

CANADA  
Province of Ontario  
Division No.: 02- SUDBURY  
Court No.: 31-3052503  
Estate No.: 31-3052503

**TRUSTEE'S PRELIMINARY REPORT TO CREDITORS  
ON THE BANKRUPTCY ADMINISTRATION**

**IN THE MATTER OF THE BANKRUPTCY OF  
1000488910 ONTARIO INC.  
OF THE TOWNSHIP OF ECHO BAY  
IN THE PROVINCE OF ONTARIO**

Licensed Insolvency Trustee ("Trustee"): MNP Ltd.

*The information contained in this Preliminary Report has been prepared from the available books and records of Residual Co. (as such term is later defined) and discussions with the Management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.*

**Section A – Introduction and Background**

**The CCAA Proceedings**

1. On November 23, 2022, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made an initial order (the "**Initial Order**") granting 1138969 Ontario Inc. ("**OpCo**") and Springer Aerospace Holdings Limited ("**Holdco**") (collectively, "**Springer**" or the "**Applicants**") certain relief pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). These proceedings are referred to herein as the "**CCAA Proceedings**".
2. The Initial Order provided for, *inter alia*: the appointment of MNP Ltd. ("**MNP**") as monitor (in such capacity, the "**Monitor**") in the CCAA Proceedings. The Initial Order also provided for a debtor-in-possession ("**DIP**") interim financing facility, and established charges in

favour of certain professional services firm connected to the CCAA Proceedings, the DIP Lender and the directors and officers.

3. On December 2, 2022, the Court granted the Amended and Restated Initial Order.
4. On December 22, 2022, the Court ordered the approval of, *inter alia*, a sale and investment solicitation process (“**SISP**”).
5. On February 23, 2023, the Court issued the following orders:
  - (a) increased the maximum borrowings under the DIP Facility to \$1,270,000;
  - (b) extended Phase 2 of the SISP by two (2) weeks to March 21, 2023;
  - (c) approved a Key Employee Retention Plan, including a corresponding charge up to a maximum of \$70,000; and
  - (d) declared that the foregoing orders were conditional on Springer and the Monitor, in consultation with Desjardins Ontario Credit Union Ltd. (“**Desjardins**”) and its financial advisor, immediately beginning work on a listing for sale of Springer’s real property and other assets.
6. The SISP resulted in the May 1, 2023 completion of the transaction (the “**Share Transaction**” together with the pre-transaction reorganization steps, the “**Reorganization Steps**”) contemplated by the Share Purchase Agreement dated March 28, 2023 (the “**SPA**”) between 1929927 Ontario Inc. and 5010945 Ontario Limited and 1000488927 Ontario Inc. (the “**Purchaser**”) pursuant to which, following the implementation of the Reorganization Steps, the Purchaser acquired all of the issued and outstanding shares of Holdco (the “**Purchased Shares**”).

7. On April 11, 2023, the Court issued an Order (the “**CCAA Termination Order**”) that, *inter alia*:
- (a) Approved the Share Transaction and the Reorganization Steps, including adding 1000488910 Ontario Inc. (“**Residual Co**”), as an Applicant in the CCAA Proceedings;
  - (b) Vesting all liabilities of the Applicants in Residual Co except: liabilities associated with existing and ongoing contracts, liabilities in connection with existing and ongoing customer contracts; liabilities in connection with current employees of OpCo; and liabilities in respect of a vehicle and certain leased equipment;
  - (c) Vesting the Purchased Shares in the Purchaser upon delivery of a certificate by the Monitor confirming the Transaction has closed;
  - (d) Approving the distribution by the Monitor of the proceeds of the Transaction as detailed below;
  - (e) Authorizing the Monitor to assign Residual Co into bankruptcy, to act as bankruptcy trustee, and to withhold a \$20,000 reserve from the proceeds to pay the costs of the bankruptcy;
  - (f) Extending the stay up until the later of the bankruptcy of Residual Co and April 30, 2023; and
  - (g) Discharging the Monitor and terminating the CCAA Proceedings.
8. The Reorganization Steps contemplated by the SPA included a Reverse Vesting Order (“**RVO**”). Under the RVO, all of Springer’s liabilities except any liability assumed by the

Purchaser pursuant to the SPA were transferred to and vested in Residual Co immediately prior to the closing.

9. Other Reorganization Steps included Springer being discharged from the CCAA Proceedings as it was solvent after completion of the Share Transaction and Reorganization Steps.
10. In accordance with the terms of the Share Transaction, the share proceeds were applied to the following:
  - (a) Balances owing under the Charge;
  - (b) Repayment of the advances by the DIP Lender;
  - (c) Amounts which constitute Priority Payables, including OpCo's HST and source deduction arrears; and
  - (d) Amounts owing by the Applicants to Desjardins.
11. Upon completion of the Share Transaction, the Applicants had satisfied the CCAA objectives and, accordingly, Springer sought, *inter alia*, the CCAA Termination Order, which became effective as of the CCAA Termination Date.
12. Upon the closing of the Share Transaction, the CCAA Proceedings were substantially complete, save and except for distributing the Share Transaction proceeds.
13. The CCAA Termination Order authorized Residual Co, in its discretion or at the discretion of the Monitor, to file the Bankruptcy on or after the CCAA Termination Date.
14. The distribution of the proceeds from the Share Transaction was completed on January 3, 2024, after the Applicants filed certain outstanding tax returns with CRA, allowing CRA

to determine the extent of its Priority Payable. On January 3, 2024, OpCo remitted payment to CRA of the amount determined to be a Priority Payable thereby completing the distribution in accordance with the CCAA Termination Order.

15. On March 7, 2024, Residual Co's bankruptcy was filed, thereby completing the CCAA Proceedings.
16. More information about the CCAA Proceedings is available on Monitor's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/springeraerospace>.

### **The Bankruptcy**

On March 6, 2024, pursuant to the CCAA Termination Order, Residual Co executed and filed the Assignment. On March 7, 2024, MNP was appointed as the Trustee of the estate of the bankrupt by the official receiver, subject to affirmation by the creditors of the Trustee's appointment or substitution of another trustee by the creditors.

Residual Co has not been engaged in any commercial activity since its being established.

Residual Co's designated officer is Mr. Dan Springer.

On March 11, 2024, the Notice to Creditors advising of the bankruptcy and the first meeting of creditors, a list of creditors, a proof of claim form, along with a proxy and the Statement of Affairs ("SOA") was sent to all of Residual Co's known creditors. Pursuant to subsection 102(4) of the Bankruptcy and Insolvency Act, the Notice of Bankruptcy was published in the *Sault Star* newspaper on March 12, 2024.

### **Section B - Evaluation of Assets**

According to the SOA, Residual Co does not have any assets.

### **Section C - Conservatory and Protective Measures**

Not applicable.

### **Section D – Secured Creditors**

The Trustee does not know of any secured creditors since they were already dealt with in and

through the CCAA Proceedings.

### **Section E - Provable Claims**

The claims of creditors as per the SOA and the claims filed as of noon on March 22, 2024 are summarized below:

<b>Type of Liability</b>	<b>Per SOA</b>	<b>Claims as filed</b>
Secured	Nil	Nil
Preferred	Nil	Nil
Unsecured	\$6,473,930.79	\$918,598.41
<b>Total</b>	<b>\$6,473,930.79</b>	<b>\$918,598.41</b>

Please be aware that the Trustee has not determined if the claims mentioned above are valid for the purpose of distributing dividends.

### **Section F – Books and Records**

Residual Co's books or records are limited to the incorporating documents, and information related to the liabilities arising from the RVO.

### **Section G – Legal Proceedings,**

The Trustee has not commenced any legal proceedings on behalf of the estate.

On March 11, 2024, Perimeter Aviation LP ("**Perimeter**") filed an application seeking, *inter alia*, to declare that the liability of OpCo to Perimeter as alleged in Ontario Superior Court of Justice action no. CV-20-00643197-000 is a "Continuing Liability" (as that term is used in the April 11, 2023 Court Order) that has not transferred to Residual Co and that the automatic stay of proceedings has no effect on Perimeter's action, or in the alternative, an order that the automatic stay of proceedings against Residual Co be lifted with respect to the Perimeter action against OpCo to the extent that Springer's liability to Perimeter is covered by a policy of insurance.

On March 18, 2024, the Court ordered that the liability of Springer to Perimeter has not been transferred to Residual Co, and that the automatic stay of proceedings by operation of the BIA is therefore of no effect on the Perimeter Action.

### **Section H - Reviewable Transactions & Preference Payments**

Not applicable.

### **Section H - Anticipated Realization and Projected Distribution**

The Trustee does not anticipate any realizations or distributions from this estate.

## Section I – Other

Notwithstanding the CCAA Termination Order provided for \$20,000 to be paid out of the proceeds arising from the Share Transaction, in finalizing the payment of the amounts owing under the Charges, MNP agreed to waive this requirement.

Dated March 22, 2024.

**MNP Ltd.**, in its capacity as  
Trustee of the Estate of 1000488910 Ontario Inc., a bankrupt  
and not in its personal capacity

Per:



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Sheldon Title, CPA, CA, CIRP, LIT  
Senior Vice President