

Clerk's Stamp

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 THE COMPROMISE OR
ARRANGEMENT OF LYNX AIR HOLDINGS CORPORATION
and 1263343 ALBERTA INC. dba LYNX AIR

DOCUMENT **AFFIDAVIT OF MICHAEL WOODWARD**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

OSLER, HOSKIN & HARCOURT LLP
Barristers & Solicitors
Brookfield Place, Suite 2700
225 6 Ave SW
Calgary, AB T2P 1N2

Solicitors: Randal Van de Mosselaer / Julie Treleaven
Telephone: (403) 260-7000 / 7048
Email: RVandemosselaer@osler.com / JTreleaven@osler.com
File Number: 1246361

AFFIDAVIT OF MICHAEL WOODWARD
SWORN JUNE 19, 2024

I, Michael Woodward, of the City of Calgary, in the Province of Alberta, **MAKE OATH
AND SAY THAT:**

1. I am the Chief Executive Officer and Director of my personal company that has been contracted to provide the services of Interim Chief Financial Officer ("**Interim Contractor CFO**") to Lynx Air (as that term is defined below). I have been the Interim Contractor CFO of Lynx Air since March of 2023, and since that time I have been responsible for all financial-related

aspects of Lynx Air's business. Prior to this role, I served as Chief Financial Officer of Campus Energy Partners, an energy infrastructure and supply company, and as a Vice President of BMO Capital Markets. I hold a Bachelor of Commerce in Accounting from the University of British Columbia and have obtained Chartered Accountant and Chartered Financial Analyst designations.

2. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where stated to be based on information and belief, in which case I have stated the source of my information and, in all such cases, I believe such information to be true. In preparing this Affidavit, I consulted with the Applicants' (as that term is defined below) management teams and advisors and reviewed relevant documents and information concerning the Applicants' operations and business and financial affairs.

3. I swear this Affidavit in support of an application (the "**Application**") by the Applicants for:

(a) An Order (the "**Stay Extension and Enhanced Monitor Powers Order**"):

- (i) abridging the time for service of notice of this Application (if necessary), deeming service of notice of this Application to be good and sufficient, and declaring that there is no other person who ought to have been served with notice of this Application;
- (ii) extending the Stay Period, as defined in paragraph 15 of the Amended and Restated Initial Order granted in these proceedings by the Honourable Justice Whitting on March 1, 2024 (the "**ARIO**"), up to and including September 30, 2024, or such other date as this Court may deem appropriate;

(iii) granting FTI Consulting Canada Inc., in its capacity as Monitor (as such term is defined below), enhanced powers with respect to the Applicants (the “**Enhanced Powers**”) to:

1. take possession of and exercise control over the Applicants’ present and after-acquired assets, property and undertakings (the “**Property**”), and any and all proceeds, receipts and disbursements arising out of or from the Property, which shall include the Monitor’s ability:
 - a. to abandon, dispose of, or otherwise release any interest in any of the Applicants’ real or personal property, or any right in any immovable; and
 - b. upon further order of the Court, to abandon, dispose of, or otherwise release any license or authorization issued by any government authority;
2. receive, preserve and protect the Applicants’ Property, or any part or parts thereof;
3. manage, operate and carry on the business of the Applicants, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, cease to perform any contracts of the Applicants, hire or terminate employees as the Monitor may consider necessary, and wind down any employee benefit plans as the Monitor may consider appropriate;
4. engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, financial advisors, investment dealers, the Transaction Agent (as such term is defined below) and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the

Monitor's Enhanced Powers conferred by the Stay Extension and Enhanced Monitor Powers Order;

5. purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Applicants or any part or parts thereof;
6. receive and collect all monies and accounts now owed or hereafter owing to the Applicants and to exercise all remedies of the Applicants in collecting such monies, including, without limitation, to enforce any security held by the Applicants;
7. settle, extend or compromise any indebtedness owing to or by the Applicants;
8. execute, assign, issue and endorse documents of whatever nature in respect of any of the Applicants' Property or business, whether in the Monitor's name or in the name and on behalf of the Applicants, for any purpose pursuant to the Stay Extension and Enhanced Monitor Powers Order;
9. undertake environmental or workers' health and safety assessments of the Property and operations of the Applicants;
10. initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Applicants, the Property or the Monitor (in relation to the exercise by the Monitor of the Enhanced Powers), and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in the Stay Extension and Enhanced Monitor Powers Order shall authorize the Monitor to defend or settle the action in which the ARIO was made

unless otherwise directed by this Court, provided that the foregoing shall not prevent counsel to the Applicants from continuing their engagement in respect of the AIF Trust Claims (as defined in the Fourth Report of the Monitor dated May 15, 2024), with the consent of the Monitor, or to deal with any other issue as the Monitor may request;

11. market any or all of the Applicants' Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Monitor in its discretion may deem appropriate;
12. sell, convey, transfer, lease or assign or otherwise enter into transactions respecting the Applicants' Property or any part or parts thereof out of the ordinary course of business with the approval of this Court and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, RSA 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.
13. apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Applicants' Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
14. report to, meet with and discuss with such affected persons as the Monitor deems appropriate all matters relating to the Applicants' Property, business, and these proceedings, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;

15. register a copy of the ARIO and any other orders in respect of the Applicants' Property against title to any of the Applicants' Property;
16. apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Monitor, in the name of the Applicants;
17. enter into agreements with any trustee in bankruptcy appointed in respect of the Applicants, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Applicants;
18. exercise any shareholder, partnership, joint venture or other rights which the Applicants may have;
19. take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

(b) an Order (the "**D&O Claims Procedure Order**"), 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**");

A. The Applicants' CCAA Proceedings

4. On February 22, 2024, Lynx Air Holdings Corporation ("**Lynx Holdco**") and 1263343 Alberta Inc. dba Lynx Air (together with Lynx Holdco, "**Lynx Air**" or the "**Applicants**") filed an originating application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Further information regarding the Applicants, the reasons leading to these CCAA proceedings, and the Applicants' intended liquidation and orderly wind down is provided in my Affidavit sworn February 22, 2024 (the "**February 22 Affidavit**").

5. On February 22, 2024, the Honourable Justice Gill granted the Applicants an Initial Order under the CCAA (the “**Initial Order**”), pursuant to which the Applicants were declared companies to which the CCAA applies, FTI Consulting Canada Inc. was appointed Monitor of the Applicants, and an initial stay of proceedings until March 4, 2024, was granted (the “**Initial Stay**”).

6. On March 1, 2024, the Applicants obtained the ARIO that, amongst other things, extended the Initial Stay to April 15, 2024 (the “**Stay Period**”). On the same date, the Honourable Justice Whitling also granted an order approving the Applicants’ sale and investment solicitation process (the “**SISP**” and “**SISP Order**”).

B. SISP Update

7. Information regarding the Applicants and the Monitor’s involvement with the SISP since the ARIO is provided in the Second Report of the Monitor dated March 27, 2024 (the “**Second Report**”).

8. Since the granting of the SISP Order, the Applicants have diligently implemented and conducted the SISP with the assistance and supervision of the Monitor, and in accordance with the terms of the SISP Order.

9. In the context of the SISP, the Applicants sought and received bids: (i) on or about March 21, 2024 from Boeing to enter into the Termination Agreement in respect of the Boeing Purchase Agreement (as those terms are defined in the Monitor’s Second Report); (ii) on April 5, 2024, for certain ancillary equipment, namely wheels and brakes compatible with aircraft operated by the Applicants; and (iii) on or around April 8, 2024, for equipment installed or to be installed on

aircraft scheduled to be delivered in 2024 pursuant to a commitment letter dated February 23, 2022, between Lynx Opco and BOC Aviation Limited.

10. On April 2, 2024 this Court issued an Order approving the Termination Agreement, and on May 21, 2024, this Court issued two Approval and Vesting Orders (the “AVOs”) further to the SISP.

C. Activities of the Applicants

11. Further to the conclusion of the SISP, the Applicants currently have 2 remaining employees, who are engaged in winding down various administrative matters.

12. The Applicants vacated their leased premises on May 31, 2024, such that they no longer lease any office space.

13. Since the issuance of the AVOs, the Applicants have continued to take steps wind down their operations in an orderly fashion and in consultation with the Monitor. As at the date of this Affidavit, there are a limited number of administrative matters that need to be concluded in order to complete this CCAA proceeding, including a D&O Claims Process, finalizing matters with various claimants, and finalizing arrangements with Elavon Canada Company (the Company’s credit card processor).

The Extension of the Stay Period

14. The extension of the Stay Period is required to provide the Applicants, with the assistance of the Monitor, with sufficient time to, *inter alia*:

- (a) assist the Monitor, if necessary, with the treatment of the SISP proceeds;

(b) assist the Monitor with the implementation of the D&O Claims Process; and

(c) finalize the wind down of the Applicants' activities and conclude all remaining matter related thereto;

15. The Applicants' cash flow is sufficient to continue operations up to the date of the requested extension of the Stay Period.

16. As a result of the forgoing, circumstances exist that make the requested extension of the Stay Period appropriate, and the Applicants have acted, and are acting, in good faith and with due diligence.

17. It is appropriate in the circumstances and in the best interests of the Applicants and all stakeholders that the requested extension of the Stay Period be granted.

The Enhanced Powers of the Monitor

18. It is highly likely that the Applicants will no longer have any employees prior to the expiry of the requested extension of the Stay Period or personnel to conclude the remaining administrative matters.

19. Therefore, in order to be able to efficiently wind down their remaining operations and address outstanding administrative and other final matters, the Applicants are seeking the Enhanced Powers for the Monitor in order to allow the Monitor to carry out many of the functions, duties and powers that would normally be carried out by the directors or management of the Applicants.

20. The Monitor has informed the Applicants that it consents to exercise the Enhanced Powers in accordance with the orders of this Court.

21. The Enhanced Powers are in the best interests of the Applicants and all their stakeholders, as it will streamline the completion of concluding and final matters.

The Proposed D&O Claims Process

22. The Applicants are seeking this Court's approval of the D&O Claims Process substantially in the form of the proposed D&O Claims Procedure Order;

23. Under the proposed D&O Claims Procedure Order, the Applicants (or the Monitor acting pursuant to the Enhanced Powers) will solicit any D&O Claim of any person that may be asserted or made against one or more Directors or Officers of the Applicants, that: (a) relates to a claim for which such Directors or Officers are by law liable to pay in their capacity as Directors or Officers; or (b) is in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, which, in either case, is based in whole or in part on facts existing prior to the "Claims Bar Date" or that relates to a period of time prior to the Claims Bar Date (each, a "**D&O Claim**", and collectively, the "**D&O Claims**");

24. 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 the Monitor will cause copies of the D&O Claims Procedure Order, the Notice to Claimants and the Proof of Claim to be posted on the Monitor's website.

25. By no later than July 5, 2024, the Monitor will cause the Notice to Claimants to be published in the Globe and Mail (National Edition);

26. Any person asserting a D&O Claim must deliver a Proof of Claim, together with all relevant supporting documentation, to the Monitor by the Claims Bar Date. Any person who fails

to do so will be forever barred, estopped and enjoined from asserting or enforcing such D&O Claim against any Directors or Officers of the Applicants, and will not be entitled to received further notice with respect to, or participate as a claimant or creditor in, the D&O Claims Process or these CCAA proceedings in respect of such D&O Claim;

27. All Proofs of Claim received by the Claims Bar Date will be reviewed by the Monitor, and will be either accepted, revised or disallowed;

28. If the Monitor (in consultation with the applicable Directors and Officers), decides to revise or disallow a D&O Claim, they will send a “Notice of Revision or Disallowance” to the applicable claimant;

29. If the claimant disputes the revision or disallowance, the claimant must deliver a “Notice of Dispute” to the Monitor by no later than fifteen (15) days after the date the Notice of Revision or Disallowance is deemed to be received by the claimant pursuant to the D&O Claims Procedure Order, or such later date as the Monitor may agree in writing or the Court may order. Any claimant who fails to deliver a Notice of Dispute to the Monitor by the foregoing deadline will be deemed to accept the amount of its D&O Claim as set out in the applicable Notice of Revision or Disallowance;

30. Any claimant who delivers a Notice of Dispute and who intends to continue to dispute the Notice of Revision or Disallowance must, within ten (10) Business Days of delivery of its Notice of Dispute, file a motion with the Court seeking determination of the D&O Claim, which motion must be returnable within seven (7) Business Days of the filing of the motion, or such first date thereafter as the Court may schedule for the hearing of the motion;

31. The establishment of a D&O Claims Process is an important and necessary step in winding down the Applicants' estates. The proposed D&O Claims Process is fair and reasonable in the circumstances, appropriately balances competing interests, and will facilitate the determination of D&O Claims against the Applicants' Directors and Officers in a fair, comprehensive, and expeditious manner; and

32. I understand that the Monitor supports the establishment of the D&O Claims Process in the form of the proposed D&O Claims Procedure Order.

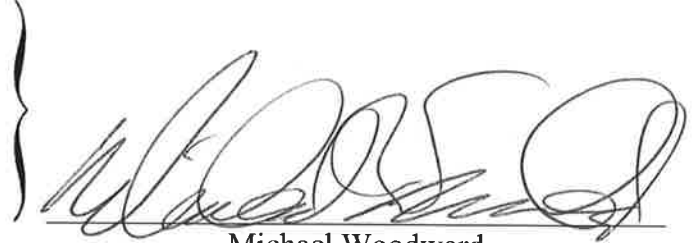
D. Conclusion

33. I make this Affidavit in support of the relief sought in the Application and for no other improper purpose.

SWORN BEFORE ME at Calgary, Alberta,
this 19th day of June, 2024.



Notary Public and Commissioner for Oaths in
and for the Province of Alberta



Michael Woodward

Tyler Jase Warchola
Student-at-Law