



NO. S-231354
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

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

AND

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

AND

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

THIRD REPORT OF THE MONITOR

APRIL 23, 2023

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INTRODUCTION AND PURPOSE

1. This report (“**Third Report**”) has been prepared by FTI Consulting Canada Inc. in its capacity as the court-appointed Monitor (the “**Monitor**”) of CanWest Aerospace Inc. (“**CW Aerospace**”) and Can West Global Airparts Inc. (“**CW Airparts**”) (collectively “**CanWest**” or the “**Petitioners**”) by an order of the Supreme Court of British Columbia (the “**Court**”) pronounced March 8, 2023 (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.36, as amended (the “**CCAA**”).
2. CW Aerospace was incorporated in British Columbia on May 12, 2004. It was previously known as Canam Components Inc. and prior to that Can West Components Inc. CW Aerospace was established to provide maintenance, repair and overhaul services to helicopter and fixed-wing aircraft customers throughout the world.
3. CW Airparts was incorporated in British Columbia on October 19, 2000. It was previously known as R.T.D. Avionics Ltd. CW Airparts was incorporated to sell new and certified repaired parts to customers, including but not limited to CW Aerospace.
4. The sole director, officer and shareholder of both CW Aerospace and CW Airparts is Thomas Jackson (“**T. Jackson**”).
5. Tara Lundy (“**T. Lundy**”) is the Chief Financial Officer of both CW Aerospace and CW Airparts.
6. On March 8, 2023 the Petitioners sought and obtained a stay of proceedings which the Petitioners deemed necessary to allow them the time to restructure their affairs and meet their obligations to the Royal Bank of Canada (“**RBC**”) and other creditors.

7. On March 17, 2023, the Petitioners sought and obtained an Amended and Restated Initial Order (the “**ARIO**”) that provided for among other things, an extension of the Petitioners stay of proceedings to April 14, 2023.
8. On April 13, 2023, the Petitioners sought and obtained an extension of the stay of proceedings pursuant to the ARIO to April 24, 2023 with the consent of RBC.
9. The stay of proceedings was extended on the basis that a Term Sheet had been received by CanWest from MAR ONE Aviation, L.L.C. (copy attached as Appendix A) and that the Petitioners required time to convert the Term Sheet into a Purchase and Sale Agreement.
10. The purpose of the Third Report of the Monitor is to provide this Honourable Court with an overview of the following:
 - (a) The activities of the Monitor since the date of the Second Report including the Sale and Investment Solicitation Process (“**SISP**”);
 - (b) The Petitioners cash flow for the period from March 13, 2023 to April 23, 2023;
 - (c) The Petitioners’ Second Cash Flow Statement for the period of April 24, 2023 to May 14, 2023;
 - (d) The Monitor’s preliminary view of an estimated liquidation analysis; and
 - (e) The Monitor’s views on the relief being sought by the Petitioners.
11. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor’s website at cfcanada.fticonsulting.com/CWA

TERMS OF REFERENCE

12. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Petitioners' books and records and discussions with various parties (collectively, the "**Information**").
13. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
14. The Monitor 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.
15. 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.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

ACTIVITIES OF THE MONITOR

17. As detailed in the Second Report, the Monitor conducted a sale and investment solicitation process consisting of the following:
 - (a) Prepared a teaser document which provided an overview of the Petitioners, their business operations and some high-level financial information;
 - (b) Prepared a list of potential interested parties using the S&P Capital IQ transaction screen for recent Aircraft Maintenance and Repairs merger and acquisition transactions, in addition to parties already engaged in discussions with T. Jackson and parties that had reached out to the Monitor expressing their interest in CanWest;
 - (c) On March 29, 2023 forwarded by email a copy of the teaser to ten parties identified as noted previously; and
 - (d) Forwarded a copy of a Confidentiality Agreement to parties responding to the teaser and requesting access to additional information.

18. Three parties consisting of two liquidators and one private equity firm signed confidentiality agreements and were provided access to a data room consisting of the following information:
 - (a) The details of the Bangladesh Contracts including copies of the existing agreements;
 - (b) Copies of CanWest's various certifications as detailed in the Monitor's First Report (the "**First Report**");
 - (c) Copies of the guarantees provided by Export Development Corporation with respect to the Bangladesh Contracts;

- (d) Financial statements for both CW Aerospace and CW Airparts for the years ended December 31, 2017 – 2021; and
 - (e) Copies of the Letters of Credit issued in support of the Bangladesh Contracts.
19. After a review of the information in the data room, the private equity firm advised the Monitor that CanWest was not a good fit with the rest of its portfolio and accordingly would not be pursuing the opportunity.
20. The two liquidators have not been able to progress an offer as the Petitioners only recently provided an inventory list to the Monitor.
21. As noted previously, one of the parties that was in discussions with T. Jackson submitted a signed Term Sheet to CanWest on April 12, 2023.
22. The Term Sheet has now been converted into a Share Purchase Agreement (the “SPA”), the details of which are as follows:
- (a) MAR ONE Aviation L.L.C. (the “**Purchaser**”) will purchase all of T. Jackson’s shares in both CW Aerospace and CW Airparts for consideration of US \$1.7 million (approximately CAD \$2.2 million);
 - (b) Within seven days of approval by this Honourable Court of the SPA, the Purchaser will provide a deposit (the “**Deposit**”) in the amount of 10% of the purchase price (US \$170,000) to be held by the Monitor; and
 - (c) Completion of the SPA is conditional upon the satisfaction of the following conditions precedent:
 - i. Execution and delivery of the SPA by both parties;

- ii. Payment of the Deposit by the Purchaser;
 - iii. The Petitioners obtaining Court approval of the SPA;
 - iv. Approval by the secured and unsecured creditors of the Petitioners of a plan of arrangement to be filed by the Petitioners in accordance with the CCAA; and
 - v. The Petitioners obtaining a sanction order of the plan of arrangement accepted by the requisite number and value of creditors.
23. An unsigned copy of the SPA is attached as Appendix B. The Monitor understands that the Purchaser is travelling to Asia this weekend and accordingly the Petitioners expect to have a signed copy of the SPA prior to the Court hearing on April 24, 2023.
24. The Monitor was also forwarded an email by T. Jackson from the agent representing CW Aerospace regarding a payment to be made to the Petitioners for contracts completed by the Petitioners for the government of Bangladesh (copy attached as Appendix C).
25. The payments relate to the final instalments for four contracts previously completed by the Petitioners and are not part of the Bangladesh Contracts.
26. The total expected to be received is US \$110,000 (approximately CAN \$143,000) which will be directed to the Petitioners bank account with RBC.

CASH FLOW STATEMENTS

27. The Petitioners, in conjunction with the Monitor, have prepared the Second Cash Flow Statement (the “**Second Cash Flow Statement**”) setting out the liquidity requirements and cash position of CanWest for the period April 24, 2023 to May 14, 2023. A copy of the Second Cash Flow Statement is attached as Appendix D.
28. A summary of the Second Cash Flow Statement is set out in the below table:

CanWest Cash Flow Statement Nine-Week Period Ended May 14, 2023 (CAD)	Weeks 1-6 Actual	Weeks 7-9 Forecast	Weeks 1-9 Total
Opening Cash	80,900	60,373	80,900
Cash Receipts			
Sales	99,693	49,500	149,193
Collection of A/R	9,919	60,000	69,919
Loan Proceeds	14,259	35,000	49,259
Total - Operating Receipts	123,871	144,500	268,371
Cash Disbursements			
Rent	33,359	36,016	69,376
Utilities	1,957	6,851	8,808
Insurance	2,787	6,102	8,889
Plant Labour	47,715	40,325	88,040
Parts	39,480	30,000	69,480
Professional fees	15,000	25,000	40,000
Office Supplies/Packaging Supplies	4,099	15,000	19,099
Total - Operating Disbursements	144,397	159,295	303,692
Total Net Cash Flow	(20,526)	(14,795)	(35,321)
Ending Cash	60,373	45,578	45,578

29. As noted in the Second Report, the Petitioners actual sales fell considerably short of its forecast. The primary reasons appear to be the lack of ready access to parts, the disruption caused by the landlord of the Langley hangar and the resource constraints (particularly with respect to T. Jackson as he has been pulled between participating in the SISP process and attending to various issues arising from the CCAA proceedings).

30. As at April 23, 2023 the Petitioners had a cumulative cash balance of approximately \$60,000.
31. As indicated above, a payment of \$15,000 was made to the Petitioners' legal counsel subsequent to the date of the ARIO. The Petitioners have advised the Monitor that payments have been issued to the various professionals totaling \$25,000 and are expected to be received next week.
32. The Monitor notes that the payments will not satisfy the current arrears of the professionals and accordingly there will be an amount due under the Administration Charge granted in the ARIO.
33. The Second Cash Flow Statement is based on the following key assumptions:
 - (a) Sales receipts are forecast at the weekly average collections for Weeks 1-6 (the Monitor has reviewed a schedule of work-in-process that forecasts a higher level of sales, however this has been reduced to be conservative);
 - (b) Amounts forecast to be collected in accounts receivable have been agreed by the Monitor to invoices issued by the Petitioners;
 - (c) Loan proceeds relate to advances from 0854271 B.C. Ltd. (a company related to the Petitioners);
 - (d) Rent payments are forecast to be made for both the Langley and Abbotsford premises; and
 - (e) Professional fees relate to the payment of existing arrears.
34. The Monitor notes that a company related to the Petitioners provided a loan of \$14,000 to the Petitioners and the Second Cash Flow Statement anticipates a further loan of \$35,000. This funding is being provided on an unsecured basis.

THE LANGLEY PREMISE

35. As noted in the Second Report, on April 1, 2023 the Monitor was advised by T. Lundy that the landlord of the hangar from which the Petitioners operated in Langley had changed the locks to the premise and was refusing to permit access to the Petitioners.
36. The landlord subsequently allowed the Petitioners access to the hangar to retrieve the electronic file server and some parts for work-in-process.
37. However, the landlord requested the Petitioners submit a plan to the landlord's bailiff indicating how it intended to vacate the premises and the timing for such activity.
38. The Monitor understands that the Petitioners have provided a plan as requested, however an agreement with the landlord has not yet been finalized.

LIQUIDATION ANALYSIS

39. The Monitor has prepared a high-level liquidation analysis (the "**Liquidation Analysis**") based on information provided by the Petitioners, indicating an estimate of the realizable value of the Petitioners' assets. The Monitor notes that the estimated realizable value does not take into account any costs or professional fees that would be incurred in a liquidation. A copy of the Liquidation Analysis is attached as Appendix E.

Cash

40. The cash value is per the opening cash balance of the Second Cash Flow Statement, and agrees to the aggregate balance of the Petitioners' bank accounts.
41. Cash is expected to be realized in full under both illustrative high and low scenarios.

Accounts Receivables

42. The Monitor was provided with scanned copies of outstanding invoices recently issued. Adjusting for the invoices which have already been collected, the remaining balance is approximately \$80,000.
43. Based on the Monitor's observations since the commencement of the CCAA proceedings, accounts receivable appear to be collectible. Accordingly, a recovery in the range of 80-90% has been reflected in the analysis.

Ecuador Receivable

44. The Ecuador receivable relates to a contract with the Ecuador Army, Army Aviation Brigade No. 15 and is detailed in the First Report.
45. Whilst the Petitioners continue to pursue collection of this amount, no additional evidence has been brought to the Monitor's attention since the First Report that the collection of this is more probable.
46. Accordingly, the Monitor has estimated the realizable value at a range of 0-80%.

CanWest Aerospace and Can West Global Airparts inventory

47. The Monitor was provided with extracts from the Petitioners' electronic inventory system indicating quantities of parts and the cost per unit of the parts. Certain manual adjustments were required to these schedules for reasons such as:
 - (a) The inclusion of third-party parts; and
 - (b) Inventory being included at the original lot cost, despite the fact that many of the parts within the lot had previously been sold.

48. Accordingly, the Monitor reviewed the schedules with T. Jackson to estimate the value of the inventory if sold in an orderly manner.
49. The Monitor contacted a representative of Maynards Industries to enquire as to a cursory estimate of value. The Monitor cautions that a list of inventory was neither provided to the representative nor was access provided for an inspection.
50. Based on the previous experience of Maynards Industries with an aircraft parts sale from Air Canada's maintenance company, the representative provided an oral estimate of between 10 – 20 cents on the cost dollar due to the specialty nature of aircraft parts and the timeline that would be required to dispose of the inventory.

Tools and equipment

51. Many of the Petitioners' tools and equipment are bespoke to the niche industry in which they operate, resulting in a 5-10% range for realizable value.

Bangladesh contracts

52. The Monitor was provided with a schedule estimating the net cash realizations if the contracts were to be completed (included in the First Report as Appendix G). The total expected net cash for all contracts that generate a positive cashflow has been used in this Liquidation Analysis.
53. Given the significant amount of work required to complete the contracts, and the likely need for the involvement of T. Jackson in order to do so, the Monitor used a range of 0-20% for the estimated realizable value.

Work-in-progress

54. The Monitor was provided with a forecast for the work-in-progress estimated to be completed within the next 60 days, including the costs to complete any items and the quoted price for the work. The aggregate net cash inflow from that schedule has been included in this Liquidation Analysis.
55. The Petitioners have faced difficulties with finalizing work-in-progress since the start of the proceedings and this is reflected in the low scenario of 10%, with a high scenario assuming 40% of this can be completed and collected.

Estimated liquidation value

56. On the basis of the assumptions as indicated above, the Monitor's high-level analysis of the Petitioners' liquidation value (before any estimate of liquidation costs) to be in the range of \$450,000 to \$1.6 million.
57. The Monitor notes that the purchase price indicated in the SPA of \$2.2 million (US \$1.7 million) is higher than the Monitor's estimated range of liquidation value.
58. The Monitor notes that the estimated liquidation value does not account for any costs or professional fees of a liquidation which in the view of the Monitor would be significant due to the following:
 - (a) The Petitioners hold a large quantity of inventory owned by third parties which would need to be identified and returned once ownership had been established; and
 - (b) An arrangement would need to be agreed with the landlord of the hangar in Langley and it is uncertain whether an onsite auction or sale could occur on the premises, or if the assets would have to be removed and stored in an alternate location.

59. In addition, the Monitor is of the view that the support and co-operation of T. Jackson would be required to achieve any realization resulting from:
- (a) The knowledge he possesses of a very specialized industry;
 - (b) The fact that T. Jackson fills all of the roles required for the various certificates issued by the various regulators allowing the Petitioners to operate; and
 - (c) The relationships he has with customers, including those parties dealing with the Bangladesh Contracts, and his technical knowledge regarding the work required to be performed if any attempt is to be made at completing work-in-process or the Bangladesh Contracts.

THE PETITIONERS' REQUEST TO EXTEND THE STAY OF PROCEEDINGS

60. The Petitioners are seeking the approval of this Honourable Court of the SPA expected to be signed by the Petitioners and MAR ONE Aviation L.L.C. and authorize an extension of the current stay of proceedings to May 5, 2023. Absent such extension, the stay will expire on April 24, 2023.
61. The Petitioners are seeking an extension of the stay to provide the time required for the deposit to be paid such that the SPA becomes a binding agreement.
62. Upon receipt of the deposit, the Monitor expects that the Petitioners' counsel would be returning before this Court seeking a further extension of the stay of proceedings to allow it the time necessary to satisfy the conditions precedent to the SPA including the acceptance of a plan of arrangement by the Petitioners' secured and unsecured creditors, and to close the SPA.
63. Whilst the offer from the Purchaser constitutes a share sale, the Monitor has considered the factors to be considered by a court in approving the sale of assets by a company pursuant to section 36 of the CCAA, namely:

- (a) Whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
 - (b) Whether the monitor approved the process leading to the proposed sale or disposition;
 - (c) Whether the monitor filed with the Court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
 - (d) The extent to which the creditors were consulted;
 - (e) The effects of the proposed sale or disposition on the creditors and other interested parties; and
 - (f) Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.
64. The Monitor has described the SISP in a prior section of this report. Although the SISP was conducted on a compressed timeline, given the Petitioners' limited liquidity, the Monitor is of the view that the SISP process was reasonable in the circumstances.
65. The Monitor conducted the SISP with the support of T. Jackson and the SPA represents the only offer received.
66. The Monitor has prepared a high-level estimated realization analysis which indicates the SPA would result in a higher recovery than a liquidation and accordingly approval of the SPA would appear to be in the best interests of stakeholders.

67. Although not yet finalized, the SPA is conditional on a plan of arrangement being accepted by the secured and unsecured creditors of the Petitioners. Based on the high-level liquidation analysis, the result of a plan of arrangement for the unsecured creditors would appear to be superior to the recovery from a bankruptcy of the Petitioners.
68. The Monitor is of the view that the extension is appropriate and the SPA should be approved. The Monitor is of the view that receipt of the deposit to be provided on or before May 1, 2023 would validate the likelihood of the SPA closing and support a further extension to the stay of proceedings at a subsequent application to be held prior to May 5, 2023.
69. Based on the Monitor's high-level liquidation analysis, the Monitor is of the view that the purchase price indicated in the SPA is superior to the recovery that would be achieved if the Petitioners' assets were to be liquidated.
70. The Cash Flow Statement as prepared by T. Lundy appears to provide sufficient liquidity to support an extension of the stay of proceedings to May 5, 2023.
71. The Monitor has considered the tests that the Court must be satisfied with in order to grant an extension of the stay of proceedings to the Petitioners, namely that:
 - (a) The Petitioners must be acting in good faith and with due diligence; and
 - (b) The Petitioners satisfy the Court that the circumstances exist that make the order appropriate.
72. The Monitor is of the view that the Petitioners is acting in good faith and with due diligence.
73. The Monitor is also of the view that the extension of the stay is reasonable as it aligns with the timing of the deposit receipt, to be received pursuant to the SPA.

74. Accordingly, the Monitor supports the approval of the SPA and the Petitioners' request for an extension of the stay of proceedings to May 5, 2023.

All of which is respectfully submitted this 23rd day of April, 2023.

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

A handwritten signature in black ink, appearing to read "Craig Munro". The signature is written in a cursive, flowing style.

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

Appendix A

Term Sheet from MAR ONE Aviation L.L.C.

TERM SHEET

This term sheet (the “**Term Sheet**”) is intended to describe the general terms and conditions of a proposed acquisition of Canwest Aerospace Inc. (“**CW Aerospace**”) and Can West Global Airparts Inc. (“**CW Airparts**”, and collectively with CW Aerospace, the “**Petitioners**”), the petitioners in the proceedings under the *Companies Creditors’ Arrangement Act* (the “**CCAA**”) under court file no. S-231354 (the “**CCAA Proceedings**”), or all of their assets in the alternative, by MAR ONE Aviation, L.L.C. (the “**Purchaser**”), and is subject to approval by the Supreme Court of British Columbia (the “**Court**”) in the CCAA Proceedings and any other agreement that may be necessary to effect the transaction (the “**Transaction Documents**”).

1. **Seller:**

Thomas Jackson, as sole shareholder of the Petitioners, in the event of a sale of the shares of the Petitioners, or the Petitioners, in the event of a sale of the assets of the Petitioners.

2. **Purchaser:**

MAR ONE Aviation, L.L.C.

3. **Transaction:**

the Purchaser shall purchase 100% of the shares of each of the Petitioners from the Seller, or if Court approval cannot be obtained in the CCAA Proceedings for a sale of 100% of the shares of the Petitioners, the Purchaser shall purchase all of the assets of the Petitioners from the Seller subject to any excluded assets (the “**Transaction**”).

4. **Purchase Price:**

USD\$1,700,000 (excluding sales tax and any other applicable taxes).

5. **Deposit:**

USD\$170,000, to be paid within seven (7) days of Court approval of the Transaction in the CCAA Proceedings, to be applied toward payment of the Purchase Price upon closing of the Transaction. The Deposit is non-refundable upon satisfaction of the Closing Conditions.

6. **Closing Conditions:**

The Transaction will be subject to satisfaction of the following conditions precedent:

- (i) approval in the CCAA Proceedings by the unsecured creditors of the Petitioners to accept 10% of their claims in the class of unsecured creditors; and
- (ii) Court approval of the Transaction in the CCAA Proceedings; and



- (iii) The negotiation and formal execution of a definitive Purchase and Sale Agreement.

7. **Governing Law:**

The Transaction Documents and this Term Sheet shall be governed by the laws of British Columbia.

8. **Expenses:**

Each party shall bear its own expenses

9. **Closing Date:**

Within 30 days of Court approval of the Transaction in the CCAA Proceedings or as otherwise agreed by the Parties and as approved by the Court.

Acknowledged and agreed to this _____ day of April, 2023 by:

THOMAS JACKSON

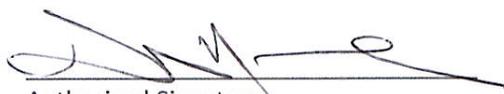
CANWEST AEROSPACE INC.

Per: _____
Authorized Signatory

CAN WEST GLOBAL AIRPARTS INC.

Per: _____
Authorized Signatory

MAR ONE AVIATION, L.L.C.

Per: 
Authorized Signatory

Appendix B

Unsigned copy of draft Share Purchase Agreement

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made the ____ day of April 2023 between Thomas Jackson ("**Jackson**"), an individual doing business in the Province of British Columbia, CanWest Aerospace Inc. ("**CW Aerospace**") and Can West Global Airparts Inc. ("**CW Airparts**", and together with CW Aerospace, the "**Petitioners**", and the Petitioners together with Jackson, the "**Vendors**") and MAR ONE Aviation, L.L.C., a company incorporated under the laws of the State of Washington (the "**Purchaser**", and together with the **Vendors**, the "**Parties**", and each a "**Party**").

WHEREAS:

A. On March 8, 2023, the Supreme Court of British Columbia (the "**Court**") made an order (the "**Initial Order**") granting each of the Petitioners, protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**");

B. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as the monitor of the business and financial affairs of the Petitioners under the CCAA (in such capacity, the "**Monitor**");

C. Jackson is the registered and beneficial owner of the shares in the capital of each Petitioner set out in **Schedule "A"** attached hereto (the "**Shares**");

D. In connection with a plan of compromise and arrangement to be proposed in these CCAA proceedings (the "**Plan**"), Jackson has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase the Petitioners' assets through its purchase of the Shares for the Purchase Price (as defined below) and on the terms and conditions set out in this Agreement (the "**Sale Transaction**");

E. The Parties have agreed that with respect to the Sale Transaction, Jackson will receive \$100.00 as consideration for the Shares, and the balance of the Purchase Price will be paid to the Monitor, in trust, and used to fund the Plan; and

F. Accordingly, the Parties wish to enter into this Agreement so as to effect the Sale Transaction, the consummation of which shall be subject to the conditions precedent set out in Section 4 below, including approval by the Court by way of an Order approving the Sale Transaction. (the "**Sale Approval Order**").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. SALE OF SHARES

On and subject to the terms and conditions set forth in this Agreement, Jackson hereby agrees to sell, transfer and convey to the Purchaser, and the Purchaser hereby agrees to purchase from Jackson, all of Jackson's right, title and interest in and to the Shares, with such purchase and sale to take effect upon receipt by the Monitor of the Purchase Price as set out in Section 2 below and receipt by the Purchaser of the closing deliverables set out in Section 3 below.

2. PURCHASE PRICE

- (a) The aggregate purchase price payable by the Purchaser pursuant to the Sale Transaction is USD\$1,700,000 (the “**Purchase Price**”).
- (b) If the Court grants the Sale Approval Order, then within seven (7) days of the date of the Sale Approval Order, the Purchaser shall pay 10% of the Purchase Price, being USD\$170,000, as a deposit (the “**Deposit**”), by wire transfer, to the Monitor, in trust. The Deposit may only be refunded to the Purchaser upon the occurrence of one of the following events (each, a “**Refund Event**”):
 - ☐(i) the Sale Transaction does not close solely due to the Vendors’ default of the terms of this Agreement;
 - ☐(ii) Upon a vote by the Petitioners’ creditors, the Petitioners’ creditors do not approve the Plan as submitted to the creditors in accordance with the CCAA; or
 - ☐(iii) Upon the Petitioners’ application to the Court, the Court does not approve the Plan and issue a vesting order vesting the Shares in the Purchaser free and clear of all claims and liabilities other than permitted claims and liabilities. (the “**Sanction and Vesting Order**”).
- (c) If the Deposit is not required to be returned to the Purchaser due to the occurrence of a Refund Event, the Deposit will be non-refundable and constitute liquidated damages and will be used by the Petitioners to pay for its restructuring costs associated with the CCAA proceedings.
- (d) On the Closing Date, the Purchaser shall pay the balance of the Purchase Price by wire transfer to the Monitor, in trust. The Purchase Price will ultimately be distributed by the Monitor in accordance with the Plan.

3. CLOSING DELIVERABLES

On or before the Closing Date, the Vendors will execute and deliver, or cause to be executed and delivered, all documents, instruments, resolutions and share certificates as are necessary to effectively transfer and assign the Shares to the Purchaser, including:

- (a) the Sale Approval Order;
- (b) The Sanction and Vesting Order;
- (c) all corporate records and books of account of each Petitioner that are in the possession of the Vendor;
- (d) to the extent the Shares are certificated:
 - ☐(i) share certificate(s) in the name of the Vendor representing the Shares duly endorsed for transfer; or

- ②(ii) share certificate(s) representing the Shares registered in the name of the Purchaser; and
- (e) to the extent the Shares are uncertificated, evidence that all share registrations or other recordings have been made in accordance with applicable law to effect the transfer of the Shares to the Purchaser.

4. CONDITIONS PRECEDENT

Completion of the Sale Transaction is subject to satisfaction of the following conditions precedent (the “Conditions”):

- (a) execution and delivery of this Agreement by each Party;
- (b) payment of the Deposit by the Purchaser in accordance with Section 2 above;
- (c) the Petitioners obtaining the Sale Approval Order;
- (d) approval by the secured and unsecured creditors of the Petitioners of the Plan in accordance with the CCAA; and
- (e) approval by the Court of the Plan by way of the Sanction and Vesting Order.

Neither Party may waive any of the Conditions.

5. REPRESENTATIONS AND WARRANTIES OF VENDOR

The Vendors represent and warrant to the Purchaser as of the date hereof as follows:

- (a) Incorporation and Power. Each Petitioner is a corporation or analogous entity incorporated and validly existing under the laws of its jurisdiction of incorporation or formation, and is duly organized and in good standing under the laws of such jurisdiction.
- (b) Due Authorization. The execution and delivery of this Agreement and such other agreements and instruments as are referred to herein and the completion of the Sale Transaction and such other agreements and instruments have been duly authorized by all necessary action on the part of the Vendor.
- (c) Share Ownership. The Shares represent all of the issued and outstanding shares in the capital of each Petitioner and are as set out in Schedule “A” attached hereto.
- (d) “As is, Where Is”. The Shares are being sold by the Vendor to the Purchaser on an “as is, where is” basis without surviving representations, warranties, covenants or indemnities of any kind, nature or description by the Vendor with respect to the Shares or the state of the affairs of each Petitioner, except to the extent expressly set forth in this Section 5 and to the extent that the Shares are conveyed by way of the Sanction and Vesting Order.

6. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as of the date hereof as follows:

- (a) Incorporation and Power. The Purchaser is a corporation duly incorporated under the laws of its jurisdiction of incorporation or formation and is duly organized, validly existing and in good standing under such laws. The Purchaser has the corporate power and capacity to enter into this Agreement and to carry out the transactions contemplated hereby.
- (b) Due Authorization. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser. The Purchaser has due and sufficient right and authority to enter into this Agreement on the terms and conditions set forth in this Agreement and to perform its obligations under this Agreement.
- (c) Consents and Approvals. Other than as contemplated in the Conditions in Section 4 above, no consent or approval of any person is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement.
- (d) Notices. No notice is required to be delivered by the Purchaser to any person in connection with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement.

The representations, warranties, covenants and agreements of the Purchaser contained in this Agreement and in any document or certificate given in connection with this Agreement survive the closing of the transactions contemplated by this Agreement.

7. MISCELLANEOUS

- (a) No Assignment. This Agreement may not be assigned in whole or in part by either Party without the express, prior written consent of the other party, which consent shall not be unreasonably withheld.
- (b) Notice. Any notice to be made under this Agreement shall be made in writing and by e-mail or letter, to the following addresses:

If to the Vendors:

c/o Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, British Columbia V6C 3H1
Attention: Christopher Ramsay and Katie Mak
Email: cramsay@cwilson.com and kmak@cwilson.com
(with a copy to Thomas Jackson, tomj@canwestaerospace.com)

The Purchaser's address for notice is:

14210 NE 20th Street
Suite B
Bellevue, WA 98007-3765
Attention: David Marone
Email: davemarone@mar-oneaviation.com

Each Party may change their address by providing notice to the other Party of its change of address in accordance with this Section 7. Except as specified by applicable law, any communication shall be effective when received if during business hours or on the next business day if received outside of business hours.

- (c) Enurement. This Agreement shall enure to the benefit of and shall be binding upon each of the Parties hereto and each of their successors and permitted assigns.
- (d) Further Assurances. Each Party will promptly execute and deliver all further documents and take all further action reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement and to complete the transactions contemplated by this Agreement.
- (e) Governing Law. This Agreement shall be construed under and governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to conflict of laws. The parties irrevocably attorn to the jurisdiction of the courts of British Columbia, and the venue for any actions arising out of this Agreement will be Vancouver, British Columbia.
- (f) Entire Agreement. This Agreement and all documents contemplated by or delivered under or in connection with this Agreement, constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings whether written or oral, express or implied, statutory or otherwise.
- (g) Counterparts. This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in one or more counterparts and by email with the same force and effect as if all parties noted as a signatory thereto had signed and delivered an original copy of the same document. All counterparts when delivered or sent by email shall be deemed to be an original and all of which together shall constitute one and the same document.

[Signature page follows]

IN WITNESS WHEREOF the parties have executed this Share Purchase Agreement as of the date first above written.

THOMAS JACKSON

CANWEST AEROSPACE INC.

Per: _____
Authorized Signatory

CAN WEST GLOBAL AIRPARTS INC.

Per: _____
Authorized Signatory

MAR ONE AVIATION, L.L.C.

Per: _____
Authorized Signatory

Schedule A

SHARES TO BE ACQUIRED

Petitioner	Number and Class of Shares	Certificate No. (if applicable)
CanWest Aerospace Inc.	200 class A shares	A-4
CanWest Aerospace Inc.	200 class C shares	C-5
Can West Global Airparts Inc.	100 A VOTING COMMON shares	2
Can West Global Airparts Inc.	1,000 B NON-VOTING COMMON shares	1

Appendix C

Correspondence regarding a payment to be made to the
Petitioners for contracts completed by the Petitioners for
the government of Bangladesh

From: [Hakim Khan Yusufzy](#)
To: [Tom Jackson](#)
Subject: Re: Payment status of DGDP Contract
Date: Wednesday, April 12, 2023 7:56:53 AM

Hi Tom,

Please see below the payment status of DGDP Contracts which is going to made within shortest time:

1. Contract No 273.216.16 dated 17 Jun 2017. Outstanding payment 20%. It would be approximately USD 20,455.00
2. Contact No. 273.215.216 dated 17 Jun 2017. Outstanding payment 100%. It would be approximately USD 34,070.84
3. Contract No. 273.149.16.01 dated 17 Jun 2017. Outstanding payment 100%. Pls note that we didn't supply full items . Only supplied 93 L/I. And 27 L/I we didn't supplied. We have to apply for the deletion and after that you will get the payment. It will take some more time. It would be approximately USD 28,848.
4. Contract No. 273.192.15 dated 29 Jun 2016. Outstanding payment 100%. Pls note that we didn't supply full items . We have to apply for the deletion and after that you will get the payment. It will take some more time. It would be approximately USD 26,868.64

Here is the update.

Regards.

Hakim

On Wed, Apr 12, 2023, 8:18 PM Hakim Khan Yusufzy <hakim@zaratradingbd.com> wrote:

Hi Tom,

Please see below the payment status of DGDP Contracts which is going to made within shortest time:

1. Contract No 273.216.16 dated 17 Jun 2017. Outstanding payment 20%.
2. Contact No. 273.215.216 dated 17 Jun 2017. Outstanding payment 100%.
3. Contract No. 273.149.16.01 dated 17 Jun 2017. Outstanding payment 100%. Pls note that we didn't supply full items . Only supplied 93 L/I. And 27 L/I we didn't supplied. We have to apply for the deletion and after that you will get the payment. It will take some more time.
4. Contract No. 273.192.15 dated 29 Jun 2016. Outstanding payment 100%. Pls note that we didn't supply full items . We have to apply for the deletion and after that you will get the payment. It will take some more time.

Here is the update.

Regards.

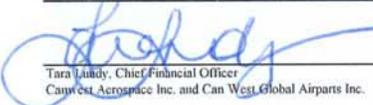
Hakim

Appendix D

Second Cash Flow Statement

Canwest Aerospace Inc. and Can West Global Airparts Inc.
Cash Flow Statement
For the three-week period ending May 14, 2023

(CAD)	Week Ending	Notes	Week 7 30-Apr-23 Forecast	Week 8 07-May-23 Forecast	Week 9 14-May-23 Forecast	Total 14-May-23 Forecast
Opening Cash			60,373	33,489	49,024	60,373
Cash Receipts						
Sales		[1]	16,500	16,500	16,500	49,500
Collection of A/R		[2]	20,000	20,000	20,000	60,000
Loan Proceeds		[3]	35,000	-	-	35,000
Total - Operating Receipts			71,500	36,500	36,500	144,500
Cash Disbursements						
Rent		[4]	36,016	-	-	36,016
Utilities		[5]	3,451	2,650	750	6,851
Insurance		[6]	2,787	3,315	-	6,102
Plant Labour		[7]	16,130	-	24,195	40,325
Parts		[8]	10,000	10,000	10,000	30,000
Professional fees		[9]	25,000	-	-	25,000
Office Supplies/Packaging Supplies		[10]	5,000	5,000	5,000	15,000
Total - Operating Disbursements			98,384	20,965	39,945	159,295
Total Net Cash Flow			(26,884)	15,535	(3,445)	(14,795)
Ending Cash			33,489	49,024	45,578	45,578


Tara Lundy, Chief Financial Officer
Canwest Aerospace Inc. and Can West Global Airparts Inc.

Notes:

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Company during the CCAA Proceedings. The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

- [1] Sales are derived from finalizing existing work-in-progress relating to the manufacture, sale, repair and installation of parts.
- [2] The majority of accounts receivable outstanding for less than 60 days is expected to be collected within the forecast period.
- [3] Loan proceeds relate to monies provided by 0854271 B.C. Ltd. (a related company).
- [4] Rent relates to both the Langley and Abbotsford premises of the Petitioners.
- [5] Utilities relate to the expenditures required to continue to advance work-in-progress.
- [6] Insurance relates to monthly aviation liability coverage and employee extended benefits.
- [7] Plant Labour is assumed to continue at current run rates.
- [8] Parts include both items required to complete outstanding work-in-progress.
- [9] Professional fee payments relate to the payment of existing arrears.
- [10] Office Supplies/Packaging Supplies contain miscellaneous expenses.

Appendix E

Liquidation Analysis

CanWest
 Illustrative Liquidation Analysis (as at April 21, 2023)
 (CAD)

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

Notes:

- [1] Per the opening cash balance of the Second Cash Flow Statement.
- [2] Based on the Monitor's observations since the commencement of the CCAA proceedings, accounts receivable appear to be reasonably collectible.
- [3] Whilst the Petitioners continue to pursue collection of this amount, no additional evidence has been brought to the Monitor's attention since the First Report that the collection of this is more probable.
- [4] & [5] The Monitor contacted a representative of Maynards Industries to enquire as to a cursory estimate of value, informing the estimated realization percentages.
- [6] Many of the Petitioners tools and equipment are bespoke to the niche industry in which they operate.
- [7] The significant amount of work required to complete the contracts, and the likely required involvement of T. Jackson in order to do so, is reflected in the estimated realization percentages.
- [8] The Petitioners have faced difficulties with finalizing work-in-progress since the start of the proceedings.

Limitations and Disclaimer:

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