

Superintendent of Bankruptcy Estate Number  
25-2239263 and 25-2239270  
Court File Number 1701-05884

**FORM 40**

***Report of Trustee on Proposal  
(Section 59(1) and paragraph 58(d) of the Act)***

IN THE COURT OF THE QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY

IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. AND SEAIR DIFFUSION SYSTEMS INC.  
(collectively "Seair" or the "Companies")

I, Deryck Helkaa of FTI Consulting Canada Inc. ("FTI" or the "Trustee"), the Trustee acting *in re* the Proposal of Seair (the "Trustee"), hereby report to the Court as follows:

1. That the Companies' Proposal was filed with us on the 10<sup>th</sup> day of April, 2017 and that we file a copy of the Proposal with the Official Receiver on the 10<sup>th</sup> of April, 2017.
2. That on the 13<sup>th</sup> of day of April, 2017 we caused to be mailed to every known creditor affected by the Proposal included on the Companies' Statements of Affairs dated the 10<sup>th</sup> day of April, 2017, a notice of the calling of a meeting of creditors to be held on the 26<sup>th</sup> day of April, 2017 to consider the Proposal.
3. That with the notice was included condensed statements of the assets and liabilities of the Companies, lists of the creditors showing the amounts of their claims, a copy of the Proposal, a form of proof of claim and proxy in blank and a voting letter. Copies of the notice, the condensed statements and the lists of creditors are attached and marked as Exhibits "A", "B" and "C", respectively.
4. That the Proposal is being made to two classes of creditors; Debentureholders Class and Unsecured Creditor Class. The Debentureholders Class comprises all beneficial holders of:
  - (a) 12% secured, convertible, redeemable debentures due June 30, 2017, in the principal amount of \$4,572,377.03, issued by Seair Inc. (the "BNY Debentures"); and
  - (b) 12% secured, convertible, redeemable debentures due June 30, 2017, in the principal amount of \$618,000, issued by Seair Inc. (the "CST Debentures"), with proven claims.

5. That BNY Trust Company of Canada (“**BNY**”) is the debenture trustee for the BNY Debentures and CST Trust Company (“**CST**” and together with BNY, the “**Debenture Trustees**”) is the debenture trustee for the CST Debentures.
6. That the CST Debentures are held by 3 participant holders (the “**Participant Holders**”) for the beneficial holders of the CST Debentures, which are the ultimate owners of the CST Debentures (the “**CST Beneficial Holders**”).
7. That the Trustee obtained a list of the Participant Holders through enquiries with the Companies’ legal counsel and CST, however the Trustee was unable to obtain a list of the CST Beneficial Holders.
8. Between the dates of the 17<sup>th</sup> day of April, 2017 and the 20<sup>th</sup> day of April, 2017 the Trustee caused to be sent via email a notice of the calling of a meeting of creditors to be held on the 26<sup>th</sup> day of April, 2017 to consider the Proposal to the Participant Holders. The notice included instructions for the Participant Holders to forward the notice to the CST Beneficial Holders and additional instructions for the CST Beneficial Holders to file proxy and voting letters with the Trustee. The notice is attached and marked as Exhibit “D” and the list of Participant Holders is attached and marked as Exhibit “E”.
9. That the BNY Debentures are held by 8 registered holders (the “**Registered Holders**”) for the beneficial holders of the BNY Debentures which are the ultimate owners of the BNY Debentures (the “**BNY Beneficial Holders**”).
10. That the Trustee obtained a list of the Registered Holders through enquiries with the Companies’ legal counsel and BNY however the Trustee was unable to obtain a list of the BNY Beneficial Holders.
11. Between the dates of the 10<sup>th</sup> day of April, 2017 and the 20<sup>th</sup> day of April, 2017 the Trustee caused to be sent vial email or mail a notice of the calling of a meeting of creditors to be held on the 26<sup>th</sup> day of April, 2017 to consider the Proposal to the Registered Holders. The notice included instructions for the Registered Holders to forward the notice to the BNY Beneficial Holders and additional instructions for the BNY Beneficial Holders to file proxy and voting letters with the Trustee. The notice is attached and marked as Exhibit “F” and the list of Registered Holders is attached and marked as Exhibit “G”.
12. That at the date of this report the Trustee had received debenture proofs of claim totaling \$4,142,697.24 or 80% of the total CST Debentures and BNY Debentures.
13. That the Trustee completed a preliminary report to creditors on the proposal dated April 13, 2017 which summarized the following:
  - a) Provide background information concerning the Companies, their financial situation, the causes of their financial difficulties and the state of the Companies’ business and financial affairs;

- b) Outline the terms of the Proposal;
  - c) Discuss the conditions that must be satisfied subsequent to creditor approval in order for the Proposal to be successfully completed;
  - d) Provide an overview of the Proposal Trustee’s findings resulting from its preliminary review for transactions that might be considered as preferences or transactions at undervalue as required under the BIA;
  - e) Compare the amounts distributable under the Proposal to the estimated distribution to Debentureholders and Unsecured Creditors in the event the Proposal is not accepted, and the Companies are deemed to have made an assignment in bankruptcy; and
  - f) Recommend acceptance of the Proposal by the creditors.
14. That attached and marked as Exhibit “H” to this report is a copy of the Trustee’s preliminary report to the creditors on the Proposal.
15. That we are of the opinion that the Proposal will result in the creditors having a greater recovery than they would in a bankruptcy.
16. That we forwarded a copy of this report to the Official Receiver on the 13<sup>th</sup> day of April 2017.
17. That a meeting of creditors was held on the 26<sup>th</sup> day of April, 2017 (the “**Meeting**”) and chaired by the Trustee as provided in Section 51(3) of the Bankruptcy and Insolvency Act.
18. That a copy of the Proposal is attached and marked as Exhibit “I”.
19. That at the Meeting a group of Unsecured Creditors proposed amendments to the Proposal. Further discussion regarding the proposed amendments is set out in the minutes of the Meeting attached and marked as Exhibit “J”.
20. That the Proposal was accepted by the required majority of creditors in both classes as follows:
- a) Debentureholders Class:

	\$	#	/%\$	/%#
Total Voting FOR	\$ 2,828,814.00	16	100.0%	100.0%
Total Voting AGAINST	\$ -	-	0.0%	0.0%
Total Voting Claims	\$ 2,828,814.00	16	100.0%	100.0%

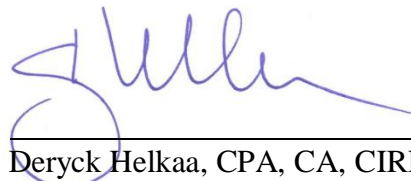
b) Unsecured Creditor Class:

	\$	#	/%\$	/%#
Total Voting FOR	\$ 1,524,620.49	31	72.5%	73.8%
Total Voting AGAINST	\$ 578,507.11	11	27.5%	26.2%
Total Voting Claims	\$ 2,103,127.60	42	100.0%	100.0%

Dated at Vancouver, British Columbia this 11<sup>th</sup> day of May 2017.

FTI CONSULTING CANADA INC.  
Trustee acting *in re* the Proposal of  
Seair Inc. and Seair Diffusion Systems Inc.

Per:



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Deryck Helkaa, CPA, CA, CIRP  
Licensed Insolvency Trustee

# **EXHIBIT A**



**Corporate Finance & Restructuring**

Pacific Centre  
701 West Georgia Street  
Suite 1502  
Vancouver, BC V7Y 1C6  
Scott.Gallon@FTIConsulting.com

fticonsulting.com

April 13, 2017

**To the creditors of Seair Inc. and Seair Diffusion Systems Inc.**

On April 10, 2017, Seair In and Seair Diffusion Systems Inc. ("**Seair Diffusion**") (collectively the "**Companies**") lodged with the proposal trustee, FTI Consulting Canada Inc. (the "**Proposal Trustee**"), a proposal pursuant to the Bankruptcy and Insolvency Act (the "**BIA**") (the "**Proposal**"). On the same day the Proposal was filed with the Office of the Superintendent of Bankruptcy.

Attached to this notice are the following documents.

- A. Report of the Trustee on the Proposal;
- B. The Proposal;
- C. Statement of Affairs;
- D. Proof of Claim forms;
- E. Proxy forms; and
- F. Voting letters.

**Creditor Meeting**

A general meeting of the Creditors (the "**Meeting**") will be held on the 26<sup>th</sup> day of April, 2017 at 12:00 PM at:

Fasken Martineau Dumoulin LLP  
First Canadian Centre  
350 7th Avenue SW, Suite 3400  
Calgary, AB T2P 3N9

**Proposal**

This Notice and the attached Report of the Trustee on the Proposal are not a substitute for reading the Proposal and creditors are strongly encouraged to review the Proposal in its entirety prior to voting on the Proposal.

As outlined in the Proposal, two classes of creditors have been identified, Debentureholders and Unsecured Creditors (the "**Creditors**").

The Proposal provides that each of the Debentureholders shall be entitled to one New Preference Share for every \$1.00 of their Debenture Claim. Following cancellation of the Existing Shares, the New Preference Shares shall convert to the New Common Shares at a ratio of 1:1.

Unsecured Creditors with a Proven Claim of \$2,000 or less, or who elects on their Proof of Claim form to reduce their Proven Claim to \$2,000 for distribution purposes will be paid the full



amount of their Proven Claims (as reduced, if applicable). All other Unsecured Creditors will be paid \$0.10 for every \$1.00 of the Unsecured Creditor's Proven Claim.

### **Proof of Claim**

To be eligible to vote, Creditors must file with the Proposal Trustee prior to the Meeting, a Proof of Claim form, properly completed, signed and witnessed as required, accompanied by supporting documentation.

When completing your proof of claim, please note that the most common omissions are:

- No supporting documentation attached (i.e. Schedule "A") to verify the claim amount;
- Claim not signed or signature not witnessed;
- Voting Letter not included or proxy not appointed; and
- Contact information not completed.

### **Voting**

The primary purpose of the Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, the BIA requires that at least two thirds (66 2/3%) of the Creditors by dollar value and more than fifty percent (50%) of Creditors by number of those who vote, vote in favour of the Proposal in creditor each class.

Creditors can also appoint a proxy to represent them and vote on their behalf at the Meeting by submitting a completed proxy form to the Proposal Trustee.

If the Proposal is not accepted by the requisite majority of Creditors, Seair will automatically be deemed to have thereupon made an assignment in bankruptcy as of the date of the vote defeating the Proposal.

If the Proposal is accepted by the statutory majority, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court grants such approval, the Proposal, as approved, will be binding on all the creditors with proven claims pursuant to the provisions of the BIA.

Claims received after the commencement of the meeting will not be included in the voting. It is acceptable to send your proof of claim, proxy, and voting letter as a scanned document via email. Scanned and emailed claims should be sent to [scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com). Please ensure that your claim is complete before submitting.

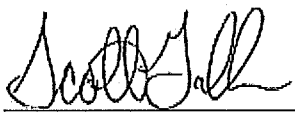
Further information with respect to this matter is available on the Proposal Trustee's web-site:  
<http://cfcanda.fticonsulting.com/Seair/>

Should you have any queries in the interim, please do not hesitate to contact a representative of the Proposal Trustee, Scott Gallon at (604) 601-5691.



Yours truly,

**FTI CONSULTING CANADA INC.**  
In its capacity as Trustee under a Proposal  
Seair Inc. and Seair Diffusion Inc.  
and not in its personal capacity

Per:   
\_\_\_\_\_

Scott Gallon, CPA, CA



# **EXHIBIT B**

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

Original  Amended

-- Form 78 --  
 Statement of Affairs (Business Proposal) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

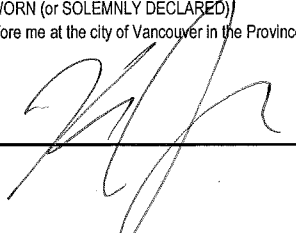
To the debtor:

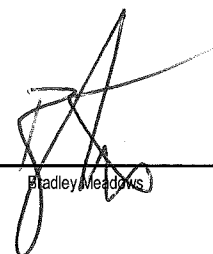
You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 10th day of April 2017. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	ASSETS (as stated and estimated by the officer)
1. Unsecured creditors as per list "A" . . . . .	1. Inventory . . . . .
1,575,575.05	0.00
Balance of secured claims as per list "B" . . . . .	2. Trade fixtures, etc. . . . .
5,682,602.03	0.00
Total unsecured creditors . . . . .	3. Accounts receivable and other receivables, as per list "E"
7,258,177.08	Good . . . . .
2. Secured creditors as per list "B" . . . . .	0.00
240,000.00	Doubtful . . . . .
3. Preferred creditors as per list "C" . . . . .	0.00
0.00	Bad . . . . .
4. Contingent, trust claims or other liabilities as per list "D"	0.00
estimated to be reclaimable for . . . . .	Estimated to produce . . . . .
0.00	0.00
Total liabilities . . . . .	4. Bills of exchange, promissory note, etc., as per list "F" . . . . .
7,498,177.08	0.00
Surplus . . . . .	5. Deposits in financial institutions . . . . .
NIL	0.00
	6. Cash . . . . .
	0.00
	7. Livestock . . . . .
	0.00
	8. Machinery, equipment and plant . . . . .
	0.00
	9. Real property or immovable as per list "G" . . . . .
	0.00
	10. Furniture . . . . .
	0.00
	11. RRSPs, RRIAs, life insurance, etc. . . . .
	0.00
	12. Securities (shares, bonds, debentures, etc.) . . . . .
	0.00
	13. Interests under wills . . . . .
	0.00
	14. Vehicles . . . . .
	0.00
	15. Other property, as per list "H" . . . . .
	240,000.00
	If debtor is a corporation, add:
	Amount of subscribed capital . . . . .
	0.00
	Amount paid on capital . . . . .
	0.00
	Balance subscribed and unpaid . . . . .
	0.00
	Estimated to produce . . . . .
	0.00
	Total assets . . . . .
	240,000.00
	Deficiency . . . . .
	7,258,177.08

I, Bradley Meadows, of the city of Vancouver in the Province of British Columbia, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 10th day of April 2017 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the city of Vancouver in the Province of British Columbia, on this 10th day of April 2017.



  
 Bradley Meadows

**KIBBEN JACKSON**  
 Barrister & Solicitor  
 Fasken Martineau DuMoulin LLP  
 2900 - 550 Burrard Street  
 Vancouver, BC V6C 0A3  
 604 631 4786

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

Original  Amended

-- Form 78 --  
 Statement of Affairs (Business Proposal) made by an entity  
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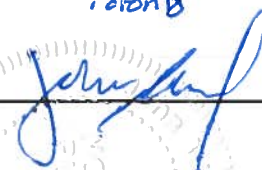
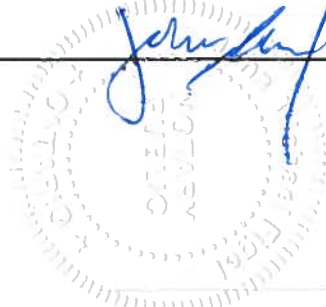
To the debtor:  
 You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 10th day of April 2017. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

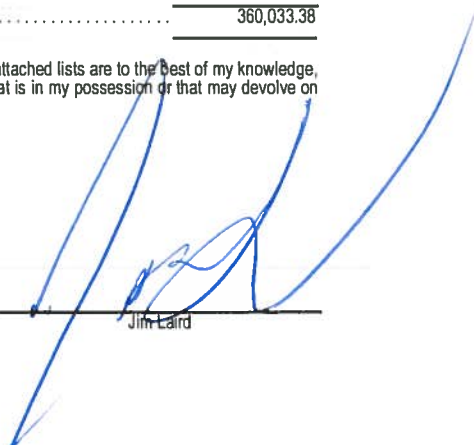
LIABILITIES (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	107,116.20
Balance of secured claims as per list "B" .....	195,560.00
Total unsecured creditors .....	302,676.20
2. Secured creditors as per list "B" .....	119,440.00
3. Preferred creditors as per list "C" .....	57,357.18
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for .....	0.00
Total liabilities .....	479,473.38
Surplus .....	NIL

ASSETS (as stated and estimated by the officer)	
1. Inventory .....	113,000.00
2. Trade fixtures, etc. ....	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good .....	0.00
Doubtful .....	0.00
Bad .....	0.00
Estimated to produce .....	0.00
4. Bills of exchange, promissory note, etc., as per list "F" ....	0.00
5. Deposits in financial institutions .....	0.00
6. Cash .....	0.00
7. Livestock .....	0.00
8. Machinery, equipment and plant .....	0.00
9. Real property or immovable as per list "G" .....	0.00
10. Furniture .....	0.00
11. RRSPs, RRIFs, life insurance, etc. ....	0.00
12. Securities (shares, bonds, debentures, etc.) .....	0.00
13. Interests under wills .....	0.00
14. Vehicles .....	0.00
15. Other property, as per list "H" .....	6,440.00
If debtor is a corporation, add:	
Amount of subscribed capital .....	0.00
Amount paid on capital .....	0.00
Balance subscribed and unpaid .....	0.00
Estimated to produce .....	0.00
Total assets .....	119,440.00
Deficiency .....	360,033.38

I, Jim Laird, of the city of Mississauga in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 10th day of April 2017 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the city of ~~Mississauga~~ Toronto in the Province of Ontario, on this 10th day of April 2017.

  
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 \_\_\_\_\_  
 Jim Laird

# **EXHIBIT C**

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

FORM 78 -- Continued

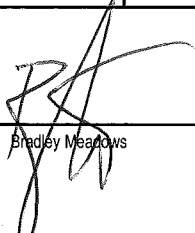
List "A"  
 Unsecured Creditors

Seair Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	101022067 Saskatchewan Ltd.	909 E Arcola Ave. Regina SK S4N 0S2	110,000.00	0.00	110,000.00
2	1979927 Alberta Ltd.	3400-350 7 Avenue SW Calgary AB T2P 3N9	0.00	492,225.00	492,225.00
3	Accumen Capital Partners	700-404 6 Avenue SW Calgary AB T2P 0R9	121,478.00	0.00	121,478.00
4	Another Dimension Inc.	424B 10 St NW Calgary AB T2N 1V9	20,000.00	0.00	20,000.00
5	BNY Trust Company of Canada	250 - 6TH AVENUE S.W. SUITE 310 Calgary AB T2P 3H7	0.00	4,572,377.03	4,572,377.03
6	Broadridge Investor Communication Solutions, Canada	PO Box 57461 Postal Station A Toronto ON M5W 5M5	792.56	0.00	792.56
7	CST Trust Company	320 Bay Street, 3rd Floor Toronto ON M5H 4A6	6,553.90	0.00	6,553.90
8	CST TRUST COMPANY	600 THE DOME TOWER, 333-7TH AVENUE SW Calgary BC T2P 2Z1	0.00	618,000.00	618,000.00
9	Dale Lanluk	4514 Maple Street Vegreville AB T9C 1L3	250,000.00	0.00	250,000.00
10	Davis LLP	10060 Jasper Ave NW Edmonton AB T5J 4E5	29,823.46	0.00	29,823.46
11	Dentons Canada LLP	1500-850 2nd Street SW Calgary AB T2P 0R8	236,335.14	0.00	236,335.14
12	Ernie Zacher	112-5726 Burleigh Cres. SE Calgary AB T2H 1Z8	50,000.00	0.00	50,000.00
13	FFI Foundation Financial Ltd.	Vancouver BC	45,000.00	0.00	45,000.00
14	Function Key Solutions	44 McGuinness Drive Brantford ON N3T 6M6	1,373.00	0.00	1,373.00
15	Grand Central Bar & Grill	Box 1268, 49 Elizabeth Street Okotoks AB T1S 1B3	30,000.00	0.00	30,000.00
16	HSBC Mastercard	PO Box 11749, Station Main Montreal QC H3C 6T4	9,337.49	0.00	9,337.49
17	Jack Hampton	48 Hawkford Place NW Calgary AB T3G 3G9	50,000.00	0.00	50,000.00
18	Jeff Selbert	c/o 17-29 Main St, Suite 244 Cortland NY 13045 United States	89,325.00	0.00	89,325.00
19	John Yannitsos	53 Aspen Stone View Calgary AB T3H 5Y6	8,000.00	0.00	8,000.00
20	Kingston Ross Psnak LLP	9888 Jasper Avenue Suite 1500 Edmonton AB T5J 5C6	47,293.31	0.00	47,293.31
21	Laird Research Inc.	1389 Lorne Park Road Mississauga ON L5H 3B2	335,000.00	0.00	335,000.00
22	Mylonas Enterprises Ltd.	301-1026 16 Ave NW Calgary AB T2M 0K6	50,000.00	0.00	50,000.00
23	Paul Casey	4313 60 Avenue Vegreville AB T9C 1V9	148.00	0.00	148.00
24	Prasino Capital Management Inc.	200-319 10 Avenue SW Calgary AB T2R 0A5	19,250.00	0.00	19,250.00

10-Apr-2017

Date

  
 Bradley Meadows

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

FORM 78 -- Continued

List "A"  
Unsecured Creditors

Seair Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
25	Pushor Mitchell LLP	301 1665 Ellis Street Kelowna BC V1Y 2B3	7,693.55	0.00	7,693.55
26	RR Donnelley Canada	PO Box 3583, Station A Toronto ON M5W 3G4	8,165.56	0.00	8,165.56
27	Sharron Clayton	19 Sherbourne Street Bancroft ON K0L 1C0	2,542.50	0.00	2,542.50
28	Thompson Woodruff Intellectual Property Law	200-10328 81 Avenue NW Edmonton AB T6E 1X2	24,837.33	0.00	24,837.33
29	Transmedia Industries Ltd.	65 Queen Street West Suite 510 Toronto ON M5H 2M5	5,775.00	0.00	5,775.00
30	TSX Trust Company	200 University Avenue, Suite 300 Toronto ON M5H 4H1	850.50	0.00	850.50
31	TSX Venture Exchange Inc.	300-5 Avenue SW, 10th Floor Calgary AB T2P 3C4	5,670.00	0.00	5,670.00
32	Welcome Networks Inc.	205-7893 Edmonds Street Burnaby BC V3N 1B9	330.75	0.00	330.75
33	William S. Blair	212 Deercroft Place SE Calgary AB T2J 5W5	10,000.00	0.00	10,000.00
Total:			1,575,575.05	5,682,602.03	7,258,177.08

10-Apr-2017

Date

  
Bradley Meadows

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

FORM 78 -- Continued

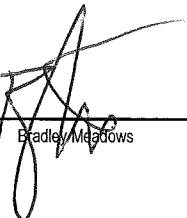
List "B"  
Secured Creditors

Seair Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	1979927 Alberta Ltd.	3400-350 7 Avenue SW Calgary AB T2P 3N9	732,225.00	Other - Patents	07-Apr-2017	240,000.00		492,225.00
2	BNY Trust Company of Canada	250 - 6TH AVENUE S.W. SUITE 310 Calgary AB T2P 3H7	4,572,377.03	Other - Patents	07-Apr-2017	0.00		4,572,377.03
3	CST TRUST COMPANY	600 THE DOME TOWER, 333-7TH AVENUE SW Calgary BC T2P 2Z1	618,000.00	Other - Patents	07-Apr-2017	0.00		618,000.00
Total:			5,922,602.03			240,000.00	0.00	5,682,602.03

10-Apr-2017

Date



Bradley Meadows

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

FORM 78 – Continued

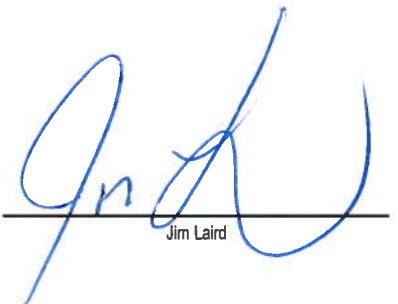
List "A"  
 Unsecured Creditors

Seair Diffusion Systems Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	1979927 Alberta Ltd.	3400-350 7 Avenue SW Calgary AB T2P 3N9	0.00	195,560.00	195,560.00
2	Air Liquide Canada Inc.	10020 56 Avenue NW Edmonton AB T6E 5Z2	614.40	0.00	614.40
3	ALS Canada Ltd.	2103 Dollarton Hwy North Vancouver BC V7H 0A7	22,066.88	0.00	22,066.88
4	Canadian Dewatering LP	8350 1st Street Edmonton AB T6P 1X2	1,638.00	0.00	1,638.00
5	Concept Controls Inc.	Bay #1 2315 30 Avenue NE Calgary AB T2E 7C7	567.00	0.00	567.00
6	Hobbs & Towne, Inc. (\$USD)	PO Box 987 Valley Forge PA 19482 United States	4,016.07	0.00	4,016.07
7	Hyperweb Communications Inc.	2272 Mowat Ave. Unit 6 Oakville ON L6H 5L8	240.45	0.00	240.45
8	Ken Saunders	5409 McLuhan End NW Edmonton AB T6R 0P8	793.37	0.00	793.37
9	Kim Greene	Box 86 Carmangay AB T0L 0N0	7,665.00	0.00	7,665.00
10	Plava Ventures Corp.	97 Strathlea Court SW Calgary AB T3H 4T4	9,177.46	0.00	9,177.46
11	Praxair Canada Inc.	PO Box 2531 Station M Calgary AB T2P 0S6	1,492.71	0.00	1,492.71
12	Pro Edge Media Corp.	80 Richmond Street W, Suite 600 Toronto ON M5H 2A4	8,725.00	0.00	8,725.00
13	Quain Welding Inc.	4524 - 81 Avenue Edmonton AB T6B 2M2	7,151.79	0.00	7,151.79
14	RJV Gas Field Services	4901 Bruce Road Vegreville AB T9C 1C3	22,079.65	0.00	22,079.65
15	Stratis Oilfield Service Ltd.	5 Boulder Blvd. Stony Plain AB T7Z 1V6	6,060.00	0.00	6,060.00
16	Superior Propane	PO Box 4568, Station A Toronto ON M5J 0J5	928.40	0.00	928.40
17	TD Canada Trust	700 W Georgia St Vancouver BC V7Y 1A2	9,159.51	0.00	9,159.51
18	Telus Mobility	PO Box 8950 Stn Terminal Vancouver BC V6B 3C3	1,095.90	0.00	1,095.90
19	Triple T Energy Services Ltd.	PO Box 1106 Claresholm AB T0L 0T0	3,047.63	0.00	3,047.63
20	Vio-Tech IND (\$USD)	PO Box 344 Staten Island NY 10302 United States	412.91	0.00	412.91
21	Wika Instruments Ltd.	205-7893 Edmonds Street Burnaby BC V3N 1B9	184.07	0.00	184.07
<b>Total:</b>			<b>107,116.20</b>	<b>195,560.00</b>	<b>302,676.20</b>

10-Apr-2017

Date

  
 Jim Laird



District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

FORM 78 -- Continued

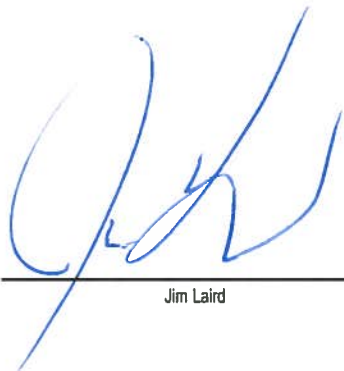
List "B"  
 Secured Creditors

Sear Diffusion Systems Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	1979927 Alberta Ltd.	3400-350 7 Avenue SW Calgary AB T2P 3N9	315,000.00	Business Assets - Stock In Trade - Inventory - Diffusion Towers	07-Apr-2017	113,000.00		
				Taxes - GST/HST - 2017	07-Apr-2017	4,200.00		195,560.00
				Business Assets - Book Debts - Accounts Receivable	07-Apr-2017	2,240.00		
<b>Total:</b>			<b>315,000.00</b>			<b>119,440.00</b>	<b>0.00</b>	<b>195,560.00</b>

10-Apr-2017

Date



Jim Laird

District of: Alberta  
 Division No. 02 - Calgary  
 Court No.  
 Estate No.

FORM 78 -- Continued

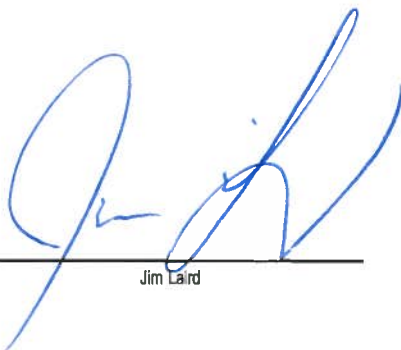
List "C"  
 Preferred Creditors for Wages, Rent, etc.

Seair Diffusion Systems Inc.

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	Kyle Greene - expenses	Box 128 Carmangay AB T0L 0N0		-	5,109.31	0.00	5,109.31
2	Kyle Greene - unpaid salary & commissions	Box 128 Carmangay AB T0L 0N0		-	27,935.84	0.00	27,935.84
3	Susan Koch - unpaid salary	503-2422 Erlton St SW Calgary AB T2S 3B6		-	11,492.31	0.00	11,492.31
4	Todd Webb - expenses	#84 51129 Range Road 201 Beaver County AB T0B 4J1		-	2,178.70	0.00	2,178.70
5	Todd Webb - unpaid salary	#84 51129 Range Road 201 Beaver County AB T0B 4J1		-	10,641.02	0.00	10,641.02
<b>Total:</b>					<b>57,357.18</b>	<b>0.00</b>	<b>57,357.18</b>

10-Apr-2017

Date



Jim Laird

# **EXHIBIT D**

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**INSTRUCTIONS TO PARTICIPANT HOLDERS OF SECURED, CONVERTIBLE,  
REDEEMABLE DEBENTURES ISSUED BY SEAIR INC.  
PURSUANT TO INDENTURE WITH CST TRUST COMPANY**

**RE: Meeting to vote on the Proposal filed by Seair Inc. and Seair Diffusion Systems Inc. (together, the “Companies”) pursuant to the *Bankruptcy and Insolvency Act* (the “Proposal”)**

According to the records of CDS Clearing and Depository Services Inc. (“CDS”), you are the holder or custodian (the “**Participant Holder**”), directly or indirectly, on behalf of one or more unregistered beneficial holders (each a “**CST Debentureholder**”) of secured, convertible, redeemable debentures (the “**CST Debentures**”) issued by Seair Inc. (the “**Parent**”) pursuant to an indenture dated as of May 22, 2014 between the Parent and CST Trust Company, as amended, modified or supplemented from time to time.

You (or your agent) are requested to complete and sign the applicable part of an enclosed Proxy and Voting Letter (Section D) and to mail it to each applicable CST Debentureholder (or their broker or agent) that has an account with you.

We enclose an Information Package for CST Debentureholders (including (i) a copy of the Proposal, (ii) Report of FTI Consulting Canada Inc., in its capacity as trustee of the Proposal (the “**Trustee**”), (iii) Instructions to CST Debentureholders, (iv) Proxy and Voting Letter, and (v) Proof of Claim form) to be forwarded by you or your agent (after you have filled in Section D of the Proxy and Voting Letter) to each of the CST Debentureholders (or their broker or agent) recorded in your account records or book entry records. We enclose one additional copy of these materials for your use.

You should instruct CST Debentureholders (or their brokers or agents) to deliver their Proofs of Claim and Proxy and Voting Letters directly to the Trustee, in accordance with the Instructions to CST Debentureholders.

**THE MATERIALS ARE TIME SENSITIVE AND SHOULD BE FORWARDED TO THE APPLICABLE CST DEBENTUREHOLDERS (OR THEIR BROKERS OR AGENTS) WITHOUT DELAY.**

**IF A COMPLETED PROOF OF CLAIM AND PROXY AND VOTING LETTER IS NOT RECEIVED BY THE TRUSTEE PRIOR TO THE DEADLINE OF 12:00 P.M. (CALGARY TIME) ON APRIL 26, 2017, THE CST DEBENTUREHOLDER WILL NOT BE ENTITLED TO VOTE AT THE MEETING TO CONSIDER THE PROPOSAL.**

We request that you provide any assistance that a CST Debentureholder may require in completing their Proof of Claim and Proxy and Voting Letter. You are not required to compile or provide to the Trustee any information regarding CST Debentureholders (or the agents or

brokers). You are only required to complete and sign Section D of the Proxy and Voting Letter in accordance with these instructions and to forward it, together with the other enclosed materials to the applicable CST Debentureholders (or their agents or brokers).

If you have any questions regarding your obligations or the process, please contact the Trustee at:

FTI Consulting Canada Inc.  
1502 - 701 West Georgia St  
PO Box 10127  
Vancouver, BC V7Y 1C6

Attention: Deryck Helkaa  
Telephone: 403 232 6100  
Fax: 403 232 6116  
Email: [deryck.helkaa@fticonsulting.com](mailto:deryck.helkaa@fticonsulting.com)

or

Attention: Scott Gallon  
Telephone: 604 601 5691  
Email: [scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com)

Copies of documents related to the Proposal are also available from the Trustee's website <http://cfcanada.fticonsulting.com/Seair/>.



**Corporate Finance & Restructuring**

Pacific Centre  
701 West Georgia Street  
Suite 1502  
Vancouver, BC V7Y 1C6  
Scott.Gallon@FTIConsulting.com

fticonsulting.com

April 13, 2017

**To the creditors of Seair Inc. and Seair Diffusion Systems Inc.**

On April 10, 2017, Seair In and Seair Diffusion Systems Inc. ("**Seair Diffusion**") (collectively the "**Companies**") lodged with the proposal trustee, FTI Consulting Canada Inc. (the "**Proposal Trustee**"), a proposal pursuant to the Bankruptcy and Insolvency Act (the "**BIA**") (the "**Proposal**"). On the same day the Proposal was filed with the Office of the Superintendent of Bankruptcy.

Attached to this notice are the following documents.

- A. Report of the Trustee on the Proposal;
- B. The Proposal;
- C. Statement of Affairs;
- D. Proof of Claim forms;
- E. Proxy forms; and
- F. Voting letters.

**Creditor Meeting**

A general meeting of the Creditors (the "**Meeting**") will be held on the 26<sup>th</sup> day of April, 2017 at 12:00 PM at:

Fasken Martineau Dumoulin LLP  
First Canadian Centre  
350 7th Avenue SW, Suite 3400  
Calgary, AB T2P 3N9

**Proposal**

This Notice and the attached Report of the Trustee on the Proposal are not a substitute for reading the Proposal and creditors are strongly encouraged to review the Proposal in its entirety prior to voting on the Proposal.

As outlined in the Proposal, two classes of creditors have been identified, Debentureholders and Unsecured Creditors (the "**Creditors**").

The Proposal provides that each of the Debentureholders shall be entitled to one New Preference Share for every \$1.00 of their Debenture Claim. Following cancellation of the Existing Shares, the New Preference Shares shall convert to the New Common Shares at a ratio of 1:1.

Unsecured Creditors with a Proven Claim of \$2,000 or less, or who elects on their Proof of Claim form to reduce their Proven Claim to \$2,000 for distribution purposes will be paid the full



amount of their Proven Claims (as reduced, if applicable). All other Unsecured Creditors will be paid \$0.10 for every \$1.00 of the Unsecured Creditor's Proven Claim.

### **Proof of Claim**

To be eligible to vote, Creditors must file with the Proposal Trustee prior to the Meeting, a Proof of Claim form, properly completed, signed and witnessed as required, accompanied by supporting documentation.

When completing your proof of claim, please note that the most common omissions are:

- No supporting documentation attached (i.e. Schedule "A") to verify the claim amount;
- Claim not signed or signature not witnessed;
- Voting Letter not included or proxy not appointed; and
- Contact information not completed.

### **Voting**

The primary purpose of the Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, the BIA requires that at least two thirds (66 2/3%) of the Creditors by dollar value and more than fifty percent (50%) of Creditors by number of those who vote, vote in favour of the Proposal in creditor each class.

Creditors can also appoint a proxy to represent them and vote on their behalf at the Meeting by submitting a completed proxy form to the Proposal Trustee.

If the Proposal is not accepted by the requisite majority of Creditors, Seair will automatically be deemed to have thereupon made an assignment in bankruptcy as of the date of the vote defeating the Proposal.

If the Proposal is accepted by the statutory majority, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court grants such approval, the Proposal, as approved, will be binding on all the creditors with proven claims pursuant to the provisions of the BIA.

Claims received after the commencement of the meeting will not be included in the voting. It is acceptable to send your proof of claim, proxy, and voting letter as a scanned document via email. Scanned and emailed claims should be sent to [scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com). Please ensure that your claim is complete before submitting.

Further information with respect to this matter is available on the Proposal Trustee's web-site:  
<http://cfcanda.fticonsulting.com/Seair/>

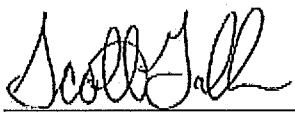
Should you have any queries in the interim, please do not hesitate to contact a representative of the Proposal Trustee, Scott Gallon at (604) 601-5691.



Yours truly,

**FTI CONSULTING CANADA INC.**

In its capacity as Trustee under a Proposal  
Seair Inc. and Seair Diffusion Inc.  
and not in its personal capacity

Per:   
\_\_\_\_\_

Scott Gallon, CPA, CA



**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**INSTRUCTIONS TO HOLDERS OF SECURED, CONVERTIBLE, REDEEMABLE  
DEBENTURES ISSUED BY SEAIR INC.  
PURSUANT TO INDENTURE WITH CST TRUST COMPANY  
FOR COMPLETION OF PROOF OF CLAIM, PROXY AND VOTING LETTER**

This instruction form should be read in conjunction with the joint proposal (the “**Proposal**”) filed by Sear Inc. and Sear Diffusion Systems Inc. (together, the “**Companies**”) pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”), and the accompanying report of FTI Consulting Canada Inc., in its capacity as proposal trustee (the “**Trustee**”), filed pursuant to the BIA.

Each beneficial holder (a “**CST Debentureholder**”) of secured, convertible, redeemable debentures (“**CST Debentures**”) issued by Sear Inc. (the “**Parent**”) pursuant to an indenture dated as of May 22, 2014 between the Parent and CST Trust Company, as amended, modified or supplemented from time to time, has the right to appoint a person (described as a proxy) to attend, act and vote for and on behalf of the CST Debentureholder at the meeting to consider and vote on the Proposal. The enclosed Proxy and Voting Letter must be signed by the CST Debentureholder or by a person duly authorized (by power of attorney) to sign on the CST Debentureholder’s behalf or, if the CST Debentureholder is a corporation, partnership or trust, by a duly authorized officer or attorney of the corporation, partnership or trust.

A CST Debentureholder must have the form executed by their respective intermediary and nominee (“**Participant Holder**”) to verify their holdings of CST Debentures. If you have received this form through your Participant Holder and Section D has not been completed and signed by your Participant Holder, please contact your Participant Holder to immediately to arrange for it to be completed and signed.

Each CST Debentureholder must also complete the enclosed Proof of Claim form.

If this instruction form was delivered with a return envelope, the Proof of Claim, Proxy and Voting Letter should be returned in the envelope provided. The completed forms must be sent to:

FTI Consulting Canada Inc.  
1502 - 701 West Georgia St  
PO Box 10127  
Vancouver, BC V7Y 1C6  
Attention: Deryck Helkaa

**ALL PROOFS OF CLAIM AND PROXY AND VOTING LETTERS MUST BE RECEIVED BY THE TRUSTEE BY NO LATER THAN THE COMMENCEMENT OF THE MEETING TO CONSIDER THE PROPOSAL AT 12:00 P.M. (Calgary time) ON WEDNESDAY, APRIL 26, 2017.**

Copies of documents related to the Proposal are also available from the Trustee's website <http://cfcanda.fticonsulting.com/Seair/>. Any questions with respect to this process can be directed to Scott Gallon of FTI Consulting Canada Inc. at (604) 601-5691 or [scott.gallon@FTIconsulting.com](mailto:scott.gallon@FTIconsulting.com).

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 31 -

Proof of Claim

(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of  
Seair Inc.  
of the City of Calgary  
in the Province of Alberta

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of Seair Inc. of the \_\_\_\_\_ of Calgary in the Province of Alberta and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 10th day of April 2017, and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.

(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_

(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_,
- G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

*(To be completed when a proposal provides for the compromise of claims against directors.)*

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

5. That, to the best of my knowledge, I \_\_\_\_\_ (am/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Creditor

Phone Number: \_\_\_\_\_  
Fax Number : \_\_\_\_\_  
E-mail Address : \_\_\_\_\_

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**PROXY AND VOTING LETTER FOR HOLDERS OF SECURED, CONVERTIBLE,  
REDEEMABLE DEBENTURES ISSUED BY SEAIR INC.  
PURSUANT TO INDENTURE WITH CST TRUST COMPANY**

The undersigned beneficial holder of secured, convertible, redeemable debentures (the “**CST Debentures**”) issued by Seair Inc. (in that capacity, a “**CST Debentureholder**”) hereby revokes all proxies previously given and hereby appoints \_\_\_\_\_ to be their proxyholder in the above-noted matter, with the power to appoint another proxyholder in their place, or instead of the foregoing, appoints \_\_\_\_\_ of \_\_\_\_\_ (*name of town or city*), with the power to appoint another proxyholder in his or her place.

The undersigned CST Debentureholder hereby requests that the proxyholder record their vote:

- ..       FOR THE ACCEPTANCE OF THE PROPOSAL
- ..       AGAINST THE ACCEPTANCE OF THE PROPOSAL

If neither box is marked, a vote in favour of the Proposal will be deemed to have been selected.

**A. Amount of Notes to be Voted**

If the undersigned’s bank or broker has not affixed a label below listing the aggregate principal amount of CST Debentures held by the undersigned as at April 10, 2017, the undersigned certifies that they hold the aggregate principal amount of CST Debentures as of April 10, 2017.

Principal (par) amount of CST Debentures held: \$ \_\_\_\_\_

**B. Identification**

If the undersigned holds the CST Debentures through one or more intermediaries (a “**Participant Holder**”), the list below accurately describes the name of the Participant Holder(s). the undersigned’s account number with the Participant Holder(s) and the principal amount of all CST Debentures held on behalf of the undersigned by the Participant Holder(s) as of April 10, 2017.

Name & Phone Number of Participant Holder	Account Number	Principal Amount of CST Debentures

**C. Certification**

By signing and returning this form, the undersigned certifies that they were the beneficial holder of the CST Debentures described in this form as at April 10, 2017.

Dated at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2017.

Name of beneficial holder  
of the CST Debentures  
(print):

\_\_\_\_\_

Authorized Signature:

\_\_\_\_\_

Title (if applicable):

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Telephone:

\_\_\_\_\_

Email:

\_\_\_\_\_

**D. Participant Holder**

TO BE COMPLETED AND SIGNED BY THE PARTICIPANT HOLDER PRIOR TO SENDING THIS FORM TO THE BENEFICIAL OWNER OF THE CST DEBENTURES.

Name of Participant Holder  
of the CST Debentures  
(print):

---

Account Number:

---

Principal Amount of CST  
Debentures:

---

Name of Authorized  
Signing Officer at  
Participant Holder:

---

Title of Authorized Signing  
Officer at Participant  
Holder

---

Phone Number of  
Participant Holder:

---

Email Address of  
Participant Holder:

---

Signature of Authorized  
Signing Officer of  
Participant Holder:

---

PARTICIPANT HOLDER'S MEDALLION GUARANTEE STAMP/SEAL:

# **EXHIBIT E**



Participant Holder	Contact Details	Date Sent	Amount of Debentures
BMO Nesbit Burns Inc.	phuthorn.penikett@BMONB.com	4/20/2017	\$ 50,000.00
Royal Bank of Canada	dsonline@RBC.com	4/17/2017	\$ 100,000.00
Fidelity Clearing Company	fcc.clientexperience@fmr.com	4/17/2017	\$ 468,000.00
			\$ 618,000.00

# **EXHIBIT F**

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**INSTRUCTIONS TO PARTICIPANT HOLDERS OF SECURED, CONVERTIBLE,  
REDEEMABLE DEBENTURES ISSUED BY SEAIR INC.  
PURSUANT TO INDENTURE WITH BNY TRUST COMPANY OF CANADA**

**RE: Meeting to vote on the Proposal filed by Sear Inc. and Sear Diffusion Systems Inc. (together, the “Companies”) pursuant to the *Bankruptcy and Insolvency Act* (the “Proposal”)**

According to the records held by BNY Trust Company of Canada, you are the registered holder (the “**Registered Holder**”), on behalf of one or more unregistered beneficial holders (each a “**BNY Debentureholder**”) of secured, convertible, redeemable debentures (the “**BNY Debentures**”) issued by Sear Inc. (the “**Parent**”) pursuant to an indenture dated effective October 31, 2012 between the Parent and BNY Trust Company of Canada, as amended, modified or supplemented from time to time.

You (or your agent) are requested to complete and sign the applicable part of an enclosed Proxy and Voting Letter (Section D) and to mail it to each applicable BNY Debentureholder that has an account with you.

We enclose an Information Package for BNY Debentureholders (including (i) a copy of the Proposal, (ii) Report of FTI Consulting Canada Inc., in its capacity as trustee of the Proposal (the “**Trustee**”), (iii) Instructions to BNY Debentureholders, (iv) Proxy and Voting Letter, and (v) Proof of Claim form) to be forwarded by you or your agent (after you have filled in Section D of the Proxy and Voting Letter) to each of the BNY Debentureholders recorded in your account records or book entry records. We enclose one additional copy of these materials for your use.

You should instruct BNY Debentureholders to deliver their Proofs of Claim and Proxy and Voting Letters directly to the Trustee, in accordance with the Instructions to BNY Debentureholders.

**THE MATERIALS ARE TIME SENSITIVE AND SHOULD BE FORWARDED TO THE APPLICABLE BNY DEBENTUREHOLDERS WITHOUT DELAY.**

**IF A COMPLETED PROOF OF CLAIM AND PROXY AND VOTING LETTER IS NOT RECEIVED BY THE TRUSTEE PRIOR TO THE DEADLINE OF 12:00 P.M. (CALGARY TIME) ON APRIL 26, 2017, THE BNY DEBENTUREHOLDER WILL NOT BE ENTITLED TO VOTE AT THE MEETING TO CONSIDER THE PROPOSAL.**

We request that you provide any assistance that a BNY Debentureholder may require in completing their Proof of Claim and Proxy and Voting Letter. You are not required to compile or provide to the Trustee any information regarding BNY Debentureholders (or the agents or brokers). You are only required to complete and sign Section D of the Proxy and Voting Letter

in accordance with these instructions and to forward it, together with the other enclosed materials to the applicable BNY Debentureholders.

If you have any questions regarding your obligations or the process, please contact the Trustee at:

FTI Consulting Canada Inc.  
1502 - 701 West Georgia St  
PO Box 10127  
Vancouver, BC V7Y 1C6

Attention: Deryck Helkaa  
Telephone: 403 232 6100  
Fax: 403 232 6116  
Email: [deryck.helkaa@fticonsulting.com](mailto:deryck.helkaa@fticonsulting.com)

or

Attention: Scott Gallon  
Telephone: 604 601 5691  
Email: [scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com)

Copies of documents related to the Proposal are also available from the Trustee's website <http://cfcanada.fticonsulting.com/Seair/>.



**Corporate Finance & Restructuring**

Pacific Centre  
701 West Georgia Street  
Suite 1502  
Vancouver, BC V7Y 1C6  
Scott.Gallon@FTIConsulting.com

fticonsulting.com

April 13, 2017

**To the creditors of Seair Inc. and Seair Diffusion Systems Inc.**

On April 10, 2017, Seair In and Seair Diffusion Systems Inc. ("**Seair Diffusion**") (collectively the "**Companies**") lodged with the proposal trustee, FTI Consulting Canada Inc. (the "**Proposal Trustee**"), a proposal pursuant to the Bankruptcy and Insolvency Act (the "**BIA**") (the "**Proposal**"). On the same day the Proposal was filed with the Office of the Superintendent of Bankruptcy.

Attached to this notice are the following documents.

- A. Report of the Trustee on the Proposal;
- B. The Proposal;
- C. Statement of Affairs;
- D. Proof of Claim forms;
- E. Proxy forms; and
- F. Voting letters.

**Creditor Meeting**

A general meeting of the Creditors (the "**Meeting**") will be held on the 26<sup>th</sup> day of April, 2017 at 12:00 PM at:

Fasken Martineau Dumoulin LLP  
First Canadian Centre  
350 7th Avenue SW, Suite 3400  
Calgary, AB T2P 3N9

**Proposal**

This Notice and the attached Report of the Trustee on the Proposal are not a substitute for reading the Proposal and creditors are strongly encouraged to review the Proposal in its entirety prior to voting on the Proposal.

As outlined in the Proposal, two classes of creditors have been identified, Debentureholders and Unsecured Creditors (the "**Creditors**").

The Proposal provides that each of the Debentureholders shall be entitled to one New Preference Share for every \$1.00 of their Debenture Claim. Following cancellation of the Existing Shares, the New Preference Shares shall convert to the New Common Shares at a ratio of 1:1.

Unsecured Creditors with a Proven Claim of \$2,000 or less, or who elects on their Proof of Claim form to reduce their Proven Claim to \$2,000 for distribution purposes will be paid the full



amount of their Proven Claims (as reduced, if applicable). All other Unsecured Creditors will be paid \$0.10 for every \$1.00 of the Unsecured Creditor's Proven Claim.

### **Proof of Claim**

To be eligible to vote, Creditors must file with the Proposal Trustee prior to the Meeting, a Proof of Claim form, properly completed, signed and witnessed as required, accompanied by supporting documentation.

When completing your proof of claim, please note that the most common omissions are:

- No supporting documentation attached (i.e. Schedule "A") to verify the claim amount;
- Claim not signed or signature not witnessed;
- Voting Letter not included or proxy not appointed; and
- Contact information not completed.

### **Voting**

The primary purpose of the Meeting is to permit Creditors to consider the acceptance or rejection of the Proposal. For the Proposal to be accepted, the BIA requires that at least two thirds (66 2/3%) of the Creditors by dollar value and more than fifty percent (50%) of Creditors by number of those who vote, vote in favour of the Proposal in creditor each class.

Creditors can also appoint a proxy to represent them and vote on their behalf at the Meeting by submitting a completed proxy form to the Proposal Trustee.

If the Proposal is not accepted by the requisite majority of Creditors, Seair will automatically be deemed to have thereupon made an assignment in bankruptcy as of the date of the vote defeating the Proposal.

If the Proposal is accepted by the statutory majority, the Proposal Trustee will then make an application to the Court for approval of the Proposal. If the Court grants such approval, the Proposal, as approved, will be binding on all the creditors with proven claims pursuant to the provisions of the BIA.

Claims received after the commencement of the meeting will not be included in the voting. It is acceptable to send your proof of claim, proxy, and voting letter as a scanned document via email. Scanned and emailed claims should be sent to [scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com). Please ensure that your claim is complete before submitting.

Further information with respect to this matter is available on the Proposal Trustee's web-site:  
<http://cfcanada.fticonsulting.com/Seair/>

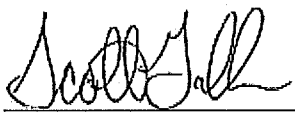
Should you have any queries in the interim, please do not hesitate to contact a representative of the Proposal Trustee, Scott Gallon at (604) 601-5691.



Yours truly,

**FTI CONSULTING CANADA INC.**

In its capacity as Trustee under a Proposal  
Seair Inc. and Seair Diffusion Inc.  
and not in its personal capacity

Per:   
\_\_\_\_\_

Scott Gallon, CPA, CA

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**INSTRUCTIONS TO HOLDERS OF SECURED, CONVERTIBLE, REDEEMABLE  
DEBENTURES ISSUED BY SEAIR INC.  
PURSUANT TO INDENTURE WITH BNY TRUST COMPANY OF CANADA  
FOR COMPLETION OF PROOF OF CLAIM, PROXY AND VOTING LETTER**

This instruction form should be read in conjunction with the joint proposal (the “**Proposal**”) filed by Sear Inc. and Sear Diffusion Systems Inc. (together, the “**Companies**”) pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”), and the accompanying report of FTI Consulting Canada Inc., in its capacity as proposal trustee (the “**Trustee**”), filed pursuant to the BIA.

Each beneficial holder (a “**BNY Debentureholder**”) of secured, convertible, redeemable debentures (“**BNY Debentures**”) issued by Sear Inc. (the “**Parent**”) pursuant to an indenture dated effective October 31, 2012 between the Parent and BNY Trust Company of Canada, as amended, modified or supplemented from time to time, has the right to appoint a person (described as a proxy) to attend, act and vote for and on behalf of the BNY Debentureholder at the meeting to consider and vote on the Proposal. The enclosed Proxy and Voting Letter must be signed by the BNY Debentureholder or by a person duly authorized (by power of attorney) to sign on the BNY Debentureholder’s behalf or, if the BNY Debentureholder is a corporation, partnership or trust, by a duly authorized officer or attorney of the corporation, partnership or trust.

A BNY Debentureholder must have the form executed by their respective intermediary and nominee (“**Registered Holder**”) to verify their holdings of BNY Debentures. If you have received this form through your Registered Holder and Section D has not been completed and signed by your Registered Holder, please contact your Registered Holder to immediately to arrange for it to be completed and signed.

Each BNY Debentureholder must also complete the enclosed Proof of Claim form.

If this instruction form was delivered with a return envelope, the Proof of Claim, Proxy and Voting Letter should be returned in the envelope provided. The completed forms must be sent to:

FTI Consulting Canada Inc.  
1502 - 701 West Georgia St  
PO Box 10127  
Vancouver, BC V7Y 1C6  
Attention: Deryck Helkaa

**ALL PROOFS OF CLAIM AND PROXY AND VOTING LETTERS MUST BE RECEIVED BY THE TRUSTEE BY NO LATER THAN THE COMMENCEMENT OF THE MEETING TO CONSIDER THE PROPOSAL AT 12:00 P.M. (Calgary time) ON WEDNESDAY, APRIL 26, 2017.**



Copies of documents related to the Proposal are also available from the Trustee's website <http://cfcanada.fticonsulting.com/Seair/>. Any questions with respect to this process can be directed to Scott Gallon of FTI Consulting Canada Inc. at (604) 601-5691 or [scott.gallon@FTIconsulting.com](mailto:scott.gallon@FTIconsulting.com).

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 31 -

Proof of Claim

(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the matter of the proposal of  
Seair Inc.  
of the City of Calgary  
in the Province of Alberta

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of Seair Inc. of the \_\_\_\_\_ of Calgary in the Province of Alberta and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 10th day of April 2017, and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

A. UNSECURED CLAIM OF \$ \_\_\_\_\_

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description.)

Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.

(Set out on an attached sheet details to support priority claim.)

B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_

(Attach a copy of sales agreement and delivery receipts.)

- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_,
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_,
- That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_,
- G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

*(To be completed when a proposal provides for the compromise of claims against directors.)*

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

- H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

5. That, to the best of my knowledge, I \_\_\_\_\_ (am/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Creditor

Phone Number: \_\_\_\_\_  
Fax Number : \_\_\_\_\_  
E-mail Address : \_\_\_\_\_

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**PROXY AND VOTING LETTER FOR HOLDERS OF SECURED, CONVERTIBLE,  
REDEEMABLE DEBENTURES ISSUED BY SEAIR INC.  
PURSUANT TO INDENTURE WITH BNY TRUST COMPANY OF CANADA**

The undersigned beneficial holder of secured, convertible, redeemable debentures (the “**BNY Debentures**”) issued by Sear Inc. (in that capacity, a “**BNY Debentureholder**”) hereby revokes all proxies previously given and hereby appoints \_\_\_\_\_ to be their proxyholder in the above-noted matter, with the power to appoint another proxyholder in their place, or instead of the foregoing, appoints \_\_\_\_\_ of \_\_\_\_\_ (*name of town or city*), with the power to appoint another proxyholder in his or her place.

The undersigned BNY Debentureholder hereby requests that the proxyholder record their vote:

- .. FOR THE ACCEPTANCE OF THE PROPOSAL
- .. AGAINST THE ACCEPTANCE OF THE PROPOSAL

If neither box is marked, a vote in favour of the Proposal will be deemed to have been selected.

**A. Amount of Notes to be Voted**

If the undersigned’s bank or broker has not affixed a label below listing the aggregate principal amount of BNY Debentures held by the undersigned as at April 10, 2017, the undersigned certifies that they hold the aggregate principal amount of BNY Debentures as of April 10, 2017.

Principal (par) amount of BNY Debentures held: \$ \_\_\_\_\_

**B. Identification**

If the undersigned holds the BNY Debentures through one or more intermediaries (a “**Registered Holder**”), the list below accurately describes the name of the Registered Holder(s), the undersigned’s account number with the Registered Holder and the principal amount of all BNY Debentures held on behalf of the undersigned by the Registered Holder as of April 10, 2017.

Name & Phone Number of Registered Holder	Account Number	Principal Amount of BNY Debentures

--	--	--

**C. Certification**

By signing and returning this form, the undersigned certifies that they were the beneficial holder of the BNY Debentures described in this form as at April 10, 2017.

Dated at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2017.

Name of beneficial holder  
of the BNY Debentures  
(print):

---

Authorized Signature:

---

Title (if applicable):

---

Address:

---

---

Telephone:

---

Email:

---

**D. Registered Holder**

TO BE COMPLETED AND SIGNED BY THE REGISTERED HOLDER PRIOR TO SENDING THIS FORM TO THE BENEFICIAL OWNER OF THE BNY DEBENTURES.

Name of Registered Holder  
of the BNY Debentures  
(print):

---

Account Number:

---

Principal Amount of BNY  
Debentures:

---

Name of Authorized  
Signing Officer at  
Registered Holder:

---

Title of Authorized Signing  
Officer at Registered  
Holder

---

Phone Number of  
Registered Holder:

---

Email Address of  
Registered Holder:

---

Signature of Authorized  
Signing Officer of  
Registered Holder:

---

REGISTERED HOLDER'S MEDALLION GUARANTEE STAMP/SEAL:

# **EXHIBIT G**

Registered Holder	Contact Details	Date Sent	Email/Mail	Amount of Debentures
ATB Securities Inc.	1207 11th Ave SW, Suite 500, Calgary, AB T3C 0M5	4/13/2017	Mail	\$ 10,361.64
GMP Securities LP	amarshall@gmpsecurities.com	4/17/2017	Email	\$ 473,197.51
Gundy Co.	Angie.Blankert@cibc.com	4/17/2017	Email	\$ 3,624,098.47
Haywood Securities Inc.	Suite 700 - 200 Burrard St, Vancouver, BC V6C 3L6	4/13/2017	Mail	\$ 22,277.33
Manulife Securities Incorporated	1235 North Service Road West, Suite 500, Oakville, ON L6M 2W2	4/13/2017	Mail	\$ 12,434.00
NBCN Inc.	sonia.sbarra@nbc.ca	4/17/2017	Email	\$ 388,561.44
BMO Nesbit Burns	phuthorn.penikett@BMONB.com	4/20/2017	Email	\$ 31,085.00
Raymond James Ltd.	2200 - 925 W Georgia St., Vancouver, BC V6C 3L2	4/13/2017	Mail	\$ 10,361.64
				\$ 4,572,377.03



# **EXHIBIT H**

SUPERINTENDENT ESTATE NO. 25-2239263 and 25-2239270

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF SEAIR INC. AND SEAIR DIFFUSION SYSTEMS INC.  
OF THE CITY OF CALGARY,  
IN THE PROVINCE OF ALBERTA**

**REPORT OF THE PROPOSAL TRUSTEE ON THE PROPOSAL**

*April 13, 2017*

## A. INTRODUCTION

1. On April 10, 2017 (the “**Filing Date**”), Seair Inc. and Seair Diffusion Systems Inc. (“**Seair Diffusion**”) (collectively “**Seair**” or the “**Companies**”) lodged a proposal (the “**Proposal**”) pursuant to Part III, Division I of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) with FTI Consulting Canada Inc.
2. On the same day, FTI Consulting Canada Inc. filed the Companies’ Proposal with the Superintendent of Bankruptcy. FTI Consulting Canada Inc. was appointed as the Trustee under the Proposal (the “**Proposal Trustee**”). A copy of the Proposal is attached as Appendix A.
3. The reports of the Proposal Trustee and other information in respect of these proceedings are posted on the Proposal Trustee’s website at <http://cfcanada.fticonsulting.com/Seair>.

## B. PURPOSE OF THIS REPORT

4. The purpose of this report is to:
  - (a) Provide background information concerning the Companies, their financial situation, the causes of their financial difficulties and the state of the Companies’ business and financial affairs;
  - (b) Outline the terms of the Proposal;
  - (c) Discuss the conditions that must be satisfied subsequent to creditor approval in order for the Proposal to be successfully completed;
  - (d) Provide an overview of the Proposal Trustee’s findings resulting from its preliminary review for transactions that might be considered as preferences or transactions at undervalue as required under the BIA;

- (e) Compare the amounts distributable under the Proposal to the estimated distribution to Debentureholders and Unsecured Creditors in the event the Proposal is not accepted, and the Companies are deemed to have made an assignment in bankruptcy; and
- (f) Recommend acceptance of the Proposal by the creditors.

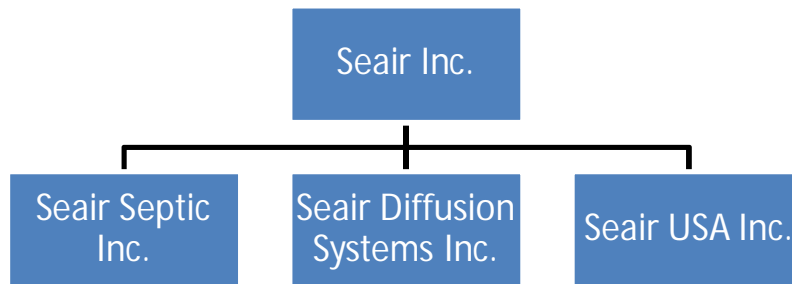
### C. TERMS OF REFERENCE

- 5. In preparing this report (the “**Report**”), the Proposal Trustee has relied upon unaudited financial information prepared by the Companies’ management, the Companies’ books and records, other information available to the Proposal Trustee and discussions with various parties (collectively, the “**Information**”).
- 6. Except as described in this Report:
  - (a) The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - (b) The Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 7. Future oriented financial information reported or relied on in preparing this Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.

8. The capitalized terms used but not otherwise defined in this Report are defined in the Proposal and this Report should only be read in conjunction with the Proposal. Details of the Proposal are outlined in this Report.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

**D. BACKGROUND/CAUSES OF FINANCIAL DIFFICULTY**

10. See the Organizational Chart for Seair Inc. and its subsidiaries:



11. Seair Inc. was incorporated under the Business Corporations Act of Alberta in April 2001. Seair Inc. is currently publicly listed on the TSX-V.
12. According the attached Statement of Affairs (the “SOA”) of Seair Inc. the main assets of Seair Inc. is the intellectual property relating to Seair Inc.’s proprietary gas diffusion technologies (the “IP”) which has a book value of \$280,000. Seair Inc.’s SOA indicates debt of \$732,250 due to a senior secured bridge lender, \$5,190,377 of secured convertible debentures due to Debentureholders and \$ 1,575,575 due to Unsecured Creditors.
13. Up until 2014 Seair Inc. operated two distinct business units via its subsidiaries, Seair Septic Inc. and Seair Diffusion.

14. Seair Diffusion focuses on rental of diffusion towers which utilize the proprietary diffusion technology of Seair Inc. The diffusion towers are designed to deliver waste water and industrial fluid treatment solutions in the oil and gas, mining and municipal sectors.
15. According to the attached Seair Diffusion SOA Seair Diffusion's assets consist of rental diffusion towers with a book value of \$113,000 and account receivables of \$6,440. Seair Diffusion's SOA indicates debts of \$315,000 due to a senior secured bridge lender, which is cross secured with Seair Inc., and \$ 107,116 due to Unsecured Creditors.
16. The Trustee notes Seair Septic Inc. and Seair USA Inc. are not included in the Proposal and it is the Proposal Trustee's understanding that neither Seair Septic Inc. nor Seair USA Inc. have any assets.
17. Seair Septic Inc. owned and operated a rental fleet of portable wastewater treatment units, which were primarily used to perform sewage treatment at remote campsites throughout Alberta. In 2014 Seair Inc. management decided to focus on Seair Diffusion's business and dispose of Seair Septic Inc.'s equipment rental assets.
18. After fruitless attempts to sell the Seair Septic Inc. business as a going concern, the assets were sold at auction for approximately \$600,000 to raise funds for the Companies' strategy to refocus on the Seair Diffusion business.
19. In December 2013 Seair Inc. raised approximately \$500,000 to fund operations in a private placement of preferred shares to existing shareholders. It is management's belief that it was necessary to raise the funds from existing shareholders as outside investors had expressed doubt that the value of the business was greater than its debt position.

20. In spring 2014 Seair Inc. was in need of additional funding. An additional \$618,000 in convertible debentures was raised which ranked pari passu with the existing debentures of \$4,572,377 which were secured over the assets of Seair Inc.
21. In late 2014 the Companies had numerous customer trials for the diffusion systems but struggled with obtaining customer orders subsequent to the trials. To become cash-flow positive these customer orders were necessary and as such the Companies continued to be very financially stressed with no resources to actively pursue sales growth for the diffusion systems.
22. With the downturn in the Alberta oil and gas sector the Companies' view was that it was unlikely a buyer could be found for the Companies' IP from an Alberta oil and gas service provider.
23. The Companies then took an alternative approach to look for buyers from the new customers outside of the oil and gas sector. The Companies were attempting to build strategic partnerships with their new customers but while the new customers were interested in evaluating the IP they required proven customer successes before proceeding further. Without adequate financial resources and customer acceptance of the IP the Companies had difficulty progressing these discussions with the potential new customers.
24. The Companies then began to look for a joint venture or royalty deal which could result in a royalty stream going back to the Companies. This proved difficult because potential partners were very concerned about the financial position of the Companies and wanted to structure any arrangement as a sale of the IP, which would be unacceptable to the Debentureholders.

25. The Companies engaged an agent, Robert Shoniker (the “**Agent**”), to find a shell company with assets that would be interested in merging with Seair Inc. to provide funding. A potential merger partner (the “**Potential Partner**”) was identified and the Agent worked for many months with them in an attempt to structure a transaction.
26. A royalty deal of 5% of future revenues for a limited period was discussed with the Potential Partner however nothing materialized from these discussions and the talks ended in early 2016.
27. In late 2016, the Seair Inc. board and officers approached several of Seair Inc.’s shareholders to obtain a bridge loan in order to make payroll and keep the Companies solvent. Shareholders turned down that request and the Companies obtained bridge loans from alternative lenders as a last resort.
28. Subsequently, the Companies refocused on generating customer sales as there was minimal bridge funding available going forward. This would generate funding to operate the business until the Companies could conclude an acceptable deal.
29. By this time customers were hesitant to deal with the Companies as the customers were becoming more aware of the Companies’ distressed financial position and the upcoming maturity of the debenture in June 2017.
30. Having exhausted all their options for additional funding or a sale of their business, and given their lack of liquidity, on April 10, 2017 the Companies filed a Proposal pursuant to the BIA.



## E. OVERVIEW OF THE PROPOSAL

31. The Proposal is a joint proposal made to the creditors of Seair Inc. and Seair Diffusion. The intention of the Proposal is to permit the Companies to compromise the indebtedness owed to affected creditors (the “**Creditors**”) of the Companies as at the Filing Date on a fair and equitable basis so as to facilitate the capital restructuring of Seair Inc., including the cancellation of the Existing Shares, the issuance of the New Preference Shares and the conversion of the New Preference Shares to the New Common Shares, the delisting of the Seair Inc. securities and the termination of Seair Inc.’s status as a reporting issuer and a distribution of cash to Unsecured Creditors of the Companies.
32. The Report provides an overview of the terms of the Proposal. The Report is not a substitute for reading the Proposal and creditors are strongly encouraged to review the Proposal in its entirety prior to voting on the Proposal. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel.
33. The substantive terms of the Proposal are:
  - (a) Crown Claims that are Proven Claims shall be paid in their entirety, without interest, within six months after the granting of the Approval Order;
  - (b) The amounts which employees (past and present) of the Companies would be entitled to receive pursuant to section 136(1)(d) of the BIA if their employer had been declared bankrupt on the Filing Date, as well as wages, salaries, commission or compensation for services rendered from and after the Filing Date up to the date of the granting of the Approval Order, shall be paid in their entirety as soon as reasonably practicable after the granting of the Approval Order;

- (c) Any other claims given priority by subsection 136(1) of the BIA will be paid in full; and
  - (d) Each of the Debentureholders shall be entitled to one New Preference Share for every \$1.00 of their Debenture Claim. Following cancellation of the Existing Shares, the New Preference Shares shall convert to the New Common Shares at a ratio of 1:1.
  - (e) An Unsecured Creditor with a Proven Claim of \$2,000 or less, or who elects on their Proof of Claim form to reduce their Proven Claim to \$2,000 for distribution purposes is considered a Convenience Creditor. Convenience Creditors will be paid the full amount of their Proven Claims (as reduced, if applicable). Convenience Creditors with Proven Claims are deemed to have voted in favour of the Proposal at the Meeting.
  - (f) Unsecured Creditors who are not Convenience Creditors will be paid \$0.10 for every \$1.00 of the Unsecured Creditor's Proven Claim, in full and final satisfaction of the Unsecured Creditors' Unsecured Claims
34. Pursuant to section 147 of the BIA, the distributions by the Proposal Trustee are subject to the levy of 5% payable to the Superintendent of Bankruptcy.
35. The Companies are required to hold a meeting of the Creditors (the "**Meeting**") to consider and vote on the Proposal. The Meeting has been scheduled for April 26, 2017 at 12:00 PM at the office of Fasken Martineau Dumoulin LLP, 350 7th Avenue SW, Suite 3400, Calgary, AB T2P 3N9.
36. In order for the Proposal to be accepted, two-thirds in dollar value and over 50% in number of each class of Creditors present and voting, in person, by proxy or by voting letter at the Meeting, must vote in favour of the Proposal.

37. If each class of Creditors accepts the Proposal, it must also be approved by the Court. Rejection of the Proposal (either by the Creditors or the Court) would result in the Companies being deemed to have made assignments in bankruptcy.
38. Up to five inspectors may be appointed at the Meeting. The inspectors shall have the following powers, but will have no personal liability to Seair or other creditors:
- a) the power to extend the dates of payments provided for under this Proposal;
  - b) the power to waive any default in the performance of any provision of this Proposal;
  - c) the power to approve interim and final statements of receipts and disbursements of the Trustee, including the power to approve proposed dividends and reasonable fees and disbursements of the Trustee;
  - d) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee; and
  - e) the power to advise the Trustee concerning any dispute that may arise as to the validity of a Proof of Claim filed by a Creditor.

## **F. CREDITOR CLAIMS**

39. Pursuant to the provisions of the BIA, creditors are not required to submit Proofs of Claim until after the filing of the Proposal and therefore the claims of creditors have not been received or reviewed by the Proposal Trustee at this time. Note that in order for a creditor to vote at the Meeting they must have filed a Proof of Claim with the Proposal Trustee prior to the commencement of the Meeting.

40. A list of the known creditor claims is summarized in the Statements of Affairs (“SOAs”) filed by the Companies with the Proposal Trustee, which is also included in this mailing. The SOAs are an estimate of the creditor claims and can vary materially from the Proven Claims filed with the Proposal Trustee as noted previously.

### **Secured Creditors**

41. The Proposal Trustee is aware of the following secured claims against Seair Inc.
- (a) Bridge Lender - The claim of the Bridge Lender will not be affected by the Proposal. In connection with but not pursuant to the Proposal the Bridge Lender will receive Lender Preference Shares in exchange for its senior secured debt as well as in respect of any amounts paid to the Proposal Trustee to fund the Proposal and / or advanced by way of Court-approved interim financing.
  - (b) Debentureholders – The claims of the Debentureholders relate to CST Debentures (with a principal amount of \$618,000) and BNY Debentures (with a principal amount of \$4,572,377). These secured claims are subordinate to the Bridge Lender.
42. According to the SOA of Seair Diffusion, the only secured claim is that of the Bridge Lender \$315,000. The Bridge Lender is not affected by the Proposal.
43. The Proposal Trustee notes that interim financing will likely be required during the Proposal proceedings which will likely increase the amount owed to secured creditors.

### **Crown Claims**

44. According to the Company, as at the Filing Date, Canada Revenue Agency (“CRA”) was not owed anything. To date CRA has not contacted the Proposal Trustee or filed a proof of claim in support of amounts outstanding.

### **Employee Priority Claims**

45. The Proposal Trustee is not aware of any amounts owing to employees or former employees as at the Filing Date which would result in a priority claim pursuant to the BIA.

### **Other Priority Claims**

46. The Proposal Trustee is not aware of any other claims that may arise pursuant to subsection 136(1) of the BIA.

### **Unsecured Creditors**

47. Unsecured creditors of Seair Inc. have claims totaling \$1,575,575.05, according to the Seair Inc. SOA dated April 10, 2017. Unsecured Creditors of Seair Diffusion have claims totaling \$107,116.20, according to the Seair Diffusion SOA dated April 10, 2017.

### **G. CONDUCT OF DEBTOR**

48. In the event of a bankruptcy, there are certain types of transactions that may be voided by a trustee in bankruptcy, in order to increase the recovery to the creditors. These transactions would include transactions concluded with the intention of preferring one creditor over others, or selling an asset below market value.

49. The Proposal Trustee completed a preliminary review of the Companies’ banking activities for the twelve month period preceding the Filing Date. The Proposal Trustee’s preliminary review did not identify any unusual payments to vendors or others, or unusual transactions.
50. The Proposal Trustee has observed that the Companies have been working diligently and in good faith to formulate the Proposal and provide all relevant information to the Proposal Trustee.

**H. ESTIMATED DISTRIBUTION IN THE EVENT OF A BANKRUPTCY**

**Debentureholders (Seair Inc.)**

51. Under the terms of the Proposal, the claims of the Debentureholders with Debenture Claims are to be issued New Preference Shares which will convert to Common Shares upon implementation of the Proposal. It is anticipated that immediately following implementation of this Proposal, the Debentureholders will hold approximately 75.5% of the issued and outstanding share capital of Seair.
52. The calculation of the Estimated Reliable Value (the “ERV”) was based on Seair Inc.’s SOA and the Proposal Trustee’s evaluation of the value of Seair Inc. assets. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the consolidated balance sheet and expresses no opinion thereon.

	Equity Split based on the Value of IP					
Value of IP	\$ 250,000	\$ 500,000	\$ 750,000	\$ 1,000,000	\$ 2,000,000	\$ 3,000,000
Bridge Lender	100.0%	100.0%	97.6%	73.2%	36.6%	24.4%
Debentureholders	-	-	2.4%	26.8%	63.4%	75.6%

53. The above chart shows that ERV of the IP would have to exceed approximately \$3,000,000 in order for the Debentureholders to be entitled to a greater percentage of equity as provided from in the Proposal.
54. A determination should be made by the Debentureholders as to the ERV they would apply to the IP. Refer below for discussion on the ERV of the IP. Based on the ERV of the IP discussed below the amount that would be available to Debentureholders in the event of a bankruptcy is expected to be nil.

### Unsecured Creditors

55. The analysis of the Unsecured Creditors' estimated distribution in the event of a bankruptcy has been split between the assets of Seair Inc. and Seair Diffusion as there are varying encumbrances relating to the Companies' assets.
56. Under the terms of the Proposal, the claims of the Unsecured Creditors with a Proven Claim of \$2,000 or less, or who elect on their Proof of Claim forms to reduce their Proven Claims to \$2,000 for distribution purposes, will be paid the full amount of their Proven Claims (as reduced, if applicable). All other Unsecured Creditors will be paid \$0.10 for every \$1.00 of the Unsecured Creditor's Proven Claim.

#### D) Seair Inc.

Estimated Net Realizable Value in Bankruptcy		
	Book Value as at April 10, 2017	Notes
Assets		
Intellectual Property	280,000	1
Total	280,000	
Amount due to Secured Creditors	5,922,602	
Deficiency to Secured Creditors	(5,642,602)	
Amounts available to Unsecured Creditors	-	

(1) The Trustee notes that per the annual consolidated audited financial statement obtained from Sedar.com Seair Inc. has consistently had negative operating cash-flow and has increased its accumulated deficit by approximately \$14,500,000 from August 31, 2013 to August 31, 2016. The Trustee has included the ERV of the IP above at the book value reported by Seair Inc. which is the cost to produce the IP. The Trustee notes that the Companies were never able to produce an operating profit from the IP, as such this is the basis for the ERV above.

## II) Seair Diffusion Systems Inc.

Estimated Net Realizable Value in Bankruptcy				
	Estimated Book Value as at April 10, 2017	Notes	Estimated Realizable Value	
			Low	High
Assets				
Accounts Receivable	6,400		-	2,240
Inventory	113,000	1	-	113,000
Total	119,400		-	115,240
Amount due to Secured Creditors			315,000	315,000
Deficiency to Secured Creditors			(315,000)	(199,760)
Amounts available to Unsecured Creditors			-	-

(1) Per discussion with the Companies' management, a significant portion of the Seair Diffusion inventory noted above is old and outdated. However some of the inventory has been rented and used recently. Additionally there was a \$50,000 diffusion tower purchased in 2015 which would be considered relatively new. Based on these factors, the high end of the inventory ERV is the book value as reported in the Seair Diffusion SOA. The low end of the ERV is based on the fact that, in the event of a bankruptcy there would be costs associated with asset realization, trustee fees, and a limited market for the inventory which may lead to a low liquidation price. As such the low ERV has been set at nil.



53. Accordingly, the amount that would be available to unsecured creditors in the event of a bankruptcy is expected to be nil as all the assets of the Companies appear to be fully encumbered by claims of secured creditors.
54. The Trustee notes that no formal security review has been performed on the validity of the secured creditors.

### **III) SUMMARY COMMENTS**

55. As indicated in the Report and the Proposal, if the Proposal is accepted by both classes of Creditors and approved by the Court, Affected Creditors will receive the following:

- (a) Convenience Creditors will be paid the full amount of their Proven Claims up to a maximum of \$2,000, and the other Unsecured Creditors will receive \$0.10 for each dollar of their Proven Claim or \$2,000; and
- (b) Debentureholders will receive New Preference Shares in Seair Inc. which will convert to New Common Shares which, immediately following implementation of the Proposal will represent approximately 75.5% of the issued and outstanding share capital of Seair Inc.

56. Based on the analysis in Section H of the Report, if the Companies were bankrupt, the amount available to Unsecured Creditors from the Companies' assets would be nil and the value of the IP would have to exceed \$732,250 before there would be any recovery for Debentureholders. This would provide a recovery significantly less than under the terms of the Proposal.

57. Accordingly the Proposal Trustee recommends that the Creditors accept the Companies Proposal.

58. All of which is respectfully submitted this 13<sup>th</sup> day of April, 2017.

Yours truly,

**FTI Consulting Canada Inc.**

In its capacity as Proposal Trustee of  
Seair Inc and Seair Diffusion Systems Inc.  
and not in its personal capacity



Per: \_\_\_\_\_

Deryck Helkaa – Sr. Managing Director

# **EXHIBIT I**

Province: Alberta  
Division No.: 02 - Calgary  
Court No.  
Estate Nos. \_\_\_\_\_  
and \_\_\_\_\_

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY**

**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. and SEAIR DIFFUSION SYSTEMS INC.**

**PROPOSAL**

**DATED APRIL 10, 2017**

**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Proposal:

“**197**” means 1979927 Alberta Ltd.

“**ABCA**” means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended.

“**Affected Creditor**” means any Creditor that is not an Unaffected Creditor.

“**Approval Order**” means the Court order which, among other things, approves and directs the implementation of this Proposal and all actions and transactions set out herein, including the alteration of the articles of the Parent pursuant to section 192 of the ABCA to provide for:

- (a) the issuance of the New Preference Shares;
- (b) the automatic redemption and cancellation of the Existing Shares and all rights related to them without payment, consideration or any other right; and
- (c) the conversion of the New Preference Shares to the New Common Shares,

effective as at the Proposal Implementation Date and in accordance with the terms of this Proposal, as well as to provide for the issuance of the Lender Preference Shares (and any related rights) and the conversion thereof to the Lender Common Shares.

“**Articles of Reorganization**” means the articles of reorganization effecting the reorganization of the Parent’s share capital in accordance with Article 5 of this Proposal.

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

“**BNY Debentureholders**” means all beneficial holders of BNY Debentures.

“**BNY Registered Holders**” means all registered holders of BNY Debentures as at the Filing Date.

“**BNY Debentures**” means the 12% secured, convertible, redeemable debentures due June 30, 2017, in the principal amount of \$4,572,377.03 issued by the Parent pursuant to the BNY Trust Indenture.

“**BNY Debentures Trustee**” means BNY Trust Company of Canada.

“**BNY Trust Indenture**” means that certain indenture dated effective October 31, 2012, between the Parent and the BNY Debentures Trustee, as amended, modified or supplemented prior to the date hereof.

**“Business Day”** means any day which is not a Saturday or Sunday, or a provincial or federal holiday in the province of Alberta.

**“CDS”** means CDS Clearing and Depository Services Inc.

**“Claim”** means any right or claim of any Person against the Companies whether or not asserted in connection with any indebtedness, liability or obligation of any kind whatsoever owed to such Person, in each case which indebtedness, liability or obligation was in existence at the Filing Date and any interest that may accrue thereon, including any indebtedness, liability or obligation owed to such person as a result of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to, or to a trust or deemed trust against, any of the property or assets of the Companies, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose of action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts which existed prior to the Filing Date and, for certainty, includes Priority Claims.

**“Classes”** means the Debentureholders Class and the Unsecured Creditor Class.

**“Companies”** means, together, the Parent and Diffusion, and any reference to the Companies includes a reference to both and either of them, as the context requires.

**“Convenience Creditor”** means an Unsecured Creditor with a Proven Claim of \$2,000 or less, or who elects on their Proof of Claim form to reduce their Proven Claim to \$2,000 for distribution purposes.

**“Court”** means the Court of Queen’s Bench of Alberta.

**“Creditor”** means any Person having a Claim.

**“Crown”** means Her Majesty the Queen in right of Canada or a province.

**“Crown Claim”** means a Claim of the Crown for amounts that are outstanding as at the Filing Date and are subject to a demand under:

- (a) subsection 244(1.2) of the *Income Tax Act*;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 244(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee’s premium, or employer’s premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts;  
or

- (c) any provision of provincial legislation that has a similar purpose to subsection 244(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
- (i) has been withheld or deducted by a Person from a payment to another Person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
  - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection.

**“CST Debentureholders”** means all beneficial holders of CST Debentures.

**“CST Debentures”** means the 12% secured convertible, redeemable debentures due June 30, 2017, in the principal amount of \$618,000.00, issued by the Parent pursuant to the CST Trust Indenture.

**“CST Debentures Trustee”** means CST Trust Company.

**“CST Participant Holders”** means custodians of CST Debentures on behalf of CST Debentureholders.

**“CST Trust Indenture”** means that certain indenture dated as of May 22, 2014, between the Parent and the CST Debentures Trustee, as amended, modified or supplemented prior to the date hereof.

**“Debenture Claims”** means all Claims of Debentureholders that are Proven Claims for amounts due in respect of the Debentures.

**“Debentureholders”** means, collectively, the BNY Debentureholders and the CST Debentureholders.

**“Debentureholders Class”** means the class comprising all Debentureholders with Debenture Claims.

**“Debentures”** means, collectively, the BNY Debentures and the CST Debentures.

**“Diffusion”** means Seair Diffusion Systems Inc.

**“Existing Shareholders”** means the holders immediately prior to the Implementation Date of the Existing Shares.

**“Existing Shares”** means all shares of any class or series issued by the Parent issued and outstanding as at the Filing Date.

**“Filing Date”** means April 10, 2017, the date this Proposal was filed by the Companies with the Official Receiver.

**“Filing Date Exchange Rate”** means the Bank of Canada noon spot rate of, exchange for exchanging currency to Canadian dollars on the Filing Date.

**“Implementation Date”** means the date on which all conditions set forth in Article 6 of this Proposal have been satisfied.

**“Inspectors”** has the meaning ascribed to it in Section 4.6 of this Proposal.

**“Intercompany Claim”** means the Claim of any corporate entity affiliated with the Companies against any of the Companies.

**“Lender Common Shares”** means the new common shares of the Parent resulting from the conversion of the Lender Preference Shares in accordance with the terms thereof.

**“Lender Preference Shares”** means the Series 3 preference shares of the Parent to be issued to 197 as part of the reorganization of the Parent’s share capital as described in Article 5 of this Proposal.

**“Meeting”** means the meeting of the Debentureholders Class and the Unsecured Creditor Class held in accordance with section 51(1) of the BIA for the purpose of those Classes respectively considering and, if thought fit, voting to approve this Proposal and agreeing to the compromise and arrangement constituted thereby, and includes any subsequent reconvened meeting should a meeting be adjourned.

**“New Common Shares”** means the new common shares of the Parent resulting from the conversion of the Preference Shares on the Business Day next following the Implementation Date.

**“New Preference Shares”** means the Series 2 preference shares of the Parent, to be issued to the Debentureholders pursuant with this Proposal.

**“Parent”** means Seair Inc.

**“Person”** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted.

**“Post-Filing Claim”** means a Claim arising from the supply of goods or services to the Companies after the Filing Date or a claim for sales or excise taxes, source deductions or assessments and premiums arising in relation to such Claims. Post-Filing Claims do not include claims in respect of an obligation incurred prior to the Filing Date but which is payable after the Filing Date.

**“Post-Filing Creditor”** means a Creditor having a Post-Filing Claim.

**“Priority Claims”** means all Claims, including Crown Claims, that are Proven Claims and which, in accordance with the BIA, must be paid in priority to other unsecured Claims.



**“Priority Creditors”** means those Creditors with Priority Claims.

**“Proof of Claim”** means:

- (a) in the case of the Debentureholders, the form of document prescribed by the BIA to be filed with the Trustee by the Debentureholders to establish the Claims of the Debentureholders; and
- (b) in the case of all other Affected Creditors, the form of document prescribed by the BIA to be filed with the Trustee to establish the Claim of a Creditor.

**“Proposal”** means this proposal among the Companies and the Affected Creditors, as from time to time amended, modified or supplemented pursuant to an order of the Court, or pursuant to an agreement among the Companies and the Affected Creditors as provided for herein, or at any Meeting.

**“Proven Claim”** means a Claim which:

- (a) after the delivery of a Proof of Claim to the Trustee, has been admitted by the Trustee in whole or in part; or
- (b) after delivery of a Proof of Claim to the Trustee, has been disallowed by the Trustee, which disallowance subsequently has been set aside in whole or in part by the Court,

provided that a Proven Claim shall not include any amount due to a Post-Filing Creditor in respect of a Post-Filing Claim. Proven Claims shall not include any interest for the period subsequent to the Filing Date.

**“Securities”** means all options issued by the Parent to purchase any of the Existing Shares in the capital of the Parent, all warrants issued by the Parent to purchase any of the Existing Shares in the capital of the Parent, and any other document, instrument or writing of the Parent commonly known as a security, but for clarity does not include any of the Debentures.

**“Trustee”** means FTI Consulting Canada Inc. in its capacity as proposal trustee in respect of this Proposal.

**“Trustee’s Costs”** means all proper fees, expenses and legal costs of the Trustee on or incidental to the proceedings arising out of this Proposal and all proper fees, expenses and legal costs of the Trustee arising in relation to this Proposal.

**“Unaffected Claims”** means the Claims of the Unaffected Creditors.

**“Unaffected Creditors”** means the Priority Creditors, the Post-Filing Creditors, 197, and the Companies in respect of the Inter-Company Claims.

**“Unsecured Claims”** means all Claims against the Companies that are Proven Claims but that are not Debenture Claims or Unaffected Claims.

**“Unsecured Creditor”** means a Creditor with an Unsecured Claim, including a Convenience Creditor.

**“Unsecured Creditor Class”** means the class comprising all Unsecured Creditors.

**“Voting Creditors”** means the Debentureholders and the Unsecured Creditors.

## **1.2 Interpretation**

For the purposes of this Proposal:

- (a) the division of this Proposal into Sections and the insertion of headings are for convenience only and do not form part of this Proposal and will not be used to interpret, define or limit the scope, extent or intent of this Proposal;
- (b) all references to amounts of money mean lawful currency of the Dominion of Canada unless otherwise expressly indicated. All Proofs of Claim submitted by Affected Creditors in any other currency will be converted to Canadian Dollars at the Filing Date Exchange Rate;
- (c) all references to time herein are to the local time in Calgary, Alberta, Canada unless otherwise stipulated, and where the time for anything pursuant to this Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Calgary, Alberta, Canada;
- (d) unless otherwise specified, the words “hereof”, “herein”, “hereunder” and “hereto” refer to this Proposal in its entirety rather than any particular portion of this Proposal;
- (e) when the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;
- (f) the deeming provisions are not rebuttable and are conclusive and irrevocable;
- (g) the words “includes” and “including” are not limiting; and
- (h) the word “or” is not exclusive.

## **1.3 Statutory Reference**

Unless otherwise specified, each reference to a statute in this Proposal is deemed to be a reference to that statute and to the regulations made under that statute, as amended or re-enacted from time to time.

#### **1.4 Date for Any Action**

In the event that any date on which any action is required to be taken under this Proposal is not a Business Day, that action shall be required to be taken on the next succeeding date that is a Business Day.

### **ARTICLE 2 PURPOSE AND EFFECT OF THIS PROPOSAL**

#### **2.1 Purpose of this Proposal**

The purpose of this Proposal is to permit the Companies to compromise the indebtedness owed to Affected Creditors of the Companies as at the Filing Date on a fair and equitable basis so as to facilitate the capital restructuring of the Parent, including the cancellation of the Existing Shares, the issuance of the New Preference Shares and the conversion of the New Preference Shares to the New Common Shares, the delisting of the Parent's securities and the termination of the Parent's status as a reporting issuer.

#### **2.2 Overview of Proposal**

This Proposal provides for the compromise and release of the Claims of Affected Creditors against the Companies in exchange for either: (i) payments in cash to Unsecured Creditors, including Convenience Creditors; and (ii) the issuance of the New Preference Shares (which are to be converted to the New Common Shares) to the Debentureholders.

197 is the first-ranking secured creditor of the Parent. It also will fund the payments to the Unsecured Creditors, and will pay the requisite amount to the Trustee within one Business Day of the Implementation Date. The Trustee will make the distributions to the Unsecured Creditors as soon as reasonably practicable after the Implementation Date.

The New Preference Shares will be issued by the Parent on the Business Day next following the Implementation Date. The Existing Shares will then be cancelled and immediately thereafter the New Preference Shares will convert to the New Common Shares at a ratio of 1:1.

197 may also provide interim-financing to the Companies after the Filing Date with the approval of the Court.

197 will be issued the Lender Preference Shares as part of the reorganization contemplated by this Proposal. 197 shall be entitled to 1.5 Lender Preference Shares for every \$1.00 of the aggregate of:

- (a) the total indebtedness (including accrued interest, if any) of the Companies to 197; and
- (b) the total amount paid by 197 to the Trustee to fund this Proposal, including in respect of payments to Unsecured Creditors, the Trustee's Costs, and all Post-Filing Claims.

It is contemplated that shortly following implementation of this Proposal, the Parent will raise funds for an equity investment in the Parent. As a condition of its support of this Proposal, 197 requires that the Lender Preference Shares include anti-dilution provisions that will be triggered if the new equity investment values the Parent below a certain threshold amount, with the result that the Lender Preference Shares may convert to the Lender Common Shares at a ratio other than 1:1.

It is also contemplated that shortly following implementation of this Proposal, certain employees of the Companies will be granted options, some of which will be exercisable immediately.

It is anticipated that immediately following implementation of this Proposal, the Debentureholders will hold approximately 75.5% of the issued and outstanding share capital of the Parent, and 197 will hold the balance.

If the anti-dilution provisions of the Lender Preference Shares are triggered, the Debentureholders will hold approximately 39% to 45% of the issued and outstanding share capital of the Parent, 197 will hold approximately 13% to 15% of the issued and outstanding share capital of the Parent, and new investors and employees will hold the balance.

### **2.3 Funding of the Proposal**

197 will fund this Proposal, including paying the Trustee's Costs, all Post-Filing Claims and distributions to Unsecured Creditors.

### **2.4 Trustee Under this Proposal**

Subject to the provisions of the BIA, the Trustee shall act as the administrator for certain purposes connected with this Proposal, including management of the claims process, administration of the Meeting and delivery of payments to the Unsecured Creditors, as applicable. The Parent (and not the Trustee) will issue the New Preference Shares and the Lender Preference Shares.

### **2.5 Persons Affected**

On the Implementation Date, this Proposal will become effective and shall be binding on the Companies, the Existing Shareholders and the Creditors (other than the Unaffected Creditors).

### **2.6 Treatment of Affected Creditors**

On the Implementation Date, and subject to the Companies meeting their obligations to the Affected Creditors under this Proposal, each Affected Creditor shall:

- (a) release the Companies from all Claims that arose before the Filing Date and that relate to the obligations of the Companies prior to the Filing Date, regardless of the date of crystallization of such Claims; and
- (b) release the directors and officers of the Companies from all Claims that arose before the Filing Date and that relate to the obligations of the Companies prior to the Filing Date, regardless of the date of crystallization of such Claims, where the directors or officers are, by law, liable in their capacity as directors or officers.

### ARTICLE 3 TREATMENT OF CREDITORS

#### 3.1 Unaffected Claims

Unaffected Claims are not included under or in any way affected by this Proposal and will be paid in accordance with existing agreements between the Unaffected Creditors and the Companies or in accordance with alternative arrangements to be negotiated concurrently with the filing and implementation of this Proposal.

#### 3.2 Trustee's Costs

The Trustee's Costs shall be paid in priority to all Priority Claims, Debenture Claims and Unsecured Claims.

#### 3.3 Priority Claims

##### 3.3.1 Crown Claims

Crown Claims that are Proven Claims shall be paid in their entirety, without interest, within six months after the granting of the Approval Order.

##### 3.3.2 Payments to Employees

The amounts which employees (past and present) of the Companies would be entitled to receive pursuant to section 136(1)(d) of the BIA if their employer had been declared bankrupt on the Filing Date, as well as wages, salaries, commission or compensation for services rendered from and after the Filing Date up to the date of the granting of the Approval Order, shall be paid in their entirety as soon as reasonably practicable after the granting of the Approval Order.

##### 3.3.3 Other Priority Claims

Any other Priority Claims will be paid in accordance with the BIA.

#### 3.4 Debenture Claims

Each of the Debentureholders shall be entitled to one New Preference Share for every \$1.00 of their Debenture Claim. Following cancellation of the Existing Shares, the New Preference Shares shall convert to the New Common Shares at a ratio of 1:1.

No fractional interests of New Preference Shares will be issued under this Proposal. Debentureholders will have their entitlements adjusted downwards to the nearest whole number of New Preference Shares to eliminate any such fractional interests and no compensation will be given for the fractional interests.

### **3.5 Unsecured Claims**

#### **3.5.1 Convenience Creditors**

Immediately following the Implementation Date, Convenience Creditors will be paid the full amount of their Proven Claims (as reduced, if applicable). Convenience Creditors with Proven Claims are deemed to have voted in favour of the Proposal at the Meeting.

#### **3.5.2 Unsecured Creditors that are not Convenience Creditors**

Immediately following the Implementation Date, each Unsecured Creditor that is not a Convenience Creditor will be paid \$0.10 for every \$1.00 of the Unsecured Creditor's Proven Claim, in full and final satisfaction of the Unsecured Creditors' Unsecured Claims.

### **3.6 Classes of Creditors**

There will be two classes of Creditors for the purpose of considering and voting on this Proposal, namely the Debentureholders Class and the Unsecured Creditor Class.

## **ARTICLE 4 MEETING OF CREDITORS**

### **4.1 Meeting**

Unless otherwise ordered by the Court, the Meeting shall be held at 12:00 p.m. on Wednesday, April 26, 2017 at the offices of Fasken Martineau DuMoulin LLP at 3400 First Canadian Centre, 350 7<sup>th</sup> Avenue SW, Calgary, Alberta.

### **4.2 Conduct of Meeting**

Unless otherwise ordered by the Court, the Meeting shall be held by the Trustee and chaired by the Trustee or the nominee thereof. The Meeting shall be conducted in accordance with Part III, Division I of the BIA. The only Persons entitled to attend the Meeting are those Persons entitled to vote at the Meeting, including the holders of proxies, and their legal counsel, if any, and the officers, directors, auditors, advisors and legal counsel of the Companies, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of the Meeting. Any other person may be admitted only on invitation of the chair of the Meeting.

The procedure for dealing with the disallowance of Proofs of Claim will be as set out in section 135 of the BIA.

### **4.3 Adjournment of the Meeting**

The Meeting may be adjourned in accordance with section 52 of the BIA. If the Meeting is adjourned, no further Proofs of Claim nor proxies shall be filed with or accepted by the Trustee or the Companies for the purpose of voting at any reconvening of the Meeting.

#### **4.4 Voting at the Meeting**

##### **4.4.1 Debentureholders Class**

Each Debentureholder will be entitled to vote the full amount of its Proven Claim at the Meeting. Each Debentureholder shall have one vote for the purposes of determining a majority in number and each Debentureholder shall be entitled to one vote for every \$1.00 of its Proven Claim for the purposes of determining a majority in value.

##### **4.4.2 Unsecured Creditor Class**

Each Unsecured Creditor that is not a Convenience Creditor will be entitled to vote the full amount of its Proven Claim at the Meeting. Each Unsecured Creditor that is not a Convenience Creditor shall have one vote for the purposes of determining a majority in number, and each Unsecured Creditor shall be entitled to one vote for every \$1.00 of its Proven Claim for the purposes of determining a majority in value.

All Convenience Creditors shall be deemed to have voted in favour of the Proposal and shall not be entitled to vote at the Meeting.

#### **4.5 Proxies and Voting Letters**

Voting Creditors that are not Convenience Creditors will be entitled to vote at the applicable Meeting by proxy or voting letter. The particulars with respect to voting by proxy or voting letter will be detailed in the Proof of Claim package and will be binding upon all Voting Creditors.

Any proxy or voting letter filed on or behalf of any Convenience Creditor shall be of no force and effect.

#### **4.6 Inspectors**

At the Meeting, the Voting Creditors may appoint one or more, but not more than five, inspectors (the “**Inspectors**”). The Inspectors shall have only the following powers:

- (a) the power to extend the dates of payments provided for under this Proposal;
- (b) the power to waive any default in the performance of any provision of this Proposal;
- (c) the power to approve interim and final statements of receipts and disbursements of the Trustee, including the power to approve proposed dividends and reasonable fees and disbursements of the Trustee;
- (d) the power to advise the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee; and
- (e) the power to advise the Trustee concerning any dispute that may arise as to the validity of a Proof of Claim filed by a Creditor.

In the event no Inspectors are appointed under this Proposal, the Trustee shall be entitled to take advances toward the Trustee's Costs from the funds paid to the Trustee by 197, with all advances subject to taxation by the Court upon completion of this Proposal.

The Trustee and the Inspectors, should any be appointed, shall be exempt from all personal liability in fulfilling any duties or exercising any powers conferred upon them by this Proposal or generally in carrying out of the terms of this Proposal by reason of any wrongful act, default or neglect by any of them.

## **ARTICLE 5 REORGANIZATION**

### **5.1 Corporate Actions**

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Proposal involving corporate action of the Parent will occur and be effective as of the Implementation Date, and will be authorized and approved by the Court as part of the Approval Order, in all respects and for all purposes, without any requirement for further action by the Existing Shareholders or the directors or officers of the Parent. All necessary approvals of and from the Existing Shareholders and directors or officers of the Parent, as applicable (including all necessary resolutions, whether ordinary, special or otherwise, of the Existing Shareholders or directors or officers of the Parent, as applicable) to take all actions hereunder or contemplated hereby shall be deemed to have been made, given, passed or obtained. For the avoidance of doubt, the Existing Shareholders in their capacity as such are not Affected Creditors and shall not vote on this Proposal.

### **5.2 Reorganization of the Parent's Share Capital**

Subject to the satisfaction of the conditions in Article 6 of this Proposal, the following steps, events or transactions to be immediately effected on the Business Day next following the Implementation Date shall occur, and be deemed to have occurred, in the following order without any further act or formality required on the part of any Person:

- (a) the Parent will issue the New Preference Shares and the Lender Preference Shares;
- (b) except for the New Preference Shares and the Lender Preference Shares:
  - (i) all Existing Shares of the Parent shall be cancelled and shall be of no further force or effect and the obligations of the Parent thereunder or in any way related thereto shall be satisfied and discharged with no compensation or participation being provided or payable therefor or in connection therewith and all certificates formerly representing the Existing Shares shall be deemed to be cancelled and shall be null and void; and
  - (ii) all Securities of the Parent and any rights to receive such Securities shall be automatically deemed cancelled and shall be of no further force or effect and the obligations of the Parent thereunder or in any way related thereto



shall be satisfied and discharged with no compensation or participation being provided or payable therefor or in connection therewith; and

- (iii) the New Preference Shares shall convert to the New Common Shares at the ratio of 1:1.

The Lender Preference Shares shall convert to the Lender Common Shares in accordance with the terms and provisions of the Lender Preference Shares, without any further act or formality required on the part of any Person.

### **5.3 Articles of Reorganization**

The Approval Order, in addition to authorizing this Proposal, shall authorize and approve the filing of the Articles of Reorganization which Articles of Reorganization shall, among other things, amend the articles of the Parent to the extent necessary to:

- (a) cancel the Existing Shares;
- (b) create a new class of Series 2 preference shares and Series 3 preference shares, each in an unlimited number;
- (c) issue the New Preference Shares and the Lender Preference Shares;
- (d) permit the conversion of the New Preference Shares to the New Common Shares at the ratio of 1:1; and
- (e) permit the conversion of the Lender Preference Shares to the Lender Common Shares in accordance with the terms of the Lender Preference Shares.

## **ARTICLE 6 CONDITIONS PRECEDENT**

### **6.1 Conditions Precedent to Implementation of Proposal**

The implementation of this Proposal by the Companies is subject to the satisfaction of the following conditions precedent:

- (a) this Proposal having been approved by the Classes by the requisite percentages in relation both to numbers of Voting Creditors voting in a Class and to dollar amounts of Proven Claims of the Voting Creditors voting in a Class, in accordance with the provisions of the BIA;
- (b) the Approval Order having been issued and not stayed; and
- (c) all other actions, documents and agreements necessary to implement this Proposal shall have been effected and executed.

**ARTICLE 7  
AMENDMENTS AND MODIFICATIONS**

**7.1 Amendment of Proposal before or at Meeting**

The Companies reserve the right, with the consent of the Trustee and 197, to amend, modify, supplement or restate this Proposal at any time prior to the Meeting, or at the Meeting, in which case the amended, modified, supplemented or restated proposal will be put before the Classes for approval at the Meeting.

**7.2 Modification of Proposal after Meeting**

After the Meeting, this Proposal may be modified from time to time:

- (a) if the amendment is considered by the Trustee and the Inspectors (if any) to be non-substantive in nature, with the approval of the Trustee and the majority of the Inspectors (if any); and
- (b) by the Court on application of the Companies or the Trustee and upon notice to the Official Receiver and those determined by the applicant to be directly affected by the proposed modification.

**ARTICLE 8  
APPLICATION FOR COURT APPROVAL**

**8.1 Application for Approval Order**

Upon the conclusion of the Meeting, if this Approval has been approved by the Classes by the requisite percentages in relation to both number of Voting Creditors and to dollar amounts of Proven Claims, application will be made by the Trustee to the Court for the Approval Order. Subject only to the Approval Order being granted and the satisfaction of those conditions described in Article 6, this Proposal will be implemented by the Companies and will be binding upon all the Creditors (other than the Unaffected Creditors), Shareholders and Persons affected by this Proposal in accordance with its terms.

**ARTICLE 9  
IMPLEMENTATION OF PROPOSAL**

**9.1 Issuance of New Preference Shares**

At 12:01 a.m. on the Business Day next following the Implementation Date, the Parent shall issue to the Debentureholders with Debenture Claims, or:

- (a) in the case of the CST Debentureholders, to CDS or to the CST Participant Holders on behalf of the CST Debentureholders with Debenture Claims; and
- (b) in the case of the BNY Debentureholders, to the BNY Registered Holders on behalf of the BNY Debentureholders with Debenture Claims,

such New Preference Shares to which the Debentureholders with Debenture Claims are entitled in accordance with the terms of this Proposal.

## **9.2 Conversion of New Preference Shares to New Common Shares**

In accordance with Article 5 of this Proposal, the New Preference Shares shall convert to the New Common Shares.

## **9.3 Delivery and Allocation of New Common Shares to which Debentureholders Entitled**

Delivery of the New Common Shares to which Debentureholders are entitled under this Proposal shall be made on or before the seventh Business Day following the Implementation Date.

### **9.3.1 CST Debentureholders**

To the extent that any or all of the New Common Shares are able to be distributed to CST Debentureholders through the facilities of CDS (or any other applicable depository), the delivery of interests in the New Common Shares to CST Debentureholders will be made through the facilities of CDS to CDS participants who, in turn will make delivery of the New Common Shares to the CST Debentureholders pursuant to standing instructions and customary practices.

To the extent any or all of the New Common Shares are not able to be distributed to CST Debentureholders through CDS (or other applicable depository), delivery shall be made through the direct registration system of CST Trust Company or by distributing physical certificates to the CST Debenture Trustee or to the CST Participant Holders.

The Companies shall have satisfied their responsibilities in respect of distribution of the New Common Shares to the CST Debentureholders once such New Common Shares have been delivered in accordance with this subsection 9.3.1. The Companies shall have no liability or obligations in respect of deliveries from CDS (or other applicable depository), the CST Debenture Trustee or the CST Participant Holders, as applicable, to the CST Debentureholders.

### **9.3.2 BNY Debentureholders**

All of the of the New Common Shares deliverable to BNY Debentureholders shall be delivered by distributing to the BNY Registered Holders physical certificates registered in the names of the BNY Registered Holders.

The Companies shall have satisfied their responsibilities in respect of distribution of the New Common Shares to the BNY Debentureholders once such New Common Shares have been delivered in accordance with this subsection 9.3.2. The Companies shall have no liability or obligations in respect of deliveries from the BNY Registered Holders to the BNY Debentureholders.

## **9.4 Delivery of Cash to Unsecured Creditors**

As soon as reasonably practicable after the Implementation Date, the Trustee shall distribute to each Unsecured Creditor:

- (a) who is a Convenience Creditor, the lesser of the amount of the Convenience Creditor's Proven Claim and the sum of \$2,000; and
- (b) who is not a Convenience Creditor, \$0.10 for each \$1.00 of that Unsecured Creditor's Proven Claim by way of cheque sent by pre-paid ordinary mail.

#### **9.5 Notices and Payments to Affected Creditors**

Any notices, correspondence and distributions to Affected Creditors under or in relation to this Proposal shall be delivered to the address provided by each Affected Creditor unless the Companies and the Trustee are notified by an Affected Creditor in writing of an alternative address for delivery.

#### **9.6 Undeliverable Distributions**

If any distribution, delivery or correspondence to an Affected Creditor under this Proposal is returned to the sender as undeliverable, no further distributions, deliveries or correspondence shall be made to that Affected Creditor unless and until the sender is notified by such Affected Creditor, in writing, of their current address, at which time any missed deliveries, distributions (without interest) and correspondence shall be delivered to such Affected Creditor. Undeliverable distributions shall be retained by the sender until they are claimed or until six months after the date of such distribution, after which they shall revert to 197 or the Parent, as applicable, free of any restrictions or claims thereon.

#### **9.7 Withholding Taxes and Superintendent's Levy**

All distributions to the Affected Creditors with Proven Claims under this Proposal shall be made net of the levy imposed by the Superintendent of Bankruptcy under the BIA.

Notwithstanding any other provision of this Proposal, each Affected Creditor with a Proven Claim that is to receive a distribution pursuant to this Proposal (including any Preference Shares), shall have the sole and exclusive responsibility for the satisfaction and payment of any taxes or tax obligations imposed by any governmental entity (including income, withholding and other tax obligations on account of such distribution).

### **ARTICLE 10 GENERAL**

#### **10.1 BIA Sections 95 to 101**

It is a term of this Proposal that sections 95 to 101, inclusive, of the BIA shall not apply with respect to this Proposal and the Companies.

#### **10.2 Further Actions**

The Companies will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Proposal to give effect to the transactions contemplated hereby.

### 10.3 Notice to Companies or Trustee

All notices, Proofs of Claim, and other correspondence relating to this Proposal and to be delivered to the Companies or the Trustee shall be in writing and shall be delivered either personally, by email, by regular mail, by registered mail or by certified mail, return receipt requested, at the following address:

*To the Companies*

c/o Suite 801 – 570 Granville Street  
Vancouver BC V6C 3P1

Attention: Christopher Morris/Bradley Meadows

Emails: [cmorris@rcmorris.com](mailto:cmorris@rcmorris.com)  
[bmeadows@rcmorris.com](mailto:bmeadows@rcmorris.com)

with a copy to:

Fasken Martineau DuMoulin LLP  
2900 – 550 Burrard Street  
Vancouver BC V6C 0A3

Attention: Kibben Jackson/Vicki Tickle

Emails: [kjackson@fasken.com](mailto:kjackson@fasken.com)  
[vtickle@fasken.com](mailto:vtickle@fasken.com)

*To the Trustee*

FTI Consulting Canada Inc.  
Ernst & Young Tower  
440 2<sup>nd</sup> Avenue SW, Suite 720  
Calgary AB T2P 5E9

Attention: Deryck Helkaa/Scott Gallon

Emails: [deryck.helkaa@fticonsulting.com](mailto:deryck.helkaa@fticonsulting.com)  
[scott.gallon@fticonsulting.com](mailto:scott.gallon@fticonsulting.com)

### 10.4 Successors and Assigns

This Proposal is binding upon the Companies, the Existing Shareholders, the Affected Creditors and their respective heirs, executors, administrators, successors and assigns.

**10.5 Date and Reference**

This Proposal may be referred to as being the Proposal of the Companies dated for reference the 10<sup>th</sup> day of April, 2017.

DATED at the City of Calgary, Province of Alberta this 10<sup>th</sup> day of April, 2017.

**SEAIR INC. and SEAIR DIFFUSION INC.**

Per: \_\_\_\_\_

Authorized Signatory

# **EXHIBIT J**

**IN THE MATTER OF THE PROPOSAL OF  
SEAIR INC. AND SEAIR DIFFUSION SYTEMS INC. (collectively "SEAIR")  
Minutes of the Meeting of Creditors**

Estate Name: Seair Inc. and Seair Diffusion Systems Inc.

Estate No.: 25-2239263 and 25-2239270

Date: April 26, 2017

Time: 12:00 p.m.

Location: 350 7 AVE SW STE 3400, Calgary AB

Official Receiver: Mark Skiba

Trustee: Deryck Helkaa – FTI Consulting Canada Inc.

Debtor Representative: Bradley Meadows and Christopher Morris

Debtor Solicitor: Vicki Tickle

**Chairperson:**

Deryck Helkaa, Licensed Insolvency Trustee, FTI Consulting Canada Inc.

**Call To Order:**

The meeting was brought to order by Deryck Helkaa, Chairperson, at 12:07 p.m.

The Chairperson advised that there was a quorum of creditors in attendance, and therefore the meeting was properly called and duly constituted.

The Chairperson introduced himself, Deryck Helkaa.

The Chairperson stated that the authority to chair a meeting called pursuant to Section 51 (1) is given in Section 51(3) of the Bankruptcy and Insolvency Act.

The Chairperson tabled the following documents:

- The Proposal dated March 17, 2017;
- Trustee's Report on the Proposal; and
- Affidavit of Mailing.



The Chairperson explained the agenda of the meeting:

- Trustee to give brief overview of the Proposal and the Trustee's Report on the Proposal;
- Question Period;
- Creditors' rights to adjourn for further investigation and examination; and
- Voting on proposal.

### **Vote to Adjourn:**

The Chairperson noted that per BIA Section 52 - Where the creditors by ordinary resolution at the meeting at which a proposal is being considered so require, the meeting shall be adjourned to such time and place as may be fixed by the chairperson.

The Chairperson called a vote on the ordinary resolution to adjourn the meeting.

The motion was moved by Prasino Capital Management Inc and seconded by John Yannitsos.

The vote was recorded as follows:

	\$	/%\$
Total Voting FOR	\$ 792,762.60	25.9%
Total Voting AGAINST	\$ 2,273,320.28	74.1%
Total Voting Claims	\$ 3,066,082.88	100.0%

The vote above includes all votes made either in person or by proxy at the meeting

As a result the motion to adjourn was denied.

### **Overview of the Proposal and Trustee's Report on the Proposal**

Deryck Helkaa discussed the Proposal

Deryck Helkaa discussed the Trustee's Report on the Proposal.

### **Question Period:**

The Chairperson opened the floor to the Creditors for questions.

The following is a summary of the questions asked during the question period and the responses given:

- Creditor question: How did the Trustee arrive at the estimated realizable value (the "ERV") of Seair's Intellectual Property (the "IP")?
  - The Trustee discussed the methodology used to determine the ERV of the IP.
- Creditor question: Why did the payment of a super secured creditor's debt come from Seair?
  - Christopher Morris: The payment came from 1979927 Alberta Ltd., not Seair, for assignment of 940725 Alberta Ltd.'s secured debt.

- Creditor Statement: It was represented to the creditor from the recipient of the funds that the payment originated from Seair Inc.
- Creditor Statement: The creditor wished to note that there are allegations of mishandling of Seair Inc.'s affairs.
- Creditor Statement: The creditor wished the minutes to reflect that an officer of Seair had previously made comment to a shareholder that the Seair was in fine financial position and just need working capital funding.
- Creditor Statement: The creditor appeals to the creditors to consider amendments to the Proposal (the "**Proposed Amendments**").
- Vicki Tickle: The meeting is not being held to vote on the Proposed Amendments.
- Vicki Tickle: Provided creditors with a letter from the Bertran Atalay of VenX Ltd, a company that had previously expressed interest in funding Seair. The letter stated the following:
  - VenX expression of Interest dated April 7, 2017 was non-binding;
  - VenX requires Seair to find sufficient funding for day-to-day operation during the 60 day period of due diligence requested by VenX;
  - No outside funding was forthcoming;
  - In light of Seair's financial circumstances Seair required VenX to submit a binding offer by April 21, 2017;
  - VenX was unable to submit a binding offer in by April 21, 2017; and
  - As such VenX expression of interest expired on April 21, 2017.
- A Creditor mentioned that this letter is being mischaracterized.
- A creditor discussed the Proposed Amendments presented by a group of creditors at the meeting.
- The Trustee re-advised that the meeting was being held to consider the current proposal, not the Proposed Amendment that was provided that day.

No further questions were asked.

### **Voting:**

The Chairperson called for a vote of the Unsecured Creditor class of creditors to approve the Proposal dated April 10, 2017. The motion was moved by FTI Consulting Canada Inc, proxy for Kim Greene and seconded by Dentons Canada LLP.

The vote was recorded as follows:

	\$	#	/%\$	/%#
Total Voting FOR	\$ 1,524,620.49	31	72.5%	73.8%
Total Voting AGAINST	\$ 578,507.11	11	27.5%	26.2%
Total Voting Claims	\$ 2,103,127.60	42	100.0%	100.0%

As a result, the motion passes as the voting exceeded the threshold of a majority in numbers and two thirds in dollar value.

The Chairperson called for a vote of the Debentureholder class of creditors to approve the Proposal dated April 10, 2017. The motion was moved by FTI Consulting Canada Inc, proxy for Wayne McNeill and seconded by FTI Consulting Canada Inc, proxy for James McCoy.

The vote was recorded as follows:

	\$	#	/%\$	/%#
Total Voting FOR	\$ 2,828,814.00	16	100.0%	100.0%
Total Voting AGAINST	\$ -	-	0.0%	0.0%
Total Voting Claims	\$ 2,828,814.00	16	100.0%	100.0%

As a result, the motion passes as the voting exceeded the threshold of a majority in numbers and two thirds in dollar value.

As both classes of creditors accepted the proposal as the voting on both classes of creditors exceeded the threshold of a majority in numbers and two thirds in dollar value.

### **Inspectors**

The Chairperson provided an overview of the role of inspectors and noted that the creditors may appoint anywhere from one to five inspectors in the estate. The Chairperson asked for nominations for the appointment of inspectors.

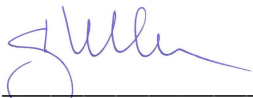
The following creditors were nominated to stand as inspectors:

- Triestino Walter Plava
- Keith Hampton
- William Blair
- George Mylonas

Accordingly, the Chairperson asked for a motion appointing the nominated inspectors to the estate. The motion was moved by Keith Hampton, proxy for Jack Hampton, and seconded by Walter Plava. The motion to appoint the inspectors to the estate was approved unanimously.

As there was no further business, the Chairperson sought a motion to adjourn the meeting. The motion was moved by Walter Plava and seconded by Ernie Zacher.

The motion was carried unanimously and the meeting was adjourned at 12:56 p.m.



**Deryck Helkaa**

**Licensed Insolvency Trustee**