforcement of the DIP Charge (all such fees and expenses shall be added to the DIP Facility and secured by the DIP Charge). For greater certainty, the Borrower shall pay all of the Lender's due diligence and other out-of-pocket expenses (including the fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the Initial Order, as well as all expenses of the Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Facility and DIP Charge, and the enforcement of any and all of its remedies at law;
- (b) All reasonable and documented fees and expenses of counsel for the Lender in connection with the DIP Facility and the CCAA Proceedings; and
- (c) The Administration Charge as defined in the Initial Order which charge shall not exceed \$250,000.

LENDER'S SOLICITOR:

Joseph Fried - Fogler Rubinoff LLP Tel: (416) 941-8836 Fax: (416) 941-8852
Email: jfried@foglers.com

TERMS OF LOAN & PREPAYMENT PRIVILEGE:

The DIP Facility matures on the earliest of ("**Maturity**"):

- (a) The date that is 9 months from the date of the first advance or such later date as the Lender may agree in writing;
- (b) The completion of a sale or sales of all or substantially all of the Borrower's assets, property and undertaking, as approved by the Lender, the Monitor and, where required, the Court;
- (c) The implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majorities of the Borrower's creditors, by the Court, and by the DIP Lender;
- (d) The date on which the Initial Order expires without being extended or on which the CCAA Proceedings are terminated or dismissed; and
- (e) The occurrence of an Event of Default.

All amounts outstanding or payable under the DIP Loan Agreement (including principal and all unpaid accrued interest under the DIP Facility and all fees and other amounts required to be paid by the Borrower) shall be due and payable in full on Maturity.

The DIP Facility can be permanently repaid in whole or in part at any time upon 10 days written notice to the Lender. Partial discharge provisions will be discussed and determined with the Borrower and the Monitor, as required, and based on the Borrower's cash flows and plan.

Borrower(s)/Guarantor(s) Initials: _____



REPRESENTATIONS AND WARRANTIES: The Borrower represents and warrants to the Lender as of the date hereof, and as of the date of each advance under the DIP Facility that:

- (a) The approved 13-week Cash Flow Report (the “**Cash Flow Report**”) attached hereto as Schedule B represents the Borrower’s forecast as at the date of the Cash Flow Report of the likely results of the operations of the Borrower during the period applicable thereto and, to the Borrower’s knowledge, such results, subject to the assumptions contained therein, are achievable as provided therein;
- (b) There are no arrears for any statutory remittances, withholding taxes or other amounts that, if unpaid, would have the benefit of an encumbrance or deemed trust in priority to the DIP Charge or any security granted to the Lender by the Borrower pursuant to this Term Sheet, the Restructuring Proceedings and the Initial Order including goods and services taxes under the *Excise Tax Act* (Canada) and any source deduction remittances to the Canada Revenue Agency, except those accruing in the normal course and not yet due;
- (c) The Borrower is current on all its filings and all its deemed trust payments (i.e. WSIB, source deductions, HST) and will provide satisfactory evidence of same;
- (d) The Borrower is compliant with all applicable material federal, provincial and municipal laws, regulations and policies in relation to their activities;
- (e) The Borrower is authorized, certified and licenced by The Canadian Transportation Agency and will provide satisfactory evidence of same; and
- (f) No employees of the Borrower are tenants of the Real Property and any employees of the Borrower occupying the Real Property are doing so as employees only and not as tenants to a lease or tenancy arrangement.

PURPOSE OF LOAN: The Loan has been requested by the Borrower for: (i) ordinary course of business working capital and other general corporate purposes of the Borrower in accordance with, and subject to the limitations set forth in, the cash flow projections, the Initial Order or any other order of the Court in the CCAA Proceedings; and (ii) to pay transaction costs, fees and expenses incurred in connection with the DIP Facility, the CCAA Proceedings and the transactions contemplated thereunder.

DEFAULT: The following events shall constitute events of default (each an “**Event of Default**”):

- (a) If the Borrower fails to pay to the Lender when due any amount of principal, interest or other amounts under the DIP Facility, this Term Sheet or otherwise, whether by acceleration or otherwise;
- (b) If the Borrower defaults, in the observance or performance of any other non-financial term, covenant or condition in this Term Sheet or any other agreement between the Lender and the Borrower entered into on or after the date of the DIP Loan Agreement;
- (c) If the Borrower creates, incurs or permits to exist any indebtedness other than pre-existing debt, advances and accounts payable in the ordinary course of business subject to adherence with the Cash Flow Report or otherwise with the consent of the Lender;
- (d) If the Borrower, other than as permitted herein in accordance with the approved Cash Flow Report or by court order, distributes funds to any pre-filing creditors, save for the Administration Charge, without the Lender’s consent or without further order of the court;
- (e) If the Lender determines, in its sole discretion, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business,

Borrower(s)/Guarantor(s) Initials: _____



affairs or financial condition of the Borrower or with respect to the value of the Property;

- (f) If any other charges are sought, granted or increased by court order and ranking in priority to, or *pari passu*, with the DIP Charge without the prior consent of the Lender, which consent may be unreasonably withheld; and that the Borrower will provide notice to the Lender of any proceeding which could have an adverse effect on the DIP Facility;
- (g) If the Borrower fails to pay wages to the Borrower's employees or to remit source deductions as they become due from time to time but only with respect to those priority payments which rank ahead of the Lender;
- (h) If the Borrower fails to remit provincial sales taxes or goods and services taxes as they become due from time to time but only with respect to those priority payments which rank ahead of the Lender;
- (i) If any government or creditor exercises any remedy against any property or assets of the Borrower which would result in a material adverse change on the business of the Borrower and the Lender's DIP Charge, as determined by the Lender;
- (j) If any representations and warranties made by the Borrower in the Term Sheet prove to be incorrect in any material respect as of the date given;
- (k) If (i) the Initial Order is varied without the consent of the Lender or any other order is made which is or may be prejudicial to the Lender's interests, acting reasonably; (ii) the Initial Order is appealed or leave to appeal is granted; or (iii) the stay of proceedings contained in the Initial Order is terminated or lifted without the consent of the Lender;
- (l) If a receiver is appointed over any property of the Borrower or any judgment or order or process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
- (m) If the Borrower ceases to carry on business or loses its certification with The Canadian Transportation Agency;
- (n) If the Borrower becomes a bankrupt under the *Bankruptcy and Insolvency Act*; and
- (o) If any order is issued granting the removal or replacement of the Monitor (for greater clarity, MNP Ltd. must remain the Monitor during the Term of the DIP Facility).

REMEDIES:

Upon the occurrence of an Event of Default, the Lender may immediately terminate the DIP Facility and:

- (a) All amounts outstanding under the DIP Facility and this Term Sheet shall, at the option of the Lender, immediately become due and payable; and
- (b) Upon seeking an order of the Court on 10 days prior notice, enforce, without further notice, demand or delay all of its rights and remedies against the Borrower and its property, assets and undertaking including without limitation, by way of appointment of a receiver.

If there is a default hereunder or under the CCAA Proceedings, and the DIP Facility is accelerated, the Lender shall be entitled to charge a monitoring and management fee in respect of the liquidation process equal to 5% of the DIP Facility.

ADDITIONAL CONDITIONS AND REPRESENTATIONS:

The DIP Loan Agreement will be closed as soon as possible and after (a) receipt of all requested documentation indicated in this Term Sheet; and (b) the terms and conditions

Borrower(s)/Guarantor(s) Initials: _____

of the DIP Loan Agreement and/or this Term Sheet are fulfilled, including (but not limited to) the following:

1. The Borrower obtaining the Initial Order on terms acceptable to the Lender, including an Order:
 - a. authorizing the Borrower to enter into and authorizing the Borrower and the Monitor to perform their obligations under this Term Sheet and a DIP Loan Agreement;
 - b. authorizing the Lender to effect such registrations, filings and recordings that it deems appropriate, in its sole discretion, regarding the security granted to the Lender under the DIP Charge;
 - c. granting the Lender a super-priority court ordered charge over all of the present and future real and personal, tangible and intangible property and assets of the Borrower which is only subordinate to the Administration Charge;
 - d. granting the Lender the right, upon the occurrence of an Event of Default (as defined above) and pursuant to the Initial Order, to enforce the rights and remedies available to it under the security documentation and pursuant to the law;
 - e. prohibiting any further borrowing by the Borrower, without the prior written consent of the Lender;
 - f. prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon the Real Property or assets of the Borrower without the consent of the Lender;
 - g. requiring the Borrower to provide the Lender such reports, schedules and cash flows as is currently being provide to the Monitor;
 - h. providing that the Lender shall be an unaffected creditor in the CCAA proceedings; and
 - i. declaring the Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, receiver, receiver-manager or other officer of the Court.
2. All property taxes on the Real Property to be current at the time of closing. Any arrears in property taxes must be paid in full from the proceeds of this Loan. Borrower(s) to pay property taxes directly and provide confirmation to the Lender, on a quarterly basis, that the property taxes are up to date.
3. Please see Schedule "A" for additional terms of the DIP Loan Agreement which are not necessarily preconditions to the closing.
4. Satisfactory review of adequate fire and building "all risk" insurance on the Real Property, including all such other insurance coverage regarding the Collateral, by Lender or its independent insurance advisor. The Lender is to be designated as loss payee. The cost of the insurance review by the advisor is the responsibility of the Borrower.
5. It is hereby agreed by and between the Lender and the Borrower that any monies tendered in respect of the DIP Facility payments or other payments due shall be paid by 1 p.m. on the business day upon which they are due. If received after that time (i.e. for computing interest), the monies will be deemed to be received the next business day.
6. Satisfactory inspection of the Real Property by the Lender and/or its agent and review of the appraisals. Borrower to be responsible for inspection / review fees and letter of transmittal. Real Property values are to be no less than \$3,000,000 based on a forced liquidation value. (SATISFIED).

ONGOING REPORTING:

1. The Borrower is to provide such financial and other information as the Lender may reasonably request, from time to time, including, but not limited to:

Borrower(s)/Guarantor(s) Initials: _____



- (a) Evidence of payment of all government priority payables within 15 days of their respective due dates;
 - (b) Evidence of compliance with any material federal, provincial and municipal laws, regulations and policies in relation to its activities;
 - (c) Weekly cash flow reporting being a rolling 13-week detailed cash flow forecast, which is to be in form and substance satisfactory to the Lender. On a monthly basis, the Borrower, with the assistance of the Monitor, shall provide the Lender with an updated rolling 13-week cash flow forecast and a variance report (the “**Cash Flow Variance Report**”), certified by an officer of the Borrower, showing on a line-by-line basis the actual receipts and disbursements and the total available liquidity for the last day of the prior week and noting therein all variances on a line-by-line basis from the amounts in the Cash Flow Report, with explanations for all material variances;
 - (d) Deliver to the Lender (i) Updated Cash Flows and Cash Flow Variance Reports in accordance with Section 1(c) above and (ii) such other reporting and other information from time to time as is reasonably requested by the Lender;
 - (e) Keep the Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower (including any changes to the strategy of the Borrower);
 - (f) Notify the Lender forthwith of the occurrence of any Event of Default;
 - (g) Allow the Lender, its officers, employees, agents, advisors and representatives full access to the Borrower’s premises and all information and documentation of the Borrower and their affiliates on reasonable notice and during normal business hours and cause management thereof to fully cooperate with any such officers, employees, agents, advisors and representatives.
2. Lender to be kept informed, in a timely manner, of the restructuring plan and process seeking draft restructuring framework.

ONGOING COVENANTS:

In addition to those covenants set out in the Security, the Borrower shall provide to the Lender the covenants provided below, together with any other covenants of the kind generally provided for in loan transactions of the kind contemplated herein or otherwise required by the Lender, the form and substance of which shall be determined by the Lender, in its sole and absolute discretion. Without limiting the scope of the covenants to be included in the Loan Agreement, the Borrower covenant as follows:

- (a) The Borrower shall provide the Lender through its Counsel with five business days advance notice of all court applications and filings made by them, together with copies of all related court materials;
- (b) the Borrower shall maintain systems of internal controls in respect of the Borrower’s businesses acceptable to the Lender.

SCHEDULES ATTACHED:

The following attached schedule(s) form a part of this Term Sheet:
Schedule A – Conditions
Schedule B – Cash Flow Report

Borrower(s)/Guarantor(s) Initials: _____

This offer of interim financing will be open for acceptance by the Borrower until **5:00pm** on the date of the court hearing for the Initial Order. In order to hold this opportunity open for acceptance, kindly indicate your intention to proceed to the Lender by **10:00am on November 21, 2022**, together with a non-refundable deposit payable to the Lender in the amount of **\$20,000.00** (the "**Deposit**"), representing a portion of the non-refundable Lender Commitment Fee. The Deposit will be applied against costs incurred in respect of this Term Sheet.

Yours truly,


Hillmount Capital Inc.
416-849-0322
Lic. #10453 and #11925

ACCEPTANCE OF TERM SHEET BY BORROWER

The Borrower hereby consents to the Lender obtaining credit and/or personal information on the Borrower from any source and each source is hereby authorized to provide such information to the Lender.

I / We accept this Term Sheet and post with the Lender **\$20,000.00** (the "**Deposit**") representing a portion of the underwriting application and work fees. The Deposit will be non-refundable. The Borrower acknowledges that the Deposit is a reasonable estimate of work costs incurred in sourcing, investigating, underwriting and preparing the DIP Loan Agreement. The Lender will issue a DIP Loan Agreement substantially in accordance with the terms and conditions outlined in this Term Sheet and we agree to forfeit the Deposit as liquidated damages, if because of our / my default for any reason (including discrepancies from application), the loan is not advanced. Providing the loan is advanced fully, the Deposit will be applied towards the Lender Commitment Fee.

Accepted this 22 day of November 2022.

Borrowers


Name: 113869 Ontario Inc. o/a Springer Aerospace
A.S.O.
I have authority to bind the corporation.


Name: Springer Aerospace Holdings Limited
A.S.O.
I have authority to bind the corporation.

Borrower(s)/Guarantor(s) Initials: _____

SCHEDULE A – CONDITIONS

ACCRUED AND EARNED INTEREST	Accrued interest calculated from the date that this DIP Facility is advanced to the Interest Adjustment Date will be deducted from the initial gross funds advanced. The Interest Adjustment Date is set at the Lender’s option. The Borrower shall not be entitled to receive interest, if any, on any funds held in trust by the Lender. Any interest earned shall accrue to the Lender.
REGULATIONS	The Real Property must comply with all municipal, provincial and federal statues, regulations and requirements.
SURVEY REQUIREMENTS	Prior to any advance of funds under the DIP Facility, Lender may require a survey acceptable to it, showing the lands and the location of the Real Property to be secured by this DIP Charge. This survey is to be prepared, dated, signed and sealed by a duly qualified Provincial Land Surveyor and is to indicate the land area of the property and the location of all improvements and easements or rights-of-way. At the sole discretion of the Lender’s lawyer, the survey requirement may not apply with title insurance.
ASSIGNMENT BY LENDER	The Lender shall have 7 normal business days following: the acceptance of the DIP Loan Agreement, and upon receipt of all requested underwriting information to assign all or part of the of the DIP Facility in an amount to be determined by the Lender at its discretion and subject to terms satisfactory to the Lender.
TITLE INSURANCE	At the Lender’s sole option, the Borrower may be required to provide title insurance for the Real Property. The cost of the title insurance shall be at the Borrower’s expense.
ADDITIONAL PROVISIONS	Our current schedule of administration and servicing fees include (but not limited to) the following charges:
\$500.00	Missed payment fee: Payable for each missed or late installment payment and for replacing and processing each NSF cheque or returned payment for any charge on this property (ie 1 st and / or 2 nd mortgagee) or any other creditor (ie utility company, property taxes, etc).
\$300.00	Insurance: Payable for dealing with each cancellation, premium payment or other non-compliance with insurance requirements.
\$5,000.00	Default: Payable for each act or proceeding instituted.
\$100.00	Loan Statements: For preparation of each statement.
\$5,000.00	Possession: For attending to take possession following default.
\$300.00	Administration: For administering maintenance and security of the property in our possession, per day.
\$300.00	Loan Discharge & Statement Fee: For discharge on one property. \$100.00 for each additional property.
\$250.00	Tax Default Fee: For failure by the Borrower to provide satisfactory confirmation of tax payments.
\$200.00	Annual Tax Account Administration Fee: For administering and maintaining the tax account
\$300.00	For each written request necessitated by the Lender not replacing dishonoured cheques forthwith
\$250.00	Failure to notify Lender of registration of lien by the Condominium Corporation for common maintenance arrears
\$495.00	For each hour of administrative time spent by the Lender or its agent in dealing with issues of default related to this loan. This rate does not apply to solicitor services
\$500.00	Inspection Fee (per property)
\$90.00	Bank Wire Transfer Fee

The Lender reserves the right to charge reasonable fees for other administrative services. Renewal and renewal fee to be at the discretion of the Lender. In the event of a further occurrence of the administrative fees as set out herein, the administrative fees shall increase by a further sum of \$50.00 and this shall be on a cumulative basis.

Borrower(s)/Guarantor(s) Initials: _____

THIS IS **EXHIBIT "W"** referred to in the affidavit of **CHRISTOPHER GRANT** sworn remotely by Christopher Grant stated as being located in the City of Greater Sudbury in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 22nd day of November, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



A COMMISSIONER FOR TAKING AFFIDAVITS

Soia Turgeon

Court File No. ●

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS
LIMITED AND 1138969 ONTARIO INC. (the "Applicants")

MONITOR'S CONSENT

MNP Ltd. hereby consents to act as Monitor of the Applicants in the within proceedings.

Dated as of November 22nd, 2022.

MNP LTD.

Per:



Sheldon Title
Senior Vice-President

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
SPRINGER AEROSPACE HOLDINGS LIMITED AND 1138969 ONTARIO INC.**

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

CONSENT OF THE MONITOR

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Lawyers for MNP Ltd., in its capacity as proposed
Monitor of Springer Aerospace Holdings Limited and
1138969 Ontario Inc.

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE
HOLDINGS LIMITED AND 1138969 ONTARIO INC.

[Application Record Page No. 331]
Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

AFFIDAVIT OF CHRISTOPHER GRANT

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TAB 3

Draft CCAA Initial Order

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) WEDNESDAY, THE 23RD
)
JUSTICE PENNY) DAY OF NOVEMBER, 2022

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 SPRINGER AEROSPACE HOLDINGS
LIMITED AND 1138969 ONTARIO INC. (together,
the "**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, 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 Christopher Grant sworn November 21, 2022 and the Exhibits thereto, and the pre-filing report of MNP Ltd. ("**MNP**") as proposed monitor, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for MNP as proposed monitor, counsel for Hillmount Capital Inc., and counsel for Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**"), no one appearing for any other person although duly served as appears from the affidavit of service of Joël Turgeon sworn November 22, 2022, and on reading the consent of MNP to act as the Monitor,

SERVICE

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 Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants 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 Applicants shall remain in possession and control of their 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 Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem 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 Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of Christopher Grant sworn November 22, 2022 or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank or credit union 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 Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. THIS COURT ORDERS that the Applicants 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;
- b. the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
- c. with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of this Order, if in the opinion of the Applicants, such payment is necessary or desirable to avoid disruption to the operations of the Business during these proceedings.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course 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 Applicants following the date of this Order.

8. THIS COURT ORDERS that the Applicants 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, (iii) Quebec Pension Plan, and (iv) income taxes;
- b. all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, 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 Applicants.

9. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicants 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 Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice monthly in equal payments on the first and fifteenth 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, except as specifically permitted herein, the Applicants are 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 Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- a. terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- b. 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 Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ 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 Applicants’ 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 Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in

accordance with Section 32 of the CCAA, they 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 or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. 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 Applicants 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 Applicants 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 APPLICANTS OR THE PROPERTY

14. THIS COURT ORDERS that until and including December 2, 2022 at 11:59 pm, 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 Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. 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 Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants 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

16. 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 Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all insurance, computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Applicants, 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 any of the Applicants, and that each of the Applicants 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 Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. 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 Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. 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 Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants 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 Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants 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.

21. THIS COURT ORDERS that the directors and officers of the Applicants 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 \$165,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 41 herein.

22. 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 Applicants' 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 20 of this Order.

APPOINTMENT OF MONITOR

23. THIS COURT ORDERS that MNP is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants 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.

24. 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 Applicants' 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 Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender (term defined below) and its counsel on a timely basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- d. advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, as agreed to by the DIP Lender;
- e. advise the Applicants in their development of the Plan and any amendments to the Plan;

- f. assist the Applicants, to the extent required by the Applicants, 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 Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- h. 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; and
- i. perform such other duties as are required by this Order or by this Court from time to time.

25. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. 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 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 within the meaning of any Environmental Legislation, unless it is actually in possession.

27. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants 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 Applicants 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 Applicants may agree.

28. 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.

29. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, whether incurred prior to, on or after the date of this Order, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a monthly basis.

30. 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.

31. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicants' 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 \$250,000, 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 38 and 40 hereof.

DIP FINANCING

32. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Hillmount Capital Inc. (the “**DIP Lender**”) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$600,000 unless permitted by further Order of this Court.

33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of November 22, 2022 (the “**Commitment Letter**”), filed.

34. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, including without limitation, the real property described in Schedule “A” hereto (the “**Real Property**”), which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 38 and 40 hereof.

36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:
- a. the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
 - b. upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 10 days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
 - c. the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000);

Second – DIP Lender’s Charge (to the maximum amount of \$600,000); and

Third – Directors’ Charge (to the maximum amount of \$165,000).

39. THIS COURT ORDERS that the filing, registration or perfection of the Directors’ Charge, the Administration Charge or the DIP Lender’s 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.

40. THIS COURT ORDERS that each of the Administration Charge and the DIP Lender’s Charge (as constituted and defined herein) shall constitute a charge on the Property and that the Administration Charge and the DIP Lender’s Charge shall rank in priority to all other security interests, trusts (including deemed and constructive trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any Person.

41. THIS COURT ORDERS that the Directors’ Charge shall constitute a charge on the Property and such Directors’ Charge shall rank in priority to all other Encumbrances in favour of any Person save and except any Encumbrance in favour of Caisse Desjardins Ontario Credit Union Inc. (“**Desjardins**”) and any Encumbrance ranking in priority to any such Desjardins Encumbrance, including for avoidance of doubt the Administration Charge and the DIP Lender’s Charge.

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

43. THIS COURT ORDERS that the Directors’ Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender’s 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**”) and/or the DIP Lender 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 the 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 Applicants, and notwithstanding any provision to the contrary in any Agreement:

- a. neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is 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 Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- c. the payments made by the Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, 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.

44. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants’ interest in such real property leases.

SEALING

45. THIS COURT ORDERS that the Confidential Affidavit of Christopher Grant sworn November 22, 2022, and the Exhibits “A”, “B” and “C” thereto, be and hereby are sealed

pending the earlier of a court order approving a plan of compromise or arrangement with respect to the Applicants under the CCAA, or further court order.

SERVICE AND NOTICE

46. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the National Post 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 Applicants 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.

47. 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: [<https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace>] (the “**Monitor’s Website**”).

48. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

49. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants 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 Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants 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.

50. THIS COURT ORDERS that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

51. THIS COURT ORDERS that upon the registration in the Land Titles Division of the Real Property of the DIP Lender's Charge in the form prescribed in the Land Titles Act or the Registration Reform Act, or both, as applicable, the Land Registrar is hereby directed to register the DIP Lender's Charge on title of the Real Property.

52. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

53. 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 Applicants, the Business or the Property.

54. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. THIS COURT ORDERS that each of the Applicants 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 a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order at the comeback motion scheduled for _____, on not less than seven (7) calendar 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.

57. 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 without any need for entry and filing.

Schedule "A"
Real Property: Legal Description

	PIN	Legal Description
1.	31470-0098 (LT)	LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN FAVOUR OF OF LT 17 RCP H759 AS IN AL195932
2.	31470-0096 (LT)	LT 15 RCP H759; LAIRD
3.	31470-0099 (LT)	LT 17 RCP H759; LAIRD; TOGETHER WITH AN EASEMENT OVER BLK 12 PL 1M498,EXCEPT PT 1 1R7890 AS IN AL195932; TOGETHER WITH AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 AS IN AL195932

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE
HOLDINGS LIMITED AND 1138969 ONTARIO INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

COMPANIES' CREDITORS ARRANGEMENT ACT
INITIAL ORDER

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Lawyers for the Applicants

TAB 4

Comparison to Commercial List Model CCAA Initial Order

Revised: January 21, 2014

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE ~~_____~~ MR.) ~~WEEKDAY~~ WEDNESDAY, THE #23RD
JUSTICE ~~_____~~ PENNY) DAY OF ~~MONTH~~ NOVEMBER, ~~20YR~~ 2022

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 ~~[APPLICANT'S NAME]~~ ~~(the~~
"Applicant" SPRINGER AEROSPACE HOLDINGS LIMITED
AND 1138969 ONTARIO INC. (together, the "Applicants"))

INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant~~ Applicants, 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 ~~[NAME]~~ Christopher Grant sworn ~~[DATE]~~ November 21,
2022 and the Exhibits thereto, and the pre-filing report of MNP Ltd. ("MNP") as proposed
monitor, and on being advised that the secured creditors who are likely to be affected by the
charges created herein were given notice, and on hearing the submissions of counsel for
~~[NAMES]~~ the Applicants, counsel for MNP as proposed monitor, counsel for Hillmount Capital
Inc., and counsel for Caisse Desjardins Ontario Credit Union Inc. ("Desjardins"), no one
appearing for ~~[NAME]~~ any other person although duly served as appears from the affidavit of
service of ~~[NAME]~~ Joël Turgeon sworn ~~[DATE]~~ November 22, 2022, and on reading the consent
of ~~[MONITOR'S NAME]~~ MNP to act as the Monitor,

[†] Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² 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~~ Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the ~~Applicant~~ Applicants 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~~ Applicants shall remain in possession and control of ~~its~~ their 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~~ Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~ their business (the "Business") and Property. The ~~Applicant is~~ Applicants are authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by ~~it~~ them, with liberty to retain such further Assistants as ~~it deems~~ they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

² ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

5. {THIS COURT ORDERS that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Affidavit of ~~[NAME]~~Christopher Grant sworn ~~[DATE]~~November 22, 2022 or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank or credit union 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 ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.}

6. THIS COURT ORDERS that the ~~Applicant~~Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- a. ~~(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. ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings, at their standard rates and charges; and
- c. with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicants prior to the date of this Order, if in the opinion of the Applicants, such payment is necessary or desirable to avoid disruption to the operations of the Business during these proceedings.

³~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the ~~Applicant~~Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- a. ~~(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. ~~(b)~~ payment for goods or services actually supplied to the ~~Applicant~~Applicants following the date of this Order.

8. THIS COURT ORDERS that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

- a. ~~(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, (iii) Quebec Pension Plan, and (iv) income taxes;
- b. ~~(b)~~ all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "Sales Taxes") required to be remitted by the ~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~Applicants, 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. ~~(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~~Applicants.

9. THIS COURT ORDERS that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the ~~Applicant~~Applicants 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~~Applicants and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice- monthly in equal payments on the first and fifteenth 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, except as specifically permitted herein, the ~~Applicant~~Applicants are 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~~Applicants to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. THIS COURT ORDERS that the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), 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 \$● in any one transaction or \$● in the aggregate]~~⁵

⁴The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.

⁵Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.

- a. ~~(b)~~ terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- b. ~~(e)~~ 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~~Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

12. THIS COURT ORDERS that the ~~Applicant~~Applicants shall provide each of the relevant landlords with notice of the ~~Applicant~~Applicants's 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~~Applicants's 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~~Applicants, or by further Order of this Court upon application by the ~~Applicant~~Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims~~Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~they 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 ~~for~~resiliation of the lease shall be without prejudice to the ~~Applicant's~~Applicants' claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer ~~for~~resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for~~resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~Applicants and the Monitor 24 hours¹² prior written notice, and (b) at the effective time of the disclaimer ~~for~~resiliation, 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~~Applicants 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 ~~APPLICANT~~APPLICANTS OR THE PROPERTY

14. THIS COURT ORDERS that until and including ~~[DATE—MAX. 30 DAYS]~~December 2, 2022 at 11:59 pm, 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~~Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. 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~~Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants 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

16. 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~~Applicants, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any of the ApplicantApplicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all insurance, computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of the ApplicantApplicants, 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 any of the ApplicantApplicants, and that each of the ApplicantApplicants shall be entitled to the continued use of ~~its~~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 ApplicantApplicants in accordance with normal payment practices of the ApplicantApplicants or such other practices as may be agreed upon by the supplier or service provider and each of the ApplicantApplicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. 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 ApplicantApplicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. 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 ApplicantApplicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any

⁶~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

obligations of the ~~Applicant~~Applicants 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~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. THIS COURT ORDERS that the ~~Applicant~~Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Applicants after the commencement of the within proceedings,⁷ 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~~'s or officer~~'s~~'s gross negligence or wilful misconduct.

21. THIS COURT ORDERS that the directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the ~~"Directors' Charge"~~"Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~165,000~~165,000, as security for the indemnity provided in paragraph ~~{20}~~ of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~ and ~~{40}~~{41} herein.

22. 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~~Applicants' 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 ~~{20}~~ of this Order.

APPOINTMENT OF MONITOR

23. THIS COURT ORDERS that ~~[MONITOR'S NAME]~~MNP is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial

⁷~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Applicants and ~~its~~their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Applicants 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.

24. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- a. ~~(a)~~ monitor the ~~Applicant's~~Applicants' receipts and disbursements;
- b. ~~(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. ~~(c)~~ assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, in ~~its~~their dissemination, to the DIP Lender (term defined below) and its counsel on a ~~[TIME INTERVAL]~~timely basis of financial and other information as agreed to between the ~~Applicant~~Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- d. ~~(d)~~ advise the ~~Applicant~~Applicants in ~~its~~their preparation of the ~~Applicant~~Applicants's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, ~~but not less than [TIME INTERVAL], or as otherwise~~ agreed to by the DIP Lender;
- e. ~~(e)~~ advise the ~~Applicant~~Applicants in ~~its~~their development of the Plan and any amendments to the Plan;
- f. ~~(f)~~ assist the ~~Applicant~~Applicants, to the extent required by the ~~Applicant~~Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- g. ~~(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~~Applicants, to the extent that is necessary to adequately assess the ~~Applicant's~~Applicants' business and financial affairs or to perform its duties arising under this Order;
- h. ~~(h)~~ 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; and
- i. ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

25. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. 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 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 within the meaning of any Environmental Legislation, unless it is actually in possession.

27. THIS COURT ORDERS that that the Monitor shall provide any creditor of the ~~Applicant~~Applicants and the DIP Lender with information provided by the ~~Applicant~~Applicants 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~~Applicants 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~~Applicants may agree.

28. 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.

29. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, whether incurred prior to, on or after the date of this Order, in each case at their standard rates and charges, by the ~~Applicant~~Applicants as part of the costs of these proceedings. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant~~Applicants on a ~~[TIME INTERVAL]~~monthly basis ~~and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$● [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.~~

30. 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.

31. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the ~~Applicant~~Applicants'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 \$●250,000, 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 {38} and {40} hereof.

DIP FINANCING

32. THIS COURT ORDERS that the ~~Applicant is~~Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from ~~{DIP LENDER'S NAME}~~Hillmount Capital Inc. (the "DIP Lender") in order to finance the ~~Applicant's~~Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$●600,000 unless permitted by further Order of this Court.

33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the ~~Applicant~~Applicants and the DIP Lender dated as of ~~{DATE}~~November 22, 2022 (the "Commitment Letter"), filed.

34. THIS COURT ORDERS that the ~~Applicant is~~Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant is~~Applicants are hereby authorized and directed to pay and perform all of ~~its~~their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, including without limitation, the real property described in Schedule "A" hereto (the "Real Property"), which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs {38} and {40} hereof.

36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- a. ~~(a)~~ the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- b. ~~(b)~~ upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~10~~ 10 days' notice to the ~~Applicant~~Applicants and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the ~~Applicant~~Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the ~~Applicant~~Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~Applicants and for the appointment of a trustee in bankruptcy of the ~~Applicant~~Applicants; and
- c. ~~(c)~~ the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~Applicants or the Property.

37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the ~~Applicant~~Applicants under the CCAA, or any proposal filed by the ~~Applicant~~Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of \$●250,000);

Second – DIP Lender's Charge (to the maximum amount of \$600,000); and

Third – Directors' Charge (to the maximum amount of \$●165,000).

39. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's 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.

40. THIS COURT ORDERS that each of ~~the Directors' Charge~~, the Administration Charge and the DIP Lender's Charge (~~all~~ as constituted and defined herein) shall constitute a charge on the Property and ~~such Charges~~ that the Administration Charge and the DIP Lender's Charge shall rank in priority to all other security interests, trusts (including deemed and constructive trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances"), in favour of any Person.

41. THIS COURT ORDERS that the Directors' Charge shall constitute a charge on the Property and such Directors' Charge shall rank in priority to all other Encumbrances in favour of any Person save and except any Encumbrance in favour of Caisse Desjardins Ontario Credit Union Inc. ("Desjardins") and any Encumbrance ranking in priority to any such Desjardins Encumbrance, including for avoidance of doubt the Administration Charge and the DIP Lender's Charge.

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

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

43. ~~42.~~ THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's 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 ~~"Charges"~~) and/or the DIP Lender 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 the 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~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

- a. ~~(a)~~ neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which it is a party;
- b. ~~(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 ~~Applicant~~Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

c. ~~(e)~~ the payments made by the ~~Applicant~~Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, 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.

44. ~~43.~~ THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~Applicants' interest in such real property leases.

SEALING

45. THIS COURT ORDERS that the Confidential Affidavit of Christopher Grant sworn November 22, 2022, and the Exhibits "A", "B" and "C" thereto, be and hereby are sealed pending the earlier of a court order approving a plan of compromise of arrangement with respect to the Applicants under the CCAA, or further court order.

SERVICE AND NOTICE

46. ~~44.~~ THIS COURT ORDERS that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~National Post 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~~Applicants 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.

47. ~~45.~~ 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-
~~@~~: [\[https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace\]](https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace) (the “**Monitor’s Website**”).

48. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the “Service List”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

49. ~~46.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Applicants 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~~Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Applicants 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.

50. THIS COURT ORDERS that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

51. THIS COURT ORDERS that upon the registration in the Land Titles Division of the Real Property of the DIP Lender's Charge in the form prescribed in the Land Titles Act or the Registration Reform Act, or both, as applicable, the Land Registrar is hereby directed to register the DIP Lender's Charge on title of the Real Property.

52. ~~47.~~ THIS COURT ORDERS that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of ~~its~~their powers and duties hereunder.

53. ~~48.~~ 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~~Applicants, the Business or the Property.

54. ~~49.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the ~~Applicant~~Applicants, 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~~Applicants 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~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

55. ~~50.~~ THIS COURT ORDERS that each of the ~~Applicant~~Applicants 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 a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

56. ~~51.~~ THIS COURT ORDERS that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order at the comeback motion

scheduled for _____, on not less than seven (7) calendar 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.

57. ~~52.~~ 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 without any need for entry and filing.

Schedule "A"
Real Property: Legal Description

	<u>PIN</u>	<u>Legal Description</u>
<u>1.</u>	<u>31470-0098 (LT)</u>	<u>LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466; LAIRD; SUBJECT TO AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 IN FAVOUR OF OF LT 17 RCP H759 AS IN AL195932</u>
<u>2.</u>	<u>31470-0096 (LT)</u>	<u>LT 15 RCP H759; LAIRD</u>
<u>3.</u>	<u>31470-0099 (LT)</u>	<u>LT 17 RCP H759; LAIRD; TOGETHER WITH AN EASEMENT OVER BLK 12 PL 1M498, EXCEPT PT 1 1R7890 AS IN AL195932; TOGETHER WITH AN EASEMENT OVER LT 19-20 RCP H759; PT LT 16, 21 RCP H759 AS IN T412466 AS IN AL195932</u>

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE
HOLDINGS LIMITED AND 1138969 ONTARIO INC.

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

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Style change	0
Format changed	0
Total changes	674

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS
LIMITED AND 1138969 ONTARIO INC.

Court File No. _____

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

Proceedings commenced at Toronto

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