

COURT FILE NUMBER

2401-02664

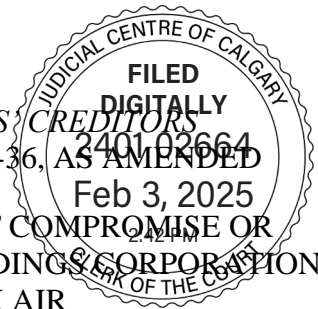
COURT

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

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

February 3, 2025

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR

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Calgary, AB T2P 3R7
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COUNSEL

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Calgary, AB T2P 4K9
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Nathan Stewart
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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
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EIGHTH REPORT OF THE MONITOR

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Appendix “A” – Unsecured Claim from the Canada Revenue Agency dated August 15, 2024

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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 to 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**”), concerning 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 security for any obligations and liabilities that they may incur as directors and 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 WEPPA applies as of the date of the Initial Order.

4. As part of these CCAA Proceedings, this Honourable Court has granted various Orders authorizing and approving transactions, in addition to extending the Stay Period from time to time which stay expired on January 31, 2025.
5. On November 25, 2024, the Canadian Union of Public Employees (“CUPE”) on behalf of the cabin crew employees (the “**Cabin Crew Employees**”), filed and served notices of application returnable on December 4, 2024 (the “**December 4 Application**”), seeking, among other things, the following orders:
 - (a) an order that terminated Cabin Crew Employees who were members of CUPE Local 5558 and have a claim for severance pay, termination pay, and/or pay in lieu of notice of termination are entitled to an additional amount representing 16 weeks of termination pay (“**Group Termination Notice**”) under the group termination provisions contained at section 212 of the Canada Labour Code, R.S.C. 1985, c. L-2; and
 - (b) a representation order appointing CUPE as representative to the Cabin Crew Employees under Rule 2.16 of the Alberta Rules of the Court, Alta. Reg. 124/2010 (the “**Alberta Rules**”) in this proceeding, or in connection with any other proceeding in respect of Lynx Air that may be commenced under the *Bankruptcy and Insolvency Act*, R.S.C 1985, c B-3 (the “**BIA**”).
6. On December 4, 2024, this Honourable Court granted an Order (the “**CUPE Cabin Crew Employees Order**”) that authorized and permitted the Monitor to provide personal information of the members of CUPE Local 5558, to CUPE. CUPE’s Application for it to be appointed the Representative of the Cabin Crew Employees was dismissed by agreement. The Court reserved judgment on the issue of the Group Termination Notice.
7. Electronic copies of all materials filed in connection with the December 4 Application and other statutory materials are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/lynxair/>.

PURPOSE

8. The purpose of this Eighth report (this “**Report**” or the “**Eighth Report**”) is to provide this Honourable Court and the Company’s stakeholders with information and the Monitor’s comments with respect to the following:
- (a) the status of the wind-down of the Applicants’ business;
 - (b) an update on the status of the D&O Claim Process;
 - (c) the proposed sources and uses of the remaining cash on hand in the CCAA Proceedings;
 - (d) the request for an extension of the Stay Period, retroactive from January 31, 2025, to September 30, 2025; and
 - (e) the Monitor’s recommendations with respect to the above.

TERMS OF REFERENCE

9. Capitalized terms used but not defined herein have the same meaning ascribed to them in the ARIO, as the context may require.
10. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).

11. 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.
12. The Monitor has prepared this Report in connection with the December 4 Application. This Report should not be relied on for other purposes.
13. 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.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

STATUS OF OPERATIONS AND BUSINESS

15. As of the date of this Report, the liquidation of Lynx Air's Property is complete.
16. The Monitor continues to provide communication to employees and other stakeholders on the status of the CCAA Proceedings and further post materials of the administration to the Monitor's website.

Employees

17. As of the date of this Report the Applicants have no remaining employees and the Monitor has retained three consultants to assist with the wind-down of the administration of the CCAA Proceedings.
18. On January 8, 2025, the Monitor provided the information required under the CUPE Cabin Crew Employee Order to CUPE.
19. As of the date of this Report, this Honourable Court has not made a determination with respect to the Group Termination Notice.
20. On January 14, 2025, the Monitor received an updated statement from Employment and Social Development Canada advising the amount of the subrogated super-priority claim ("**WEPP Priority Claim**") is \$740,359.93. Based on outstanding claims not yet received, the Monitor estimates the total WEPP Priority Claim to be approximately \$785,679.08.
21. The Monitor paid the existing WEPP Priority Claim in the amount of \$740,359.93 on January 16, 2025.
22. The Monitor notes that the positions advanced by CUPE in respect of the Group Termination Notice 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

23. As previously described in the Sixth Monitor’s Report dated September 9, 2024 (the “**Sixth Report**”), the Greater Toronto Airport Authority (“**GTAA**”) and the Vancouver Airport Authority, Calgary Airport Authority, Edmonton Regional Airport Authority, Winnipeg Airport Authority Inc. and Halifax International Airport Authority (collectively, the “**Airport Authorities**”) have asserted trust claims for unpaid Airport Improvement Fees (“**AIF**”) pursuant to various agreements (and legal theories that arise) between the Lynx Opco and the Airport Authorities (the “**AIF Trust Claims**”).
24. This Honourable Court heard an application on June 24, 2024, for determination of the AIF Trust Claims. On August 26, 2024, the Honourable Justice B.E. Romaine released reasons for decision that held in respect of:
 - (a) the GTAA, that it had a valid trust claim and was entitled to apply the proceeds from a letter of credit it held firstly on account of amounts owing to the GTAA for indebtedness other than AIF, leaving approximately \$1.7 million owing to the GTAA on account of the AIF; and
 - (b) the Airport Authorities, that they do not have a valid trust claim in respect of their respective AIF Trust Claims.
25. The Monitor distributed \$1.7 million the GTAA on October 30, 2024, in full satisfaction of its AIF Trust Claim.
26. On November 22, 2024, the Airport Authorities sought and obtained leave to appeal Justice Romaine’s decision. The Airport Authorities have filed and served their factum and extracts of key evidence. Once the Respondent’s factum and extract of key is filed, which is anticipated to

occur on or about February 22, 2025, then the Court of Appeal will schedule the date for the hearing of the appeal. The appeal is fast-tracked, and it is thus anticipated that the appeal will be heard during the 2025 spring sitting of the Court of Appeal.

27. The Monitor continues to hold approximately \$4.1 million which, based upon the materials filed by the Airport Authorities, is sufficient should the full amount of the remaining AIF Trust Claims by the Airport Authorities are determined to enjoy priority over Indigo (for clarity, including after accounting for the payment of \$1.7 million that has been paid to the GTAA).

Claims for US Immigration User Fees and Customs User Fees

28. 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 (the “**US Government**”) asserting that the US Government has trust claims for unpaid Immigration User Fees and Customs User Fees (the “**US Claims**”).
29. The Monitor, the Monitor’s Counsel, and counsel to the US Government continue to evaluate the US Claims. The Applicants have estimated the total amount of the asserted US Claims to be approximately \$1.5 million (approximately US\$1.077 million). The Monitor notes that it continues to reserve sufficient cash on hand if the US Claims are ultimately determined to be valid trust claims and enforceable as against the Applicants’ cash on hand.

DIRECTORS AND OFFICERS CLAIMS PROCESS

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

31. In accordance with the Claims Procedure Order the Monitor:
- (a) served on the service list and posted on the Monitor's Website copies of the D&O Claims Procedure Order, the Notice to Claimants and the Proof of Claim; and
 - (b) on July 5, 2024, the Notice to Claimants was published in the Globe and Mail (National Edition).

Adjudication of Claims

32. The Monitor receive two claims in advance of the Claims Bar Date, the Monitor reviewed the claims received and advises as follows:
- (a) a claim from the Canada Revenue Agency was received in the amount of \$386,716.89. This claim has subsequently been resolved upon the application of certain credits on the account; and
 - (b) claims were received from the GTAA and Airport Authorities with respect to the AIF Trust Claims. As noted above, the AIF Trust Claim of the GTAA has been paid and the Monitor has reserved funds with respect to the remaining AIF Trust Claim from the Airport Authorities in the amount of approximately \$4.1 million.
33. Accordingly, there are no further claims to be adjudicated under the D&O Claims Process.

UNSECURED CLAIMS

34. On August 15, 2024, the Monitor received an unsecured claim from the CRA for unpaid Customs, Duties, Taxes and/or Penalties in the amount of approximately \$27.2 million (the “Customs and Duties Claim”). A copy of the claim is attached as Appendix “A”. The Monitor responded to the claim on October 8, 2024, and advised that Indigo is expected to suffer a significant shortfall in respect of its Secured Obligations, and therefore it is not expected there will be any recovery for unsecured creditors. A copy of the Monitor’s letter is attached as Appendix “B”.

SOURCES AND USES OF CASH

35. Upon determination of the aforementioned matters and payment of consultants and professional fees, the Monitor distribute amounts owing(if any) on account of the Airport Authorities AIF Trust Claims and US Claims with the balance to be distributed to Indigo, on account of 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**”), as applicable.
36. As previously described in the Six Report, Indigo is expected to incur a significant shortfall on the remaining amount under the Secured Obligations and, as a result, there will not be any distributions to unsecured creditors, nor will there be a claims process to determine payment of claims subordinate to Indigo’s Secured Obligations.

37. The table below outlines the Monitor’s estimate of the remaining sources and uses of cash on hand as of the date of this Report.

Illustrative Sources and Uses of Cash	
(C\$ 000s)	
Sources	
Cash on Hand	\$ 14,144
Uses	
Airport Authorities AIF Trust Claim	4,099
US Claims	1,520
ATSC	261
Consultants	50
Professional Fees	500
Contingency	500
Total - Uses of cash	6,930
Total - Available for distribution	\$ 7,214

- (a) Cash on hand includes the amount remaining in the Monitor’s trust account (US\$10.1 million converted to CAD\$14.1 million);
- (b) Airport Authorities remaining AIF Trust Claim includes the full amount of the hold back pending final resolution of the matter;
- (c) US Claims include the full amount pending resolution of the matter;
- (d) Air Travellers Security Charge (ATSC) includes amounts held back as the Monitor is awaiting the results of an audit of the Applicants’ account;
- (e) Consultants includes estimated amounts for the three consultants to assist with the wind-down of the administration of the CCAA Proceedings;
- (f) Professional fees include estimates for the Monitor and Monitor’s counsel to complete the administration of the CCAA proceedings and amounts for Osler, Hoskin & Harcourt LLP to continue the appeal of the AIF Trust Claims; and

(g) Contingency to complete the complete the administration of the CCAA proceedings.

38. The Monitor notes that, prior to the commencement of the CCAA Proceedings, the Applicants established a \$2.0 million trust in favour of Lynx's directors and officers, as memorialized by a D&O Trust Indenture dated September 20, 2023. The trusts created by the D&O Trust Indenture will expire on March 31, 2025 (or such earlier date as provided for under the D&O Trust Indenture). The trust funds are held by the TSX Trust Company, in its capacity as Trustee, and if and when those funds (or any portion thereof) are paid to Lynx, the Monitor will add such funds to the distributable funds to be distributed in the fashion noted in paragraph 35.

RELIEF SOUGHT BY THE APPLICANTS

Extending the Stay Period

39. The current Stay Period expired on January 31, 2025. At the time of obtaining the stay to January 31, 2025, the Monitor had contemplated that matters would be complete (or substantially complete) by January 31, 2025. However, as set out in this the Monitor's Eighth Report, there are a few outstanding matters that need to be dealt with before the Monitor will be in a position to distribute the balance of funds on hand and seek its discharge. The Monitor is seeking an extension to the Stay Period, retroactively from January 31, 2025, up to and including September 30, 2025. The Monitor has the following comments with respect to the proposed extension to the Stay Period:

(a) the Applicants have sufficient cash on hand to resolve the remaining claims, including the Airport Authorities AIF Trust Claim, the US Claims and fund 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. In this regard, given the proposed retroactive operation of the Stay Period, the Monitor notes that it has not received notice from any affected creditor or stakeholder that it wishes to pursue any claim against Lynx other than in accordance with the current framework of the liquidation and distribution of proceeds;
- (c) the Applicants are continuing to act in good faith and with due diligence; and
- (d) the proposed extension of the Stay of Period is expected to provide sufficient time for the Monitor to conclude and the administration of the CCAA Proceedings.

RECOMMENDATIONS

40. Based on the foregoing, the Monitor recommends this Honourable Court approve:

- (a) the Monitor's request for an extension to the Stay of Period up to and including September 30, 2025.

All of which is respectfully submitted this 3rd day of February 2025.

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.

Eighth Report of FTI Consulting Canada Inc.,
In its capacity as Monitor of Lynx Air Holdings Corporation and 1263343 Alberta Inc. dba Lynx Air

Appendix “A” – Unsecured Claim for the Canada Revenue Agency dated August 15, 2024

PROTECTED B

Canada Revenue
AgencyAgence du revenu
du Canada

FTI Consulting Canada Inc.
In its capacity as Monitor of Lynx Air Holdings Corporation
and 1263343 Alberta Inc. dba Lynx Air
Suite 610
Calgary, AB T2P 3R7

August 15, 2024

Account Number: 84051767RM0001 BP#10432759

RE: 1263343 Alberta Inc. carrying on business as Lynx Air
Date of CCAA: February 22, 2024

To support our claim for unpaid Customs Duties, Taxes and/or Penalties in the above noted application, we are enclosing a Proof of Claim, with Schedule "A", as an unsecured creditor for the amount of \$27,240,572.47.

If you need more information about this claim, please contact the undersigned at one of the telephone numbers provided in this letter.

Yours sincerely,

Lorraine Lortie
Collection Officer

Local: (416) 209-0516

Toll Free: 1-866-484-1217, ext. 7071

Enclosure

East Central Ontario Tax Services
Office (Kingston)
CUSTOMERS COLLECTIONS
102 - 1475 John Counter Blvd.
Kingston, ON
K7M 0L3

BSF du Centre-est de l'Ontario (Kingston)
RECouvreMENT DES DOUANES
102 - 1475, boulevard John Counter
Kingston, ON
K7M 0E6

PROTECTED B

ATTACHMENT PAGE 1

Proof of Claim (Form 31)
Bankruptcy and Insolvency Act

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

Northern Ontario Tax Services Office (Thunder Bay)
130 South Syndicate Avenue
Thunder Bay, Ontario P7E 1C7
Attn: Lorraine Lortie

All dividend payments regarding this claim must be forwarded to the following address:

Canada Border Services Agency
Accounts Receivable Management
333 North River Road, Tower A
Ground Floor, Room 1018
Ottawa, ON K1A 0L8

In the matter of the Companies' Creditors Arrangement Act of Lynx Air of the City of Calgary in the province of Alberta, debtor, and the claim of His Majesty the King in Right of Canada as represented by the Minister of National Revenue, creditor.

I, Lorraine Lortie of the City of THUNDER BAY in the Province of ONTARIO, do hereby certify:

1. That I am a Complex Case Officer of the Canada Revenue Agency.
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 CCAA namely the 22nd of February 2024 and still is, indebted to the creditor in the sum of \$27,240,572.47, as specified in the statement of account attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

PROTECTED B

ATTACHMENT PAGE 2

4. (X) UNSECURED CLAIM of \$27,240,572.47

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

(X) regarding the amount of \$27,240,572.47, I do not claim a right to priority.

5. That, to the best of my knowledge, the above named creditor is not related to the debtor within the meaning of Section 4 of the Bankruptcy and Insolvency Act.
6. That the following are the payments that I have received from, and the credits that I have allowed to the debtor within three months immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Bankruptcy and Insolvency Act.

NIL

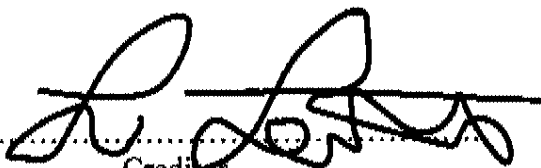
PROTECTED B

ATTACHMENT PAGE 3

- (X) I request to be advised of any material change in the financial situation of the bankrupt, pursuant to paragraph 102(3)(b) of the Bankruptcy and Insolvency Act.
- (XI) I request to be advised of any amendment made regarding the amount that the bankrupt is required to pay, pursuant to subsection 68(4) of the Bankruptcy and Insolvency Act.
- (XII) 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 Bankruptcy and Insolvency Act be sent to the above address.

Dated at Thunder Bay, this 15th day of August 2024.


.....
Witness


.....
Creditor
(Signature of the person completing this Proof of Claim)

PROTECTED B

ATTACHMENT PAGE 4

SCHEDULE "A"

Name: Lynx Air

Account Number: 840541767RM0001

Date of Assessment	Invoice #	Duties & Taxes Outstanding	Penalty & Interest Outstanding	Total
October 3, 2023	26900011624	24,238,542.06	487,595.67	
November 6, 2023	27100007303	1,269,473.33	315,868.64	
December 5, 2023	26500006166	7,354.50	224,674.97	
February 6, 2024		33,999.52	663,063.78	
TOTALS		25,549,369.41	1,691,203.06	27,240,572.47

Eighth Report of FTI Consulting Canada Inc.,
In its capacity as Monitor of Lynx Air Holdings Corporation and 1263343 Alberta Inc. dba Lynx Air

Appendix “B” – Letter to the Canada Revenue Agency dated October 8, 2024

October 8, 2024

**Canada Revenue Agency
Northern Ontario Tax Services Office (Thunder Bay)
130 South Syndicate Avenue
Thunder Bay, ON P7E 1C7**

Attn: Lorraine Lortie

Re: 1263343 Alberta Inc. dba Lynx Air, Account Number:84051767RM0001 BP#10432759

As you are aware on February 22, 2024, 1263343 Alberta Inc. dba as Lynx Air and Lynx Air Holdings Corporation (collectively, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) from the Court of King’s Bench of Alberta (the “**Court**”) to commence proceedings under the *Companies’ Creditors Arrangement Act, RSC 1985, c C-36*, as amended (the “**CCAA**”). The Initial Order, among other things, established a stay of proceedings in favour of the Applicants for an initial period up to and including March 4, 2024 (the “**Stay Period**”), and appointed FTI Consulting Canada Inc. as monitor (the “**Monitor**”).

On March 1, 2024, the Court granted an amended and restated initial order (“**ARIO**”) which extended the Stay Period to April 15, 2024. The Court has extended the Stay Period from time to time and is currently set to expire on January 31, 2025. Also, on June 28, 2024, the Court granted the Monitor enhanced powers under the CCAA.

We are in receipt of your letter dated August 15, 2025, which includes a copy of a Proof of Claim as an unsecured creditor for unpaid Customs Duties, Taxes and/or Penalties. A copy of the letter is attached hereto for reference.

As has been outlined in these proceedings the secured creditor is expected to suffer a significant shortfall in respect of its secured obligations and therefore it is not expected that there will be any recovery for unsecured creditors. In the circumstances, the Applicants / Monitor do not intend to take any further steps in respect of the Proof of Claim.

We trust the foregoing is satisfactory, however if you have any questions please contact the undersigned.

Sincerely,



Brett Wilson, Managing Director
FTI Consulting Canada Inc.
in its capacity as Monitor of 1263343 Alberta Inc. and
Lynx Air Holdings Corporation

PROTECTED B



Canada Revenue
Agency

Agence du revenu
du Canada

FTI Consulting Canada Inc.
In its capacity as Monitor of Lynx Air Holdings Corporation
and 1263343 Alberta Inc. dba Lynx Air
Suite 610
Calgary, AB T2P 3R7

August 15, 2024

Account Number: 84051767RM0001 BP#10432759

RE: 1263343 Alberta Inc. carrying on business as Lynx Air
Date of CCAA: February 22, 2024

To support our claim for unpaid Customs Duties, Taxes and/or Penalties in the above noted application, we are enclosing a Proof of Claim, with Schedule "A", as an unsecured creditor for the amount of \$27,240,572.47.

If you need more information about this claim, please contact the undersigned at one of the telephone numbers provided in this letter.

Yours sincerely,

Lorraine Lortie
Collection Officer

Local: (416) 209-0516

Toll Free: 1-866-484-1217, ext. 7071

Enclosure

East Central Ontario Tax Services
Office (Kingston)
CUSTOMERS COLLECTIONS
102 - 1475 John Counter Blvd.
Kingston, ON
K7M 0L3

BSF du Centre-est de l'Ontario (Kingston)
RECouvreMENT DES DOUANES
102 - 1475, boulevard John Counter
Kingston, ON
K7M 0E6

Canada

PROTECTED B

ATTACHMENT PAGE 1

Proof of Claim (Form 31)
Bankruptcy and Insolvency Act

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

Northern Ontario Tax Services Office (Thunder Bay)
130 South Syndicate Avenue
Thunder Bay, Ontario P7E 1C7
Attn: Lorraine Lortie

All dividend payments regarding this claim must be forwarded to the following address:

Canada Border Services Agency
Accounts Receivable Management
333 North River Road, Tower A
Ground Floor, Room 1018
Ottawa, ON K1A 0L8

In the matter of the Companies' Creditors Arrangement Act of Lynx Air of the City of Calgary in the province of Alberta, debtor, and the claim of His Majesty the King in Right of Canada as represented by the Minister of National Revenue, creditor.

I, Lorraine Lortie of the City of THUNDER BAY in the Province of ONTARIO, do hereby certify:

1. That I am a Complex Case Officer of the Canada Revenue Agency.
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 CCAA namely the 22nd of February 2024 and still is, indebted to the creditor in the sum of \$27,240,572.47, as specified in the statement of account attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

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ATTACHMENT PAGE 2

4. (X) UNSECURED CLAIM of \$27,240,572.47

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

(X) regarding the amount of \$27,240,572.47, I do not claim a right to priority.

5. That, to the best of my knowledge, the above named creditor is not related to the debtor within the meaning of Section 4 of the Bankruptcy and Insolvency Act.
6. That the following are the payments that I have received from, and the credits that I have allowed to the debtor within three months immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Bankruptcy and Insolvency Act.

NIL

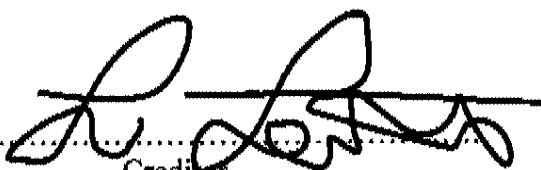
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ATTACHMENT PAGE 3

- (X) I request to be advised of any material change in the financial situation of the bankrupt, pursuant to paragraph 102(3)(b) of the Bankruptcy and Insolvency Act.
- (XI) I request to be advised of any amendment made regarding the amount that the bankrupt is required to pay, pursuant to subsection 68(4) of the Bankruptcy and Insolvency Act.
- (XII) 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 Bankruptcy and Insolvency Act be sent to the above address.

Dated at Thunder Bay, this 15th day of August 2024.


.....
Witness


.....
Creditor
(Signature of the person completing this Proof of Claim)

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ATTACHMENT PAGE 4

SCHEDULE "A"

Name: Lynx Air

Account Number: 840541767RM0001

Date of Assessment	Invoice #	Duties & Taxes Outstanding	Penalty & Interest Outstanding	Total
October 3, 2023	26900011624	24,238,542.06	487,595.67	
November 6, 2023	27100007303	1,269,473.33	315,868.64	
December 5, 2023	26500006166	7,354.50	224,674.97	
February 6, 2024		33,999.52	663,063.78	
TOTALS		25,549,369.41	1,691,203.06	27,240,572.47