

COURT FILE NUMBER 2401-02664
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LYNX AIR HOLDINGS CORPORATION
and 1263343 ALBERTA INC. dba LYNX AIR

DOCUMENT **FIFTH REPORT OF FTI CONSULTING CANADA INC., IN
ITS CAPACITY AS MONITOR OF LYNX AIR HOLDINGS
CORPORATION and 1263343 ALBERTA INC. dba LYNX
AIR**

June 21, 2024

ADDRESS FOR SERVICE AND
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FIFTH REPORT OF THE MONITOR

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INTRODUCTION

1. On February 22, 2024 (“**Initial Filing Date**”), Lynx Air Holdings Corporation (“**Lynx Holdco**”) and 1263343 Alberta Inc. dba Lynx Air (“**Lynx Opco**”, together with Lynx Holdco, “**Lynx Air**” the “**Applicants**” or the “**Company**”), sought and obtained an initial order (“**Initial Order**”) by the Court of King’s Bench of Alberta (“**Court**”) to commence proceedings (“**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”).
2. The Initial Order, among other things, established a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants until March 4, 2024, and appointed FTI Consulting Canada Inc. as monitor (the “**Monitor**”) of the Applicants in these CCAA Proceedings;
3. On March 1, 2024, this Honourable Court granted an Amended and Restated Initial Order (the “**ARIO**”) which, among other things, provided the following relief:
 - (a) declared that the Applicants are companies to which the CCAA applies;
 - (b) authorized the Applicants to remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof (the “**Property**”) and continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) or their Property;
 - (c) extended the Stay of Proceedings, until and including April 15, 2024, (the “**Stay Period**”), all proceedings, and remedies against the Applicants or its business or Property, except as otherwise set forth in the Initial Order or otherwise permitted by law;

- (d) granted a charge in favour of the Monitor, its legal counsel, and the Applicants' legal counsel in respect of their fees and disbursements in the amount of \$500,000 under section 11.52 of the CCAA (the "**Administrative Charge**");
- (e) granted a \$500,000 charge in favour of the Applicants' directors and officers ("**Directors' Charge**") as protection against obligations and liabilities that they may incur as directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of these CCAA Proceedings;
- (f) increased the amount available to the Applicants under an interim financing term sheet ("**Term Sheet**") made as of February 21, 2024, with Indigo Northern Ventures LP (the "**Interim Lender**" or "**Indigo**") from approximately \$1.0 million (US\$750,000) to approximately \$5.0 million (as same is denominated in USD, the "**Interim Facility**") and a corresponding increase to the court-ordered priority charge on the Property of the Applicants to secure the Interim Facility (the "**Interim Lender's Charge**");
- (g) granted a charge against the Applicants' Property for a key employee retention plan ("**KERP**") in the maximum amount of \$1.2 million (the "**KERP Charge**");
- (h) sealed the Confidential Affidavit of Michael Woodward in accordance with the terms of a restricted court access order granted by the Court; and
- (i) declared pursuant to section 5(5) of the Wage Earner Protection Program Act (Canada), S.C. 2005, c. 47, s.1 ("**WEPPA**"), that the Applicants and their former employees meet the criteria prescribed by section 3.2 of the Wage Earner Protection Program Regulations SOR/2008-222 (the "**WEPP Regulations**") and are individuals to whom the WEPPA applies as of the date of the Initial Order.

4. Also on March 1, 2024, this Honourable Court approved a sale and investment solicitation process (“**SISP**”) and granted an Order (the “**SISP Order**”) authorizing and directing the Applicants and the Monitor to implement the SISP in accordance with the terms thereof (the “**SISP Procedures**”).

5. On April 2, 2024, this Honourable Court granted the following Orders:
 - (a) an Order (the “**Termination Approval Order**”) approving a termination agreement and mutual release (the “**Termination Agreement**”) between The Boeing Company (“**Boeing**”) and Lynx Opco in respect of Purchase Agreement No. PA-04427 (the “**Boeing Purchase Agreement**”);
 - (b) a restricted Court access Order sealing the confidential affidavit of Michael Woodward, sworn March 25, 2024, which contains an unredacted copy of the Termination Agreement;
and
 - (c) a restricted Court access Order sealing the confidential supplement to the second Report of the Monitor dated March 27, 2024.

6. On April 15, 2024, this Honourable Court granted the following Orders:
 - (a) authorized the Applicants, with the approval of the Monitor, to repay the borrowings to the Interim Lender in an amount equal to the amounts owing to the Interim Lender under the Term Sheet;
 - (b) authorized the Applicants to make further distributions to Indigo up to an amount equal to the secured obligations and amounts owing by the Applicants under the terms of the note purchase agreement dated December 20, 2018 (the “**Initial Notes**”), and the five bridge note purchase agreements, as amended (the “**Bridge Notes**” and collectively with the Initial Notes, the “**Secured Obligations**”); and

(c) extended the Stay Period up to and including June 28, 2024.

7. On May 21, 2024, this Honourable Court granted the following Orders:

(a) authorized and approved (the “**BOCA AVO**”) the transaction (the “**BOCA Transaction**”) contemplated by the asset purchase and sale agreement between Lynx Opco and BOC Aviation (Cayman) Limited (“**BOCA**”) dated May 13, 2024 (the “**BOCA APA**”);

(b) authorized and approved (the “**AERO AVO**”) the transaction (the “**AERO Transaction**”) and together with the BOCA Transaction, the “**Transactions**”) contemplated by an asset purchase and sale agreement between Lynx Opco and AERO3 Inc. (“**AERO**”) dated May 10, 2024 (the “**AERO APA**”); and

(c) an order (the “**Restricted Court Access Order**”) sealing the Confidential Affidavit of Michael Woodward, sworn May 13, 2024 (the “**Confidential Woodward Affidavit**”).

8. On June 19, 2024, and June 21, 2024, the Applicants and the Monitor, filed and served notices of application returnable on June 28, 2024, seeking orders:

(a) approving a procedure for the solicitation, determination and resolution of claims against the current and former directors and officers of the Applicants (the “**D&O Claims Process**”);

(b) enhancing the Monitor’s powers with respect to the Applicants;

(c) extending the Stay Period up to and including September 30, 2024; and

(d) approving the activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and its counsel, for the period from February 22, 2024, to May 31, 2024,

(the “**June 28 Application**”).

9. Electronic copies of all materials filed by the Applicants in connection with the June 28 Application and other statutory materials are available on the Monitor’s website at: <http://cfcandata.fticonsulting.com/lynxair/>.

PURPOSE

10. The Monitor has reviewed the Court materials filed by the Applicants in support of the June 28 Application. The purpose of this report (this “**Report**”) is to provide this Honourable Court and the Applicants’ stakeholders with information and the Monitor’s comments with respect to the following:
- (a) the activities of the Monitor since its Fourth report dated May 15, 2024 (the “**Fourth Report**”);
 - (b) the status of the wind-down of the Applicants’ business and operations;
 - (c) the status of the SISP;
 - (d) the Applicants’ actual cash receipts and disbursements for the 5-week period ended June 15, 2024, as compared to the cash flow statement presented to this Honourable Court attached to the Fourth Report;
 - (e) the Applicants updated cash flow statement (the “**Fifth CFS**”) for the period of June 16, 2024, to September 30, 2024 (the “**Forecast Period**”) as well as the Monitor’s view on the reasonableness of the Cash Flow Statement and assumptions therein;
 - (f) the proposed D&O Claims Process;
 - (g) approval of the activities of the Monitor and its counsel, including its fees and disbursements; and

(h) the Monitor's recommendations with respect to the above.

11. This Report should be read in conjunction with the affidavit of Mike Woodward sworn on June 19, 2024 (the "**Sixth Woodward Affidavit**").

TERMS OF REFERENCE

12. Capitalized terms used but not defined herein have the same meaning ascribed to them in the Sixth Woodward Affidavit and the ARIO, as the context may require.

13. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Applicants' books and records and discussions with various parties (collectively, the "**Information**").

14. Except as described in this Report:

(a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;

(b) 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*; and

(c) 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.

15. The Monitor has prepared this Report in connection with the June 28 Application. This Report should not be relied on for other purposes.

16. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, McCarthy Tétrault LLP (the “**Monitor’s Counsel**”), was provided to assist the Monitor in considering its course of action, is subject to solicitor client privilege, not intended as legal or other advice to, and may not be relied upon by, any other person.
17. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

BACKGROUND INFORMATION

18. Detailed information with respect to the Applicants’ business, operations and causes of financial difficulty are described in Affidavit of Mike Woodward sworn on February 22, 2024.
19. Additional background information on the Applicants and the CCAA Proceedings is available on the Monitor’s Website, including the Sixth Woodward Affidavit.
20. The Applicants’ primary assets, included:
 - (a) nine leased Boeing 737 MAX 8 aircraft (the “**Fleet**”) and three leased CFM LEAP-1B25 spare engines (the “**Engine Leases**” and together with the Fleet, the “**Aircraft Leases**”);
 - (b) the Boeing Purchase Agreement which included 29 aircraft remaining to be delivered;
 - (c) a sale and leaseback agreement between Lynx Opco and BOC Aviation Limited with respect to eight aircraft scheduled to be delivered in 2024 (the “**BOCA Aircraft**”);
 - (d) an agreement between Lynx Opco and CFM International, Inc. to purchase four LEAP-1B25 engines (the “**Engine Purchase Agreement**”);
 - (e) ancillary aircraft equipment, including wheels and brakes compatible with the Fleet (the “**Wheels and Brakes**”); and

- (f) other buyer furnished equipment installed or to be installed on the BOCA Aircraft (the “**BFE**”),

(collectively, the “**Assets**”).

- 21. Pursuant to the Aircraft Leases the Applicants were party to lease agreements with six counterparties (the “**Lessors**”).

ACTIVITIES OF THE MONITOR

- 22. The Monitor’s activities since the Fourth Report include the following:
 - (a) monitoring the Applicants’ finances (including cash flows) and operations;
 - (b) continuing to administer the WEPPA claims process in consultation with the Applicants;
 - (c) participating in numerous discussions with the Applicants and other counterparties to conduct and carry out the SISP;
 - (d) assisting the Applicants in preparing the Fifth CFS;
 - (e) responding to inquiries from suppliers and creditors who contacted the Monitor in connection with these CCAA Proceedings; and
 - (f) preparing this Report.

STATUS OF OPERATIONS AND BUSINESS

Operations

23. Upon granting of the Initial Order the Applicants commenced an expedited wind-down of flight operations which included operating scheduled flights for a period of four days, from the Initial Filing Date to the end of day on February 25, 2024.
24. The wind-down of the Applicants' business and operations is substantially complete with the exception of certain matters which are administrative in nature.

Employees

25. As of the date of this Report two employees and three contractors remain to assist with the the continued wind-down of the business and the administration of the CCAA Proceedings.
26. Upon their termination employees have been provided with directions on how to receive a copy of their record of employment from Service Canada and made aware of the WEPPA.
27. The following summarizes the status of WEPPA claims administered by the Monitor to date:
 - (a) sent an instruction letter ("**WEPPA Instruction Letter**") to 489 eligible employees;
 - (b) 453 eligible employees have submitted a proof of claim ("**WEPPA Proofs of Claim**") to the Monitor in accordance with the WEPPA Instruction Letter and in accordance with the requirements under WEPPA; and
 - (c) the Monitor has reviewed the WEPPA Proofs of Claim received to date and has submitted 453 WEPPA Proofs of Claim to Service Canada for processing. The Monitor continues to review and process claims as received from eligible employees.

28. The Applicants, in consultation with the Monitor, determined that a total of approximately \$1.5 million was owed to former employees for unpaid vacation and a total of \$1.5 million for severance and termination pay, which are considered eligible wages under the WEPP (the “**WEPP Claims**”).
29. Pursuant to section 81.4(4) of the *Bankruptcy and Insolvency Act*, the WEPP Claims are secured against the Applicants’ current assets to the extent of \$2,000 per employee for wages and compensation (including vacation pay, but excluding severance and termination pay).
30. On June 12, 2024, the Monitor received a statement from the Canada Revenue Agency outlining the amount of the subrogated super-priority claim (“**WEPP Priority Claim**”) to be \$727,012.10. The Monitor estimates the total WEPP Priority Claim to be approximately \$783,679.08 based on outstanding claims not yet received.
31. On April 19, 2024, the Monitor received a letter from Koskie Minsky LLP (“**Koskie Minsky**”), in its capacity as counsel to CUPE as the bargaining agent for and on behalf of former cabin crew employees, advising that it continued to disagree with the calculation of the termination and severance pay. The Monitor understands that Koskie Minsky intends to bring an application before this Honourable Court for determination of this matter.
32. The Monitor notes that the positions articulated by CUPE in the above-noted letter do not impact the quantum of the WEPP Priority Claim inasmuch as severance and termination pay are not included in the definition of ‘compensation’ under 81.4(4) of the *Bankruptcy and Insolvency Act*.

Trust Claims for Airport Improvement Fees

33. As outlined in the Fourth Report, the Applicants received notice from counsel to the Greater Toronto Airports Authority and to Vancouver Airport Authority, Calgary Airport Authority, Edmonton Regional Airport Authority, Winnipeg Airport Authority Inc. and Halifax International Airport Authority (collectively, the “**Airport Authorities**”) asserting trust claims for unpaid AIF pursuant to various agreements between the Lynx Opco and the Airport Authorities (the “**AIF Trust Claims**”).

34. The Applicants and the Airport Authorities have an application before this Honourable Court on June 24, 2024, for determination of this matter.
35. Paragraph 36 of the Bench Brief of the Greater Toronto Airports Authority indicates that the Monitor has not provided evidence that the Unremitted AIF (as defined therein) is not traceable. It should be noted that the Monitor engaged with the parties in pre-application procedural discussions and that the Monitor indicated to the parties that the Monitor would be favourably disposed, if asked, to consider providing a report to the court relative to the Applicants' accounts and tracing. A request was not made of the Monitor in this regard and, as such, the Monitor advised the parties on June 6, 2024, that it would not be filing a report or taking a position with respect to the AIF Trust Claims.
36. The Monitor notes that the Applicants continue to hold \$6.9 million which, based on the Applicants' books and records, are sufficient funds for the full amount of the asserted AIF Trust Claims. Such funds have been held by the Applicants on the basis that such withholding is without prejudice to the positions the Applicants may take with respect to any or all of the asserted AIF Trust Claims.

Delta Air Lines, Inc.

37. Delta Air Lines, Inc. ("**Delta**") filed liens in Alberta, Ontario, British Columbia, Manitoba and New Brunswick against the aircraft, which have been surrendered to the Lessors, relating to certain services provided under the terms of the Comprehensive Fleet Support Agreement dated September 20, 2023, between Lynx Opco and Delta.
38. Delta had set an application for 2:00pm on June 19, 2024, for determination of this matter. As this was an issue as between Delta and the Lessor, the Applicants did not intend to participate in that application. The Monitor understands that this matter has now be resolved as between Delta and the Lessors and accordingly the June 19, 2024 application did not proceed.

Trust Claims for US Immigration User Fees and Customs User Fees

39. On May 7, 2024, the Applicants and the Monitor received notice from counsel to the U.S. Transportation Security Administration, U.S. Customs and Border Protection, U.S. Department of Agriculture and US Department of Homeland Security, Customs and Boarder Protection asserting that they may have trust claims for unpaid Immigration User Fees and Customs User Fees (the “**US Trust Claims**”).
40. As of the date of this Report, the Applicants have not received further detail on the authority of the US Trust Claims and funds have not been reserved in respect of these potential claims. The Applicants estimate the total amount of the US Trust Claims to be approximately \$1.0 million which there is sufficient cash on hand if the US Trust Claim were to attach to the Applicants’ cash on hand.

Potential Lessor Post-Filing Claims

41. Previously the Applicants and the Monitor were aware that two Lessors indicated an intention to assert claims for post-filing rent owing under the Aircraft Leases (the “**Post Filing Rent Claims**”).
42. As of the date of this Report, neither the Applicants nor the Monitor have received further information beyond the assertion of the Post Filing Rent Claims and no application has been filed and no funds have been held back by the Applicants in respect of these potential claims.

Assignment of Elavon Agreement

43. As described previously Elavon Canada was the Applicants’ credit card processor and has maintained a hold back to limit its exposure for customer refunds and chargebacks from credit card providers. Due to the length of time required for Elavon to maintain the hold back the Applicants intend to seek approval to assign any residual funds owing to the Applicants to Indigo at a later date. The Monitor will report to this Honourable Court on this matter as applicable.

STATUS OF THE SISP

44. The SISP contemplated a relatively short timeline due the repossession rights afforded to the Lessors under the Cape Town Convention and its Aircraft Protocol (the “**CTC and Protocol**”). The CTC and Protocol is an international treaty intended to standardize transactions involving movable property including high-value aviation assets, namely airframes, aircraft engines and helicopters which, by their nature, have no fixed location. The Aircraft Leases fall within the CTC and Protocol.
45. The CTC and Protocol sets out a 60-day waiting period (“**Waiting Period**”) with respect to the Fleet and the Aircraft Leases whereby the Applicants would have 60 days to either:
- (a) cure all defaults and agree to perform future obligations under the Aircraft Leases; or
 - (b) come to a consensual agreement with the Aircraft Lessors.
46. The Applicants’ Waiting Period expired on April 22, 2024.
47. This Honourable Court granted the SISP Order on March 1, 2024. For ease of reference, a summary of the key dates pursuant to the SISP are as follows:

Event	Target Date
Approval of the SISP and Bidding Procedures by the Court	March 1, 2024
Monitor and Lynx Air to create list of Pre-Qualified Known Potential Bidders	March 1, 2024
Monitor to prepare and have available for Potential Bidders the Data Room	By no later than March 4, 2024
Monitor to distribute Teaser and NDAs to Pre-Qualified Known Potential Bidders	By no later than March 8, 2024
Binding Bid Deadline	By no later than April 1, 2024, at 5:00 p.m.

Auction (if required)	By no later than April 5, 2024, at 5:00 p.m.
Definitive documentation	By no later than April 7, 2024
Approval Application – Successful Bid(s), if required	By no later than April 10, 2024
Outside Date - Closing	April 12, 2024

The Boeing Termination Agreement

- 48. On March 21, 2024, the Applicants and Boeing executed the Termination Agreement in respect of the Boeing Purchase Agreement.
- 49. On April 2, 2024, this Honourable Court granted the Termination Approval Order approving the Termination Agreement and on April 3, 2024, the Applicants received the amount payable under the Termination Agreement from Boeing.

Aircraft Leases

- 50. As described in the Fourth Report, the Lessors advised the Applicants and the Monitor that they intended to recover their respective aircraft pursuant to the CTC and the Protocol.
- 51. The Applicants, with the assistance of the Monitor, and the respective Lessors entered into termination agreements with respect to the Aircraft Leases (the “**Lease Termination Agreements**”). The Lease Termination Agreements were finalized by May 8, 2024.

Engine Purchase Agreement

- 52. The Engine Purchase Agreement relates to the future purchase of four LEAP-1B25 engines. The Applicants, with assistance of the Monitor, and with the agreement of CFM, provided access to the Engine Purchase Agreement in the VDR and agreed upon a list of Pre-Qualified Known Potential Bidders.

53. The Applicants, with the assistance of the Monitor, engaged in discussions with several counterparties with respect to the Engine Purchase Agreement. A Successful Bid, as defined in the SISP, was selected and a draft sale agreement was prepared.
54. On May 9, 2024, counsel to CFM provided notice to the Applicants advising that they oppose any efforts to assign the Engine Purchase Agreement to an assignee given the Boeing Termination Agreement.
55. The Applicants, in consultation with the Monitor and Indigo, have determined that the matter will not be pursued further.

BOCA APA

56. The Applicants, with the assistance of the Monitor, engaged with BOCA with respect to the BFE that had been delivered in connection with the BOCA Aircraft.
57. On May 13, 2024, the Applicants and BOCA executed the BOCA APA. The BOCA APA was approved by this Honourable Court on May 21, 2024, and the transaction closed on June 7, 2024.

AERO APA

58. The Applicants, with the assistance of the Monitor, engaged with several parties with respect to certain ancillary equipment including the Wheels and Brakes.
59. On May 13, 2024, the Applicants and AERO executed the AERO APA. The AERO APA was approved by this Honourable Court on May 21, 2024, and the transaction closed on May 30, 2024.

BUDGET TO ACTUAL RESULTS

60. The Applicants, in consultation with the Monitor, prepared a cash flow statement (the “**Fourth CFS**”) which was appended to the Second Report.

61. Actual cash flow as compared to those contained in the Fourth CFS for the five-week period of May 12, 2024, to June 15, 2024, are summarized below.

(C\$ 000s)			
	5-Week Period		
	Actual	Forecast	Variance
Receipts			
Revenue	-	-	\$ -
Other / Recovery of Deposits	3,801	3,735	66
Total - Receipts	3,801	3,735	66
Disbursements			
Payroll and employee related obligations	(142)	(170)	27
WEPP Priority Claim	-	-	-
SG&A expense	(70)	(53)	(17)
Operating costs	-	-	-
Professional fees	(547)	(1,070)	523
KERP	(21)	(645)	624
Maintenance reserves	-	-	-
Air Travellers Security Charge	-	(261)	261
Lease payments / deferrals	-	-	-
Total - Disbursements	(780)	(2,200)	1,420
Net change in cash	3,021	1,535	1,486
Opening cash	12,666	12,666	-
Ending Cash	\$ 15,688	\$ 14,202	\$ 1,486

62. The variances in actual receipts and disbursements are primarily due to the following:

- (a) Other receipts were higher than anticipated due to the timing of the return of prepayment amounts and letters of credit or deposits that exceeded the amount owed to such parties; and
- (b) lower than anticipated disbursements of approximately \$1.4 million primarily related to the following:
 - lower than anticipated professional fees which is partially related to the timing of receipt and payment of invoices;

- timing of payment of the KERP and Air Travelers Security Charge (“ATSC”) which are expected to be paid in future periods.

CASH FLOW STATEMENT

63. The Applicants, with the assistance of the Monitor, have prepared the Fifth CFS to set out the liquidity requirements of the Applicants during the Forecast Period. The Fifth CFS and management’s report on the cash-flow statement as required by section 10(2)(b) of the CCAA are attached hereto as Appendix “A”. The Fifth CFS is summarized in the following table:

(C\$ 000s)	
For the period of June 16 to September 28, 2024	15 Week
	Total
Receipts	
Revenue	\$ -
Trust Receipt	2,000
QST Refund	440
Other / Recovery of Deposits	1,033
Total - Receipts	3,473
Disbursements	
Payroll and employee related obligations	(135)
WEPP Priority Claim	(1,000)
SG&A expense	(22)
Operating costs	(138)
Professional fees	(954)
KERP	(625)
Maintenance reserves	-
Air Travellers Security Charge	(261)
Lease payments / deferrals	-
Total - Disbursements	(3,135)
Net change in cash	338
Opening cash	15,688
Ending Cash	\$ 16,026

64. The Fifth CFS indicates that during the Forecast Period (period ending on September 30, 2024), the Applicants will have net cash flow of approximately \$0.3 million comprising cash receipts of approximately \$3.5 million less total disbursements of \$3.1 million.

65. The Fifth CFS is based on the following key assumptions:
- (a) No revenue receipts in the Forecast Period. Reconciliation efforts with Elavon with respect to the post-filing period are ongoing, but the quantum and the timing of collection of the remaining receipts is uncertain based on the timing of customer chargebacks;
 - (b) Trust receipts includes amounts held in respect of potential claims and the directors and officers;
 - (c) QST refund related to QST that was remitted primarily for flights after the filing date;
 - (d) Other receipts include recovery of certain prepayments and recovery of certain deposits on account and return of letters of credit;
 - (e) Payroll and employee related obligations includes estimated amounts for remaining employees required to assist in the CCAA Proceedings;
 - (f) WEPP Priority Claim based on the calculation of Service Canada's subrogated super-priority claim;
 - (g) SG&A expense includes information technology and ongoing software costs to maintain access to the Applicants systems, and other costs associated required during the CCAA Proceedings;
 - (h) Professional fees including the Monitor, the Monitor's Counsel and the Applicants' counsel;
 - (i) KERP includes payments to employees secured by the KERP Charge previously approved by this Honourable Court; and
 - (j) ATSC based on the final reconciliation of amounts owed.

Monitor's Comments on the Cash Flow Statement

66. Section 23(1)(b) of the CCAA states that the Monitor shall, “review the company’s cash-flow statement as to its reasonableness and file a report with the court on the Monitor’s findings”.
67. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:
- (a) the Fifth CFS has been prepared by management of the Applicants for the purpose described in the notes to the Fifth CFS, using the probable assumptions and the hypothetical assumptions set out therein; and
 - (b) the Monitor’s review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor’s procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the Fifth CFS. The Monitor has also reviewed the information provided by Management in support of the probable assumptions and the preparation and presentation of the Fifth CFS;
 - (c) Based on its review, and as at the date of this Report, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:
 - the hypothetical assumptions are not consistent with the purpose of the Fifth CFS;
 - the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Fifth CFS, given the hypothetical assumptions; or
 - the Fifth CFS does not reflect the probable and hypothetical assumptions.

68. Since the Fifth CFS is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Fifth CFS will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Monitor in preparing this Report.
69. The Fifth CFS has been prepared solely for the purpose of estimating liquidity requirements of the Applicants during the Forecast Period. The Fifth CFS should not be relied upon for any other purpose.

DIRECTORS AND OFFICERS CLAIMS PROCESS

70. The D&O Claims Process provides for a mechanism to establish a claims procedure to identify and determine the quantum, validity and enforceability of claims against the Applicants' former and current officers and directors. Capitalized terms used below but not defined herein have the same meaning ascribed to them in the Claims Procedure Order.

Notice to Claimants

71. By no later than July 2, 2024, the Monitor will cause copies of the D&O Claims Procedure Order, the Notice to Claimants and the Proof of Claim to be served on the service list and posted on the Monitor's Website:
72. By no later than July 5, 2024, the Monitor will cause the Notice to Claimants to be published once in the Globe and Mail (National Edition).

Filing Proofs of Claims

73. Any person asserting a D&O Claim must deliver a Proof of Claim, together with all relevant supporting documentation, to the Monitor prior to 5:00 p.m. (Calgary time) on August 15, 2024 (the “**Claims Bar Date**”).

Adjudication of Claims

Notice of Revision or Disallowance

74. The Monitor will review each Proof of Claim submitted on or before the Claims Bar Date, in consultation with any applicable Directors and Officers. After consultation the Monitor will accept, revise or disallow the amount of each D&O Claim set out therein.
75. The Monitor and any applicable Directors and Officers, may attempt to consensually resolve the classification or amount of any D&O Claim with the Claimant prior to accepting, revising or disallowing such D&O Claim.

Notice of Dispute

76. Any Claimant who disputes the classification or amount of its D&O Claim as set forth in a Notice of Revision or Disallowance shall deliver a Notice of Dispute, outlining the reasons for the dispute, to the Monitor no later than 15 days after receipt of the Notice of Revision or Disallowance, or such other date as agreed to by the Monitor in writing.
77. If a Claimant does not deliver a Notice of Dispute within 15 days of receipt of the Notice of Revision or Disallowance it shall be deemed to have accepted the Notice of Revision or Disallowance and the D&O Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

78. The Monitor believes that the proposed Claims Process and proposed Claims Process Order are reasonable and appropriate in the circumstances and provides for a timely review of all potential D&O Claims. The Monitor believes the various timelines set out in the Claims Process Order provide sufficient notice for all potential Claimants to file D&O Claims.

RELIEF SOUGHT BY THE APPLICANTS AND MONITOR

D&O Claims Process

79. The D&O Claims Process sets out a process to be administered by the Monitor and is designed to create a process that will allow for a timely review of all possible D&O Claims in a fair and consistent manner.

Enhanced Monitor Powers

80. As described above the wind-down of the Applicants' business and realization of the Assets is substantially complete. There are a number of tasks remaining to be completed and it is anticipated that the Applicants may not have any remaining employees prior to the expiry of the requested extension of the Stay Period.

81. Therefore, in order to efficiently wind down the remaining operations and complete the administration of the CCAA Proceedings the Applicants are seeking enhanced powers for the Monitor.

82. The Monitor is qualified to undertake these expanded powers based on extensive prior experience as receiver and manager in prior insolvency proceedings. The Proposed Monitor has consented to undertake these additional powers, if authorized by this Honourable Court.

Extending the Stay Period

83. The Applicants are seeking an extension to the Stay Period up to and including September 30, 2024. The Monitor has considered the Applicants' application for the extension of the Stay of Period, and has the following comments:
- (a) based on the Fifth CFS the Applicants are projected to have sufficient available liquidity to fund its ongoing obligations and the costs of the CCAA Proceedings during the term of the proposed extension of the Stay Period;
 - (b) there will be no material prejudice to the Applicants' creditors and other stakeholders resulting from the extension of the Stay of Period;
 - (c) the Applicants are continuing to act in good faith and with due diligence; and
 - (d) the proposed extension of the Stay of Period will provide sufficient time for the Applicants to conclude the Claims Process and the administration of the CCAA Proceedings.

Approval of Monitor's Reports and Activities and Interim Fee Approval

84. The Monitor is seeking approval of the activities and conduction of the Monitor as set out in the following reports of the Monitor:
- (a) the First Report of the Monitor, dated February 28, 2024;
 - (b) the Second Report of the Monitor, dated March 27, 2024;
 - (c) the Confidential Supplement to the Second Report of the Monitor, dated March 27, 2024;
 - (d) the Third Report of the Monitor, dated April 11, 2024;

(e) the Fourth Report; and,

(f) this Report,

(collectively, the “**Monitor’s Reports**”).

85. The professional fees and disbursements of the Monitor and the Monitor’s Counsel for the period of February 22, 2023, to May 31, 2024, are set out in the table below.

Summary of Professional Fees for the Monitor and the Monitor's Counsel For the period of February 22, 2024 to May 31, 2024				
	Fees	Expenses	GST	Total
Monitor	\$ 827,419.00	\$ 13,709.05	\$ 42,056.41	\$ 883,184.46
Monitor's Counsel	215,539.00	651.23	10,782.09	226,972.32
Total	\$ 1,042,958.00	\$ 14,360.28	\$ 52,838.50	\$ 1,110,156.78

86. The Monitor considers that the fees and disbursements charged by the Monitor and Monitor’s Counsel have been necessarily incurred and that the hours and rates charged are fair and reasonable in light of the length of the CCAA Proceedings, including the assistance in the administering the SISP.

87. Copies of the invoices of FTI Consulting and the Monitor’s Counsel are available to this Honourable Court upon request.

88. The fees and disbursements to be incurred by the Monitor and the Monitor’s Counsel to complete the administration of these CCAA Proceedings will be paid from the Company’s cash flow.

RECOMMENDATIONS

89. The Monitor supports the relief being sought by the Applicants, and recommends this Honourable Court approve:
- (a) the Applicants' request to establish the D&O Claims Process;
 - (b) the enhanced powers for the Monitor in respect of the Applicants;
 - (c) the Applicants' request for an extension to the Stay of Period up to and including September 30, 2024; and
 - (d) approving the activities and conduct of the Monitor, along with the fees and disbursements of the Monitor and the Monitor's Counsel, for the period from February 22, 2024, to May 31, 2024.

All of which is respectfully submitted this 21st day of June 2024.

FTI Consulting Canada Inc.,
Licensed Insolvency Trustee in its capacity as
Monitor of Lynx Air and not in its personal or
corporate capacity.



Name: Deryck Helkaa, CPA, CA, CIRP, LIT
Title: Senior Managing Director
FTI Consulting Canada Inc.



Name: Dustin Olver, CPA, CA, CIRP, LIT
Title: Senior Managing Director
FTI Consulting Canada Inc.

Appendix “A” – Cash Flow Statement for the period ending September 30, 2024

Lynx Air Holdings Corporation and 1263343 Alberta Inc. dba Lynx Air
Consolidated Cash Flow Statement
For the period of June 16 to September 28, 2024

(C\$ 000s)																
For the period of June 16 to September 28, 2024	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	15 Week
	22-Jun	29-Jun	6-Jul	13-Jul	20-Jul	27-Jul	3-Aug	10-Aug	17-Aug	24-Aug	31-Aug	7-Sep	14-Sep	21-Sep	28-Sep	Total
Receipts																
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trust Receipt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000
QST Refund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	440
Other / Recovery of Deposits	569	266	134	65	-	-	-	-	-	-	-	-	-	-	-	-
Total - Receipts	569	266	134	65	-	-	-	-	-	-	-	-	-	-	-	2,440
Disbursements																
Payroll and employee related obligations	-	(45)	-	-	(15)	-	(15)	-	(15)	-	(15)	-	(15)	-	(15)	(135)
WEPP Priority Claim	-	(1,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)
SG&A expense	(2)	(2)	(6)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(22)
Operating costs	(138)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(138)
Professional fees	-	-	(204)	-	-	-	(250)	-	-	-	(250)	-	-	-	(250)	(954)
KERP	-	-	(625)	-	-	-	-	-	-	-	-	-	-	-	-	(625)
Maintenance reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Travellers Security Charge	(261)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(261)
Lease payments / deferrals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Disbursements	(402)	(1,047)	(835)	(1)	(16)	(1)	(266)	(1)	(16)	(1)	(266)	(1)	(16)	(1)	(266)	(3,135)
Net change in cash	167	(781)	(701)	64	(16)	(1)	(266)	(1)	(16)	(1)	(266)	(1)	(16)	(1)	2,174	338
Opening cash	15,688	15,855	15,074	14,372	14,436	14,420	14,419	14,153	14,152	14,136	14,135	13,869	13,868	13,852	13,851	15,688
Ending Cash	\$ 15,855	\$ 15,074	\$ 14,372	\$ 14,436	\$ 14,420	\$ 14,419	\$ 14,153	\$ 14,152	\$ 14,136	\$ 14,135	\$ 13,869	\$ 13,868	\$ 13,852	\$ 13,851	\$ 16,026	\$ 16,026



Per: Mike Woodward, CFO
Lynx Air

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LYNX AIR HOLDINGS CORPORATION and 1263343 ALBERTA INC. dba LYNX AIR

Notes and Assumptions to the Cash Flow Statement

For the period of June 16, 2024, to September 30, 2024 (the “**Forecast Period**”)

Disclaimer:

This cash flow statement (the “**Cash Flow Statement**”) has been prepared using unaudited financial information and the Monitor has not attempted to further verify the accuracy or completeness of such information.

The Cash Flow Statement is based on the probable and hypothetical assumption identified below.

Since the Cash Flow Statement is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period will vary from the Cash Flow Statement, and such variation may be material. There is no representation, warranty or other assurance that any of the assumptions or estimates used in the Cash Flow Statement will be realized.

Overview:

The Cash Flow Statement includes estimated receipts and disbursements of Lynx Air during the Forecast Period. Lynx Air, with the assistance of FTI Consulting Canada Inc., in its capacity as Monitor, have prepared the Cash Flow Statement based primarily on estimated receipts and disbursements related to the CCAA proceedings. Receipts and disbursements are denominated in Canadian dollars (the foreign exchange conversion rate used to convert USD to CAD is 1.35).

1. **Revenue:** Lynx Air and Elavon are working diligently to reconcile the amounts owed during the Operating Period including initiating chargebacks to customers for cancelled flights. No amounts are anticipated to be collected during the Forecast Period;
2. **Trust receipts:** includes amounts held in respect of potential claims and the directors and officers;
3. **QST refund:** related to QST that was remitted primarily for flights after the filing date;
4. **Other / Recovery of Deposits:** include recovery of certain prepayments and recovery of certain deposits on account and return of letters of credit;
5. **Payroll and employee related obligations:** includes estimated amounts for remaining employees and contractors required to assist in the administration of the CCAA Proceedings;

6. **WEPP Priority Claim:** based on the estimated calculation of Service Canada's subrogated super-priority claim;
7. **SG&A expense:** includes, among other things, information technology and software licenses to maintain access to the Applicants' systems, bank fees and other miscellaneous costs;
8. **Operating costs:** remaining operating costs incurred and reconciliation with vendors for post-filing amounts;
9. **Professional fees:** represents the fees and costs of the Monitor, the Monitor's Counsel and the Applicants' counsel;
10. **KERP:** relates to a retention plan proposed to be paid to key employees and executives for their assistance during the CCAA Proceedings, previously approved by this Honourable Court; and
11. **Air Travellers Security Charge:** based on the final reconciliation of amounts owed.