

**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")

**MOTION RECORD**

(Motion for Approval of Sale and Investment Solicitation Process)  
(returnable December 22, 2022)

December 18, 2022

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**TO: THE SERVICE LIST**

**ONTARIO  
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**INDEX**

<b>TAB</b>	<b>DOCUMENT</b>	<b>PG. NO.</b>
1.	<b>Notice of Motion returnable December 22, 2022</b>	1
2.	<b>Affidavit of Patrick Walsh sworn December 18, 2022</b>	10
	Exhibit "A" – Amended and Restated Initial Order dated December 2, 2022	25
	Exhibit "B" – Affidavit of Christopher Grant sworn November 22, 2022 (without exhibits)	48
	Exhibit "C" – Affidavit of Christopher Grant sworn November 30, 2022 (without exhibits)	88
3.	<b>Draft Order</b>	100
	Schedule "A" – Sale and Investment Solicitation Process	105

# **TAB 1**

## **Notice of Motion**

Court File No. CV-22-00690657-00CL

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SPRINGER AEROSPACE HOLDINGS LIMITED AND 1138969 ONTARIO INC. (together referred to as the "**Company**")

**NOTICE OF MOTION**  
(Approval of a Sale and Investment Solicitation Process)

The Company will make a motion to the Honourable Mr. Justice Penny of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") at 330 University Avenue, Toronto, on December 22, 2022 at 10:00 am, or as soon after that time as the motion can be heard.

**PROPOSED METHOD OF HEARING:** The motion will be heard by Zoom videoconference the details for which will be made available on Caselines prior to the hearing.

**THE MOTION IS FOR:**

1. if necessary, an Order abridging the time for service of this Notice of Motion and Motion Record and dispensing with service on any person other than those served;
2. an Order, substantially in the form attached as Tab 3 of the Motion Record (the "**SISP Order**"):
  - a. approving a sale and investment solicitation process in a form substantially similar to the form attached as Schedule "A" to the SISP Order (the "**SISP**");

- b. authorizing the Company to immediately commence the SISP;
- c. authorizing and directing the Company, MNP Ltd. as the Monitor appointed pursuant to the CCAA (in such capacity, the “**Monitor**”), and the Court-appointed Chief Restructuring Officer (the “**CRO**”), and their respective affiliates, partners, employees, advisors and agents (collectively, “**Assistants**”), to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and the SISP Order;
- d. providing that each of the Monitor, the CRO, the Company, and their respective Assistants shall have no liability with respect to any and all losses, claims, damages or liability, of any nature or kind, to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor, the CRO or the Applicants, as applicable, as determined by this Court;
- e. authorizing and permitting the Company and the Monitor to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP in these proceedings;
- f. authorizing and permitting the Company and the Monitor to disclose personal information of identifiable individuals to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Applicants’ past and current employees, and information on specific customers,

but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP; and

g. approving the Pre-Filing Report of the then-Proposed Monitor dated November 22, 2022 and the First Report of the Monitor dated December 1, 2022 and the actions, conduct and activities described therein, provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval; and

3. such further and other relief as this Honourable Court deems just.

**THE GROUNDS FOR THIS MOTION ARE:**

***Background***

4. On November 23, 2022, the Company obtained an Initial Order under the CCAA from the Court, which Order was amended and restated pursuant to an Amended and Restated Initial Order dated December 2, 2022 (the “**ARIO**”).

5. Pursuant to the ARIO, the Company was authorized to pursue all avenues of refinancing, restructuring, sale and reorganization of its business or property, in whole or part, subject to prior approval of the Court before any material refinancing, restructuring, sale or reorganization.

6. Although the Company, in consultation with its advisors, is in the process of evaluating a number of strategic initiatives to improve its operations and financial position, the Company requires a comprehensive restructuring transaction (in the form of an investment, refinancing or sale of the Company’s business/assets) to complement these efforts and to

sustain the Company for the long-term. Accordingly, the Company, in consultation with the Monitor and Caisse Desjardins Credit Union Inc. (the Company's main secured creditor), developed the SISP.

***The SISP***

7. The purpose of the SISP is to solicit interest in and opportunities for a sale, restructuring or recapitalization of the Company's assets and business operations in whole or in part.
8. The SISP contemplates proceeding in two phases: Phase I and Phase II. Capitalized terms used herein are defined in the SISP.
9. Phase I of the SISP provides for a process to solicit non-binding letters of interest from potential bidders, which process includes, among other things, the publication of a press release, the identification of Potential Bidders, the distribution of a Teaser Letter and NDA, and the delivery of initial due diligence information. The Phase I Bid Deadline for all Potential Bidders to submit a non-binding letter of interest is **February 3, 2023**.
10. After the Phase I Bid Deadline, the Company, in consultation with the Monitor, will assess the bids, based on various criteria specified in the SISP, in order to determine if each bid is a Qualified Phase I Bid.
11. After assessing the number/terms of any bids received in Phase I, the Company, with the consent of the Monitor, will determine whether it is necessary to proceed to Phase II of the SISP. If it is necessary to proceed to Phase II, the Monitor will prepare a Bid Process Letter, which will specify the process to be followed in Phase II of the SISP.

12. Phase II of the SISP will proceed in the manner specified in the Bid Process Letter. Regardless of the chosen procedure for Phase II, Qualified Phase I Bidders will have to submit a binding offer on or before the Phase II Bid Deadline of **March 7, 2023**.
13. At the conclusion of Phase II, the Company, with the approval of the Monitor, will review all the binding offers received in Phase II, in accordance with the criteria set out in the SISP, to identify the highest or otherwise best bid (the “**Successful Bid**”). The Company will then seek the Court’s approval of the Successful Bid.
14. Subject to the terms of the SISP or further Court Order, the SISP contemplates a Closing Date Deadline of **April 3, 2023** for any Successful Bid.
15. To assist the Company with administering the SISP, the SISP contemplates extensive collaboration between the Company, the CRO and the Monitor throughout the process, including requiring the Monitor’s consent for all key decisions (in addition to its general supervisory role).
16. The SISP also expressly contemplates consultation with key stakeholders regarding the status of the SISP to the extent considered appropriate by the Monitor, subject to appropriate confidentiality arrangements being in place.

***The SISP Should be Approved***

17. The SISP is a fair and commercially reasonable process, which will broadly canvass the market with a view to obtaining a favourable outcome in these restructuring proceedings that will maximize value for the stakeholders of the Company.



18. The SISP is warranted at this time as the Company requires a comprehensive restructuring transaction to complement its ongoing strategic initiatives.
19. No creditors of the Company have a *bona fide* reason to object to the SISP.
20. The SISP satisfies the criteria in s. 36 of the CCAA, which the Court considers in determining whether to approve a sale outside of the ordinary course of business.
21. The Monitor and the CRO have advised that they support the SISP.

***Additional Grounds***

22. Rules 1.04(1), 1.05, 2.03, and 3.02 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.
23. The provisions of the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, including sections 10(1), 11, and 36.
24. Section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).
25. Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5.
26. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:**

27. the Affidavit of Patrick Walsh sworn December 18, 2022 and the exhibits thereto;

28. the Second Report of the Monitor, to be served and filed; and
29. such further and other evidence as counsel may advise and this Honourable Court may permit.

December 18, 2022

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**Lawyers for the Company**

TO: **THE SERVICE LIST**

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

**NOTICE OF MOTION**  
(Approval of Sale and Investment Solicitation Process)  
(returnable December 22, 2022)

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**Lawyers for the Applicants**

## **TAB 2**

**Affidavit of Patrick Walsh sworn  
December 18, 2022**

Court File No. CV-22-00690657-00CL

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

IN THE MATTER OF THE *COMPANIES' CREDITORS  
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LIMITED AND 1138969 ONTARIO INC. (the "Applicants")

---

**THE AFFIDAVIT OF PATRICK WALSH**  
(sworn December 18, 2022)

---

I, **PATRICK WALSH**, of the City of Toronto, in the province of Ontario, **MAKE OATH  
AND SAY:**

1. I am the President and Managing Director of Cedar Croft Consulting Inc., the Court-appointed Chief Restructuring Officer of the Applicants, appointed pursuant to the Amended and Restated Initial Order made in this proceeding on December 2, 2022 (in such capacity, the "**CRO**"). Accordingly, I have personal knowledge of the facts set out herein. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

2. I swear this affidavit in support of the Applicants' motion for an order approving a sale and investment solicitation process in the form substantially similar to the form attached as Schedule "A" to the draft order provided at Tab 3 of the Applicants' Motion Record (the "**SISP**").

3. The Applicants are hereinafter collectively referred to as the "**Company**".

## BACKGROUND AND CCAA PROCEEDINGS

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 of state-of-the-art hangars as well as an airport and runways.

5. On November 23, 2022, the Company obtained an Initial Order under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "CCAA") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), which Order was amended and restated pursuant to an Amended and Restated Initial Order dated December 2, 2022 (the "**ARIO**"). Pursuant to the ARIO, among other things, the Court appointed MNP Ltd. as monitor of the Company (the "**Monitor**") and approved the Company's engagement of the CRO. Attached hereto and marked as **Exhibit "A"** to my affidavit is a copy of the ARIO.

6. Pursuant to the ARIO, the Company was authorized to pursue all avenues of refinancing, restructuring, sale and reorganization of its business or property, in whole or in part, subject to prior approval of the Court before any material refinancing, restructuring, sale or reorganization.

7. As described in the affidavits of Christopher Grant, the Company's Chief Executive Officer, sworn on November 22, 2022 and November 30, 2022, a primary objective of these CCAA proceedings is to provide the Company with sufficient breathing room to explore value-maximizing restructuring solutions, including through a sale and investment solicitation process. Attached hereto and marked as **Exhibit "B"** and **Exhibit "C"** respectively are Mr. Grant's affidavit sworn November 22, 2022 (without exhibits) and his affidavit sworn November 30, 2022 (without exhibits).

8. Although the Company, in consultation with its advisors, is in the process of evaluating a number of strategic initiatives to improve its operations and financial position, the Company requires a comprehensive restructuring transaction (in the form of an investment, refinancing or sale of the Company's Business/Assets) to complement these efforts and to sustain the Company for the long-term. Accordingly, the Company, in consultation with the Monitor and Caisse Desjardins Ontario Credit Union Inc. ("**Desjardins**"), developed a sale and investment solicitation process (the "**SISP**"), attached as Schedule "A" to the draft Order provided at Tab 3 of the Company's Motion Record.

9. The purpose of the SISP is to solicit offers, in the form of a refinancing, sale or investment in the Company's Business or Assets, that will maximize the value of the Company for all stakeholders. During the SISP, the Company will continue operating in the normal course.

10. Given the unique and specialized nature of the Company's business, I believe that the SISP should generate considerable interest from various parties who wish to invest in, refinance or purchase the Company's Business or Assets. Although the Company has never previously conducted a formal marketing of the Business or the Assets, the Company has been in communication with several interested parties (including international purchasers), which parties will be encouraged to participate in the SISP.

11. As a major Northern Ontario employer, the Company's value to the Northern Ontario economy is greater than just its liquidation value. In particular, Springer 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 addition, 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. Given this, I anticipate that there may be community interest in the Northern Ontario region to invest in the Company to preserve employment and the aircraft services that are vital to the fly-in and Indigenous communities in the region.

12. Based on the information I have received from the Company, I am not aware of any prejudice facing creditors from the implementation of the SISP.

13. Accordingly, the Company has determined, and it is my belief, that the SISP is a critical step towards a successful restructuring of the Company and an appropriate available option to attempt to maximize the Company's value for all stakeholders.

#### **THE SISP**

14. The proposed SISP is intended to solicit interest in and opportunities for a sale, restructuring or recapitalization of the Company's assets and business operations in whole or in part including, without limitation, the Company's facilities located at the addresses municipally described as 377 Lakeview Road, 201 Riverside Drive, and 421 Lakeview Road, Echo Bay, Ontario.

15. The SISP will proceed in two phases: Phase I and Phase II. The main terms of the proposed SISP are summarized below. Any capitalized term not otherwise defined herein has the meaning given to it in the SISP.



### **Timeline of the SISP**

16. The SISP contemplates six key milestones and deadlines, which milestones and deadlines may be extended or amended by the Company, with the prior written approval of the Monitor, by up to two weeks without Court approval:

<b><u>Milestone</u></b>	<b><u>Deadline</u></b>
Finalization of SISP Marketing Materials	January 10, 2023
Phase I Bid Deadline	February 3, 2023
Phase II Bid Deadline	March 7, 2023
Selection of Successful Bid	March 13, 2023
Court Approval of Successful Bid	Week of March 27, 2023
Closing of Successful Bid	As soon as possible and no later than April 3, 2023

17. Given the specialized nature of the Company's business and the broad nature of possible offers under the SISP, I believe that the timelines in the SISP are appropriate in order to provide interested parties with sufficient flexibility to formulate and submit bids and maximize the Company's success in the SISP.

### **Phase I of the SISP**

18. Phase I of the SISP is intended to solicit non-binding letters of interest from potential bidders. It consists of the following elements:

- a. **Solicitation of Interest and Notice of the SISP:** Phase I of the SISP describes a process to compile a list of "Known Potential Bidders" and provide them with a process summary letter ("**Teaser Letter**") and a form of non-disclosure agreement

(“NDA”) by no later than January 11, 2023. The Company will also give notice of Phase I of the SISP to other parties by way of publishing a press release and a notice in any industry journal that the Company considers appropriate. After January 11, 2023, any party who requests a copy of the Teaser Letter, or is thereafter identified as a potential bidder, will receive the NDA as soon as reasonably practicable;

- b. **Identify Potential Bidders:** potential bidders who provide the Monitor with an executed NDA, a letter setting out the identity and contact information of direct and indirect principals of the potential bidder, and such form of financial disclosure as the Monitor reasonably requires will each be deemed a “**Potential Bidder**”;
- c. **Delivery of Initial Due Diligence Information:** the Monitor will provide each Potential Bidder a confidential information memorandum (“**CIM**”) and access to a virtual data room, which will both provide additional information considered relevant to preparing a bid; and
- d. **Phase I Bid Deadline:** any Potential Bidder who wishes to submit a non-binding letter of interest must do so by emailing its bid to the Monitor by 5:00 p.m. Eastern Time on February 3, 2023.

19. A Potential Bidder who wishes to pursue a potential transaction must submit a non-binding letter of intent that offers to:

- a. acquire all, substantially all, or a portion of the Company’s Assets or Business (a “**Sale Proposal**”); or

- b. make an investment in, restructure, reorganize or refinance the Company (an **“Investment Proposal”**).

20. The requirements for a Sale Proposal and an Investment Proposal are set out in the SISP (the **“Phase I Bid Criteria”**). The Phase I Bid Criteria include, but are not limited to:

- a. a specified Purchase Price or Transaction Amount;
- b. a specific indication and preliminary evidence of the sources of capital/financing for the transaction, the availability of such financing, the steps and timing necessary to obtain such financing, and any related contingencies and financial information that would allow the Monitor to make a reasonable determination as to the bidder’s financial capabilities to complete the transaction;
- c. an acknowledgment that any transaction is made on an “as-is, where-is” basis;
- d. in the case of a Sale Proposal, a description of the Assets or Business that are expected to be the subject of the transaction, and any of the Assets that are expected to be excluded;
- e. in the case of an Investment Proposal, a description of how the Potential Bidder proposes to structure the proposed investment and the key assumptions supporting the valuation;
- f. a description of all approvals required for a final and binding offer, including any anticipated corporate, security holder or other internal approvals, and an estimate

of the anticipated time frame and any anticipated impediments for obtaining such approvals;

- g. a description of all conditions the Potential Bidder expects to include in its final and binding offer, including, without limitation, any regulatory approvals and any form of agreement required from a government body, stakeholder, or other third party and an outline of the principal terms thereof; and
- h. a statement that the bidder expects to be able to complete a transaction pursuant to the SISP on or before the Closing Date Deadline.

21. After the Phase I Bid Deadline, the Company, in consultation with the Monitor, will review the bids to determine if each bid is a “**Qualified Phase I Bid**” by assessing: (i) whether the bid meets the Phase I Bid Criteria, (ii) the form and amount of consideration being offered, including any purchase price adjustments and/or any non-cash consideration; (iii) the demonstrated financial capability of the bidder to complete the proposed transaction; (iv) the bidder’s proposed conditions to the closing of the proposed transaction; and (v) the estimated time required to complete the proposed transaction and whether, in the Monitor’s reasonable business judgment, the transaction is reasonably likely to close on or before the Closing Date Deadline.

22. Given that the number/terms of any Qualified Phase I Bids are currently unknown, the SISP should be flexible, as there are a number of possible forms that offers may take, including a refinancing, investment and/or sale.

23. The SISP provides that at any time following the Phase I Bid Deadline, the Company, with the consent of the Monitor and in consultation with Desjardins (the Company’s primary secured

lender), may determine that Phase II is not required and proceed to execute definitive documentation with respect to a transaction contemplated in a Qualified Phase I Bid submitted before the Phase I Bid Deadline.

### **Phase II of the SISP**

24. Upon the determination by the Company, with the consent of the Monitor, of whether and the manner in which to proceed in Phase II of the SISP, the Monitor will prepare a bid process letter for Phase II (“**Bid Process Letter**”), which will be (i) sent by the Monitor to all Qualified Phase I Bidders, and (ii) posted by the Monitor on its website.

25. Subject to any adjustments made to Phase II in accordance with the Bid Process Letter and any further order of the Court regarding the SISP, the SISP contemplates that Phase II will consist of the following elements:

- a. **Further Due Diligence:** Qualified Phase I Bidders will have access to such further due diligence materials and information relating to the Company’s Assets and Business as the Company, in its reasonable business judgment and in consultation with the Monitor, determines is appropriate and available. Due diligence access may include management presentations, on-site inspections, and other matters which a Qualified Phase I Bidder may reasonably request and which the Company deems appropriate.
- b. **Deadline for Formal Binding Offers:** Qualified Phase I Bidders will have the opportunity to submit a binding offer to purchase or make an investment in the Company or its assets by March 7, 2023.

- c. **Assessment of the Offers:** following the Phase II Bid Deadline, the Company (with the approval of the Monitor) will determine if each Phase II Bid delivered to the Monitor meets the Phase II Bid Criteria. The SISP sets out the Phase II Bid Criteria, which include, but are not limited to, the requirements that the offer:
- i. include a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the Assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the Purchase Price or Investment Amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
  - ii. be binding and irrevocable until the selection of the Selected Bidder, provided that, if the Phase II Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the transaction with the Successful Bidder, and (ii) 120 days from the Transaction Approval Hearing (as defined below), subject to further extensions as may be agreed to under the applicable transaction agreement(s);

- iii. include a commitment to provide a non-refundable deposit in the form of a wire transfer to an account to be specified by the Monitor in the amount of not less than ten percent (10%) of the Transaction Amount upon the Qualified Phase II Bidder being selected as the Successful Bidder;
  - iv. include written evidence of a firm, irrevocable commitment for financing or other evidence of an ability to complete the proposed transaction comprising the Phase II Bid, so as to allow the Monitor to determine the bidder's financial and other capabilities to complete the proposed transaction;
  - v. specify that the transaction is not subject to further due diligence;
  - vi. include a description of any regulatory or other third-party approvals required to complete the proposed transaction, and the time within which the bidder expects to receive such regulatory and/or third-party approvals, and those actions the bidder will take to ensure receipt of such approvals as promptly as possible; and
  - vii. contemplate closing the transaction set out therein on or before the Closing Date Deadline.
- d. **Determination of Qualified Phase II Bids:** if the Company (with the approval of the Monitor) determines that a Phase II Bid meets the Phase II Bid Criteria, such Phase II Bid will be deemed to be a "**Qualified Phase II Bid**" and the bidder in respect of each such Qualified Phase II Bid shall be a "**Qualified Phase II Bidder**".

The Monitor shall notify each Qualified Phase II Bidder in writing that its bid constitutes a Qualified Phase II Bid.

- e. **Review of Qualified Phase II Bids and Selection of Successful Bid(s):** the Company, with the consultation of the Monitor, will review and evaluate each Qualified Phase II Bid, based upon several factors, including, without limitation: the requirements set forth in respect of Qualified Phase I Bids; the transaction price and net value provided by such bid; the claims likely to be created by such bid in relation to other bids; the identity and circumstances of the Qualified Phase II Bidder; the ability of the Qualified Phase II Bidder to successfully complete such transaction; the proposed transaction documents; the effects of the bid on the stakeholders of the Company; factors affecting the speed and certainty of the transaction (including any approval or third party agreements); the assets included in and excluded from the bid; any related restructuring costs; and the likelihood and timing of closing the transaction. After reviewing and evaluating the Qualified Phase II Bids, the Company, with the approval of the Monitor, will identify the highest or otherwise best bid (the “**Successful Bid**”) for any Assets or the Business in whole or in part.
  
- f. **Court Approval of Successful Bid(s):** At the hearing of the motion to approve any transaction with a Successful Bidder, the Company shall seek, among other things, approval from the Court to complete any Successful Bid.



**Closing of Successful Bid Transaction**

26. The proposed SISP terms provide that upon completion of Phase II of the SISP, the Company and the Successful Bidder(s) shall take all reasonable steps to complete the transaction(s) contemplated by the Successful Bid(s) as soon as possible after the Successful Bid(s) are approved by the Court, and in any event, by no later than April 3, 2023.

**Consultation with Stakeholders**

27. To assist the Company with administering the SISP, the SISP contemplates extensive collaboration between the Company, the CRO and the Monitor throughout the process, including requiring the Monitor's consent for all key decisions (in addition to its general supervisory role).

28. The SISP also expressly contemplates consultation with key stakeholders (including Hillmount Capital Inc. (the interim financing lender), Desjardins, Community Development Corporation of Sault Ste. Marie & Area, the East Algoma Community Futures Development Corporation, the Nickel Basin Federal Development Corporation, and Northern Ontario Heritage Fund Corp.) regarding the status of the SISP to the extent considered appropriate by the Monitor, subject to appropriate confidentiality arrangements being in place, which arrangements are appropriate since some stakeholders may be involved in the SISP as bidders and the sharing of information with such stakeholders may not be suitable in all circumstances.


**CONCLUSION**

29. Based on the above, I believe that the proposed SISP represents a fair and commercially reasonable process in the circumstances, which should broadly canvass the market and hopefully solicit significant interest in the acquisition of, and/or investment in all or parts of the Company,

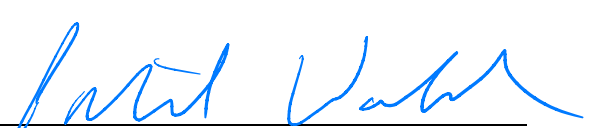
with a view to obtaining a favourable outcome in these restructuring proceedings that maximizes value for the stakeholders of the Company.

30. I swear this affidavit in support of the Company's motion seeking approval of the SISP and for no other or improper purpose.

**SWORN REMOTELY** by **PATRICK WALSH** stated as being located in the City of Toronto in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 18<sup>th</sup> day of December 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely.*



A Commissioner for taking Affidavits.  
Name: Joël Turgeon



**PATRICK WALSH**

This is **EXHIBIT “A”** referred to in the affidavit of PATRICK WALSH sworn remotely by Patrick Walsh stated as being located in the City of Toronto in the Province of Ontario before me in the City of Toronto, in the Province of Ontario, this 18<sup>th</sup> day of December, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



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A COMMISSIONER FOR TAKING AFFIDAVITS

Name: Joel Turgeon

LSO #80984R

Court File No. CV-22-00690657-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) FRIDAY, THE 2<sup>nd</sup>  
 )  
MR. JUSTICE PENNY ) DAY OF DECEMBER, 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**")

**AMENDED AND RESTATED 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 22, 2022 and the Exhibits thereto, the Confidential Affidavit of Christopher Grant sworn November 22, 2022 and the Confidential Exhibits thereto (both sealed in accordance with paragraph 47 of this order), the Affidavits of Christopher Grant sworn November 30, and December 1, 2022 and the Exhibits thereto, the Pre-Filing Report of MNP Ltd. as the Monitor appointed pursuant to the CCAA (in such capacity, the "**Monitor**") dated November 22, 2022, and the First Report of the Monitor dated December 1, 2022, 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 the 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 Affidavits of Service of Joël Turgeon

and Levi Rivers, respectively, filed, and on reading the consent of MNP Ltd. 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, restructuring, sale and reorganization of the Business or Property, in whole or part, subject to obtaining prior approval of this Court before effecting any material refinancing, restructuring, sale or reorganization,

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 March 31, 2023 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 40 and 43 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 Ltd. 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.

#### **APPOINTMENT OF CHIEF RESTRUCTURING OFFICER**

31. THIS COURT ORDERS that:

- a. the agreement dated November 30, 2022, pursuant to which the Applicants have engaged Cedar Croft Consulting to provide the services of Patrick Walsh to act as

the chief restructuring officer of the Applicants (collectively referred to, in such capacities, as the “CRO”), a copy of which is attached as Exhibit “A” to the affidavit of Christopher Grant sworn December 1, 2022 (the “**CRO Engagement Letter**”), and the appointment of the CRO pursuant to the terms of the CRO Engagement Letter, are hereby approved, including, without limitation, the payment of the fees and expenses contemplated in the CRO Engagement Letter;

- b. the Applicants are hereby authorized and directed to pay the fees and expenses of the CRO pursuant to the CRO Engagement Letter;
- c. the CRO shall not be, nor be deemed to be, a director or employee of the Applicants;
- d. the CRO shall not, as a result of the performance of the obligations and services in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation;
- e. the CRO shall have no liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent that such losses, claims, damages or liabilities result from gross negligence or wilful misconduct on the part of the CRO;
- f. during the Stay Period, no Proceeding shall be commenced or continued against or in respect of the CRO, except with the written consent of the CRO or with leave of this Court;
- g. during the Stay Period, all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with the written consent of the CRO or leave of this Court, provided that nothing in this Order shall empower the CRO to carry on any business which the CRO is not lawfully entitled to carry on; and
- h. the obligations of the Applicants to the CRO pursuant to the CRO Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or

proposal filed under the *Bankruptcy and Insolvency Act* of Canada (the “**BIA**”) in respect of the Applicants.

### **ADMINISTRATION CHARGES**

32. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, the Applicants’ counsel, and the CRO 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, in the case of the Monitor and such counsel, their professional fees and disbursements incurred at the standard rates and charges both before and after the making of this Order in respect of these proceedings, and, in the case of the CRO, the monthly fees and expenses contemplated in the CRO Engagement Letter, but not the success fee contemplated in the CRO Engagement Letter. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

33. THIS COURT ORDERS that the CRO shall be entitled to the benefit of, and is hereby granted, a charge (the “**Administration Charge II**”) to secure any success fees owing to it, up to a maximum of \$75,000. The Administration Charge II shall have the priority set out in paragraphs 40 and 42 hereof, and shall rank behind any Encumbrance in favour of Desjardins.

### **DIP FINANCING**

34. 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 \$1,100,000 unless permitted by further Order of this Court.

35. 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.

36. 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.

37. 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 40 and 42 hereof.

38. 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.

39. 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 BIA, with respect to any advances made under the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

40. 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 \$1,100,000);

Third – Administration Charge II (to the maximum amount of \$75,000); and

Fourth – Directors' Charge (to the maximum amount of \$165,000).

41. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the Administration Charge II 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.

42. 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.

43. THIS COURT ORDERS that the Administration Charge II and the Directors' Charge shall constitute charges on the Property, and such Administration Charge II shall rank in priority to the Directors' Charge, and both charges shall rank in priority to all other Encumbrances in favour of any Person, save and except any Encumbrance in favour of 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.

44. 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, the Administration Charge II 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, the Administration Charge, the Administration Charge II and Desjardins, or further Order of this Court.

45. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Administration Charge II, the CRO Engagement Letter, 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, the CRO Engagement

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 or the CRO Engagement 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, the CRO Engagement 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.

46. 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**

47. 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**

48. 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.

49. 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**”).

50. 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.

51. 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.

52. 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**

53. 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.

54. 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.


55. 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.

56. 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.

57. 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.

58. THIS COURT ORDERS that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order 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.

59. 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.



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**Schedule "A"**  
**Real Property: Legal Description**

	<b>PIN</b>	<b>Legal Description</b>
<b>1.</b>	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
<b>2.</b>	31470-0096 (LT)	LT 15 RCP H759; LAIRD
<b>3.</b>	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.**

[Motion Record Page No. 47]  
Court File No. CV-22-00690657-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**  
Proceedings commenced at Toronto

***COMPANIES' CREDITORS ARRANGEMENT ACT  
AMENDED AND RESTATED INITIAL ORDER***

**RECONSTRUCT LLP**  
Royal Bank Plaza, South Tower  
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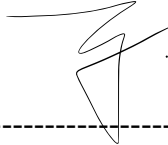
**Joël Turgeon** (LSO #80984R)  
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Fax: 416.613.8290

**Lawyers for the Applicants**

DOC 00044475

This is **EXHIBIT “B”** referred to in the affidavit of PATRICK WALSH sworn remotely by Patrick Walsh stated as being located in the City of Toronto in the Province of Ontario before me in the City of Toronto, in the Province of Ontario, this 18<sup>th</sup> day of December, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



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A COMMISSIONER FOR TAKING AFFIDAVITS  
Name: Joel Turgeon  
LSO #80984R

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")

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

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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.

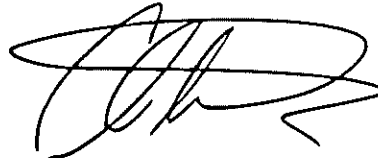


SWORN REMOTELY by )  
 CHRISTOPHER GRANT stated as )  
 being located in the City of Greater )  
 Sudbury in the Province of Ontario before )  
 me at the City of Toronto, in the Province )  
 of Ontario this 22nd day of )  
 November, 2022, in accordance with O. )  
 Reg 431/20, *Administering Oath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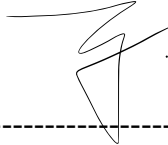
A Commissioner for taking Affidavits.  
 Name: **JOEL TURGEON**




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**CHRISTOPHER GRANT**

This is **EXHIBIT “C”** referred to in the affidavit of PATRICK WALSH sworn remotely by Patrick Walsh stated as being located in the City of Toronto in the Province of Ontario before me in the City of Toronto, in the Province of Ontario, this 18<sup>th</sup> day of December, 2022, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.



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A COMMISSIONER FOR TAKING AFFIDAVITS  
Name: Joel Turgeon  
LSO #80984R

Court File No. CV-22-00690657-00CL

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

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

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

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**AFFIDAVIT OF CHRISTOPHER GRANT**  
(Re Amended and Restated Initial Order)  
(sworn November 30, 2022)

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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. I swear this affidavit in connection with the comeback hearing to seek various amendments to the Order dated November 23, 2022 (the "**Initial Order**"). The Applicants seek an Amended and Restated Initial Order, which among other things:

- a. extends the Stay Period (as defined in the Initial Order) by approximately four months from December 2, 2022 up to and including March 31, 2023 (the “**Extended Stay Period**”);
- b. approves the engagement of Patrick Walsh of the consulting firm Cedar Croft Consulting to act as chief restructuring officer (“**CRO**”) on the terms set out in the engagement letter agreed upon on November 29, 2022 (the “**CRO Engagement Letter**”);
- c. amends the Administration Charge (as defined in the Initial Order) to: (i) secure the payment of the fees and expenses of the CRO incurred in accordance with the CRO Engagement Letter; and (ii) increase the quantum of the Administration Charge from \$80,000 to \$250,000 to secure the professional fees to be incurred during the Extended Stay Period in accordance with the updated cash flow forecast developed by the Applicants with the assistance of the Monitor (the “**Updated Cashflow Forecast**”), which I understand will be appended to the Monitor’s first report, to be served and filed separately (the “**First Report**”);
- d. grants a charge to secure the success fees contemplated in the CRO Engagement Letter (the “**Administration Charge II**”) up to a maximum of \$75,000, which charge shall rank behind any security interests of Caisse Desjardins Ontario Credit Union Inc. (“**Desjardins**”) but ahead of the Directors’ Charge; and
- e. increases the Applicants’ permitted borrowings under the DIP Facility (as defined in the Initial Order) and the DIP Lender’s Charge from \$600,000 to \$1,100,000,

corresponding to the Applicants' projected interim financing needs over the Extended Stay Period.

3. This affidavit describes the activities and events that have occurred since the Initial Order was granted, the basis for the relief sought in the Amended and Restated Initial Order, and the proposed steps to be taken by the Applicants during the Extended Stay Period.

4. I refer to my affidavit sworn November 22, 2022 in support of the Applicants' application for an Initial Order (the "**Initial Order Affidavit**"). A copy of my Initial Order Affidavit is appended without exhibits as Exhibit "**A**" for ease of reference. Capitalized terms not otherwise defined herein have the meaning given to them in my Initial Order Affidavit.

**A. Background to the CCAA Proceedings**

5. The background to this proceeding is set out in my Initial Order Affidavit.

6. Since the granting of the Initial Order, the Applicants have engaged with stakeholders, including secured creditors, community stakeholders, employees, customers, and suppliers.

7. The day after the Initial Order was granted, Springer issued a press release to give notice of the CCAA proceedings to the general public, with the intention of proactively communicating with stakeholders about the restructuring proceedings.

8. Since then, Springer has received inquiries from various stakeholders, including the mayors of the surrounding townships, customers, suppliers, and the media. In particular, community stakeholders have taken an interest in Springer's anticipated restructuring and have expressed a desire for the company's operations to continue. Appended as Exhibit "**B**" is a local news article dated November 26, 2022 quoting the mayor of the Township of Laird, where Springer is the

largest employer and taxpayer, and the mayor of Macdonald, Meredith and Aberdeen, where Springer is also a top employer.

9. I, and Springer's other senior management, have held meetings with Springer's mid-level management team and every employee. The purpose of the meetings was to provide an overview of the nature and purpose of the CCAA proceedings, answer questions and address concerns, and provide mid-level management with key information needed to address anticipated questions from their respective teams.

10. Throughout, Springer has continued engaging with its secured creditors. I am advised that my counsel have held discussions with respective counsel for Desjardins and the Northern Ontario Heritage Fund Corporation. As well, on November 29, 2022, the Monitor and I met with the Community Development Corporation of Sault Ste. Marie & Area. Those meetings were to discuss, among other things, the CCAA proceedings and relief sought, as well as the intended operational restructuring.

**B. Extension of Stay Period**

11. The current 10-day Stay Period expires on December 3, 2022. The Applicants seek an extension of the Stay Period up to and including March 31, 2023.

12. The Extended Stay Period is intended to provide reasonable certainty while the Applicants continue to stabilize and, with the assistance of the CRO and the Monitor, restructure their business operations, and provide breathing room to develop and implement a sale and investment solicitation process, if approved by the Court. The Extended Stay Period will also permit the Applicants to undertake planned operational restructuring measures.

13. Further, the Extended Stay Period is necessary to reassure employees, customers, and community stakeholders that there will be no significant disruption to Springer's business in the near term due to a lifting of the stay.

**C. Engagement of a Chief Restructuring Officer**

14. As referred to in my Initial Order Affidavit, the Applicants have considered the engagement of a third-party consultant to assist with the company's restructuring efforts and have determined that the engagement of a CRO is in the best interest of the Applicants and all stakeholders. There is no member of senior management at the company who has the depth of restructuring experience that a restructuring officer would bring to the table. Further, with recent turnover within the ranks of senior management, the engagement of a CRO to oversee Springer's restructuring activities will allow me to direct my focus to the revenue-generating aspects of the business.

15. The Applicants, in consultation with and with the assistance of the Monitor, have selected Patrick Walsh of Cedar Croft Consulting for the proposed appointment as CRO based on various criteria including his experience, market recognition, interest in the engagement, cost and the immediacy with which the Applicants needed to engage a CRO.

16. I attach a summary of Mr. Walsh's qualifications as Exhibit "C". Mr. Walsh has an impressive and relevant track record of engagements as CRO. I am advised by Mr. Walsh that he has experience restructuring companies in the aerospace industry. In consultation with the Monitor, I believe that Mr. Walsh is an appropriate candidate for the CRO role, and it would be to the benefit of the Applicants and their stakeholders to engage him.

17. The Applicants and Mr. Walsh have agreed on the terms of the CRO Engagement Letter, which is appended as Exhibit “D”. The CRO Engagement Letter contemplates the engagement of Mr. Walsh as CRO, subject to this Court’s approval, as well as the extension of the Administration Charge to secure the payment of the fees and expenses incurred by the CRO in accordance with the CRO Engagement Letter.

18. The other key terms of the CRO Engagement Letter are: (i) fees of \$25,000 payable monthly in advance, plus disbursements; (ii) a success fee of \$75,000 payable upon the confirmation and effectiveness of a plan of arrangement, sale of assets, or refinancing pursuant to the SISP to be conducted in these CCAA proceedings; and (iii) a court-ordered charge to secure all such fees and disbursements, as well as the success fee (provided however that the charge securing the success fee shall be subordinate to any security interests in favour of Desjardins).

19. Mr. Walsh is experienced in restructuring proceedings of this nature. His experience and expertise will be beneficial to the Applicants and their stakeholders and will likely maximize value.

20. The Applicants’ counsel and the Monitor have reviewed the proposed fees and disbursements set out in the CRO Engagement Letter and believe them to be fair and reasonable in the circumstances.

**D. Expanded Administration and DIP Lender’s Charge**

21. The quantum of the charges sought in the Initial Order was based on the reasonable needs of the Applicants over the first 10 days of the restructuring period, until the comeback hearing. With the Extended Stay Period, the Applicants seek expanded charges to match the Updated Cash Flow Forecast and taking into account the engagement of the CRO.



22. A term of the CRO Engagement Letter is the expansion of the Administration Charge to include amounts owing in respect of fees and disbursements under the CRO Engagement Letter.

23. It is appropriate for the Administration Charge to be increased from \$80,000 to \$250,000 to take into account the engagement of CRO, as well as to cover the projected professional fees associated with the restructuring over the entire restructuring period.

24. The CRO Engagement Letter also contemplates a court-ordered charge to secure any success fees owing, up to a maximum of \$75,000 (the “**Administration Charge II**”). The Administration Charge II is proposed to rank behind any Desjardins’ security interest but ahead of the Director’s Charge.

25. The Applicants also seek to expand the DIP Lender’s Charge from \$600,000 to \$1,100,000 to match the projected financing needs of the Applicants over the restructuring period. While the DIP Term Sheet provides for a maximum principal loan amount of \$1,500,000, the Applicants are only seeking approval to borrow up to \$1,100,00 at this time to meet their liquidity needs during the following 13-week period as set out in the Updated Cash Flow Forecast. The expanded DIP Lender’s Charge is a condition of any further advances under the DIP Term Sheet, and the Applicants require funding under the DIP Term Sheet to continue operations during the restructuring period.

26. In summary, the Applicants seek to amend charges in the following amounts and priority under the Amended and Restated Initial Order:

FIRST – the Administration Charge up to a maximum of \$250,000 (from \$80,000)

SECOND – the DIP Lender’s Charge up to a maximum of \$1,100,000 (from \$600,000);

THIRD – the Administration Charge II up to a maximum of \$75,000;

FOURTH – the Directors’ Charge up to a maximum of \$165,000.

27. The Administration Charge II and Directors’ Charge are proposed to rank behind Desjardins’ security interest but ahead of any other subordinate encumbrances.

**E. Development and Implementation of a Sale and Investment Solicitation Process**

28. As disclosed in my Initial Order Affidavit, Springer intends to implement both a financial and operational restructuring and aims to conduct a sale and investment solicitation process (“SISP”) to market the Applicants’ assets and business.

29. The Applicants began developing a SISP prior to seeking the Initial Order. I was also in communication with several interested parties seeking the private sale of the business on a going concern basis. Other than entertaining private enquiries, the Applicants have not previously conducted a formal marketing of the business or the assets.

30. I believe that a formal SISP will likely result in interest by various parties, including for instance certain of Springer’s customers looking to vertically integrate, or other aerospace or MRO corporations. Given the specialized nature of Springer’s business, international purchasers have shown interest.

31. I am also aware of certain employees who have expressed interest in investing in the company. I anticipate there may also be community interest in the Northern Ontario region to invest in the company to preserve employment and the aircraft services that are vital to the fly-in and Indigenous communities in the region.

32. The Applicants are developing an appropriate SISP, with the close supervision of the Monitor, and aim to have a process finalized for an approval motion in December 2022. The Applicants intend to consult with their key stakeholders and the CRO (if so approved) in developing the SISP going forward.

**F. Operational Restructuring Efforts and Initial Steps to Implementation**

33. As described in my Initial Order Affidavit, the Applicants have performed a review of their operations with the assistance of MNP LLP's performance improvement team (the "**Performance Improvement Team**"). The Performance Improvement Team previously attended at Springer's facilities to assess and review our operations.

34. The Performance Improvement Team has communicated to the Applicants some preliminary observations and suggestions, which suggest that there will be positive efficiencies if an operational restructuring is undertaken. The Applicants are working with the Performance Improvement Team to develop a formal operational restructuring plan, with concrete milestones and quantifiable efficiency gains. Such performance improvement measures will also be a positive factor in the marketing of the business during the contemplated SISP.

35. The Applicants intend to provide further information on the operational restructuring once a proposal is finalized and initial implementation steps are taken.

**G. Relief Sought**

36. The Applicants seek to avoid a liquidation that would satisfy only one secured creditor at the expense of the Applicants' other secured and unsecured creditors, as well as stakeholders. Vulnerable stakeholders such as employees, contractors, customers, and the surrounding Northern Ontario communities will bear a heavy financial and social burden in a liquidation scenario.

37. I believe that Springer will be a viable and profitable enterprise if we can implement the proposed operational and balance sheet restructuring. I believe that a SISP that properly exposes the assets and business to the market for a reasonable period will result in a favourable restructuring outcome.

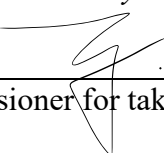
38. I firmly believe that maintaining the business as a going concern is the only way to avoid the devastating impact of business closure on this Northern Ontario community. The closure of the business will be difficult, if not impossible to reverse, since the loss of skilled workers and stigma associated with a business shutdown will make it challenging to rebuild this business.

39. On November 22, 2022, I swore a confidential affidavit appending the appraisals done on the three parcels of land held by the Applicants. I am not aware of any developments since the granting of the Initial Order that impact the appraisals of the land.

40. For these reasons and relying on the statements made in my Initial Order Affidavit, the Amended and Restated Initial Order is necessary, appropriate and in the interest of stakeholders.

41. I am advised that the Monitor supports the extension of the Stay Period and the other relief sought in the Amended and Restated Initial Order.

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 30<sup>th</sup> )  
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

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

**AFFIDAVIT OF PATRICK WALSH**  
(Motion re: Sale and Investment Solicitation Process)  
(sworn December 18, 2022)

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**Lawyers for the Applicants**

**TAB 3**  
**Draft Order**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 22<sup>nd</sup>  
 )  
MR. JUSTICE PENNY ) DAY OF DECEMBER, 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**")

**SALE PROCESS ORDER**

**THIS MOTION**, made by the Applicants, for an Order approving a sale and investment solicitation process was heard this day via videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Patrick Walsh sworn December 18, 2022 and the Exhibits thereto, and the Second Report of MNP Ltd. as the Monitor appointed pursuant to the *Companies' Creditors Arrangement Act* (in such capacity, the "**Monitor**") dated December \_\_\_, 2022, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for Hillmount Capital Inc., and counsel for Caisse Desjardins Ontario Credit Union Inc., no one appearing for any other person although duly served as appears from the Affidavit of Service of Joël Turgeon sworn December 19, 2022, filed:

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

## **APPROVAL OF THE SALE AND INVESTMENT SOLICITATION PROCESS**

2. **THIS COURT ORDERS** that the Applicants are authorized to immediately commence the Sale and Investment Solicitation Process attached hereto as **Schedule “A”** (the “**SISP**”) for the purpose of soliciting interest in and opportunities for a sale, restructuring or recapitalization of the assets and business operations of the Applicants.

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with this Order) is hereby approved and the Applicants, the Monitor and the Chief Restructuring Officer (the “**CRO**”), and their respective affiliates, partners, employees, advisors and agents (collectively, “**Assistants**”) are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order.

4. **THIS COURT ORDERS** that each of the Monitor, the CRO, the Applicants, and their respective Assistants shall have no liability with respect to any and all losses, claims, damages or liability, of any nature or kind, to any person in connection with or as a result of performing their duties under the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor, the CRO or the Applicants, as applicable, as determined by this Court.

5. **THIS COURT ORDERS** that the Monitor or the Applicants may apply to this Court for directions with respect to the SISP at any time during the term thereof.

6. **THIS COURT ORDERS** that, pursuant to section 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS), the Monitor and the Applicants are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective bidders or offerors and to their advisors, but only to the extent required to provide information with respect to the SISP in these proceedings.

## **PROTECTION OF PERSONAL INFORMATION**

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor and the Applicants are authorized and permitted to disclose personal information of identifiable individuals (“**Personal**



**Information**”) to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Applicants’ past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP.

### **APPROVAL OF MONITOR’S REPORTS**

8. **THIS COURT ORDERS** that the Pre-Filing Report of the then-Proposed Monitor dated November 22, 2022 and the First Report of the Monitor dated December 1, 2022, and the actions, conduct and activities of the Monitor as set out therein, be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

### **GENERAL**

9. **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.

10. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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.

11. **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.

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**Schedule "A"**

## SALE AND INVESTMENT SOLICITATION PROCESS

### For the sale of the business and/or assets of Springer Aerospace Holdings Limited and 1138969 Ontario Inc. (together, the “Company”)

#### Introduction

1. On November 23, 2022, the Company obtained an initial order under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), which was amended and restated pursuant to an Amended and Restated Initial Order on December 2, 2022 (the “**Initial Order**”). The Initial Order, among other things, appointed MNP Ltd. as monitor of the Company (the “**Monitor**”) and approved the engagement of Cedar Croft Consulting Inc. as chief restructuring officer to the Company (the “**CRO**”).
2. In accordance with the Initial Order, the Company was authorized to pursue all avenues of refinancing, restructuring, sale and reorganization of its business or property, in whole or in part, subject to prior approval of the Court. In this regard, the Company is commencing this Sale and Investment Solicitation Process (the “**SISP**”). This document outlines the SISP (“**SISP Outline**”).

#### Opportunity

3. The SISP is intended to solicit interest in and opportunities for a restructuring, recapitalization, sale, or refinancing of the Company’s assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization, sale or other form of reorganization of the Company’s assets (the “**Assets**”) and business operations (the “**Business**”) including the Company’s facilities located at the addresses municipally described as 377 Lakeview Road, 201 Riverside Drive, and 421 Lakeview Road, Echo Bay, Ontario.
4. Any transaction executed pursuant to this SISP will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Monitor, the Company, the CRO, or any of their respective directors, officers, agents, advisors, or other representatives unless otherwise agreed in a definitive agreement.
5. All of the Company’s rights, title, and interest in and to any of their Business/Assets pursuant to any transaction(s) contemplated herein will be implemented free and clear of all liens, security interests, mortgages, charges, and other encumbrances, except those expressly assumed by the purchaser, pursuant to a Court order approving such transaction.

#### Timeline

6. The following table sets out the key milestones and deadlines under the SISP, which milestones and deadlines may be extended or amended by the Company, with the prior written approval of the Monitor, by up to a maximum of two weeks without Court approval:

<u>Milestone</u>	<u>Deadline</u>
Finalization of SISP Marketing Materials	<b>January 10, 2023</b>
Phase I Bid Deadline	<b>February 3, 2023</b>
Phase II Bid Deadline	<b>March 7, 2023</b>
Selection of Successful Bid	<b>March 13, 2023</b>
Court Approval of Successful Bid	<b>Week of March 27, 2023</b>
Closing of Successful Bid (the “ <b>Closing Date Deadline</b> ”)	<b>As soon as possible and no later than April 3, 2023</b>

Any extensions or amendments shall be communicated to all bidders in writing and posted on the Monitor’s Website at: <<https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace>>.

#### **SOLICITATION OF INTEREST: NOTICE OF SISP**

7. By or no later than **January 10, 2023**, the Company, in consultation with the Monitor, shall:
  - (a) prepare a list of potential bidders who may be interested in purchasing all or part of the Business and Assets or investing in the Company pursuant to the SISP (“**Known Interested Parties**”);
  - (b) cause a notice of the SISP (and such other relevant information that the Company, in consultation with the Monitor, considers appropriate) (the “**Notice**”) to be published in any industry journal that the Company considers appropriate if it believes that such advertisement would be useful in the circumstances;
  - (c) issue a press release setting out the information contained in the Notice and such other relevant information that the Company considers appropriate with Canada Newswire designating dissemination in Canada and major financial centres in the United States;
  - (d) prepare an initial summary (“**Teaser Letter**”) describing the Opportunity and inviting recipients to express their interest pursuant to the SISP; and
  - (e) prepare a form of non-disclosure agreement (“**NDA**”).
  
8. The Monitor will send the Teaser Letter and the form of NDA to all applicable Known Interested Parties by no later than **January 11, 2023** and to any other party who requests a copy of the Teaser Letter and NDA (“**Additional Interested Parties**”), or who is later identified by the Company or the Monitor as a Known Interested Party, as soon as reasonably practicable after such request or identification, as applicable.

9. The Monitor will have responsibility for managing all communication with Known Interested Parties or Additional Interested Parties. This shall include facilitating the delivery of all communications, providing the Teaser Letter, coordinating the execution of NDAs, and managing the process of answering enquiries.

## **PHASE I: NON-BINDING LETTERS OF INTENT**

### **Potential Bidders and Due Diligence Materials**

10. During Phase I of the SISP, the Company, in consultation with the Monitor, will solicit non-binding letters of intent from Known Interested Parties and Additional Interested Parties to acquire all or part of the Business or Assets of the Company or to invest or refinance the Company pursuant to the SISP.
11. Any Known Interested Parties or Additional Interested Parties who wish to participate in the SISP must provide to the Monitor:
  - (a) an NDA executed by it;
  - (b) a letter setting forth the identity of the party, the contact information for such party, full disclosure of the direct and indirect principals of the party, and an acknowledgement of the SISP terms provided for in this SISP Outline; and
  - (c) in consultation with the Company, such form of financial disclosure that allows the Monitor to make a reasonable determination as to the party's financial and other capabilities to complete a transaction.
12. If an Interested Party has: (i) delivered an executed NDA and letter referred to in paragraphs 11(a) and 11(b) above; and (ii) provided the Monitor with satisfactory evidence of its capability, based on the availability of financing, its experience, and other considerations, to be able to complete a transaction pursuant to the SISP, then such party will be determined by the Monitor to be a "**Potential Bidder**".
13. The Monitor will provide each Potential Bidder with a copy of a confidential information memorandum (the "**CIM**") and access to a virtual data room (the "**VDR**") to provide additional information considered relevant to the Opportunity.
14. The Monitor shall afford each Potential Bidder access to applicable due diligence materials and information pertaining to the Business and Assets of the Company as the Company, in consultation with the Monitor, deems appropriate in its reasonable business judgment. The Monitor will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Potential Bidder and the manner in which such requests must be communicated.
15. The Monitor or the Company shall not be obligated to provide any information relating to the Business or the Assets to any person other than to Potential Bidders. For greater certainty, selected due diligence materials may be withheld from certain Potential Bidders during Phase I of the SISP, if the Company (with the consent of the Monitor) determines such information to represent proprietary or sensitive competitive information related to

the Business and/or the Assets of the Company that should not be provided to a Potential Bidder.

16. Potential Bidders must rely solely on their own independent review, investigation, and/or inspection of all information and of the Business and/or Assets in connection with their participation in the SISP and any transaction they enter into with the Company. The Company, the Monitor, the CRO, and their respective directors, officers, agents and advisors make no representation or warranty whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the CIM; (ii) provided through the due diligence process or otherwise made available pursuant to the SISP; or (iii) otherwise made available to a Potential Bidder except to the extent contemplated in any definitive documentation duly executed and delivered by the Successful Bidder (as defined below) and the Company and approved by the Court.
17. At any time during the SISP, the Company may, in its reasonable business judgment and with the approval of the Monitor, eliminate a Potential Bidder from the SISP, in which case such party will no longer be a Potential Bidder for the purposes of the SISP.

### **Phase I Bid Deadline**

18. A Potential Bidder that wishes to make an offer pursuant to the SISP must email a non-binding letter of intent (a “**Phase I Bid**”) to the Monitor so as to be received by the Monitor not later than 5:00 PM (Eastern Time) on February 3, 2023 (the “**Phase I Bid Deadline**”), with a copy to each of the persons specified in Schedule “A” hereto.

### **Qualified Phase I Bids**

19. A Phase I Bid will be considered a qualified bid only if (collectively, the “**Phase I Bid Criteria**”):
  - (a) it is submitted on or before the Phase I Bid Deadline in accordance with paragraph 18 herein;
  - (b) it contains an indication of whether the Phase I Bid is offering to:
    - (i) acquire all, substantially all or a portion of the Assets or Business (a “**Sale Proposal**”); or
    - (ii) make an investment in, restructure, reorganize or refinance the Company (an “**Investment Proposal**”);
  - (c) in the case of a Sale Proposal or an Investment Proposal, it identifies:
    - (i) the identity of the bidder and full disclosure of any entities and/or individuals that control the bidder, and/or the beneficial owner (if any) with the power, directly or indirectly, to direct the management and policies of the bidder;

- (ii) a specific indication and preliminary evidence of the sources of capital/financing for the transaction, the availability of such financing, steps necessary and timing to obtain such financing, and any related contingencies and financial information that would allow the Monitor to make a reasonable determination as to the bidder's financial capabilities to complete the transaction;
  - (iii) a detailed description of the bidder's experience and expertise in the aerospace industry (if any);
  - (iv) the specific due diligence the bidder will conduct during Phase II, if any;
  - (v) a description of all conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder or other internal approvals, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
  - (vi) a description of all conditions the Potential Bidder expects to include in its final and binding offer, including without limitation, any regulatory approvals and any form of agreement required from a government body, stakeholder, or other third party and an outline of the principal terms thereof;
  - (vii) a statement that the bidder expects to be able to complete a transaction pursuant to the SISP on or before the Closing Date Deadline (as defined herein);
  - (viii) any other terms or conditions that are material to the transaction; and
  - (ix) such other information as reasonably requested by the Monitor or Company.
- (d) in the case of a Sale Proposal, it is accompanied by a letter setting forth:
- (i) the purchase price (the "**Purchase Price**") in Canadian dollars, including details of any and all liabilities to be assumed by the bidder;
  - (ii) a description of the Assets or Business that are expected to be the subject of the transaction and any of the Assets that are expected to be excluded;
  - (iii) specific statements concerning the intended treatment of employees, suppliers, and customers;
  - (iv) the key terms and provisions to be included in any order of the Court approving the contemplated Sale Proposal; and
  - (v) an acknowledgement that any Sale Proposal is made on an "as-is, where-is" basis.



- (e) in the case of an Investment Proposal, it is accompanied by a letter setting forth:
  - (i) the aggregate amount of the equity and/or debt investment (the “**Investment Amount**”) to be made in the Company in Canadian dollars;
  - (ii) a description of how the bidder proposes to structure the proposed investment(s);
  - (iii) key assumptions supporting the valuation;
  - (iv) the key terms and provisions to be included in any order of the Court approving the contemplated Investment Proposal;
  - (v) the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment); and
  - (vi) an acknowledgement that any Investment Proposal is made on an “as-is, where-is” basis.

### **Assessment of Phase I Bids**

- 20. Promptly after the Phase I Bid Deadline, the Company, in consultation with the Monitor:
  - (a) will review and assess the Phase I Bids to determine whether they are qualified (such qualified bids being the “**Qualified Phase I Bids**” and the bidder thereof, a “**Qualified Phase I Bidder**”); and
  - (b) may request clarification of the terms of the Phase I Bids.
- 21. The Company, with the approval of the Monitor, may waive compliance with any one or more of the Phase I Bid Criteria and deem a non-compliant bid to have met the Phase I Bid Criteria.
- 22. In assessing whether the Phase I Bids received are Qualified Phase I Bids, the Company, in consultation with the Monitor, will consider, among other things, the following:
  - (a) whether the bid meets the Phase I Bid Criteria;
  - (b) the form and amount of consideration being offered, including any Purchase Price/Investment Amount adjustments and/or any non-cash consideration;
  - (c) the demonstrated financial capability of the bidder to complete the proposed transaction;
  - (d) the bidder’s proposed conditions to the closing of the proposed transaction; and

- (e) the estimated time required to complete the proposed transaction and whether, in the Monitor's reasonable business judgment, the transaction is reasonably likely to close on or before the Closing Date Deadline.
- 23. If the Company, with the consent of the Monitor, determines that one or more Qualified Phase I Bids were received and is satisfied with the number/content of the Qualified Phase I Bids, then the SISP shall proceed to Phase II.
- 24. If the Company, with the consent of the Monitor, determines that it is not satisfied with the number/content of the Qualified Phase I Bids received, the Company may seek Court approval of an amendment to the SISP on notice to the service list in these proceedings.

## **PHASE II – FORMAL OFFERS AND SUCCESSFUL BIDDERS**

- 25. Following the Phase I Bid Deadline, the Company, with the consent of the Monitor, shall determine the process to be followed in Phase II of the SISP, based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) the number of Qualified Phase I Bids, (ii) the extent to which the Qualified Phase I Bids relate to the same property, (iii) the scope of the Assets or Business to which the Qualified Phase I Bids relate, and (iv) whether to proceed by way of an auction or sealed bids with respect to some or all of the Assets or Business.
- 26. Upon the determination by the Company, with the consent of the Monitor, of the manner in which to proceed in Phase II of the SISP, the Monitor will prepare a bid process letter for Phase II (the "**Bid Process Letter**") that will be (i) sent by the Monitor to all Qualified Phase I Bidders, and (ii) posted by the Monitor on the Monitor's website.
- 27. Notwithstanding paragraphs 23, 25 and 26, at any time following the Phase I Bid Deadline, the Company, with the consent of the Monitor and in consultation with Caisse Desjardins Ontario Credit Union Inc., may determine, in its reasonable business judgment, that Phase II is not required and proceed to execute definitive documentation with respect to a transaction contemplated in a Qualified Phase I Bid submitted before the Phase I Bid Deadline.
- 28. Paragraphs 29 to 43 below and the procedure of Phase II are subject to paragraphs 23, 25, 26 and 27, any adjustments made to Phase II in accordance with the Bid Process Letter, and any further order of the Court regarding the SISP provided that the milestones and deadlines set out herein shall not be extended except in accordance with the terms of paragraphs 6 and 40 of this SISP Process.

### **Due Diligence**

- 29. During Phase II of the SISP, each Qualified Phase I Bidder will be granted further access to such due diligence materials and information as the Company, in its reasonable business judgment and in consultation with the Monitor, determines is appropriate and available. Due diligence access may include management presentations, access to further data, on-site inspections, and other matters which a Qualified Phase I Bidder may reasonably request and which the Company deems appropriate. The Company shall not be obligated to provide

any information relating to the Business or the Assets to any person other than to Qualified Phase I Bidders.

30. For greater certainty, selected due diligence materials may be withheld from certain Qualified Phase I Bidders during Phase II of the SISP, if the Company (with the consent of the Monitor) determines such information to represent proprietary or sensitive competitive information related to the Business and/or the Assets of the Company that should not be provided to a Qualified Phase I Bidder.

### **Phase II Bid Deadline and Phase II Bid Criteria**

31. Subject to any adjustments made to Phase II set out in the Bid Process Letter and any further Court order regarding the SISP, the conduct of Phase II shall proceed as set out herein.
32. Qualified Phase I Bidders that wish to make a formal binding Offer pursuant to the SISP (a “**Phase II Bid**”) must submit such offer by email so as to be received by the Monitor not later than 5:00 PM (Toronto Time) on **March 7, 2023** (the “**Phase II Bid Deadline**”), with a copy to each of the persons specified in Schedule “A” hereto. A party that submits a Phase II Bid prior to the Phase II Bid Deadline is considered a “**Phase II Bidder**”.
33. In order to be considered a “**Qualified Phase II Bid**”, a Phase II Bid shall (collectively, the “**Phase II Bid Criteria**”):
  - (a) comply with each of the requirements set forth in respect of Qualified Phase I Bids;
  - (b) include a duly authorized and executed, definitive transaction agreement, containing the detailed terms and conditions of the proposed transaction, including the Business or the Assets proposed to be acquired, the obligations and liabilities to be assumed/excluded, the detailed structure of the transaction, the Purchase Price or Investment Amount, and any other key economic terms expressed in Canadian dollars, together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and the proposed form of order(s) for the Court to consider in the motion to approve the transaction;
  - (c) be binding and irrevocable until the selection of the Selected Bidder (as defined below), provided that if the Phase II Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the transaction with the Successful Bidder, and (ii) 120 days from the Transaction Approval Hearing (as defined below), subject to further extensions as may be agreed to under the applicable transaction agreement(s);
  - (d) include a commitment to provide a non-refundable deposit in the form of a wire transfer to an account to be specified by the Monitor in the amount of not less than ten percent (10%) of the Transaction Amount upon the Qualified Phase II Bidder being selected as the Successful Bidder;

- (e) provide contact information (including an email address) for the bidder and disclose the identity of each entity (including its ultimate shareholders and/or sponsors) that is bidding for the Business and/or Assets or otherwise participating in the Phase II Bid and the complete terms of any such participation;
- (f) include written evidence of a firm, irrevocable commitment for financing or other evidence of an ability to complete the proposed transaction(s) comprising the Phase II Bid, so as to allow the Monitor to determine the bidder's financial and other capabilities to complete the proposed transaction;
- (g) include acknowledgments and representations of the bidder that: (i) it has had an opportunity to conduct any and all due diligence deemed necessary or desirable by the bidder regarding the Business and/or Assets, the Company, or otherwise, prior to making its bid; (ii) it has relied solely upon its own independent review, investigation and/or inspection of the Business and/or Assets (including, without limitation, any documents in connection therewith) in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory, or otherwise, regarding the Business and/or Assets of the Company or the completeness of any information provided in connection therewith, except as expressly contemplated in any definitive documentation duly executed by the Successful Bidder and the Company and approved by the Court;
- (h) include written evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the bidder's board of directors (or applicable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase II Bid;
- (i) specify that the transaction is not subject to further due diligence;
- (j) include a description of any regulatory or other third-party approvals required to complete the proposed transaction, and the time within which the bidder expects to receive such regulatory and/or third-party approvals, and those actions the bidder will take to ensure receipt of such approvals as promptly as possible;
- (k) include a description of any desired arrangements with respect to transition services that may be required from the Company in connection with the transaction, including funding for same;
- (l) not be subject to any conditions precedent except those that are customary in a transaction of that nature;
- (m) not be conditional upon approval by the Court of any bid protection, such as a break-up fee, termination fee, expense reimbursement or similar type of payment;
- (n) be received by the Phase II Bid Deadline; and
- (o) contemplate closing the transaction set out therein on or before the Closing Date Deadline.

### **Review of Phase II Bids**

34. Following the Phase II Bid Deadline, the Company (with the approval of the Monitor) will determine if each Phase II Bid delivered to the Monitor meets the Phase II Bid Criteria.
35. The Company, in consultation with the Monitor, may negotiate amended, modified, or varied terms with a Phase II Bidder, provided however that the Company is under no obligation to negotiate identical terms with, or extend identical terms to, each Phase II Bidder.
36. If a Phase II Bid meets the Phase II Bid Criteria, such Phase II Bid will be deemed to be a **“Qualified Phase II Bid”** and the bidder in respect of each such Qualified Phase II Bid shall be a **“Qualified Phase II Bidder”** in respect of the SISP.
37. The Company, with the approval of the Monitor, may waive compliance with any one or more of the Phase II Bid Criteria and deem a non-compliant bid to be a Qualified Phase II Bid.
38. The Company, in consultation with the Monitor, may aggregate separate bids from unaffiliated Qualified Phase II Bidders to create one **“Qualified Phase II Bid.”**
39. The Monitor shall notify each Qualified Phase II Bidder in writing that its bid constitutes a Qualified Phase II Bid within ten (10) business days of the expiration of the Phase II Bid Deadline or as such later time as the Monitor, in consultation with the Company, deems appropriate.
40. If no Qualified Phase II Bid is received by the Phase II Bid Deadline, then the Monitor may extend the Phase II Bid Deadline for up to two weeks, the Company may terminate the SISP, or the Company may seek Court approval of an amendment to the SISP.
41. If the Monitor, in consultation with the Company, is not satisfied with the number or terms of the Qualified Phase II Bids, the Company may seek Court approval of an amendment to the SISP.

### **Selection of Successful Bidders**

42. The Company, in consultation with the Monitor, will review and evaluate each Qualified Phase II Bid based upon several factors, including, without limitation, the transaction price and net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity and circumstances of the Qualified Phase II Bidder, the ability of the Qualified Phase II Bidder to successfully complete such transaction, the proposed transaction documents, the effects of the bid on the stakeholders of the Company, factors affecting the speed and certainty of the transaction (including any approval or third party agreements), the assets included in and excluded from the bid, any related restructuring costs, and the likelihood and timing of closing the transaction.
43. After reviewing and evaluating the Qualified Phase II Bids in accordance with paragraph 42 above, the Company, with the approval of the Monitor, will identify the

highest or otherwise best bid (the “**Successful Bid**”) for any Assets or the Business in whole or part. The determination of any Successful Bid is subject to approval by the Court.

44. The Company shall have no obligation to select a Successful Bid, and it reserves the right, after consultation with the Monitor and Caisse Desjardins Ontario Credit Union Inc., to reject any or all Qualified Phase II Bids.

#### **Transaction Approval Motion Hearing**

45. At the hearing of the motion to approve any transaction with a Successful Bidder (the “**Transaction Approval Hearing**”), the Company shall seek, among other things, approval from the Court to complete any Successful Bid. All the Qualified Phase II Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Company on and as of the date of approval of the Successful Bid by the Court, and not prior.

#### **Closing the Successful Bid**

46. The Company and the Successful Bidder(s) shall take all reasonable steps to complete the transactions(s) contemplated by the Successful Bidder(s) as soon as possible after the Successful Bid(s) are approved by the Court (the “**Closing**”).

#### **Confidentiality and Access to Information**

47. No Known Interested Party, Additional Interested Party, Potential Bidder, Qualified Phase I Bidder, and Qualified Phase II Bidder shall be permitted to receive any confidential or competitive information that is not made generally available to all participants in the SISP.
48. No Known Interested Party, Additional Interested Party, Potential Bidder, Qualified Phase I Bidder, and Qualified Phase II Bidder shall be permitted to receive the details of any bids or Phase I/Phase II Bids submitted or the details or existence of any confidential discussions or correspondence among the Company, the Monitor, the CRO and any bidder in connection with the SISP, except to the extent the Company is seeking to aggregate separate bids from Qualified Phase II Bidders as described in paragraph 38 above.
49. The Company and the Monitor will consult with Hillmount Capital Inc., Caisse Desjardins Ontario Credit Union Inc., Community Development Corporation of Sault Ste. Marie & Area, the East Algoma Community Futures Development Corporation, the Nickel Basin Federal Development Corporation, and Northern Ontario Heritage Fund Corp., and may consult with any other parties with a material interest in the CCAA proceeding, regarding the status and developments relating to the SISP to the extent considered appropriate by the Monitor (subject to paragraph 47), provided that such parties shall enter into confidentiality arrangements satisfactory to the Company and the Monitor.
50. If it is determined by the Company, in consultation with the Monitor, that it would be worthwhile to facilitate a discussion between a Qualified Phase I Bidder or Qualified Phase II Bidder (as applicable, depending on the stage of the SISP) and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Company, with the consent of the Monitor, may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss

such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communications will take place on terms and conditions considered appropriate by the Company, in consultation with the Monitor. The Monitor must be provided with the opportunity to be present at all such communications or meetings.

### **Supervision of the SISP**

51. Subject to any consultation rights and other similar rights provided for herein, the Monitor will conduct the SISP in the manner set out herein. All discussions or enquiries to the Company regarding the SISP shall be directed to the Monitor. Under no circumstances should a representative of the Company be contacted directly or indirectly in respect of the SISP, including diligence requests, without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion from the SISP, in the Monitor's sole discretion.
52. The Company and its principals, employees and professional advisors shall cooperate fully with the Monitor and provide documents and information requested as part of the SISP to the Monitor in a prompt fashion.
53. Other than as specifically set forth in a definitive agreement between the Company and a Successful Bidder, the SISP does not, and will not be interpreted to, create any contractual or other legal relationship among the Company, the Monitor, and any Known Interested Party, Additional Interested Party, Qualified Phase I Bidder, Qualified Phase II Bidder, the Successful Bidder, or any other party.
54. None of the Company, the CRO or the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the completion of any of the transactions completed under the SISP. Any such claim shall be the sole liability of the bidder who completes a transaction under the SISP pursuant to which the claim is being made.
55. The Monitor (with the consent of the Company) may make any modification to the SISP that it considers appropriate in the circumstances and, where it considers such modification to be material, it will seek Court approval of such modification on notice to the service list in the CCAA proceeding. For greater certainty, any modifications that the Company makes to the SISP pursuant to, without limitation, paragraphs 6, 21, 27 and 37 above will not be considered "material".

### **General**

56. If a Successful Bidder(s) breaches its obligations under the terms of the SISP, its deposit shall be forfeited as liquidated damages and not as a penalty.
57. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any letter of intent or bid, due diligence activities, competition of a Successful Bid, preparation for



and attendance at the Transaction Approval Hearing and any negotiations or actions whether or not they lead to the consummation of a transaction.

58. All bidders (including Qualified Phase I Bidders and Qualified Phase II Bidders) shall be deemed to have consented to the exclusive jurisdiction of the Courts of the Province of Ontario and waived any right to a jury trial in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.
59. For greater certainty, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approval required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.



## SCHEDULE "A"

	<b>Contact</b>	<b>Contact Information</b>
1.	<p><b>MNP LTD.</b> 111 Richmond Street West Suite 300 Toronto, ON M5H 2G4</p> <p>The Monitor</p>	<p><b>Sheldon Title</b> Sheldon.title@mnp.ca</p> <p><b>Matthew Lem</b> Matthew.Lem@mnp.ca</p>
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3.	<p><b>RECONSTRUCT LLP</b> Royal Bank Plaza, South Tower 200 Bay Street Suite 2305, P.O. Box 120 Toronto, ON M5J 2J3</p> <p>Lawyers for the Company</p>	<p><b>Sharon Kour</b> skour@reconllp.com</p> <p><b>Caitlin Fell</b> cfell@reconllp.com</p>
4.	<p><b>COZEN O'CONNOR</b> Bay Adelaide Centre – West Tower 333 Bay Street, Suite 1100 Toronto, ON M5H 2R2</p> <p>Lawyers for the Chief Restructuring Officer, Cedar Croft Consulting</p>	<p><b>Steven Weisz</b> sweisz@cozen.com</p>

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

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceedings commenced at Toronto

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**COMPANIES' CREDITORS ARRANGEMENT ACT**  
**SALE PROCESS ORDER**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**MOTION RECORD**  
(Motion for Approval of Sale and Investment  
Solicitation Process)  
(returnable December 22, 2022)

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