

2020 01G  
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
GENERAL DIVISION

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *International  
Interests in Mobile Equipment (Aircraft  
Equipment) Act*, S.C. 2005, c.3

BETWEEN: MNP LTD., IN ITS CAPACITY AS RECEIVER OF UNIVERSAL  
HELICOPTERS NEWFOUNDLAND AND LABRADOR LP, 70703  
NEWFOUNDLAND AND LABRADOR INC., UNIVERSAL  
HELICOPTERS HOLDINGS LP, AND 81924 NEWFOUNDLAND AND  
LABRADOR INC.

APPLICANT

AND: UNIVERSAL HELICOPTERS NEWFOUNDLAND AND LABRADOR LP,  
70703 NEWFOUNDLAND AND LABRADOR INC., UNIVERSAL  
HELICOPTERS HOLDINGS LP, AND 81924 NEWFOUNDLAND AND  
LABRADOR INC.

RESPONDENT

AFFIDAVIT

I, J. Eric Findlay, CIRP, LIT, CPA of the Town of Grand Lake, in the Province of Nova Scotia make oath and say as follows:

1. I am a Partner, Senior Vice President and Licensed Insolvency Trustee of the Applicant, MNP Ltd. ("**MNP**" or the "**Receiver**"), in its capacity as receiver of Universal Helicopters Newfoundland and Labrador LP ("**UHNL LP**"), 70703 Newfoundland and Labrador Inc. ("**70703 NL**"), 81924 Newfoundland and Labrador Inc. ("**81924 NL**"), and Universal Helicopters Holdings LP ("**UHH LP**") (collectively, "**Universal Group**").
2. MNP is the named Receiver for the Universal Group as well as for a group of companies related to the Universal Group, Lakelse Helicopters Limited Partnership, ("**Lakelse LP**"), Lakelse Air Ltd. ("**Lakelse Air**"), 1167537 B.C. Ltd. ("**1167537 BC**") (collectively, the "**Lakelse Group**") appointed under instrument, in both instances, by the Canadian Western Bank ("**CWB**") effective May 27, 2020 pursuant to the *Personal Property Security Act*, R.S.B.C. 1996, c.359, the *Personal Property*

*Security Act*, S.N.L. 1998 Ch. P-7.1, and the *International Interests in Mobile Equipment (Aircraft Equipment) Act*, S.C. 2005, c.3. As such I have personal knowledge of the matters deposed to herein except as otherwise stated to be based upon information and belief.

3. Attached hereto and marked as **Exhibit "A"** is a copy of the Appointment of Receiver dated May 27, 2020.
4. I am duly authorized to make this Affidavit on behalf of MNP.
5. I have reviewed the Originating Application to be filed. The facts set out in the Motion are in my opinion true and correct.
6. If not otherwise defined herein, the defined terms used in this Affidavit have the same meanings ascribed to them in the Originating Application to the Court herein.
7. This proceeding is commenced pursuant to the *International Interests in Mobile Equipment (Aircraft Equipment) Act*, which implemented in Canada the United Nations *Convention on International Interests in Mobile Equipment* (the "**Cape Town Convention**") and the *Protocol to the Convention on International interests in Mobile Equipment on Matters Specific to Aircraft Equipment* (the "**Aircraft Protocol**").
8. MNP is exercising the right under the Cape Town Convention to seek an Order of the Court approving transactions for the sale of helicopters owned by the Universal Group.
9. As is described below, MNP has entered into two Aircraft Purchase and Sale Agreements to sell two helicopters owned by the Universal Group (the "**Purchase Agreements**"), which transactions have not yet closed.
10. I make this affidavit in support of the Receiver's application for an Approval and Vesting Order pursuant to the Purchase Agreements.

#### **BACKGROUND**

11. The Universal Group and Lakelse Group in combination consist of 3 operating entities; South Coast Helicopters LLC operating out of Fullerton California; UHNL LP, operating primarily on the east coast of Canada with bases in Gander, St. John's, Pasadena and Goose Bay, Newfoundland and Labrador; and Lakelse Air operating out of the west coast of Canada with bases in Terrace, Prince Rupert, and Dease Lake, British Columbia.

12. UHNL LP is a Newfoundland and Labrador limited partnership and 70703 is a company incorporated in the province of Newfoundland and Labrador.
13. Based upon information provided to me by certain former management personnel of the Universal Group and from my review of information and documentation provided to MNP in connection with the receivership, I verily believe:
  - a. Lakelse Air and South Coast Helicopters LLC were acquired by the Universal Group in September 2018. Since the acquisition, revenue generated has not been sufficient to achieve profitability;
  - b. Beginning in September 2019 management of the Universal Group and Lakelse Group reviewed the Universal Group's and Lakelse Group's financial situation extensively and concluded that the cash flows would not be able to service the debts and ongoing operations. During 2019 and early in 2020 ownership of the Universal Group and Lakelse Group injected \$10.5 Million into the combined groups to fund continued operations and to address liquidity concerns;
  - c. The cash injections were not sufficient to cure the Universal Group's and Lakelse Group's financial problems. Management decided that they would not provide any further funding to the Universal Group and Lakelse Group and they began to explore options to undergo a sales process while under the protection of the *Companies' Creditors Arrangement Act*; and
  - d. Discussions with Universal Group and Lakelse Group's equity holders and secured creditors, including CWB and the Bank of Montreal ("**BMO**") were not successful. The Universal Group and Lakelse Group were not able to negotiate an agreement to address the need for liquidity to continue operations and to pay its creditors.
14. Not being able to carry on business, the Universal Group and Lakelse Group suddenly and without prior notice to its lenders, terminated all its employees and ceased all operations effective May 26, 2020. All directors of the Universal Group and Lakelse Group resigned effective as of 7:00 a.m. Newfoundland Time on May 27, 2020.
15. CWB, being a senior secured lender to the Universal Group and Lakelse Group, sought the immediate appointment of a Receiver in order to gain control and protection of the Universal

Group's and Lakelse Group's assets that comprised CWB's security. MNP accepted the private appointment as Receiver of the Universal Group and Lakelse Group on May 27<sup>th</sup>, 2020 at 5:00 p.m. Atlantic Time.

16. 70703 NL is the general partner of UHNL LP and 81924 NL is the general partner of UHH LP.
17. With respect to 70703 NL, UHNL LP, 81924 NL and UHH LP, attached hereto are copies of the following documents, marked as the following Exhibits (collectively, the "**Security**"):
  - a. **Exhibit "B"** – Commitment Letters dated October 4, 2017 and August 2, 2018, as amended August 31, 2018;
  - b. **Exhibit "C"** – Aircraft Security Agreement dated November 15, 2017 granted by the 70703 Partners in favour of CWB;
  - c. **Exhibit "D"** – General Security Agreement dated November 15, 2017 granted by UHNL LP in favour of CWB;
  - d. **Exhibit "E"** – General Security Agreement dated November 15, 2017 granted by 70703 NL in favour of CWB;
  - e. **Exhibit "F"** – General Security Agreement dated September 6, 2018 granted by UHH LP in favour of CWB;
  - f. **Exhibit "G"** – General Security Agreement dated September 6, 2018 granted by 81924 NL in favour of CWB; and
  - g. **Exhibit "H"** – Assignment of Aircraft Lease Agreement dated July 18, 2019 granted by UHNL LP in favour of CWB.
18. At the date of appointment of MNP as receiver, CWB had security interests in 29 aircraft, engines and related equipment owned by the Universal Group and Lakelse Group. Eight aircraft have been sold by the Receiver to date and CWB has security interests in the 21 remaining helicopters together with certain engines and related equipment. Of those 21 remaining helicopters, thirteen (13) helicopters are owned by the 70703 Partners including the two (2) described in the schedule attached as Schedule A and B to the Affidavit of J. Eric Findlay #2 Receiver Certificates herein (collectively the "**Universal Helicopters**").

19. CWB has registered its security interest in the Universal Helicopters with the international registry in Ireland in accordance with the Aircraft Protocol. Attached hereto and marked collectively as **Exhibit "I"** are Priority Search Certificates in respect of the Universal Helicopters and engines.
20. Based on the priority provisions of the Aircraft Protocol, CWB's security interests in the Universal Helicopters have priority over the 70703 Partners' other secured creditors, subject to the terms of an Intercreditor Agreement with Bank of Montreal described below.
21. In addition to its security interests in the Universal Helicopters, CWB has security over certain other assets and personal property of 70703 NL, UHNL LP, 81924 NL, and UHH LP, which interests are subordinate to certain secured creditors pursuant to the appropriate provincial personal property security legislation. Attached hereto and marked as **Exhibit "J"** are copies of the Newfoundland and Labrador Personal Property Registry search results for the 70703 Partners. Attached hereto and marked as **Exhibit "K"** are copies of the British Columbia Personal Property Registry search results for the 70703 Partners.
22. CWB's subordinate priority interest with regard to certain assets and personal property is modified by Intercreditor Agreements dated November 10, 2017 and August 3, 2018 made between the 70703 Partners and BMO (the "**Intercreditor Agreements**"). Pursuant to the terms of the Intercreditor Agreements, BMO agreed, *inter alia*, that:
  - a. CWB's security interests in the Universal Helicopters and Rotables (as defined therein), together with all attachments, spare parts, replacements, substitutions, exchanges, trade-ins, accessories and accessions have priority over BMO security interests in the Universal Groups' personal property;
  - b. CWB's priority will apply until the full amount of the obligations outstanding to CWB have been repaid in full and CWB's security interests have been released and discharged; and
  - c. CWB has the sole and exclusive right without the consent of BMO to, *inter alia*, enforce the Security and sell the Universal Helicopters and Rotables, together with all attachments, spare parts, replacements, substitutions, exchanges, trade-ins, accessories and accessions, and to appoint a receiver.

23. Attached hereto and marked as **Exhibit "L"** is a copy of the Intercreditor Agreements dated November 10, 2017 and August 3, 2018 made between the 70703 Partners and BMO (the "**Intercreditor Agreements**").
24. As at the time of MNP's appointment the Universal Group and Lakelse Group's employees were owed wages and vacation pay. MNP has notified these employees of the Wage Earner's Protection Program ("**WEPP**") and calculated amounts owed to employees and the Government of Canada's subrogated debt to be paid from the realization of the Universal Group and Lakelse Group's current assets. The total amount to be paid to employees through the WEPP is \$25,573.11 and the Government of Canada's subrogated claim is \$11,538.11.
25. Other than CWB and BMO, there are no other secured creditors who have registered financing statements in Newfoundland and Labrador or British Columbia Personal Property Registries in respect of the 70703 Partners or in the International Registry in respect of the Universal Helicopters.
26. In addition to this Affidavit, MNP will be relying on my Affidavit #2 to be sworn on or about October 2, 2020 (the "**Findlay Affidavit #2**"). The Findlay Affidavit #2 attaches as Exhibits un-redacted copies of the Purchase Agreements regarding the Universal Helicopters, a schedule detailing the offers received by MNP for the Universal Helicopters to date and an appraisal, all of which contain commercially sensitive information.
27. To protect the interests of creditors and preserve the integrity of the marketing and sale process, MNP is requesting that the Findlay Affidavit #2 be sealed to ensure that the information contained in it does not become public in the event that any sale transactions do not close and MNP is forced to re-market one or more of the Universal Helicopters.

#### **RECEIVERSHIP**

28. Since being appointed Receiver, MNP has undertaken the following primary tasks:
- a. Engaged the services of Walt's Service and Assoc. Inc. on May 27, 2020 to secure the Universal Group's property located in Newfoundland and Labrador. The locations secured include the following: 1 Power Road, Gander, NL; 18-24 Stentafor Avenue, Pasedena, NL; and 82 Winnipeg Street, Goose Bay, NL. The aforementioned properties were secured by May 30, 2020;

- b. Engaged the services of Heli Connections Aviation Inc. ("**Heli Connections**") on June 4, 2020 as broker and consultant for the marketing and sale of the Universal Group and Lakelse assets, specifically the fleet of helicopters (including the Universal Helicopters);
- c. Engaged the services of the former Chief Financial Officer, Laurie Skinner;
- d. Engaged the services of the former Chief Information Officer, Philip O'Dwyer;
- e. Engaged the services of the former Directors of Maintenance, Terry Hutchins for UHNL and Jack Fletcher for Lakelse LP;
- f. Given notice of the receivership on June 5<sup>th</sup> to the creditors of the Universal Group and Lakelse Group who are shown in their respective records as being owed not less than \$250;
- g. Administered the Wage Earners Protection Program and responded to several queries from employees regarding outstanding wages;
- h. Responded to queries from creditors;
- i. Successfully completed the sale of eight helicopters owned by either UHNL or Lakelse LP. A sale of one of those eight helicopters was pending when MNP was appointed as receiver and that sale was closed by MNP following its appointment;
- j. Attended to certain aircraft components including retrieval of two rotor blades and an engine module from third parties, overhaul of a transmission, the supply of three overhauled Servos out of inventory, and overhaul of an engine (Honeywell LTS101-700D-2, serial no. LE-43443C) to have a useable engine for the 1996 Airbus AS350B2-SD2, Serial No. 2956, Reg. No. C-GPWL, in order to maximize recovery;
- k. Collected \$214,000.52 of outstanding accounts receivable owed to the Lakelse Group;
- l. Cooperated with PricewaterhouseCoopers Inc., the Receiver privately appointed by BMO, with respect to certain property of the Universal Group.

#### **SALES PROCESS**

29. The marketing process for the Universal Group and Lakelse Group helicopters began in early June 2020. On June 4, 2020, MNP retained Heli Connections as broker and consultant for the marketing

and sale of all the Universal Group's and Lakelse Group's helicopters that are subject to CWB's security. Heli Connections was selected as they specialize in helicopters, have extensive experience with sales, and have domestic and international connections in the industry.

30. The receivership of the Universal Group and Lakelse Group was well known in the industry. Vertical Magazine, a publication that is widely recognised and reaches most owners and operators in the helicopter industry, announced on May 27, 2020 that the Universal Group and Lakelse Group had ceased operations. CBC News also reported that the Universal Group and Lakelse Group ceased operations on May 27, 2020.

31. Following the appointment of MNP as receiver, information regarding the aircraft available for sale was posted on the MNP website to pages dedicated to the receivership of the Universal Group and Lakelse Group. Links to each of the webpages are listed below:

<https://mnpdebt.ca/en/corporate/corporate-engagements/lakelse-air>

<https://mnpdebt.ca/en/corporate/corporate-engagements/universal-helicopters>.

32. Heli Connections received hundreds of inquiries about the Universal Group and Lakelse Group aircrafts. They also solicited offers by contacting operators that may be interested or those who expressed interest in the aircraft. In many cases prospective purchasers reached out to Heli Connections directly via contact information displayed on the MNP website pages for the receivership engagement. All inquiries received by MNP were forwarded to Heli Connections.

33. Heli Connection prepared materials including photographs and technical information with respect to each of the helicopters including the Universal Helicopters, which was made available to anyone interested in submitting an offer to purchase any of the helicopters.

34. A bid template was created in early June and distributed by Heli Connections to all parties interested in submitting an offer to purchase any of the Universal Group and Lakelse Group helicopters. Offers were to be submitted by June 19, 2020 and 63 offers were received, which resulted in the completion of the sales of five helicopters.

35. Heli Connections also created a webpage dedicated to the Universal Group and Lakelse Group receivership sale, which was posted to their website (<http://heliconnections.com/receivership-sale/>). The Heli Connections webpage includes photos, specifications, equipment lists included with each helicopter and prices.



36. Following the June 19<sup>th</sup> date of submission of offers, Heli Connections continued to market the remaining aircraft by sharing their webpage link throughout the helicopter industry, making direct contact with parties who had previously expressed an interest in any of the aircraft, and by advertising the aircraft for sale globally on Controller.com from on or about June 24, 2020. Controller.com is well known in the aircraft industry for aircraft sales and has significant helicopter content.
37. An additional 29 offers were received, resulting in the closing of sales of two additional aircraft to date, as well as the offers that are the subject of this Application for an Approval and Vesting Order.
38. Heli Connections also facilitated in-person due diligence by nine prospective purchasers at Universal's facility in Terrace, B.C. and five prospective purchasers at Universal's facilities in Newfoundland and Labrador.

#### **PURCHASE AND SALE AGREEMENTS**

39. MNP has received offers to purchase two helicopters owned by the 70703 Partners as follows:

<b>Make:</b>	<b>Model:</b>	<b>Year</b>	<b>Serial No:</b>	<b>Registration:</b>	<b>Location:</b>
Airbus	AS350B2-SD2	1983	1685	C-GNAI	Terrace, BC.
Airbus	AS350B2-SD2	1985	1816	C-FXAL	Terrace, BC.

40. MNP has negotiated and signed two Purchase Agreements and has received a deposit from the purchasers. The Purchase Agreements require the full purchase price, net of the deposit, to be paid on closing and provide that each of the helicopters are being sold on an "as is, where is" basis. The sale transactions set out in the Purchase Agreements are scheduled to close 31 days after a Court Order approving the sale is granted.
41. The Purchase Agreements contain similar terms, except for the purchase prices and variations necessitated by the fact one of the purchasers is located outside of Canada and will be exporting one of the helicopters outside of Canada following closing of the transaction. Un-redacted copies of the Purchase Agreements are attached as Exhibits A and B to the Findlay Affidavit #2.

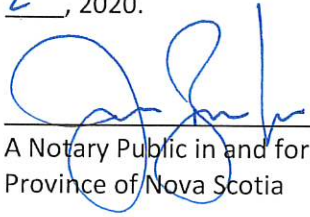
42. The Cape Town Convention requires that interested persons be given reasonable notice of any proposed sale of the Universal Helicopters. The Aircraft Protocol provides that ten or more working days notice satisfies the requirement for reasonable notice under the Cape Town Convention.
43. The Cape Town Convention provides for a Court Order with respect to the sale of aircraft. MNP is seeking an Order because one of the purchasers under the Purchase Agreements is located outside of Canada and they have advised MNP that an Order will be of assistance in facilitating the registration in their jurisdiction of the aircraft they are purchasing. The sale transactions set out in both Purchase Agreements are conditional upon obtaining Court approval.
44. CWB has expressed to MNP its support for the proposed sale of the two helicopters pursuant to the Purchase Agreements.
45. MNP also intends to make the Application herein available to creditors by posting a copy to the website maintained by MNP for the receivership of the Universal Group and Lakelse Group. MNP also intends to serve a copy of the Originating Application on the Federal Crown.
46. It is anticipated that within 30 days following closing of the sale transactions set out in the Purchase Agreements, all the obligations incurred in connection with the two helicopters and the sale transactions will be reconciled and paid. Ultimately it is intended that the proceeds will be applied in payment of the WEPP claims, and then in accordance with the Intercreditor Agreements.
47. In general terms, the Intercreditor Agreements provides for payment of MNP's fees and disbursements, then payment to CWB in respect of the realization of the Universal Helicopters and Rotables, together with all attachments, spare parts, replacements, substitutions, exchanges, trade-ins, accessories and accessions

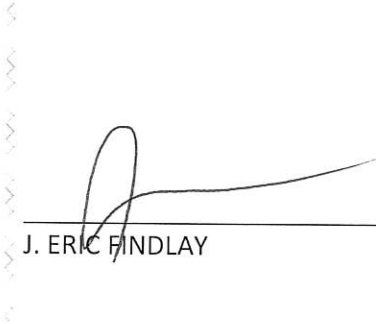
#### **RECOMMENDATION**

48. I do verily believe that:
  - a. Sufficient effort has been made to obtain the best price for the two helicopters subject to Purchase Agreements. The offers accepted by MNP are the highest offers received;

- b. The interests of all parties have been considered and that approval of the proposed sales is in the best interest of all interested parties. Many helicopter operators tend to make acquisitions of aircraft during the spring and summer months and then save cash in the fall and winter. Approval of the sales would minimize the costs associated with storing the aircraft, which would provide a larger return to creditors; and
- c. Offers were obtained through a fair and integrous sales process.

**SWORN BEFORE ME** at the City of Halifax, in the Province of Nova Scotia, on October 2<sup>nd</sup>, 2020.

  
\_\_\_\_\_  
A Notary Public in and for the  
Province of Nova Scotia

  
\_\_\_\_\_  
J. ERIC FINDLAY

JOHN F. BOUDREAU  
A Notary Public in and for the  
Province of Nova Scotia

This is exhibit A referred to  
in the affidavit of J. Eric Findlay sworn  
or affirmed before me this 2<sup>nd</sup> day  
of October, 2020

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JOHN F. BOUDREAU  
A Notary Public in and for the  
Province of Nova Scotia

### APPOINTMENT OF RECEIVER

RE: All security granted by Universal Helicopters Newfoundland and Labrador LP, 70703 Newfoundland and Labrador Inc., Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd., Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc., and Lakelse Air Ltd. (collectively, the "Debtors") in favour of Canadian Western Bank (the "Bank"), including without limitation, the security agreements set out in Schedule "A" attached hereto (collectively, the "Security").

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#### TO WHOM IT MAY CONCERN:

The Security being now in default and enforceable in accordance with its terms, the Bank DOES HEREBY APPOINT, pursuant to the Security, MNP LTD., of Suite 1400 - 1801 Hollis Street, Halifax, Nova Scotia, B3J 3N4 to be the receiver (the "Receiver") of all assets, property and undertakings of each of the Debtors pursuant to the terms of the Security.

The Bank does hereby vest in the Receiver all powers and discretions contained in the Security and as provided in the *Personal Property Security Act*, R.S.B.C. 1996, c.359 (the "BC PPSA"), the *Personal Property Security Act*, S.N.L. 1998 Ch. P-7.1 (the "NL PPSA", and together with the BC PPSA, the "PPSAs"), and the *International Interests in Mobile Equipment (Aircraft Equipment) Act*, SC 2005, c.3 (the "Cape Town Statute"), including without limitation, the power to:

- (a) enter upon the premises of the Debtors and take possession of the property and assets charged by the Security (collectively, the "Collateral", which for greater certainty includes the aircraft objects referred to in Schedule "B" attached hereto);
- (b) preserve, protect and maintain the Collateral and make such replacements or repairs and additions thereto as the Receiver may deem advisable;
- (c) sell, lease or concur in selling or leasing the Collateral or any part of it;
- (d) collect the accounts receivable and otherwise deal with the account debtors of the Debtors;
- (e) exercise all of the rights and remedies of a secured party under the PPSAs or the Cape Town Statute (as applicable);
- (f) pay any or all debts and liabilities in connection with the Collateral;
- (g) make any arrangements or compromises which the Receiver considers expedient;
- (h) institute and prosecute all suits, proceedings and actions which the Receiver considers necessary or advisable for the proper protection of the business of the Debtors or the Collateral, to defend all suits, proceedings and actions against the Debtors or the Receiver, to appear in and conduct the prosecution and defense of any suit, proceeding or action then pending or thereafter instituted, and appeal any suit, proceeding or action; and
- (i) to pay the Bank the net proceeds from the realization of the Collateral.

All monies from time to time received by the Receiver in respect of the Collateral shall be dealt with by the Receiver in accordance with the terms of the Security, the PPSAs, and the Cape Town Statute.

The Bank requires the Receiver to ensure that adequate insurance is maintained on the Collateral during the term of this engagement and that all requirements of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, the PPSAs, and the Cape Town Statute are complied with.

This appointment may be executed in counterparts.

DATED at Kelowna B.C., on May 27, 2020, at 12:30p.m.

CANADIAN WESTERN BANK,  
by its authorized signatories:

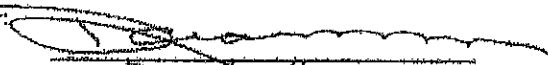
Per:   
Name: Peter Greentway  
Title: Director, Aviation Financing

\* \* \* \* \*

ACCEPTANCE

Accepted by MNP Ltd. on May <sup>12</sup> 27, 2020, at 5:00 a.m./p.m.

MNP LTD.,  
by its authorized signatories:

Per:   
Name: Derek Cramm  
Title: Sr. Vice-President

## Schedule "A"

### SECURITY

#### Lakelse Helicopters

1. Aircraft Security Agreement dated September 6, 2018 granted by Lakelse Helicopters Limited Partnership and Lakelse Air Ltd. in favour of Canadian Western Bank in respect of certain helicopters and other aircraft objects (collectively, the "Aircraft Collateral");
2. Assignment of Aircraft Lease Agreement dated September 6, 2018 granted by Lakelse Helicopters Limited Partnership and Lakelse Air Ltd. in favour of Canadian Western Bank in respect of various aircraft leases pertaining to certain Aircraft Collateral;
3. General Security Agreement dated September 6, 2018 granted by Lakelse Air Ltd. in favour of Canadian Western Bank;
4. General Security Agreement dated September 6, 2018 granted by 1167537 B.C. Ltd. in favour of Canadian Western Bank;
5. General Security Agreement dated September 6, 2018 granted by Lakelse Helicopters Limited Partnership in favour of Canadian Western Bank;
6. General Security Agreement dated September 6, 2018 granted by Lakelse Air Ltd. in favour of Canadian Western Bank;
7. Mortgage of Lease dated November 19, 2018 granted by Lakelse Air Ltd. in favour of Canadian Western Bank with respect to its leasehold interest, as tenant, in the real property legally described as: PID 011-596-496 Lot 1 District Lot 373 Range 5 Coast District Plan 4414 Except Plans 6426 and 5259; PID 014-296-055 Lot 1 District Lots 372 and 273 Range 5 Coast District Plan 12376; and PID 011-069-821 Lot 16 Block 5 District Lot 373 Range 5 Coast District Plan 3218, owned by Bear Creek Contracting Ltd., as landlord;
8. Mortgage of Lease dated November 19, 2018 granted by Lakelse Helicopters Limited Partnership (by its general partner, 1167537 B.C. Ltd.) in favour of Canadian Western Bank with respect to its leasehold interest, as sub-tenant, in the real property legally described as: Block 1 DL 2505 Cassiar District, which parcel of land is comprised of an area of 14,900 square metres more or less, leased from Strikine Airport Society, as sub-landlord;

#### Universal Helicopters

9. Aircraft Security Agreement dated November 15, 2017 granted by Universal Helicopters Newfoundland and Labrador LP and 70703 Newfoundland and Labrador Inc. in favour of Canadian Western Bank in respect of certain Aircraft Collateral;
10. Assignment of Aircraft Lease Agreement dated July 18, 2019 granted by Universal Helicopters Newfoundland and Labrador LP in favour of Canadian Western Bank in respect of various aircraft leases pertaining to certain Aircraft Collateral;
11. Assignment of Aircraft Lease Agreement dated April 23, 2018 granted by Universal Helicopters Newfoundland and Labrador LP in favour of Canadian Western Bank in respect of various aircraft leases pertaining to certain Aircraft Collateral;

12. Assignment of Aircraft Lease Agreement dated May 4, 2018 granted by Universal Helicopters Newfoundland and Labrador LP in favour of Canadian Western Bank in respect of various aircraft leases pertaining to certain Aircraft Collateral;
13. General Security Agreement dated November 15, 2017 granted by Universal Helicopters Newfoundland and Labrador LP in favour of Canadian Western Bank;
14. General Security Agreement dated November 15, 2017 granted by 70703 Newfoundland and Labrador Inc. in favour of Canadian Western Bank;
15. General Security Agreement dated September 6, 2018 granted by Universal Helicopters Holdings LP in favour of Canadian Western Bank; and
16. General Security Agreement dated September 6, 2018 granted by 81924 Newfoundland and Labrador Inc. in favour of Canadian Western Bank.



**Schedule "B"**

**AIRCRAFT OBJECTS**

See attached aircraft schedules to the applicable Aircraft Security Agreement.

**SCHEDULE "A" TO  
AIRCRAFT SECURITY AGREEMENT**

- 2012 AEROSPATIALE AS350B3E HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 7540 AND  
TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FEPB
- 1988 AEROSPATIALE AS35062 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2076 AND  
TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GPBY
- 1983 AEROSPATIALE AS35062 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 1685 AND  
TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GNAI
- 1989 AEROSPATIALE AS350BA HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2201 AND  
TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FAPN
- 1985 AEROSPATIALE AS350B HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 1816 AND  
TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FXAL
- 2008 BELL 407 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 53888 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FEPR
- 1999 BELL 407 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 53331 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FTJU
- 1997 BELL 407 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 53130 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GOFL
- 1996 BELL 407 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 53022 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FXYF
- 1995 BELL 206L-4 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 52149 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FLIA
- 1978 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 46609 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GVYO
- 1978 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45149 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FCNG
- 1977 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45147 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FPHO
- 1977 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45086 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-FCWR
- 1976 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45048 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GAHS
- 1976 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45021 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GDCA

1975 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45027 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GIZY

1975 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45018 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GLSH

1975 BELL 206L HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 45008 AND TRANSPORT CANADA  
CIVIL AIRCRAFT REGISTRATION MARK C-GQIX

**SCHEDULE A to  
AIRCRAFT SECURITY AGREEMENT**

ONE (1) 1997 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2970 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FLQH;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-46161C;

ONE (1) 1994 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2786 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FLOX;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-46053C;

ONE (1) 1992 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2585 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FNBR;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-46054C;

ONE (1) 1992 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2609 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GBCN;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-46166C;

ONE (1) 1995 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2896 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GMNI;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-46147C;

ONE (1) 1996 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2956 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GPWL;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-46175C;

ONE (1) 1982 EUROCOPTER ASTAR 350B2-SD2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 1637 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GPWV;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-43443C;

ONE (1) 1979 EUROCOPTER ASTAR 350B2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 1206 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FBCU;

ONE (1) TURBOMECA ARRIEL 1D1 ENGINE, SERIAL NUMBER 9799;

ONE (1) 1995 EUROCOPTER ASTAR 350B2 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 2886 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FLQM;

ONE (1) TURBOMECA ARRIEL 1D1 ENGINE, SERIAL NUMBER 19380;

ONE (1) 1999 EUROCOPTER ASTAR 355N HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 5669 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-FLAQ;

ONE (1) TURBOMECA ARRIUS 1A ENGINE, SERIAL NUMBER 2285;

ONE (1) TURBOMECA ARRIUS 1A ENGINE, SERIAL NUMBER 2006;

ONE (1) 1980 BELL 206BIII HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 3131 AND TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GPWH;

ONE (1) ALLISON 250-C20B ENGINE, SERIAL NUMBER CAE-833251;

ONE (1) 1973 BELL 212 HELICOPTER BEARING MANUFACTURER'S SERIAL NUMBER 30535 AND  
TRANSPORT CANADA CIVIL AIRCRAFT REGISTRATION MARK C-GPWX;

ONE (1) PRATT & WHITNEY PT6T3B ENGINE, SERIAL NUMBER CP-PS-62906;

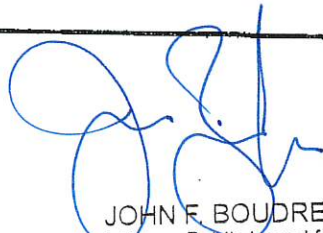
ONE (1) PRATT & WHITNEY PT6T3B ENGINE, SERIAL NUMBER CP-PS-62787;

ONE (1) HONEYWELL LTS101-700D-2 ENGINE, SERIAL NUMBER LE-43096C;

along with any and all components and attachments including but not limited to propellers, avionics, gear box and  
any other attachments to the above referenced aircraft and engines.

This is exhibit   B   referred to  
in the affidavit of   J. Eric Findlay   sworn  
or affirmed before me this   2<sup>nd</sup>   day  
of   October  ,   2020  

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JOHN F. BOUDREAU  
A Notary Public in and for the  
Province of Nova Scotia



October 4, 2017

**Universal Helicopters Newfoundland and Labrador LP and  
70703 Newfoundland and Labrador Inc.**  
P.O. Box 529, Station C,  
82 Winnipeg Street,  
Goose Bay, Labrador, NL A0P 1C0

**Attention: Shane Cyr**

Dear Sir:

On the basis of the financial statements and other information provided by **Universal Helicopters Newfoundland and Labrador LP and 70703 Newfoundland and Labrador Inc.** (the "Borrowers or Borrower") and **Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust** (the "Guarantor or Guarantors") in connection with your request for financing, Canadian Western Bank (the "Bank") has authorized the following loan(s) subject to the terms and conditions outlined in this Commitment Letter (the "Agreement").

1. **LOAN AMOUNT:**

Segment No. 1: Term Loan CAD \$8,500,000,

Segment No. 2: Term Loan CAD \$4,000,000,

Collectively referred to from time to time as "the Loans".

2. **AVAILABILITY:**

Segments No. 1 & 2: Each to be advanced in a lump sum subject to satisfaction or waiver by the Bank of all conditions.

3. **PURPOSE OF LOANS:**

Segment No.1: to assist in the purchase and/or refinancing of the 19 helicopters (referred to as the "Secured Aircraft") with source and use of funds as follows:

<u>Source</u>		<u>Use</u>	
CWB Term Loans	\$ 8,500,000	Refinance Loan with Maynard's	\$ 4,500,000
		Refinance Loan with BMO	\$ 2,300,000
		Maint. Reserve and Closing Costs	\$ 1,700,000
Totals	\$ 8,500,000		\$ 8,500,000

Any surplus funds remaining after repayment of the Maynard's and BMO loans, including prepayment penalties above shall be applied to the Maintenance Reserve Account after deduction of the Borrower's closing costs which are not to exceed CAD \$150,000.

Segment No. 2: to assist with the purchase of additional helicopter(s) (also referred to as the "Secured Aircraft") for up to 100% of the purchase price.

4. **INTEREST RATE:**

Loan Segments No. 1 & 2: Available in fixed and floating rate options with minimum of \$4,000,000 in a 5 year fixed rate loan with remainder available in floating rate at 2.50% per annum above the Bank's Prime Lending Rate ("Prime"). As of the date of this Agreement the Bank's Prime is 3.20%. Subject to availability of funds, the Bank shall exercise reasonable commercial efforts to obtain funds on a fixed rate basis acceptable to the Borrower and the Bank for the term selected, current indication rate for a 5 year term is 5.375% which is provided for reference purposes only and subject to fluctuation.

Unless otherwise specified, all interest shall be payable on demand on the date specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

5. **SCHEDULED REPAYMENT, TERM & MATURITY DATE:**

Segments No. 1 & 2: The Borrowers shall make principal plus interest monthly payments sufficient to amortize the Loans over a 10 year period and skip payments are available for up to 3 months per year to coincide with the Borrowers' cash flow. Each loan is repayable in full at the end of the term, which is to be selected at draw down, together with all interest, costs and charges, the earlier the Loan Maturity Date, or the date payment is demanded as a result of an Event of Default by the Borrower;

6. **MANDATORY REPAYMENTS:**

- 6.1. Secured Aircraft dispositions: 100% of the net sale proceeds shall be applied to the outstanding Loan balances as a permanent reduction unless otherwise agreed to by the Bank acting reasonably;
- 6.2. 100% of all insurance proceeds from the Secured Aircraft shall be applied to the outstanding Loan balances as a permanent reduction unless otherwise agreed to by the Bank acting reasonably;
- 6.3. Within 180 days of the Borrower's fiscal year end an annual cash flow sweep based on 50% of net free cash flow which is defined as EBITDA less Unfunded Capital Expenditures less Fixed Charges (see Article II Schedule E for further definitions) to a maximum of \$500,000 per annum shall be applied to the outstanding Loan balances as a permanent reduction. No change will be made to the Scheduled Repayment as detailed in Section 5 above.

7. **PREPAYMENT:**

- 7.1. Prepayment on Prime Rate Loans is permitted without penalty at any time.
- 7.2. For Fixed Rate Loans, prepayment(s) shall not be permitted for a period of two (2) years from the date of initial advance of the Loan(s) without the prior written consent of the Bank. Thereafter, the Borrower may prepay the whole, but not part, of aggregate unpaid principal balance under the Loan(s) with payment of a prepayment charge equal to the greater of the following:
  - (a) three (3) months interest calculated on the unpaid principal balance at the rate provided herein; or
  - (b) a prepayment charge equal to the Bank's Unwinding Costs

8. **FEES:**

The Borrower shall pay to the Bank the fees and costs as outlined below.

- a) An Application Fee of \$20,000 which shall be deemed to have been fully earned with acceptance of this Commitment Letter;
- b) A Commitment Fee of \$70,000 is payable upon acceptance and execution of this Commitment Letter (the Acceptance Date) and shall be deemed to have been fully earned and shall not be refundable under any circumstances. The Borrower authorizes the Bank and its legal counsel to deduct the Commitment Fee from the initial Loan advance. Alternatively, at the Borrower's option once they have accepted this Agreement, the Borrower may make a written request to the Bank and pay the Commitment Fee to the Bank (the "Interest Rate Election") to secure a 5 year fixed rate of interest (the "Five Year



Fixed Rate”) as offered by the Bank. The Bank agrees to guarantee the Five Year Fixed Rate for 30 days from the date of the Interest Rate Election (the “Hold Period”); and

c) The Borrower shall pay an **annual review fee** of \$5,000 each year in conjunction with the annual review (based on the Borrower’s fiscal year-end financial statements) of the Loan(s);

d) The Bank’s reasonable travel expenses for initial and annual aircraft inspections.

9. **SECURITY AND SUPPORTING DOCUMENTS:**

The attached Schedule “A” forms part of this Agreement.

10. **INSURANCE:**

The attached Schedule “B” forms part of this Agreement.

11. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule “C” forms part of this Agreement.

12. **GENERAL CONDITIONS/EVENTS OF DEFAULT:**

The attached Schedule “D” forms part of this Agreement.

13. **REPORTING REQUIREMENTS AND COVENANTS:**

The attached Schedule “E” forms part of this Agreement.

14. **STANDARD LOAN TERMS & DEFINITIONS:**

The attached Schedule “F” forms part of this Agreement. Where there may be conflict between terms in this Agreement and the Standard Loan Terms in Schedule “F”, the terms in the Agreement shall take precedence.

15. **INTEREST AND FEES:**

The Bank has underwritten the Loan to the Borrower on the basis the interest rate and fees provided for in this letter will be paid to the Bank over the period from the date of acceptance of this letter to the Loan Maturity Date and that the Loan will be fully repaid by the Loan Maturity Date. The Borrower acknowledges to the Bank that unless the Loans have been repaid in full on or before the Loan Maturity Date or the current Loan Maturity Date has been extended by agreement in writing between the Borrower and the Bank on or before the current Loan Maturity Date, then the Bank is entitled, acting reasonably in accordance with normal commercial lending practices, to be compensated for:

- (i) loss of ability to earn additional fee income on the Loan principal after the Loan Maturity Date;
- (ii) loss of opportunity to reinvest the Loan funds at then current market rates after the Loan Maturity Date; and
- (iii) the increased risk to the Bank of the Loan being outstanding after the Loan Maturity Date;

16. **COSTS:**

The reasonable cost of all appraisals and environmental reports, the legal costs of the Bank on a solicitor-client basis, costs of the Bank’s insurance consultant and all other reasonable out-of-pocket expenses incurred in the approval and making of the Loan and the preparation, execution, delivery and registration of the Security and Supporting Documents (including the cost of delivering copies of any documents required by law to be given to the Borrower or any other party) or in the collection of any amount owing under the terms of the Loan shall be for the account of the Borrower and may be debited to advances to be made under the terms of the Loan. Until paid, all such costs and expenses shall bear interest at the rate described in Section 3 of this Agreement.

17. **ASSIGNMENT BY BORROWER:**

The Borrowers shall not assign or encumber its rights and obligations under the Loan(s), this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

18. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel as outlined below. A quote will be obtained from the firm prior to the commencement of legal work which is subject to the Borrower's approval; no additional expense in excess of the approved quote amount will be incurred without the prior written consent of the Borrower:

Margot McMillan, McMillan Dubo Law Group

Phone: (778) 765-1712

Email: [margot@mcmillandubo.com](mailto:margot@mcmillandubo.com)

19. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that if, in the opinion of the Bank, any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower, any obligation by the Bank to advance all or any portion of any unadvanced Loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

20. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower(s) and/or any Guarantor(s) hereafter, and the advancement of any funds by the Bank. In the event of a conflict between the security documents and the terms of this Agreement, the terms of the security documents shall govern.

24. **ACCOUNTING CHANGES:**

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower(s) to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

25. **ACCEPTANCE:**

To become effective, this Agreement must be accepted in writing by the Borrowers and Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return a copy of this letter. This Agreement will expire if not accepted by October 13, 2017.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Yours truly,

**CANADIAN WESTERN BANK**



Peter Greenway  
Director, Aviation Financing Centre



Kristin Riozzi  
Credit Administrator, Aviation Financing Centre

**ACKNOWLEDGEMENT:**

Each of the Borrowers and the Guarantors certifies that any and all information it has provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

**BORROWERS:**

**UNIVERSAL HELICOPTERS  
NEWFOUNDLAND AND LABRADOR LP  
BY IT'S GENERAL PARTNER,  
70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed:   
Shane Cyr, President and CEO

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: 

Signed: Shane Cyr, President / CEO

Date: \_\_\_\_\_

**GUARANTORS:**

**TASIUJATSOAK TRUST  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**LABRADOR INUIT CAPITAL STRATEGY TRUST  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**ACKNOWLEDGEMENT:**

Each of the Borrowers and the Guarantors certifies that any and all information it has provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

**BORROWERS:**

**UNIVERSAL HELICOPTERS  
NEWFOUNDLAND AND LABRADOR LP  
BY IT'S GENERAL PARTNER,  
70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: Shane Cyr  
Shane Cyr, President and CEO

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: Shane Cyr  
Signed: Shane Cyr, President / CEO

Date: \_\_\_\_\_

**GUARANTORS:**

**TASIUJATSOAK TRUST  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**LABRADOR INUIT CAPITAL STRATEGY TRUST  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: Clint Davis Clint Davis

Signed: \_\_\_\_\_

Date: 08.10, 2017

**ACKNOWLEDGEMENT:**

Each of the Borrowers and the Guarantors certifies that any and all information it has provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

**BORROWERS:**

**UNIVERSAL HELICOPTERS  
NEWFOUNDLAND AND LABRADOR LP  
BY IT'S GENERAL PARTNER,  
70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**GUARANTORS:**

**TASIUJATSOAK TRUST  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: 

Signed: \_\_\_\_\_

Date: OCTOBER 10, 2017.

**LABRADOR INUIT CAPITAL STRATEGY TRUST  
BY ITS AUTHORIZED SIGNATORY(IES)**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## **SCHEDULE "A"**

### **SECURITY**

The following security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds, in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

#### **General:**

1. General Security Agreements providing a floating charge on all present and after acquired property of the Borrowers. Registered PPR in all appropriate jurisdictions;
2. Assignment and Postponement of all Limited and General Partners' Claims. Registered PPR;
3. Assignment and Postponement of Creditor's Claims provided by the Tasiujatsoak Trust for \$3,000,000 loan to the Borrower's (the "Tasiujatsoak Trust Loan"). The Assignment and Postponement Agreement shall allow for full or partial repayment of the Tasiujatsoak Trust Loan provided that the Borrower is not in breach of the Financial Covenants outlined in Article II of Schedule E of this Agreement based on the repayment being accrued to the current year of the test of the Financial Covenants or such breach has been waived, and repayment will not result in a breach of these Financial Covenants.
4. Commitment Letter and Promissory Notes;
5. Enabling and Borrowing resolutions for the Borrowers;
6. Report and satisfactory opinion from the Bank's and Borrowers' Solicitors;
7. Creditor Life Insurance acceptance/waiver, if applicable;
8. Joint and Several Limited Liability Guarantee in the amount of \$3,000,000 in favour of the Bank provided by Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust;
9. Joint and Several Debt Servicing Agreement provided by Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust in favour of the Bank indicating that commencing and based on the fiscal year ending December 31, 2018 funds will be injected by way of Contribution or Postponed Debt for any debt servicing deficit being the amount required to bring the Fixed Charge Coverage Ratio to a minimum of 1.0:1. The Joint and Several Debt Servicing Agreement shall allow for full or partial repayment of the Postponed Debt owing to the Tasiujatsoak Trust provided that the Borrower is not in breach of the Financial Covenants set out in Article II of Schedule E to this Agreement based on the repayment being accrued to the current year of the test of the Financial Covenants or such breach has been waived, and repayment will not result in a breach of these Financial Covenants.
10. Such additional security instruments, assurances and supporting documents as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

#### **Aircraft (the "Secured Aircraft"):**

1. Aircraft Security Agreement providing a first priority security interest against the Secured Aircraft listed below as well as all spare time life components, parts and rotables owned by the Borrower for use in the Secured Aircraft (referred to as the "Rotables"), and all future substitutions and additions. Security agreement shall restrict Secured Aircraft from operating or being based outside of Canada without the Bank's consent. To be registered in the provincial personal property registry of each province the Aircraft may operate in; registration of each Secured Aircraft and related engine(s) in the International Registry.

2. Irrevocable De-Registration and Export Request Authorization (IDERA) for each Secured Aircraft signed by the Borrower or any Lessee, if permitted by the Bank, to be registered in the Transport Canada;

<b>Year</b>	<b>Manufacturer</b>	<b>Model</b>	<b>Serial No.</b>	<b>Registration Mark</b>
2012	Aerospatiale	AS350B3e	7540	C-FEPB
1988	Aerospatiale	AS350B2	2076	C-GPBY
1983	Aerospatiale	AS350B2	1685	C-GNAI
1989	Aerospatiale	AS350BA	2201	C-FAPN
1985	Aerospatiale	AS350B	1816	C-FXAL
2008	Bell	407	53888	C-FEPR
1999	Bell	407	53331	C-FTJU
1997	Bell	407	53130	C-GOFL
1996	Bell	407	53022	C-FXYF
1995	Bell	206L-4	52149	C-FLIA
1978	Bell	206L	46609	C-GVYO
1978	Bell	206L	45149	C-FCNG
1977	Bell	206L	45147	C-FPHO
1977	Bell	206L	45086	C-FCWR
1976	Bell	206L	45048	C-GAHS
1976	Bell	206L	45021	C-GDCA
1975	Bell	206L	45027	C-GIZY
1975	Bell	206L	45018	C-GLSH
1975	Bell	206L	45008	C-GQIX

3. Priority Agreement from Bank of Montreal granting the Bank priority on the Secured Aircraft and Rotables;
4. Certificate of Airworthiness, Certificate of Registration and Bills of Sale for each Secured Aircraft and any related engines;
5. Assignment of insurance on all aircraft showing the Bank as 1<sup>st</sup> loss payee, policy to include:
- Hull "All Risks" Insurance (includes rotors in motion & rotors not in motion coverage);
  - Liability insurance of no less than \$20,000,000 with Bank named as Additional Insured;
  - Hull Breach of Warranty, War & Terrorism and 30 day notice of cancelation clauses
6. Hypothecation of Bank Balances for the Maintenance Reserve Account. Registered PPSA;
7. Such additional security instruments, assurances and supporting documents as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.



## SCHEDULE "B" – TERM LOANS/MORTGAGES

### INSURANCE FOR SECURED AIRCRAFT

ALL POLICIES MUST BE REVIEWED AND APPROVED BY THE BANK AND/OR ITS INSURANCE CONSULTANT, BEFORE THE FIRST LOAN ADVANCE:

**AON REED STENHOUSE INC.**  
Suite 900, 10025 - 102A Avenue  
Edmonton, Alberta T5J 0Y2  
Attention: **Danielle Boisvert**  
Telephone: (780) 423-9453  
Facsimile: (780) 423-9876  
Email: [danielle.boisvert@aon.ca](mailto:danielle.boisvert@aon.ca)

#### GENERAL REQUIREMENTS

1. These Insurance Requirements outline only the protection required for the Bank's interests. The Borrower's interests will be different than the Bank's and the Borrowers must obtain its own advice as to appropriate coverages and details.
2. The forms, insurers, coverages, amounts, exclusions and deductibles are always subject to the Bank's discretion, having regard to the nature, location, value and risks. Without restricting that discretion, the Bank may require coverages not specifically mentioned or required.
3. Original policies and signatures on behalf of the insurer are required. The insurer(s), policy number(s) and policy term(s) must be shown on all insurance documentation. If actual policies are not available for the initial loan advance signed Binders or Certificates of Insurance will be accepted, provided the form and contents are satisfactory.
4. All policies must show the Borrowers as a named insured.
5. All policies covering physical loss or damage must be for stipulated value of not less than the combined appraised value of the Secured Aircraft and:
  - (a) provide coverage for all risks of physical loss or damage;
  - (b) include includes rotors in motion & rotors not in motion coverage;
  - (c) include terrorism, confiscation and war risk coverage;
  - (d) hull breach of warranty coverage
6. The Bank is to be shown as first or second loss payee up to the amount owing to the Bank under all policies covering physical loss or damage. Loss is to be payable using this wording:

"CANADIAN WESTERN BANK, 101, 1211 Summit Drive, Kamloops, BC as first loss payee."
7. The insurer may reserve the right to cancel the policy as permitted by statute but must agree that it will not terminate, make any adverse material change or otherwise alter the policy to the Bank's prejudice except by registered letter giving 30 days notification to the Bank.
8. The legal description of the Aircraft insured must be specified.
9. Commercial General Liability Insurance for bodily injury and/or death and damage to property of others in an amount acceptable to the Bank but in any case not less than \$20,000,000 for any one occurrence **shall be in place for all loans**. The Bank is to be shown as an Additional Insured under all Liability Insurance policies. At the option of the Bank, the policy shall include limited pollution liability.

## SCHEDULE "C"

### CONDITIONS PRECEDENT TO DRAWDOWN

The Bank shall be satisfied with the business, assets and financial condition of the Borrower and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered, as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to the same.

The following conditions precedent must be fulfilled and documentation provided in a form satisfactory to the Bank, in its sole discretion, prior to the Bank having any obligation to advance:

#### Loan Segment No. 1

##### Financial

1. Financial information for the Borrowers:
  - a) financial statements for the last 3 fiscal years for all companies together with detailed flying hours by aircraft for 3 years; **SATISFIED**
  - b) interim financial statements for June 30, 2017 with comparison of same period in last fiscal year and detailed flying hours by aircraft; **SATISFIED**
  - c) consolidated 5 year projections of the Borrowers with detailed flying hours and maintenance costs by aircraft; **SATISFIED**
2. Financial information for the Guarantor and Limited Partners:
  - a) financial statements for the last 2 fiscal years for Labrador Inuit Capital Strategy Trust and Tasiujatsoak Trust; **SATISFIED**
3. Copy of trust agreement for the Tasiujatsoak Trust to be transacted between respective legal counsel; **SATISFIED**

##### Helicopters (the "Secured Aircraft"):

4. ***Full physical*** appraisal confirming fair market value of a minimum of 6 of the Secured Aircraft and desktop appraisals for remaining Secured Aircraft with combined fair market value of not less than CAD \$20,000,000 by a firm acceptable to the Bank including:
  - fair market and orderly liquidation values;
  - mid-life valuation of the time-life components;
  - details of the type of aircraft registered in Canada and of recent sales and market conditions;
  - review of maintenance logs, flight books and aircraft history;
  - current photographs of the Secured Aircraft including exterior, interior, airframe serial number and engine serial number(s); **SATISFIED**
5. Copies of any recent customer of Transport Canada audits together with the and confirmation they are also currently compliant; **SATISFIED**
6. Copies of Air Operators Certificate including Operations Specifications and Approved Maintenance Organization Ratings; **SATISFIED**
7. Secured Aircraft will be airworthy and visually inspected by a Bank Officer or designate; **SATISFIED**
8. Provide customer list with annual revenues and flying hours together with any contracts. **SATISFIED**

General

9. Organization Chart and ownership of the Borrowers; **SATISFIED**
10. Outline of key management and flight crews of the Borrower; **SATISFIED**
11. Satisfactory review of the Universal Helicopters Newfoundland and Labrador LP's Agreement by the Bank and its legal counsel; **SATISFIED**
12. On acceptance of the Agreement, Bank representative(s) will meet with the Borrowers' representative(s) at their place of business at the earliest opportunity; **SATISFIED**
13. Any participation by way of equity, shareholders' loan, or other cash injection required under the terms of this agreement must be in place;
14. The Bank will require two (2) full business days prior written notice of disbursement.

Loan Segment No. 2

Financial

15. Satisfactory review of financial information of the Borrower by the Bank acting reasonably including:
  - a) interim financial statements for most recent month with detailed flying hours by aircraft;
  - b) updated consolidated 5 year projections of the Borrowers with detailed flying hours and maintenance costs by aircraft incorporating Secured Aircraft to be purchased;

Helicopters (the "Secured Aircraft"):

16. **Full physical** appraisal of Secured Aircraft to be purchased confirming fair market value not less than loan amount being advanced by a firm acceptable to the Bank including:
  - market and orderly liquidation values;
  - mid-life valuation of the time-life components;
  - details of the type of aircraft registered in Canada and of recent sales and market conditions;
  - review of maintenance logs, flight books and aircraft history;
  - current photographs of the Secured Aircraft including exterior, interior, airframe serial number and engine serial number(s);
17. If Secured Aircraft will be based outside of Canada security registration and documentation will need to be arranged in that jurisdiction to the satisfaction of the Bank with all associated costs for same for the account of the Borrower;
18. Secured Aircraft will be airworthy and visually inspected by a Bank Officer or designate;
19. Provide copies of any customer contract associated Secured Aircraft to be purchased.
20. The Bank will require (2) full business days prior written notice of disbursement.

## SCHEDULE "D"

### GENERAL CONDITIONS

The Borrower agree that upon closing and thereafter:

1. no Event of Default has occurred and is continuing;
2. the Loan Maturity Date has not occurred;
3. no information provided by the Borrowers to the Bank contained any untrue statement of a material fact, or failed to disclose any material fact necessary to make the statements contained therein not materially misleading in light of the circumstances in which such statements were made;
4. the conditions of this Agreement and of all previous advances have been satisfied or waived;
5. to pay all sums of money when due under this Agreement;
5. to give the Bank prompt notice of any Event of Default or any event which, with notice or lapse of time or both, would constitute an Event of Default;
6. the loan advance for Loan Segment 1 shall be no later than October 31, 2017 and for Loan Segment 2 no later than October 31, 2018 unless otherwise extended by the Bank;
7. no other loans may be secured against the Secured Aircraft other than the Postponed Debt as outlined herein;
8. the Bank's opinions, approvals and decisions are in its sole discretion and are not subject to judicial review as to their reasonableness;
9. not to invest in, lend to, guarantee or otherwise provide for, on a direct or indirect or contingent basis, the payment of any monies or performance of any obligations by an unrelated third party except as provided herein, or with the prior written consent of the Bank, not to be unreasonably withheld;
10. not to change the parties of the limited partnership and not to make any distributions or redemptions without the prior written consent of the Bank, not to be unreasonably withheld;
11. not to change its name or merge, amalgamate or consolidate with any other corporation without the prior written consent of the Bank, not to be unreasonably withheld;
12. to insure and to keep fully insured the Secured Aircraft as customarily insured by companies carrying on a similar business to that of the Borrowers including all risk hull insurance at stipulated value including terrorism, confiscation and war risks, breach of warranty coverage and Liability Insurance for \$20,000,000 including environmental pollution coverage;
13. to maintain adequate insurance on the Secured Aircraft and acknowledges that failure to do so will hereby authorize the Bank to purchase insurance to protect the Bank's interest in the project to the value of the outstanding loan/mortgage. The Borrower authorizes the Bank to add the cost of said insurance to the loan/mortgage balance.
14. to file on a timely basis, all material tax returns which are or will be required to be filed, to pay or make provision for payment of all material taxes (including interest and penalties) and other potential Priority Claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;

15. to comply with all applicable environmental laws and regulations; to advise the Bank promptly of any breach of any environmental regulations or licenses or any control orders, work orders, stop orders, action requests or violation notices received concerning any of the Borrower's property; to comply with any such requests or notices, to diligently clean up any spills; and to hold the Bank harmless for any costs or expenses which the Bank incurs for any environmental related liabilities existent now or in the future with respect to the Borrower's property;
16. to provide the Bank and its agents, nominees, and consultants with the right to enter the premises of the Borrowers from time to time, and to carry out such environmental reviews as the Bank in its sole discretion deems advisable and in that connection to make good faith enquiries with government agencies and to examine the records, books, assets, affairs and business operations of the Borrowers; and
17. to maintain and provide to the Bank upon request with copies of maintenance logs and flight books for the Secured Aircraft held as security by the Bank;
18. Secured Aircraft will be subject to approval of the Bank and will be airworthy at time of inclusion;

**EVENTS OF DEFAULT:**

1. The full amount of the indebtedness and liability of the Borrowers then outstanding, together with accrued interest and any other charges then owing by the Borrowers to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to collectively as the "Events of Default" or separately as an "Event of Default"):
  - (a) the Borrowers or any Guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
  - (b) there is a material breach by the Borrowers of any other term or condition contained in this Agreement or in any other agreement to which the Borrowers and the Bank are parties and the Borrowers has not corrected such breach within 15 days of notice having been provided to the Borrowers;
  - (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrowers are party and the Borrowers have not corrected such breach within 15 days of notice having been provided to the Borrowers;
  - (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrowers and, if instituted against the Borrowers are allowed against or consented to by the Borrowers or are not dismissed or stayed within 60 days after such institution;
  - (e) a receiver is appointed over any property of the Borrowers or any judgment or order or any process of any court becomes enforceable against the Borrowers or any property or any creditor takes possession of any property of the Borrowers;
  - (f) any Material Adverse Change occurs

**MISCELLANEOUS CONDITIONS:**

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or power of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrowers to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank. A review will be completed by the Bank to establish the parameters, if any, available to have the involvement of the Borrowers with the selection of syndication partners;
5. This Agreement and the security documentation to be provided by the Borrowers pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Newfoundland and Labrador, and applicable federal laws of Canada and Convention on International Interests in Mobile Equipment and Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment. \

## SCHEDULE "E"

### REPORTING REQUIREMENTS AND COVENANTS

#### REPORTING REQUIREMENTS:

The Borrowers and/or the Guarantors, as applicable, agree to provide the undernoted information to the Bank:

1. internally prepared financial statements of the Borrowers as at the end of each quarter including balance sheet, income statement, and year to date income statement with year over year comparison as well as comparison to budget and/or such other information as the Bank considers necessary by the 20<sup>th</sup> day of the following month;
2. Quarterly within 20 days of quarter-end listings of flying hours and maintenance costs, including invoices/receipts for same, for time-life components for each Secured Aircraft together with confirmation of deposit to the Maintenance Reserve Account of the amount stipulated in Section 2.03 of Schedule E of this Agreement;
3. Audited and unqualified financial statements of the Universal Helicopters Newfoundland and Labrador LP prepared by a firm of qualified professional accountants within 120 days of the Borrowers' fiscal year-end;
4. Notice to Reader financial statements of the 70703 Newfoundland and Labrador Inc., prepared by a firm of qualified professional accountants within 120 days of the fiscal year-end;
5. Audited and unqualified financial statements of the Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust prepared by a firm of qualified professional accountants within 120 days of the fiscal year-end;
6. Annual business plan including budgeted profit and loss statements, cash flow, detailed aircraft flying hours and maintenance costs and capital expenditure forecasts for the upcoming fiscal year, showing purpose and source of financing within 120 days of previous fiscal year end;
7. Annual desktop appraisal prepared by an external appraiser acceptable to the Bank of all Secured Aircraft commencing no later than April 30, 2019;
8. Annual inspection of the Secured Aircraft to be completed by a Bank Officer;
9. Copies of audits completed by Transport Canada and by any customer of the Borrower audits within 10 days of completion of the audit;
10. Any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably.

#### COVENANTS

##### Article I. POSITIVE COVENANTS

Section 1.01 Unless otherwise agreed to in advance by the Bank in writing, acting reasonably in accordance with normal commercial lending practices, and without restricting the generality or enforceability of any of the other covenants herein contained, the Borrowers and each of the Guarantors, as applicable, agree that for so long as the Indebtedness or any part thereof remain outstanding:

- (a) The Borrowers and each of the Guarantors, as applicable, shall maintain their corporate or partnership existence, shall register and maintain their extra-territorial registrations in all required jurisdictions, and shall do all such acts and things as are necessary to permit it to carry on its business as presently carried on.

- (b) The Borrowers shall at all times carry and maintain, at their own cost, public liability, property damage and aircraft all risk hull insurance on the Secured Aircraft, in each case in such form (including a loss payee and breach of warranty clause for physical damage) and in such types as may be customarily carried by air carriers engaged in the same or similar business and operating in a similar geographic area. Such insurance coverage shall be in amounts and form acceptable to the Bank, placed with insurance companies and underwriters acceptable to the Bank.
- (c) At least once each year, the Borrowers shall cause its insurance broker to furnish to the Bank a detailed report confirming the insurance then maintained on the Secured Aircraft and other assets of the Borrower (together with certified copies of all policies and endorsements) to satisfy the requirements of this Agreement.
- (d) The Borrowers shall cause their insurance brokers to agree to advise the Bank in writing promptly of any default in the payment of any premium or of any other act or omission on the part of the Borrowers or Guarantors of which it might have knowledge and which might result in the invalidation or unenforceability, in whole or in part, of any such insurance. The Borrowers shall promptly deliver to the Bank copies of the policy endorsements on all such insurance.
- (e) Annually, the Bank may review the insurance coverage maintained by the Borrowers.
- (f) The Borrowers and the Guarantors, if applicable, shall maintain all material registrations, operating and other certificates, permits, licenses, and consents, from all local, municipal, territorial, provincial, and federal authorities, and shall pay all income, corporate, sales, value added, goods and services, property, employee, business or other taxes, assessments, charges, and the like assessed by any such governmental authority, as and when required by law, save and except for those income, corporate, sales, value added, goods and services, property, business or other taxes, assessments, charges and the like which are being disputed in good faith by the Borrower or any Guarantor and which have been disclosed in writing to, and acknowledged in writing by, the Bank.
- (g) The Borrowers shall ensure that the Secured Aircraft charged as part of the Security remain continually registered as a commercial aircraft owned by them on the Canadian Civil Aircraft Register.
- (h) The Borrowers shall ensure that legal and beneficial ownership and custody and control of the Secured Aircraft remain in the Borrower, and that all necessary operating certificates and registration certificates remain in the Borrowers, all in accordance with Applicable Laws.
- (i) The Borrowers shall be solely responsible for the airworthiness and maintenance of the Secured Aircraft and shall keep and maintain the Secured Aircraft in a fully operative and airworthy condition in conformity with any recommendation that may from time to time be made by the manufacturer of such Secured Aircraft, and shall operate and maintain the Secured Aircraft in conformity with all Applicable Laws, orders, rules, regulations, and directives of governmental departments, boards, or authorities, including, without limiting the generality of the foregoing, those of the Department of Transport relating to the maintenance or storage of the Secured Aircraft and in conformity with any limitations or restrictions of performance that may from time to time be recommended by the manufacturer of the Aircraft.
- (j) The Borrowers shall, at the request of the Bank, provide copies of any inspections of the Secured Aircraft completed by any other lender to the extent those inspections were provided to the Borrowers. If no such inspection has been completed within the preceding 12-month period, the Bank or its agents shall have the right at all reasonable times during normal business hours and subject to the availability of the Secured Aircraft, to fully inspect such Secured Aircraft and any parts of them, and any documents relating to such Secured Aircraft, to determine the condition of such Secured Aircraft and to further determine whether the Borrowers are performing according to the covenants contained in this Agreement. The reasonable costs of these inspections shall be borne by the Borrowers.



- (k) The Borrowers shall operate the Secured Aircraft for commercial purposes only and shall maintain all records, logs, and other material, both at all times in conformity with all the Applicable Laws, orders, rules, regulations, and directives of governmental departments, boards, or authorities, including, without limiting the generality of the foregoing, those of the Department of Transport and of the Canadian Transportation Agency.
- (l) The Borrowers shall base the Secured Aircraft within the geographical limits of Canada, and shall use, maintain, or store the Secured Aircraft in compliance with all the provisions of the insurance policies maintained on the Aircraft.
- (m) The Borrowers shall duly and punctually pay and cause to be paid all Creditors and any parties performing work or supplying materials in relation to the Secured Aircraft, or any part thereof at the Borrower's request, and shall duly and punctually pay and discharge any and all liens save and except such liens, if any, as may be duly and validly contested by the Borrowers.

Article II. FINANCIAL COVENANTS AND MARGIN

Section 2.01 The Borrower agrees to maintain the Financial Covenants outlined and defined below. The Bank agrees to make adjustments to the Financial Covenants as a result of changes in financial reporting with the adoption of GAAP for Private Enterprise.

The following Financial Covenants will be tested on an annual basis, based on the financial statements of the Borrower as at and for the fiscal year ending December 31, 2018 and each fiscal year thereafter:

- a) Trailing Fixed Charge Coverage Ratio of not less than 1.25:1:

$$\frac{\text{(EBITDA – Unfunded Capital Expenditures + Contributions + Partner Postponed Debt)}}{\text{Fixed Charge}}$$

- b) Notwithstanding a) above, a 60 day cure period will be provided to permit Contributions and/or Partner Postponed Debt which will be used to calculate the Trailing Fixed Charge Coverage Ratio as set out in subparagraph a) above.

The following Financial Covenants will be tested on an annual basis, based on the financial statements of the Borrower as at the fiscal year ending December 31, 2017 and each fiscal year thereafter:

- c) Debt to Tangible Net Worth Ratio not greater than 1.50:1.
- d) Current Ratio not less than 1.0:1

**DEFINITIONS:**

1. **EBITDA**: means consolidated net income plus or minus to the extent deducted or added in determining the net income for such period:
  - Tax expense or tax benefit in respect of current tax and deferred tax;
  - Interest expense, amortization or write-off of capitalized finance charges;
  - Foreign exchange gains and losses;
  - Charges or adjustments relating to fair market value adjustments to liabilities;
  - Amortization and Depreciation;
  - Gains and losses on sale of assets;
  - Items outside the ordinary course of business and unusual or non-recurring items;

2. Fixed Charge: Means, on a consolidated basis, Interest Expense, plus current portion of long term debt.
3. Interest Expense: Means interest charges on Debt and the interest component of capitalized leases.
4. Time Life Components: any part for a Secured Aircraft for which a mandatory replacement limit is specified in the type design, the instructions for airworthiness or the maintenance manual.
5. Component Burn Rate: the total hourly costs for all the Time Life Components on the Secured Aircraft by aircraft type as determined by the current appraisal and mid-life valuation for the Secured Aircraft.
6. Unfunded Capital Expenditures: all capital expenditures less any capital expenditures funded by Permitted Debt, Postponed Debt or by the proceeds of any Contributions.
7. Debt: all liabilities listed on the balance sheet less loans from shareholders, partners or affiliates specifically postponed to the Bank.
8. Tangible Net Worth: the aggregate of capital, retained earnings, shareholder, partner and affiliated company loans specifically postponed to the Bank Intangibles.
9. Current Ratio: current assets listing on the balance sheet of the Borrower divided by current liabilities listed on the balance sheet of the Borrower.
10. Contribution(s): one or more contributions of capital, in the form of money by a limited partner of the Universal Helicopters Newfoundland and Labrador LP.

Section 2.02 The Borrowers agree to maintain:

Loan to Orderly Liquidation Value ratio for Secured Aircraft not to exceed 70% up to and including April 30, 2019 and then not to exceed 60% thereafter (tested utilizing a margin of the combined appraised values of the Secured Aircraft translated at current foreign exchange rates plus the balance of the Hypothecated Maintenance Reserve Account). This covenant will be tested annually, commencing no later than April 30, 2019. A 60 day cure period will be provided to rectify any margin deficit.

Section 2.03 The Borrowers agree to maintain a Hypothecated Maintenance Reserve Account with the Bank as follows:

- (i) Initial balance of approximately CAD \$1,700,000 to be converted to USD;
- (ii) Quarterly USD deposits to the Maintenance Reserve Account based the following equation:  $(a \times b) - c$ 
  - a) the combined hourly flying time for all Secured Aircraft for each quarterly fiscal period of the Borrowers;
  - b) the Component Burn Rate of the Secured Aircraft by aircraft type based on current values and subject to update.
  - c) Disbursements from the account to fund time-life components repair, replacement and/or overhaul on the Secured Aircraft and Rotables.
- (iii) Disbursements from the Maintenance Reserve Account are subject to the Bank's approval of the costs based on receipt of an invoice or confirmation of payment for a time life component on a Secured Aircraft or for Rotables. Minimum disbursement is USD \$5,000. All costs incurred commencing September 1, 2017 shall be eligible to disburse;
- (iv) At all times the minimum balance of the Maintenance Reserve Account will be USD \$200,000;
- (v) Annually, based on the current desk top fair market appraisal of the Secured Aircraft, the combined value for all Time Life Components of the Secured Aircraft must be more than the combined value mid-life value of all Time Life Components for all Secured Aircraft. If this is not the case, no disbursements will be authorized by the Bank from Maintenance Reserve Account until such time as the amount of the negative variance is covered by deposits to the Maintenance Reserve Account and/or confirmation of payment for Time Life Component repair, replacement and/or overhaul for the Secured Aircraft and Rotables.

Article III. NEGATIVE COVENANTS

Section 3.01 Neither the Borrowers nor any of the Guarantors, if applicable, shall, without the prior written consent of the Bank, (not to be unreasonably withheld):

- (a) Change the nature of its business as conducted on the date hereof.
- (b) Create any Liens ranking or purportedly ranking ahead of or *pari passu* with the Security held or required to be provided in favour of the Bank other than Permitted Encumbrances.
- (c) Sell, convey or dispose of (other than in the ordinary course of business), or encumber any of the Secured Aircraft to any other entity.
- (d) Use or operate the Secured Aircraft or permit it to be used or operated illegally or contrary to any applicable laws, regulations, orders, rules, or directives of any power or government or agency thereof having jurisdiction or contrary to any requirements under applicable insurance policies.
- (e) Base or operate the Secured Aircraft outside Canada. If the Borrowers requests consent from the Bank, at its sole discretion, may withhold and if consent is granted will require the Borrowers has taken all steps at its expense to:
  - (i) register the Lender's interest in the Secured Aircraft this Loan Agreement or the Security at all offices of record as may be necessary or desirable to record the Lender's interest in the Secured Aircraft and provide proofs of the same to the Bank; and
  - (ii) extend any policies of insurance to allow for operation of the Secured Aircraft in such additional area and provide proofs of the same to the Bank.
- (f) Fail to perform any covenant required to be performed under this Agreement.
- (g) Discontinue, alter or cancel its corporate registration or extra-territorial registrations.



## SCHEDULE "F"

### SCHEDULE – STANDARD LOAN TERMS

#### ARTICLE 1 – GENERAL

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all our business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgage Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement,

our loan accounting records will provide complete proof of all terms and conditions of your loan (such as principal loan balances, interest calculations, and payment dates).

(c)

**Demand of Fixed Rate Demand Non-Revolving Loans.** If you have a Fixed Rate Demand Non-Revolving Loan and we make demand for payment, you will owe us (i) all outstanding principal, (ii) interest, (iii) any other amount due under this Agreement, and (iv) a prepayment charge. The prepayment charge is equal to the greater of: three (3) months interest calculated on the unpaid balance at the rate authorized or the Bank's Unwinding Costs.

- 1.13. **Renewals of this Agreement.** This Agreement will remain in effect for your Loans for as long as they remain unchanged. If there are no changes to the Loans this Agreement will continue to apply, and you will not need to sign anything further. If there are any changes, we will provide you with either an amending agreement, or a new replacement Letter, for you to sign. No modification of this Agreement or any Security shall be effective without the prior written agreement of the Bank, and each Borrower and Guarantor party to such document.
- 1.14. **Confidentiality.** The terms of this Agreement are confidential between you and the Bank. You therefore agree not to disclose the contents of this Agreement to anyone except your professional advisors and where required by law.
- 1.15. **Pre-conditions.** You may use the Loans granted to you under this Agreement only if:
- (a) we have received properly signed copies of all documentation that we may require in connection with the operation of your accounts and your ability to borrow and give security;
  - (b) all the required security has been received and registered to our satisfaction;
  - (c) any special provisions or conditions set forth in the Agreement have been complied with; and
  - (d) if applicable, you have given us the required number of days notice for a drawing under a Loan.
- 1.16. **Notices.** We may give you any notice in person or by telephone, or by letter that is sent either by fax or by mail.
- 1.17. **Non-Revolving Loans.** The following terms apply to each Non-Revolving Loan:
- (a) **Non-revolving Loans.** Unless otherwise stated in the Agreement, any principal payment made permanently reduces the available Loan Amount. Any payment we receive is applied first to overdue interest, then to current interest owing, then to overdue principal, then to any fees and charges owing, and finally to current principal.
  - (b) **Floating Rate Non-Revolving Loans.** Floating Rate Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest as described below:
    - (i) **Blended payments.** If you have a Floating Rate Loan that has blended payments, the amount of your monthly payment is fixed for the term of the loan, but the interest rate varies with changes in the Prime Rate. If the Prime Rate during any month is lower than what the rate was at the outset, you may end up paying off the loan before the scheduled end date. If, however, the Prime Rate is higher than what it was at the outset, the amount of principal that is paid off is reduced. As a result, you may end up still owing principal at the end of the term because of these changes in the Prime Rate. We will advise you from time to time of any changes in the blended payment necessary to maintain the original amortization period, should we choose to do so.
    - (ii) **Payments of fixed principal plus interest.** If you have a Floating Rate Loan that has regular principal payments, plus interest, the principal payment amount of your Loan is due on the payment date specified in the Agreement. Although the principal payment amount is fixed, your interest payment will usually be different each month, for at least one and possibly more reasons, namely: the reducing principal balance of your loan, the number of days in the month, and changes to the Prime Rate.

## 21. ARTICLE 2 – DEFINITIONS

2.1. **Definitions.** In this Agreement, the following terms have the following meanings:

*"Agreement"* means the letter agreement between you and Canadian Western Bank to which this Schedule and any other Schedules are attached.

*"Business Day"* means any day (other than a Saturday or a Sunday) that the CWB Branch/Centre is open for business.

*"Cash Collateral Account"* means funds on deposit held by the Bank in an interest bearing account pending satisfaction of certain terms and/or conditions.

*"Customer Automated Funds Transfer (CAFT)"* is a WEB based service that provides non-personal customers the ability to make multiple electronic transactions for purposes of direct deposit for payroll or direct payment of accounts payable.

*"CWB Branch/Centre"* means the Canadian Western Bank branch or banking centre noted on the first page of this Agreement, as changed from time to time by agreement between the parties.

*"Demand Non-Revolving Loan"* means an installment loan that is payable upon demand. Such a Loan may be either at a fixed or a floating rate of interest.

*"Fixed Rate Loan"* means any loan drawn down, converted or extended under a Loan at an interest rate which was fixed for a term, instead of referenced to a floating rate such as the Prime Rate or U.S. Base Rate, at the time of such drawdown, conversion or extension.

*"Intangibles"* means assets of the business that have no value in themselves but represent value. They include but are not limited to such things as copyright, goodwill, patents and trademarks; franchises, licenses, leases, research and development costs, deferred development costs, investments in and advances to affiliated companies or entities, and any other asset determined by the Bank to be intangible.

*"Lease-Up Reserve"* means the amount of the Loan that is funded into a Cash Collateral Account pending lease-up of the Project in accordance with the Loan authorization.

*"Letter of Credit"* or *"L/C"* means a documentary or stand-by Letter of Credit, a Letter of Guarantee, or a similar instrument in form and substance satisfactory to us.

*"Lien"* includes a mortgage, charge, lien, security interest or encumbrance of any sort on an asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

*"Loan"* means any loan segment referred to in the Agreement and if there are two or more segments, "Loan" includes reference to each segment.

*"Loan Amount"* of any Loan means the amount specified in the Agreement and if there are two or more segments, "Loan Amount" includes reference to each segment.

*"Loan Maturity Date"* means for each of Loan Segment 1 and Loan 2, the last day of the term of each loan, meaning the date the loan is to be repaid or as each loan may be extended by for further term, at the option of the Bank.

*"Mandatory Capital Expenditures"* means net capital expenditures incurred by you not financed by long term debt. Net capital expenditures means all capitalized fixed asset purchases less fixed asset sales.

*"Material Adverse Change"* means any material adverse change in the financial condition, ownership and/or operation or business activities of the Borrowers, or any Guarantor, and/or any material adverse change in the condition of any property or equipment, including but not limited to the Secured Aircraft and Rotables, of the Borrower and/or any Guarantor, if applicable.

*"Normal Course Lien"* means a Lien that (a) arises by operation of law or in the ordinary course of business as a result of owning any such asset (but does not include a Lien given to another creditor or to secure debts owed to that Loan) and (b) taken together with all other Normal Course Liens, does not materially affect the value of the asset or its use in the business.

*"Operating Account"* means the account that you normally use for the day-to-day cash needs of your business, and may be either or both of a Canadian dollar and a U.S. dollar account.

*"Permitted Debt"* means, without duplication:

- (a) trade payables of the Borrowers incurred in the ordinary course of business;
- (b) all Debt of the Borrowers to the Bank;
- (c) all Debt of the Borrowers to Bank of Montreal;
- (d) all Postponed Debt;
- (e) Provided that incurring the following additional Debt, in aggregate or separately, does not result in a breach by the Borrower of any financial covenant under this Agreement:

- i. Debt in respect of Purchase Money Liens, capital leases and operating leases and unsecured; and
- ii. such other Debt agreed to in writing by the Bank.

"Permitted Encumbrances" means, as at any particular time, any of the following Liens on the property or any portion of the property of any Borrower:

- (a) Normal Course Liens;
- (b) Purchase Money Liens, subject to Permitted Debt subparagraph (e)(i) of this Agreement;
- (c) easements, rights-of-way, servitudes or other similar rights in and (including rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons and other minor defects, encumbrances, encroachments and restrictions which either alone or in the aggregate do not materially detract from the value of such land or materially impair its use;
- (d) Liens in favour of Bank of Montreal;
- (e) Liens in favour of the Bank;
- (f) all Security Interests securing the Indebtedness described in paragraphs (f) of the definition of Permitted Debt;
- (g) all Liens securing Postponed Debt;
- (h) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (f) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property) and the principal amount of the indebtedness or obligation secured thereby is not increased, without the consent of the Bank, acting reasonably;
- (i) existing leases, excluding than any leases of Secured Aircraft and/or Rotables, offers to lease and occupancy agreements, whether recorded or not; and
- (j) all such other claims and Liens agreed to in writing by the Bank.

"Postponed Debt" means any debt owed by you that has been formally postponed to the Bank.

"Prime Rate" means the variable reference rate of interest per year declared by the Bank from time to time to be its Prime rate for Canadian dollar loans made by the Bank in Canada.

"Principal Sum" means the loan balance outstanding.

"Priority Claims" means priorities that are created when a borrower does not remit monies due for Income Tax, Workers Compensation, Canada Pension Plan, Employment Insurance, GST, Provincial Sales Tax, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises. These are considered to be deemed trust and rank in priority to all security interests.

"Purchase Money Lien" means a Lien incurred in the ordinary course of business only to secure the purchase price of an asset, or to secure debt used only to finance the purchase of the asset.

"Shareholders' Equity" means paid-in capital, retained earnings and attributed or contributed surplus.

"Standard Overdraft Rate" means the variable reference interest rate per year declared by the Bank from time to time to be its standard overdraft rate on overdrafts in Canadian or U.S. dollar accounts maintained with the Bank in Canada.

"Unwinding Costs" means the costs the Bank incurs when a Fixed Rate Loan is paid out early. The unwinding costs are calculated using the outstanding principal and interest of each of the Loan on the day of repayment (the "Repayment Date"), and are the difference between the dollar value of interest that the Bank would receive under the Interest Rate for each Loan for the remaining term of the Loan, and the dollar value of interest that the Bank would receive from the bid side yield for Government of Canada securities with the same principal amount and maturity date as the Loan on the Repayment Date, for the remaining term of the Loan.

"U.S. Base Rate" means the variable reference rate of interest per year as declared by the Bank from time to time to be its base rate for U.S. dollar loans made by the Bank in Canada.



July 30, 2018

**Universal Helicopters Newfoundland and Labrador LP and  
70703 Newfoundland and Labrador Inc.**  
P.O. Box 529, Station C,  
82 Winnipeg Street,  
Goose Bay, Labrador, NL A0P 1C0

**Attention: Shane Cyr**

Dear Sir:

On the basis of the financial statements and other information provided by **Universal Helicopters Newfoundland and Labrador LP and 70703 Newfoundland and Labrador Inc. jointly and severally** (collectively the "Borrowers" or individually the "Borrower") and **Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd., Lakelse Air Ltd., Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc., Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust** (collectively the "Guarantors" or individually the "Guarantor") in connection with your request for financing, Canadian Western Bank (the "Bank") has authorized the following loan(s) subject to the terms and conditions outlined in this Commitment Letter (the "Agreement").

1. **LOAN AMOUNT and TIMING:**

Segment No. 1: Term Loan with original principal amount of CAD \$8,500,000 advanced November 30, 2017 with current balance of \$8,205,847.15,

Segment No. 2: Term Loan CAD \$4,000,000,

Collectively referred to from time to time as "the Loan or Loans".

**Advance of the Loan Segment o. 2 should be within approximately 20 business days of this Agreement providing all parties and their legal counsel complete required tasks in a timely manner.**

2. **AVAILABILITY:**

Segments No. 2: To be advanced in a lump sum subject to satisfaction or waiver by the Bank of all conditions.

3. **PURPOSE OF LOANS:**

Segment No.1: to assist in the purchase and/or refinancing of the 19 helicopters (referred to as the "UHNLP Secured Aircraft") with source and use of funds as follows:

<u>Source</u>		<u>Use</u>	
CWB Term Loans	\$ 8,500,000	Refinance Loan with Maynard's	\$ 4,500,000
		Refinance Loan with BMO	\$ 2,300,000
		Maint. Reserve and Closing Costs	\$ 1,700,000
Totals	<u>\$ 8,500,000</u>		<u>\$ 8,500,000</u>

Segment No. 2: to assist with the purchase of the assets and shares of Lakelse Air Ltd. and the helicopters owned by related company, Bear Creek Contracting Ltd.



4. **INTEREST RATE:**

Loan Segment No. 1: The interest rate payable is fixed at an annual rate of 5.375% for a 5 year term, calculated and compounded monthly, not in advance.

Loan Segment No. 2: The interest rate payable is floating rate at 2.00% per annum above the Bank's Prime Lending Rate ("Prime"). As of the date of this Agreement the Bank's Prime is 3.70%.

Unless otherwise specified, all interest shall be payable on demand on the date specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

5. **SCHEDULED REPAYMENT, TERM & MATURITY DATE:**

Segments No. 1: The Borrowers shall make monthly payments sufficient to amortize the Loan over a 10 year period in 9 blended monthly payments of \$115,321.23 from April to December and interest only payments from January to March.

Segments No. 2: The Borrowers shall make monthly payments sufficient to amortize the Loan over a 10 year period in monthly blended payments from April to December and interest only payments from January to March.

Each Loan is repayable in full at the end of the term, which is to be selected at draw down, together with all interest, costs and charges, the earlier the Loan Maturity Date, or the date payment is demanded as a result of an Event of Default by the Borrower;

6. **MANDATORY REPAYMENTS:**

6.1. UNHLP Secured Aircraft dispositions: 100% of the net sale proceeds shall be applied to the outstanding Loan balances as a permanent reduction unless otherwise agreed to by the Bank acting reasonably;

6.2. 100% of all insurance proceeds from the UHNL Secured Aircraft shall be applied to the outstanding Loan balances as a permanent reduction unless otherwise agreed to by the Bank acting reasonably;

6.3. Within 180 days of the Borrowers' fiscal year end an Annual Cash Flow Sweep "ACFS", calculated as follows:

- 50% of the Consolidated Net Free Cash Flow of Universal Helicopters Holdings LP (consolidated) defined as follows: EBITDA *Less* Unfunded Capital Expenditures *Less* Fixed Charges *Less* Earnout Payments (see Article II Schedule E for further definitions)
- The ACFS principal payment shall be applied to the outstanding Loan balances of the Borrower and/or Lakelse Helicopters Limited Partnership to CWB, as determined by Universal Helicopters Holdings LP;
- No change will be made to the Scheduled Repayment as detailed in Section 5 above;
- Maximum ACFS is \$700,000 per annum;

7. **PREPAYMENT:**

7.1. Prepayment on Prime Rate Loans is permitted without penalty at any time.

7.2. For Fixed Rate Loans, prepayment(s) shall not be permitted for a period of two (2) years from the date of initial advance of the Loan(s) without the prior written consent of the Bank. Thereafter, the Borrower may prepay the whole, but not part, of the sum of the unpaid principal balance under the Loan(s) with payment of a prepayment charge equal to the greater of the following:

- (a) three (3) months interest calculated on the unpaid principal balance at the rate provided herein; or
- (b) a prepayment charge equal to the Bank's Unwinding Costs

8. **FEES:**

The Borrower shall pay to the Bank the fees and costs as outlined below.

- a) An Application Fee of \$20,000 has been paid and shall not be refundable under any circumstances;
- b) A Commitment Fee of \$70,000 has been paid and shall not be refundable under any circumstances and will be deemed to have been fully earned with the issuance of this Agreement;
- c) The Borrower shall pay an Annual Review Fee of \$5,000 each year in conjunction with the annual review (based on the Borrower's fiscal year-end financial statements and other information) of the Loan(s);
- d) The Bank's reasonable travel expenses for initial and annual aircraft inspections.

9. **SECURITY AND SUPPORTING DOCUMENTS:**

The attached Schedule "A" forms part of this Agreement.

10. **INSURANCE:**

The attached Schedule "B" forms part of this Agreement.

11. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule "C" forms part of this Agreement.

12. **GENERAL CONDITIONS/EVENTS OF DEFAULT:**

The attached Schedule "D" forms part of this Agreement.

13. **REPORTING REQUIREMENTS AND COVENANTS:**

The attached Schedule "E" forms part of this Agreement.

14. **STANDARD LOAN TERMS & DEFINITIONS:**

The attached Schedule "F" forms part of this Agreement. Where there may be conflict between terms in this Agreement and the Standard Loan Terms in Schedule "F", the terms in the Agreement shall take precedence.

15. **INTEREST AND FEES:**

The Bank has underwritten the Loan to the Borrower on the basis the interest rate and fees provided for in this letter will be paid to the Bank over the period from the date of acceptance of this letter to the Loan Maturity Date and that the Loan will be fully repaid by the Loan Maturity Date. The Borrower acknowledges to the Bank that unless the Loans have been repaid in full on or before the Loan Maturity Date or the current Loan Maturity Date has been extended by agreement in writing between the Borrower and the Bank on or before the current Loan Maturity Date, then the Bank is entitled, acting reasonably in accordance with normal commercial lending practices, to be compensated for:

- (i) loss of ability to earn additional fee income on the Loan principal after the Loan Maturity Date;
- (ii) loss of opportunity to reinvest the Loan funds at then current market rates after the Loan Maturity Date; and
- (iii) the increased risk to the Bank of the Loan being outstanding after the Loan Maturity Date;

16. **COSTS:**

The reasonable cost of all appraisals and environmental reports, the legal costs of the Bank on a solicitor-client basis, costs of the Bank's insurance consultant and all other reasonable out-of-pocket expenses incurred in the approval and making of the Loan and the preparation, execution, delivery and registration of the Security and Supporting Documents

(including the cost of delivering copies of any documents required by law to be given to the Borrower or any other party) or in the collection of any amount owing under the terms of the Loan shall be for the account of the Borrower and may be debited to advances to be made under the terms of the Loan. Until paid, all such costs and expenses shall bear interest at the rate described in Section 3 of this Agreement.

17. **ASSIGNMENT BY BORROWER:**

The Borrowers shall not assign or encumber its rights and obligations under the Loan(s), this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

18. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel as outlined below. Given the nature of the transaction, billing will be completed on an hourly basis plus disbursements.

Margot McMillan, McMillan Dubo Law Group

Phone: (778) 765-1712

Email: [margot@mcmillandubo.com](mailto:margot@mcmillandubo.com)

19. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that if, in the opinion of the Bank, any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower, any obligation by the Bank to advance all or any portion of any unadvanced Loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

20. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower(s) and/or any Guarantor(s) hereafter, and the advancement of any funds by the Bank. In the event of a conflict between the security documents and the terms of this Agreement, the terms of the security documents shall govern.

24. **ACCOUNTING CHANGES:**

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower(s) to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

25. **ACCEPTANCE:**

To become effective, this Agreement must be accepted in writing by the Borrowers and Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return a copy of this letter.

This Agreement will expire if not accepted by August 8, 2018.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Yours truly,

**CANADIAN WESTERN BANK**

Peter Greenway  
Director, Aviation Financing Centre

Riley Felton  
Manager, Aviation Financing

**ACKNOWLEDGEMENT:**

Each of the Borrowers and the Guarantors certifies that any and all information it has provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

**BORROWERS:**

**UNIVERSAL HELICOPTERS  
NEWFOUNDLAND AND LABRADOR LP  
BY ITS GENERAL PARTNER,  
70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES):**

**70703 NEWFOUNDLAND AND LABRADOR INC.  
BY ITS AUTHORIZED SIGNATORY(IES):**

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

**GUARANTORS:**

**LAKELSE HELICOPTERS LIMITED PARTNERSHIP  
BY IT'S GENERAL PARTNER,  
1167537 B.C. LTD.  
BY ITS AUTHORIZED SIGNATORY(IES):**

**1167537 B.C. LTD  
BY ITS AUTHORIZED SIGNATORY(IES):**

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

**LAKELSE AIR LTD.  
BY ITS AUTHORIZED SIGNATORY(IES):**

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

**UNIVERSAL HELICOPTERS HOLDINGS LP**  
BY ITS GENERAL PARTNER,  
**81924 NEWFOUNDLAND LABRADOR INC.**  
BY ITS AUTHORIZED SIGNATORY(IES):

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

**81924 NEWFOUNDLAND LABRADOR INC.**  
BY ITS AUTHORIZED SIGNATORY(IES):

Signed: \_\_\_\_\_  
Shane Cyr, President and CEO

Date: \_\_\_\_\_

**TASIJATSOAK TRUST**  
BY ITS AUTHORIZED SIGNATORY(IES):

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**LABRADOR INUIT CAPITAL STRATEGY TRUST**  
BY ITS AUTHORIZED SIGNATORY(IES):

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

## **SCHEDULE "A" SECURITY**

The following security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds, in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

**All Security pledged by the Borrowers and/or the Guarantors under this Agreement and all Security pledged by the Borrowers and/or the Guarantors in the UHNLP Agreement dated July 30, 2018 will be held for any and all current and future advances and/or direct or indirect indebtedness of any and all of the Borrowers and/or Guarantors under this Agreement and the UHNLP Agreement.**

### **SECURITY CURRENTLY HELD:**

#### **General:**

1. Fixed Rate Promissory Note in the amount of \$8,500,000 dated November 15, 2017;
2. General Security Agreement for each Borrower dated November 15, 2017 providing a floating charge on all present and after acquired property of the Borrowers. Registered PPR in all appropriate jurisdictions;
3. Assignment and Postponement of Creditor's Claims dated November 15, 2017 provided by the Tasiujatsoak Trust for \$3,000,000 loan to the Borrower's (the "Tasiujatsoak Trust Loan"). The Assignment and Postponement Agreement shall allow for full or partial repayment of the Tasiujatsoak Trust Loan provided that the Borrower is not in breach of the Financial Covenants outlined in Article II of Schedule E of this Agreement based on the repayment being accrued to the current year of the test of the Financial Covenants or such breach has been waived, and repayment will not result in a breach of these Financial Covenants. Registered PPR in all appropriate jurisdictions.
4. Enabling and Borrowing resolutions for the Borrowers dated November 10, 2017;
5. Report and satisfactory opinions (4) from the Bank's, Borrowers' and Guarantors legal counsel – various dates;
6. Creditor Life Insurance waiver dated November 15, 2017;
7. AML Requirements dated November 15, 2017;

#### **Aircraft (the "UHNLP Secured Aircraft"):**

1. Aircraft Security Agreement dated November 15, 2017 providing a first priority security interest against the UHNLP Secured Aircraft listed below as well as all spare time life components, parts and rotables owned by the Borrower for use in the UHNLP Secured Aircraft (referred to as the "Rotables"), and all future substitutions and additions. Security agreement shall restrict UHNLP Secured Aircraft from operating or being based outside of Canada without the Bank's consent. To be registered in the provincial personal property registry of each province the Aircraft may operate in; registration of each UHNLP Secured Aircraft and related engine(s) in the International Registry.
2. Irrevocable De-Registration and Export Request Authorization (IDERA) for each UHNLP Secured Aircraft signed by the Borrower or any Lessee, if permitted by the Bank, to be registered in the Transport Canada;

<b>Year</b>	<b>Manufacturer</b>	<b>Model</b>	<b>Serial No.</b>	<b>Registration Mark</b>
2012	Aerospatiale	AS350B3e	7540	C-FEPB
1988	Aerospatiale	AS350B2	2076	C-GPBY
1983	Aerospatiale	AS350B2	1685	C-GNAI
1989	Aerospatiale	AS350BA	2201	C-FAPN
1985	Aerospatiale	AS350B	1816	C-FXAL
2008	Bell	407	53888	C-FEPR
1999	Bell	407	53331	C-FTJU
1997	Bell	407	53130	C-GOFL
1996	Bell	407	53022	C-FXYF
1995	Bell	206L-4	52149	C-FLIA
1978	Bell	206L	46609	C-GVYO
1978	Bell	206L	45149	C-FCNG
1977	Bell	206L	45147	C-FPHO
1977	Bell	206L	45086	C-FCWR
1976	Bell	206L	45048	C-GAHS
1976	Bell	206L	45021	C-GDCA
1975	Bell	206L	45027	C-GIZY
1975	Bell	206L	45018	C-GLSH
1975	Bell	206L	45008	C-GQIX

3. Priority Agreement from Bank of Montreal dated November 15, 2017 granting the Bank priority on the UHNLP Secured Aircraft and Rotables;
4. Certificate of Airworthiness, Certificate of Registration and Bills of Sale for each UHNLP Secured Aircraft and any related engines;
5. Assignment of insurance on all aircraft showing the Bank as 1<sup>st</sup> loss payee, Certificate of Insurance dated December 1, 2017 includes:
  - a. Hull "All Risks" Insurance (includes rotors in motion & rotors not in motion coverage);
  - b. Liability insurance of no less than \$20,000,000 with Bank named as Additional Insured;
  - c. Hull Breach of Warranty, War & Terrorism and 30 day notice of cancelation clauses
6. Hypothecation of Bank Balances dated November 15, 2017 for the Maintenance Reserve Account. Registered PPSA;

**SECURITY CURRENTLY HELD AND TO BE RELEASED ON PROVISION AND REGISTRATION OF SECURITY TO BE OBTAINED:**

1. Commitment Letter dated October 4, 2017 – *to be replaced with this Agreement*;
2. General Assignment and Postponement of all Limited and General Partners' Claims dated November 15, 2017. Registered PPR in all appropriate jurisdictions;
3. Joint and Several Limited Liability Guarantee in the amount of \$3,000,000 dated November 15, 2017 provided by Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust in favour of the Bank;
4. Joint and Several Debt Servicing Agreement provided by Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust dated November 15, 2017 in favour of the Bank.



## **SECURITY TO BE OBTAINED**

1. Commitment Letter;
2. Floating Rate Promissory Note in the amount of \$4,000,000;
3. General Assignment and Postponement of all Limited and General Partners' Claims to be registered PPR in all appropriate jurisdictions;
4. Updated waiver letter agreement between the Bank and BMO incorporating the following:  
BMO acknowledgement and agreement that it does not hold an interest in the assets acquired in the Lakelse Air purchase transaction or assets pledged by Universal Helicopters Newfoundland and Labrador LP in the UHNL LP Secured Aircraft and rotables, including all attachments, spare parts, replacements, substitutions, exchanges, trade-ins, accessories and accessions to the equipment and all proceeds derived from it, including insurance payments and sale proceeds, (collectively the "Collateral") other than rights to any rents, charter payments or accounts receivables with respect to leases, subleases or charters, which rents, charter payments or accounts receivables shall not, for greater certainty, be included in the definition of "Collateral", and that any interest BMO does so hold in Collateral, the hypothecated bank accounts held with the Bank or the UHNL LP Assignment shall hereafter be postponed and subordinated to the interests of the Bank; and
5. Bank acknowledgement and agreement that it does not hold an interest in the assets acquired in the South Coast purchase transaction and that the Bank consents and agrees to the postponement and subordination of \$3,000,000 in indebtedness of Universal Helicopters Newfoundland and Labrador LP to Tasiujatsoak Trust in favour of BMO;
6. Cross Default Agreement between Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc., Universal Helicopters Newfoundland and Labrador LP, 70703 Newfoundland and Labrador Inc., Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd.;
7. Joint and Several Unlimited Liability Guarantee in favour of the Bank from Universal Helicopters Holdings LP and 81924 Newfoundland and Labrador Inc., together with acknowledgement that all security pledged in support of any and all current and future indebtedness to the Bank by its subsidiaries is also pledged in support of the indebtedness of the Borrowers;
8. Joint and Several Unlimited Liability Guarantee in favour of the Bank from Lakelse Air Ltd. together with acknowledgement that all security pledged in support of any and all current and future indebtedness to the Bank by its subsidiaries is also pledged in support of the indebtedness of the Borrowers;
9. Joint and Several Unlimited Liability Guarantee in favour of the Bank from Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd. together with acknowledgement that security pledged in support of any and all of their current and future indebtedness to the Bank is also pledged in support of the indebtedness of the Borrowers;
10. Joint and Several Limited Liability Guarantee in the amount of \$3,000,000 in favour of the Bank provided by Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust covering all current and future indebtedness of Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc., Universal Helicopters Newfoundland and Labrador LP, 70703 Newfoundland and Labrador Inc., Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd.;
11. Joint and Several Postponed Debt and Debt Service Agreement provided by Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust in favour of the Bank, providing that commencing and based on the fiscal year ending December 31, 2018 funds will be injected by way of Contribution or Postponed Debt for any debt servicing deficit being the amount required to bring the Trailing Fixed Charge Coverage Ratio of the consolidated financial results of Universal Helicopters Holdings LP to a minimum of 1.0:1. Commencing January 1, 2019, the Bank will have the right to terminate the Agreement should there have been Debt Servicing Deficit Corrections (as defined in the Joint and Several Postponed Debt Service Agreement) in excess of 10% of total Fixed Charges each year for at least three consecutive years. The

Joint and Several Postponed Debt and Debt Service Agreement shall allow for full or partial repayment of the Postponed Debt owing to the Guarantors provided that the Borrower is not in breach of the Financial Covenants set out in Article II of Schedule E to this Agreement based on the repayment being accrued to the current year of the test of the Financial Covenants or such breach has been waived, and repayment will not result in a breach of these Financial Covenants;

12. Enabling and Borrowing resolutions for the Borrowers and Guarantors;
13. Creditor Life Insurance acceptance/waiver, if applicable;
14. Power of Attorney related to the Irrevocable De-Registration and Export Request Authorization (IDERA) for each UHNLP Secured Aircraft signed by the Borrower and/or any Lessee;
15. Security documentation and registration related to Capital Helicopters (1995) Ltd. (the "Lessee") for UHNLP Secured Aircraft 1997 Bell 407 MSN 531130 and Registration Number C-GOFL including:
  - a. Assignment of Lease in favour of the Bank provided by the Borrower;
  - b. Consent & Acknowledgement of Assignment of Lease in favour of the Bank provided by the Lessee;
  - c. Irrevocable De-Registration Export Request Authorization (IDERA) in favour of the Bank to be registered with Transport Canada;
  - d. Power of Attorney for the UHNLP Secured Aircraft in favour of the Bank;
  - e. Registration with the International Registry;
  - f. PPR registrations completed in all required jurisdictions;
  - g. Assignment of Insurance acceptable to the Bank and its insurance consultant;
  - h. Solicitor's Letter of Opinion for Bank, Borrower and Lessee
16. Security documentation and registration related to lease to Capital Helicopters (1995) Ltd. (the "Lessee") for UHNLP Secured Aircraft 1983 Eurocopter AS350B2 MSN 1685 and Registration Number C-GNAI including:
  - a. Assignment of Lease in favour of the Bank provided by the Borrower;
  - b. Consent & Acknowledgement of Assignment of Lease in favour of the Bank provided by the Lessee;
  - c. Irrevocable De-Registration Export Request Authorization (IDERA) in favour of the Bank to be registered with Transport Canada;
  - d. Power of Attorney for the UHNLP Secured Aircraft in favour of the Bank;
  - e. Registration with the International Registry;
  - f. PPR registrations completed in all required jurisdictions;
  - g. Assignment of Insurance acceptable to the Bank and its insurance consultant;
  - h. Solicitor's Letter of Opinion for Bank, Borrower and Lessee.
17. Report and satisfactory opinion from the Bank's, Borrowers' and Guarantors' Solicitors;
18. Assignment of any Leases of the UHNLP Secured Aircraft to the Bank together with the standard security documentation including:
  - Consent to Assignment of Lease from any Lessees of the Aircraft;
  - Irrevocable De-Registration and Export Request Authorization (IDERA) with Power of Attorney;
  - To be registered in the provincial personal property registry of each province the Aircraft may operate in and registration of each UHNLP Secured Aircraft and related engine(s) in the International Registry;
  - Assignment in terms acceptable to the Bank and their insurance consultant;
  - Provision of the Lessee's Air Operator Certificate and Authorized Maintenance Organization Certificate;
  - Solicitor's Letter of Opinion for Bank, Borrower and Lessee.

Such additional security instruments, assurances and supporting documents as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

## SCHEDULE "B" – TERM LOANS/MORTGAGES

### INSURANCE FOR SECURED AIRCRAFT

ALL POLICIES MUST BE REVIEWED AND APPROVED BY THE BANK AND/OR ITS INSURANCE CONSULTANT, BEFORE THE FIRST LOAN ADVANCE:

**AON REED STENHOUSE INC.**  
Suite 900, 10025 - 102A Avenue  
Edmonton, Alberta T5J 0Y2  
Attention: Danielle Boisvert  
Telephone: (780) 423-9453  
Facsimile: (780) 423-9876  
Email: [danielle.boisvert@aon.ca](mailto:danielle.boisvert@aon.ca)

#### GENERAL REQUIREMENTS

1. These Insurance Requirements outline only the protection required for the Bank's interests. The Borrower's interests will be different than the Bank's and the Borrowers must obtain its own advice as to appropriate coverages and details.
2. The forms, insurers, coverages, amounts, exclusions and deductibles are always subject to the Bank's discretion, having regard to the nature, location, value and risks. Without restricting that discretion, the Bank may require coverages not specifically mentioned or required.
3. Original policies and signatures on behalf of the insurer are required. The insurer(s), policy number(s) and policy term(s) must be shown on all insurance documentation. If actual policies are not available for the initial loan advance signed Binders or Certificates of Insurance will be accepted, provided the form and contents are satisfactory.
4. All policies must show the Borrowers and Lakelse Air Ltd. as a named insured.
5. All policies covering physical loss or damage must be for stipulated value of not less than the combined appraised value of the UHNLP Secured Aircraft and:
  - (a) provide coverage for all risks of physical loss or damage;
  - (b) include includes rotors in motion & rotors not in motion coverage;
  - (c) include terrorism, confiscation and war risk coverage;
  - (d) hull breach of warranty coverage
6. The Bank is to be shown as first or second loss payee up to the amount owing to the Bank under all policies covering physical loss or damage. Loss is to be payable using this wording:

"CANADIAN WESTERN BANK, 101, 1211 Summit Drive, Kamloops, BC as first loss payee."
7. The insurer may reserve the right to cancel the policy as permitted by statute but must agree that it will not terminate, make any adverse material change or otherwise alter the policy to the Bank's prejudice except by registered letter giving 30 days notification to the Bank.
8. The legal description of the Aircraft insured must be specified.
9. Commercial General Liability Insurance for bodily injury and/or death and damage to property of others in an amount acceptable to the Bank but in any case not less than \$20,000,000 for any one occurrence **shall be in place for all loans**. The Bank is to be shown as an Additional Insured under all Liability Insurance policies. At the option of the Bank, the policy shall include limited pollution liability.

## SCHEDULE "C"

### CONDITIONS PRECEDENT TO DRAWDOWN

The Bank shall be satisfied with the business, assets and financial condition of the Borrower and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered, as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to the same.

The following conditions precedent must be fulfilled and documentation provided prior to the Bank having any obligation to advance:

#### Loan Segment No. 2

1. Conditions Precedent of Lakelse Helicopters Limited Partnership and 1167537 B.C. Ltd. are satisfied for advance of loans under the LHLP Agreement;
2. Copies of incorporation and limited partnership corporate documents including and registrations for Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd., Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc. and Lakelse Air Ltd. for satisfactory review by the Bank's legal counsel; **SATISFIED**
3. Organization Chart and ownership of the Borrowers; **SATISFIED**
4. Details and timing of South Coast Helicopters acquisition including loan terms and structure; **SATISFIED**
5. Provide Draft December 31, 2017 fiscal year end financial statements of Tasiujatsoak Trust and Labrador Inuit Capital Strategy Trust for satisfactory review by the Bank; **SATISFIED**
6. The Bank will require (2) full business days prior written notice of disbursement.

## SCHEDULE "D"

### GENERAL CONDITIONS

The Borrower agree that upon closing and thereafter:

1. no Event of Default has occurred and is continuing;
2. the Loan Maturity Date has not occurred;
3. no information provided by the Borrowers to the Bank contained any untrue statement of a material fact, or failed to disclose any material fact necessary to make the statements contained therein not materially misleading in light of the circumstances in which such statements were made;
4. the conditions of this Agreement and of all previous advances have been satisfied or waived;
5. to pay all sums of money when due under this Agreement;
6. to give the Bank prompt notice of any Event of Default or any event which, with notice or lapse of time or both, would constitute an Event of Default;
7. the loan advance for Loan Segment 2 no later than August 31, 2018 unless otherwise extended by the Bank;
8. no other loans may be secured against the UHNLP Secured Aircraft other than the Postponed Debt as outlined herein;
9. the Bank's opinions, approvals and decisions are in its sole discretion and are not subject to judicial review as to their reasonableness;
10. not to invest in, lend to, guarantee or otherwise provide for, on a direct or indirect or contingent basis, the payment of any monies or performance of any obligations by an unrelated third party except as provided herein, or with the prior written consent of the Bank, not to be unreasonably withheld;
11. not to change the parties of the limited partnership and not to make any distributions or redemptions without the prior written consent of the Bank, not to be unreasonably withheld;
12. not to change its name or merge, amalgamate or consolidate with any other corporation without the prior written consent of the Bank, not to be unreasonably withheld;
13. to insure and to keep fully insured the UHNLP Secured Aircraft as customarily insured by companies carrying on a similar business to that of the Borrowers including all risk hull insurance at stipulated value including terrorism, confiscation and war risks, breach of warranty coverage and Liability Insurance for \$20,000,000 including environmental pollution coverage;
14. to maintain adequate insurance on the UHNLP Secured Aircraft and acknowledges that failure to do so will hereby authorize the Bank to purchase insurance to protect the Bank's interest in the project to the value of the outstanding loan/mortgage. The Borrower authorizes the Bank to add the cost of said insurance to the loan/mortgage balance.
15. to file on a timely basis, all material tax returns which are or will be required to be filed, to pay or make provision for payment of all material taxes (including interest and penalties) and other potential Priority Claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
16. to comply with all applicable environmental laws and regulations; to advise the Bank promptly of any breach of any environmental regulations or licenses or any control orders, work orders, stop orders, action requests or violation notices

received concerning any of the Borrower's property; to comply with any such requests or notices, to diligently clean up any spills; and to hold the Bank harmless for any costs or expenses which the Bank incurs for any environmental related liabilities existent now or in the future with respect to the Borrower's property;

17. to provide the Bank and its agents, nominees, and consultants with the right to enter the premises of the Borrowers from time to time, and to carry out such environmental reviews as the Bank in its sole discretion deems advisable and in that connection to make good faith enquiries with government agencies and to examine the records, books, assets, affairs and business operations of the Borrowers; and
18. to maintain and provide to the Bank upon request with copies of maintenance logs and flight books for the UHNLP Secured Aircraft held as security by the Bank;
19. UHNLP Secured Aircraft will be subject to approval of the Bank and will be airworthy at time of inclusion;

**EVENTS OF DEFAULT:**

1. The full amount of the indebtedness and liability of the Borrowers then outstanding, together with accrued interest and any other charges then owing by the Borrowers to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to collectively as the "Events of Default" or separately as an "Event of Default"):
  - (a) the Borrowers or any Guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
  - (b) there is a material breach by the Borrowers of any other term or condition contained in this Agreement or in any other agreement to which the Borrowers and the Bank are parties and the Borrowers has not corrected such breach within 15 days of notice having been provided to the Borrowers;
  - (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrowers are party and the Borrowers have not corrected such breach within 15 days of notice having been provided to the Borrowers;
  - (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrowers and, if instituted against the Borrowers are allowed against or consented to by the Borrowers or are not dismissed or stayed within 60 days after such institution;
  - (e) a receiver is appointed over any property of the Borrowers or any judgment or order or any process of any court becomes enforceable against the Borrowers or any property or any creditor takes possession of any property of the Borrowers;
  - (f) there have been Debt Servicing Deficit Corrections (as defined in the Joint and Several Postponed Debt and Debt Service Agreement) in excess of 10% of Fixed Charges each year for at least three consecutive years;
  - (g) an Event of Default occurs under the LHLP Agreement and/or any security documents granted thereunder;
  - (h) any Material Adverse Change occurs.

**MISCELLANEOUS CONDITIONS:**

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or power of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrowers to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank. A review will be completed by the Bank to establish the parameters, if any, available to have the involvement of the Borrowers with the selection of syndication partners;
5. This Agreement and the security documentation to be provided by the Borrowers pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Newfoundland and Labrador, and applicable federal laws of Canada and Convention on International Interests in Mobile Equipment and Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment.

## SCHEDULE "E"

### REPORTING REQUIREMENTS AND COVENANTS

#### **REPORTING REQUIREMENTS:**

The Borrowers and/or the Guarantor, as applicable, agree to provide the undernoted information to the Bank:

#### **For Lakelse Air Group:**

1. Internally prepared consolidated financial statements of Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd. as at the end of each quarter including balance sheet, income statement, and year to date income statement with year over year comparison as well as comparison to budget by the 30<sup>th</sup> day of the following month;
2. Quarterly within 30 days of quarter-end listings of flying hours and maintenance costs, including invoices/receipts for same, for time-life components for each LHLP Secured Aircraft together with confirmation of deposit to the Maintenance Reserve Account of the amount stipulated in Section 2.03 of this Agreement;
3. Audited and unqualified consolidated financial statements of the Lakelse Helicopters Limited Partnership, prepared by a firm of qualified professional accountants within 120 days of the Borrowers' fiscal year-end;
4. Audited and unqualified financial statements of the Lakelse Air Ltd. prepared by a firm of qualified professional accountants within 120 days of the Borrowers' fiscal year-end;
5. Notice to Reader financial statements of 1167537 B.C. Ltd. prepared by a firm of qualified professional accountants within 120 days of the fiscal year-end;
6. Annual desktop appraisal prepared by an external appraiser acceptable to the Bank of all LHLP Secured Aircraft commencing no later than April 30, 2019;
7. Annual site visit to Terrace, BC and inspection of available LHLP Secured Aircraft to be completed by a Bank Officer;
8. Copies of audits completed by Transport Canada and/or by any customer/lessee of Lakelse Helicopters Limited Partnership within 10 days of completion of the audit;
9. Annual payment confirmation for property tax and/or lease payments for the Secured Property of Lakelse Helicopters Limited Partnership and 1167537 B.C. Ltd.;
10. Annual business plan of Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd. the including budgeted consolidated profit and loss statements, cash flow, detailed aircraft flying hours and maintenance costs and capital expenditure forecasts for the upcoming fiscal year, showing purpose and source of financing within 120 days of previous fiscal year end;

#### **For Universal Helicopters Group:**

1. Internally prepared financial statements of the Universal Helicopters Newfoundland and Labrador LP, 70703 Newfoundland and Labrador Inc., as at the end of each quarter including balance sheet, income statement, and year to date income statement with year over year comparison as well as comparison to budget by the 30<sup>th</sup> day of the following month;
2. Quarterly within 30 days of quarter-end listings of flying hours and maintenance costs of Universal Helicopters Newfoundland and Labrador LP, including invoices/receipts for same, for time-life components for each UHNLP Secured Aircraft of together with confirmation of deposit to the Maintenance Reserve Account of the amount stipulated in Section 2.03 of this Agreement;



3. Audited and unqualified financial statements of Universal Helicopters Newfoundland and Labrador LP prepared by a firm of qualified professional accountants within 120 days of the Borrowers' fiscal year-end;
4. Notice to Reader financial statements of 70703 Newfoundland and Labrador Inc. prepared by a firm of qualified professional accountants within 120 days of the fiscal year-end;
5. Annual desktop appraisal prepared by an external appraiser acceptable to the Bank of all UHNLP Secured Aircraft commencing no later than April 30, 2019;
6. Annual site visit to Goose Bay, Labrador and inspection of available UHNLP Secured Aircraft to be completed by a Bank Officer;
7. Copies of audits completed by Transport Canada and/or by any customer/lessee of Universal Helicopters Newfoundland and Labrador LP within 10 days of completion of the audit;
8. Annual business plan of Universal Helicopters Newfoundland and Labrador LP and 70703 Newfoundland and Labrador Inc., the including budgeted profit and loss statements, cash flow, detailed aircraft flying hours and maintenance costs and capital expenditure forecasts for the upcoming fiscal year, showing purpose and source of financing within 120 days of previous fiscal year end;

**For Universal Holdings Group:**

9. Internally prepared consolidated financial statements of the Universal Helicopters Holdings LP (consolidated) as at the end of each quarter including balance sheet, income statement, and year to date income statement with year over year comparison as well as comparison to budget by the 30<sup>th</sup> day of the following month;
10. Notice to Reader non-consolidated financial statements of the Universal Helicopters Holdings LP prepared by a firm of qualified professional accountants within 120 days of the fiscal year-end;
11. Audited and unqualified consolidated financial statements of the Universal Helicopters Holdings LP prepared by a firm of qualified professional accountants within 120 days of the fiscal year-end;
12. Notice to Reader financial statements of 81924 Newfoundland and Labrador Inc. prepared by a firm of qualified professional accountants within 120days of the fiscal year-end;
13. Annual business plan of Universal Helicopters Holdings LP including consolidated budgeted profit and loss statements, cash flow, detailed aircraft flying hours and maintenance costs and capital expenditure forecasts for the upcoming fiscal year, showing purpose and source of financing within 120 days of previous fiscal year end;

**For the Ownership Group:**

14. Audited and unqualified financial statements of the Tasiujatsoak Trust prepared by a firm of qualified professional accountants 180 days of the fiscal year-end;
15. Audited and unqualified financial statements of the Labrador Inuit Capital Strategy Trust prepared by a firm of qualified professional accountants 180 days of the fiscal year-end;

Any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably

## COVENANTS

### Article I. POSITIVE COVENANTS

Section 1.01 Unless otherwise agreed to in advance by the Bank in writing, acting reasonably in accordance with normal commercial lending practices, and without restricting the generality or enforceability of any of the other covenants herein contained, the Borrowers and each of the Guarantors, as applicable, agree that for so long as the Indebtedness or any part thereof remain outstanding:

- (a) The Borrowers and each of the Guarantors, as applicable, shall maintain their corporate or partnership existence, shall register and maintain their extra-territorial registrations in all required jurisdictions, and shall do all such acts and things as are necessary to permit it to carry on its business as presently carried on.
- (b) The Borrowers shall at all times carry and maintain, at their own cost, public liability, property damage and aircraft all risk hull insurance on the UHNLP Secured Aircraft, in each case in such form (including a loss payee and breach of warranty clause for physical damage) and in such types as may be customarily carried by air carriers engaged in the same or similar business and operating in a similar geographic area. Such insurance coverage shall be in amounts and form acceptable to the Bank, placed with insurance companies and underwriters acceptable to the Bank.
- (c) At least once each year, the Borrowers shall cause its insurance broker to furnish to the Bank a detailed report confirming the insurance then maintained on the UHNLP Secured Aircraft and other assets of the Borrower (together with certified copies of all policies and endorsements) to satisfy the requirements of this Agreement.
- (d) The Borrowers shall cause their insurance brokers to agree to advise the Bank in writing promptly of any default in the payment of any premium or of any other act or omission on the part of the Borrowers or Guarantors of which it might have knowledge and which might result in the invalidation or unenforceability, in whole or in part, of any such insurance. The Borrowers shall promptly deliver to the Bank copies of the policy endorsements on all such insurance.
- (e) Annually, the Bank may review the insurance coverage maintained by the Borrowers.
- (f) The Borrowers and the Guarantors, if applicable, shall maintain all material registrations, operating and other certificates, permits, licenses, and consents, from all local, municipal, territorial, provincial, and federal authorities, and shall pay all income, corporate, sales, value added, goods and services, property, employee, business or other taxes, assessments, charges, and the like assessed by any such governmental authority, as and when required by law, save and except for those income, corporate, sales, value added, goods and services, property, business or other taxes, assessments, charges and the like which are being disputed in good faith by the Borrower or any Guarantor and which have been disclosed in writing to, and acknowledged in writing by, the Bank.
- (g) The Borrowers shall ensure that the UHNLP Secured Aircraft charged as part of the Security remain continually registered as a commercial aircraft owned by them on the Canadian Civil Aircraft Register.
- (h) The Borrowers shall ensure that legal and beneficial ownership and custody and control of the UHNLP Secured Aircraft remain in the Borrower, and that all necessary operating certificates and registration certificates remain in the Borrowers, all in accordance with Applicable Laws.
- (i) The Borrowers shall be solely responsible for the airworthiness and maintenance of the UHNLP Secured Aircraft and shall keep and maintain the UHNLP Secured Aircraft in a fully operative and airworthy condition in conformity with any recommendation that may from time to time be made by the manufacturer of such UHNLP Secured Aircraft, and shall operate and maintain the UHNLP Secured Aircraft in conformity with all Applicable Laws, orders, rules, regulations, and directives of governmental departments, boards, or authorities, including, without limiting the generality of the foregoing, those of the Department of Transport relating to the

maintenance or storage of the UHNLP Secured Aircraft and in conformity with any limitations or restrictions of performance that may from time to time be recommended by the manufacturer of the Aircraft.

- (j) The Borrowers shall, at the request of the Bank, provide copies of any inspections of the UHNLP Secured Aircraft completed by any other lender to the extent those inspections were provided to the Borrowers. If no such inspection has been completed within the preceding 12-month period, the Bank or its agents shall have the right at all reasonable times during normal business hours and subject to the availability of the UHNLP Secured Aircraft, to fully inspect such UHNLP Secured Aircraft and any parts of them, and any documents relating to such UHNLP Secured Aircraft, to determine the condition of such UHNLP Secured Aircraft and to further determine whether the Borrowers are performing according to the covenants contained in this Agreement. The reasonable costs of these inspections shall be borne by the Borrowers.
- (k) The Borrowers shall operate the UHNLP Secured Aircraft for commercial purposes only and shall maintain all records, logs, and other material, both at all times in conformity with all the Applicable Laws, orders, rules, regulations, and directives of governmental departments, boards, or authorities, including, without limiting the generality of the foregoing, those of the Department of Transport and of the Canadian Transportation Agency.
- (l) The Borrowers shall base the UHNLP Secured Aircraft within the geographical limits of Canada, and shall use, maintain, or store the UHNLP Secured Aircraft in compliance with all the provisions of the insurance policies maintained on the Aircraft.
- (m) The Borrowers shall duly and punctually pay and cause to be paid all Creditors and any parties performing work or supplying materials in relation to the UHNLP Secured Aircraft, or any part thereof at the Borrower's request, and shall duly and punctually pay and discharge any and all liens save and except such liens, if any, as may be duly and validly contested by the Borrowers.

## Article II. FINANCIAL COVENANTS AND MARGIN

Section 2.01 Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc., Universal Helicopters Newfoundland and Labrador LP, 70703 Newfoundland and Labrador Inc., Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd. agree to maintain Financial Covenants outlined and defined below.

The following Financial Covenants will be tested on an annually based on the consolidated financial statements of Universal Helicopters Holdings LP commencing the fiscal year ending December 31, 2018 and each fiscal year thereafter:

- a) Trailing Fixed Charge Coverage Ratio of not less than 1.25:1:

(EBITDA – Unfunded Capital Expenditures + Contributions + Partner Postponed Debt + HP Upgrade + Bargain Purchase Gains– see definition)

divided by

Fixed Charge + Earn Out Payments

Notwithstanding a) above, a 60 day cure period will be provided to permit Contributions and/or Partner Postponed Debt which will be used to calculate the Trailing Fixed Charge Coverage Ratio as set out in subparagraph a) above.

- b) Debt to Tangible Net Worth Ratio not greater than 1.50:1.
- c) Current Ratio not less than 1.0:1.

Section 2.02 Universal Helicopters Holdings LP, 81924 Newfoundland and Labrador Inc., Universal Helicopters Newfoundland and Labrador LP, 70703 Newfoundland and Labrador Inc., Lakelse Helicopters Limited Partnership, 1167537 B.C. Ltd. and Lakelse Air Ltd. (the “Universal Group”) agree to maintain:

Loan to Orderly Liquidation Value ratio of all LHLP Secured Aircraft and UHNLP Secured Aircraft (collectively the “Secured Aircraft”) not to exceed 60% to be tested utilizing a margin of: a) the combined orderly Liquidation values of all the Secured Aircraft translated at current foreign exchange rates plus the balance of all of the Universal Group Hypothecated Maintenance Reserve Account(s), and b) the combined balances of all Loans from the Bank to the Universal Group. This covenant will be tested annually, commencing no later than April 30, 2019. A 60 day cure period will be provided to rectify any margin deficit.

Section 2.03 The Borrowers agree to maintain a Hypothecated Maintenance Reserve Account with the Bank as follows:

- (i) Quarterly USD deposits to the Maintenance Reserve Account based the following equation:  $(a \times b) - c$ 
  - a) the combined hourly flying time for all UHNLP Secured Aircraft for each quarterly fiscal period of the Borrowers;
  - b) the Component Burn Rate of the UHNLP Secured Aircraft by aircraft type based on current values and subject to update.
  - c) Disbursements from the account to fund time-life components repair, replacement and/or overhaul on the UHNLP Secured Aircraft and Rotables.
- (ii) Disbursements from the Maintenance Reserve Account are subject to the Bank’s approval of the costs based on receipt of an invoice or confirmation of payment for a time life component on a UHNLP Secured Aircraft or for Rotables. Minimum disbursement is USD \$5,000. All costs incurred commencing September 1, 2017 shall be eligible to disburse;
- (iii) At all times the minimum balance of the Maintenance Reserve Account will be USD \$200,000;
- (iv) Annually, based on the current desk top fair market appraisal of the UHNLP Secured Aircraft, the combined value for all Time Life Components of the UHNLP Secured Aircraft must be more than the combined value mid-life value of all Time Life Components for all UHNLP Secured Aircraft. If this is not the case, no disbursements will be authorized by the Bank from Maintenance Reserve Account until such time as the amount of the negative variance is covered by deposits to the Maintenance Reserve Account and/or confirmation of payment for Time Life Component repair, replacement and/or overhaul for the UHNLP Secured Aircraft and Rotables.

#### **DEFINITIONS:**

1. ASPE: means Accounting Standards for Private Enterprises.
2. EBITDA: means consolidated net income plus or minus to the extent deducted or added in determining the net income for such period:
  - Tax expense or tax benefit in respect of current tax and deferred tax;
  - Interest expense, amortization or write-off of capitalized finance charges;
  - Foreign exchange gains and losses;
  - Charges or adjustments relating to fair market value adjustments to liabilities;
  - Amortization and Depreciation;
  - Gains and losses on sale of assets;
  - Items outside the ordinary course of business and unusual or non-recurring items;
3. Fixed Charge: Means, on a consolidated basis, Interest Expense, plus current portion of long term debt.
4. Interest Expense: Means interest charges on Debt and the interest component of capitalized leases.
5. Time Life Components: any part for a UHNLP Secured Aircraft for which a mandatory replacement limit is specified in the type design, the instructions for airworthiness or the maintenance manual.

6. Component Burn Rate: the total hourly costs for all the Time Life Components on the UHNLP Secured Aircraft by aircraft type as determined by the current appraisal and mid-life valuation for the UHNLP Secured Aircraft.
7. Unfunded Capital Expenditures: all capital expenditures less any capital expenditures funded by Permitted Debt, Postponed Debt or by the proceeds of any Contributions.
8. Debt: all liabilities listed on the balance sheet less loans from shareholders, partners or affiliates specifically postponed to the Bank.
9. Tangible Net Worth: the aggregate of capital, retained earnings, shareholder, partner and affiliated company loans specifically postponed to the Bank Intangibles.
10. Current Ratio: current assets listing on the balance sheet of the Borrower divided by current liabilities listed on the balance sheet of the Borrower.
11. Contribution(s): one or more contributions of capital, in the form of money by a limited partner of the Universal Helicopters Holdings LP.
12. HP Upgrade: For the fiscal 2018 EBITDA calculation of the costs of the work to be completed, which are not to exceed CAD \$800,000, on the LHLP Secured Aircraft 1973 Bell 212 MSN 30535 resulting in the helicopter being re-classified as a Bell 212HP.
13. Bargain Purchase Gains: For the fiscal 2018 EBITDA calculation, the portion of any bargain purchase gains recorded in the consolidated financial statements of Lakelse Helicopters LP in accordance with ASPE, representing the total of revenues less expenses of Lakelse Air Ltd. from the effective closing date of June 30, 2018 until the closing date of the purchase of the assets and shares from the Bear Creek Group.
14. Earnout Payment: Post closing payments made to the Bear Creek Group relating to the purchase of shares of Lakelse Air Ltd. as more particularly described below which is reproduced from the Purchase Agreement dated July 19, 2018 between the Borrower, the Subordinate Lender and Ian Munson:

Net Earnings ranging From: To:		Fiscal Years Ending December 31				
		2018	2019	2020	2021	2022
\$0	\$500,000	5.00%	5.00%	5.00%	5.00%	5.00%
\$500,000	\$1,000,000	10.00%	10.00%	10.00%	10.00%	10.00%
\$1,000,000	\$1,500,000	15.00%	15.00%	15.00%	15.00%	15.00%
\$1,500,000	\$2,000,000	20.00%	20.00%	20.00%	20.00%	20.00%
\$2,000,000	\$2,500,000	25.00%	25.00%	25.00%	25.00%	25.00%
\$2,500,000	unlimited	50.00%	50.00%	50.00%	50.00%	50.00%
Minimum Annual Payment Amount		\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
Maximum Annual Payment Amount		\$500,000	\$600,000	\$700,000	\$800,000	\$900,000
Annual Payment Payable		April 30, 2019	April 30, 2020	April 30, 2021	April 30, 2022	April 30, 2023

Article III. NEGATIVE COVENANTS

Section 3.01 Neither the Borrowers nor any of the Guarantors, if applicable, shall, without the prior written consent of the Bank, (not to be unreasonably withheld):

- (a) Change the nature of its business as conducted on the date hereof.

- (b) Create any Liens ranking or purportedly ranking ahead of or *pari passu* with the Security held or required to be provided in favour of the Bank other than Permitted Encumbrances.
- (c) Sell, convey or dispose of (other than in the ordinary course of business), or encumber any of the UHNLP Secured Aircraft to any other entity.
- (d) Use or operate the UHNLP Secured Aircraft or permit it to be used or operated illegally or contrary to any applicable laws, regulations, orders, rules, or directives of any power or government or agency thereof having jurisdiction or contrary to any requirements under applicable insurance policies.
- (e) Base or operate the UHNLP Secured Aircraft outside Canada. If the Borrowers requests consent from the Bank, at its sole discretion, may withhold and if consent is granted will require the Borrowers has taken all steps at its expense to:
  - (i) register the Lender's interest in the UHNLP Secured Aircraft this Loan Agreement or the Security at all offices of record as may be necessary or desirable to record the Lender's interest in the UHNLP Secured Aircraft and provide proofs of the same to the Bank; and
  - (ii) extend any policies of insurance to allow for operation of the UHNLP Secured Aircraft in such additional area and provide proofs of the same to the Bank.
- (f) Fail to perform any covenant required to be performed under this Agreement.
- (g) Discontinue, alter or cancel its corporate registration or extra-territorial registrations.

**SCHEDULE "F"**

**SCHEDULE – STANDARD LOAN TERMS**

**ARTICLE 1 – GENERAL**

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all our business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgage Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement,