ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-26-03382853-0032
BK-26-03382861-0032

DATE: JULY 24 and 27, 2026

NO. ON LIST: 2

TITLE OF PROCEEDING: IN THE MATTERS OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF FIELD AVIATION COMPANY INC. AND FIELD AVIATION EAST LTD.

BEFORE: JUSTICE JANA STEELE

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE STEELE:

[1] The Field Entities bring a motion seeking 3 orders: (i) an AVO, among other things, approving the DHC/PAL Transactions contemplated by the DHC/PAL Sale Agreement and granting various releases, including in favour of the Field Entities' directors, officers, employees, and advisors (the "DHC/PAL AVO"); (ii) an Ancillary Order, among other things extending the time for filing a proposal, approving certain agreements, authorizing the proposed distribution, approving the Proposal Trustee's reports and activities, approving professional fees, and authorizing the Field Entities, with the consent of the Proposal Trustee to enter into transactions out of the ordinary course of business without Court approval, provided that the transaction not exceed $250,000, and (iii) an AVO, among other things, approving the Transaction contemplated by the Voyageur Bill of Sale.

[2] No person opposed the relief sought, other than IAM Union District 140 (the "Union"), which raised concerns regarding the scope of the proposed release covering directors and officers on July 24, 2026. Because counsel for the Union was only provided with the director insurance policies the day or 2 prior to Friday's appearance and based on the oral submissions of the Union's counsel, I determined that the issue regarding the director/officer releases required input from the Union.

[3] I adjourned the relief in respect of the DHC/PAL AVO to today at noon (one hour) and set out a timetable for filing materials on the weekend. However, on the weekend the court was advised that the Union and the Company had reached agreement on the terms of the DHC/PAL AVO related to the proposed director/officer releases.

[4] Capitalized terms used in this endorsement that are not defined herein have the meaning set forth in the Field Entities' factum or supplemental factum.

[5] The relief sought is approved.

Ancillary Order

Should the Court grant the WEPPA declaration?

[6] Field Canada seeks a declaration pursuant to s. 5(1)(b)(iv)[1] and 5(5)[2] of the WEPPA declaring that it meets the criteria prescribed by section 3.2 of the WEPP Regulations, which provide:

> For the purposes of subsection 5(5) of the Act, a court may determine whether the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations.

[7] As of April 2026, Field Canada employed about 132 employees. Field Canada has now laid off most of its employees. In light of the DHC/PAL Transactions, which are asset sales, these layoffs will become permanent. Where the debtor sells its assets and terminated employees are left with no solvent employer from whom to claim their lost wages, those employees are "precisely who the WEPPA is intended to protect:" *Syndic d'Intelgenx Corp*, 2024 QCCS 3678, at paras 42-44. Field Canada is selling its assets and winding down its business – it is appropriate for the WEPPA declaration to be made.

[8] As set out below, I have approved the DHC/PAL Transactions. I am satisfied that Field Canada meets the criteria prescribed by section 3.2 of the WEPP Regulations.

Should the Court authorize the distributions to Wells?

[9] The Field Entities seek authorization for the Proposal Trustee to make distributions from any sale proceeds of the DHC/PAL Sale Agreement to Wells, their sole secured creditor and DIP lender.

[10] The sale proceeds from the DHC/PAL Sale Agreement are expected to be sufficient to fully repay Wells after payment of the priority payables.

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[1] Section 5(1)(b)(iv) of WEPPA provides:

> 5(1) An individual is entitled to receive a payment if
> [...]
> (b) one of the following applies:
> [....]
> (iv) the former employer is the subject of proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act* or under the *Companies' Creditors Arrangement Act* and a court determines under subsection (5) that the criteria prescribed by regulation are met;

[2] Section 5(5) of WEPPA provides: On an application by any person, a court may, in proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act* or under the *Bankruptcy and Insolvency Act* or under the *Companies' Creditors Arrangement Act*, determine that the former employer meets the criteria prescribed by regulation.

[11] In determining whether to approve interim distributions, the Court considers:

a. Whether the proposed recipient's security is valid and enforceable;

b. Whether the amounts that are owed to the proposed recipient exceed the proposed interim distribution amount; and

c. Whether the proposed interim distribution would result in interest savings:

First Source Financial Management v. Chacon Strawberry Fields Inc., 2024 ONSC 7229 at paras. 45-46.

[12] As set out at para. 36 of the Field Entities' factum, each of the above factors is satisfied in the instant case.

Should the Court approve the UKRI Agreemenst?

[13] The Field Entities seek approval of the UKRI Agreements, which provide for the orderly retrieval of the UKRI Aircraft and related assets from the Field Entities' hangar, among other things. Upon completion of the obligations in the agreement, UKRI will provide certain releases in favour of Field Canada, the Proposal Trustee and certain related parties.

[14] Courts often approve settlement agreements within the restructuring context that avoid "complex and costly legal contests" and "contribute to advancing the restructuring on a timely and efficient basis:" *Re 1057863 BC Ltd*, 2024 BCSC 1111 at para. 14.

[15] The Court may consider the following factors when determining whether to approve a settlement agreement in insolvency proceedings:

a. Whether the settlement is fair and reasonable;

b. Whether the settlement provides substantial benefits to other stakeholders; and

c. Whether the settlement is consistent with the purpose and spirit of the relevant insolvency legislation.

[16] As set out at para. 44 of the Field Entities' factum, the UKRI Agreements satisfy these factors. Further, the Proposal Trustee supports the UKRI Agreements.

Should the Court approve the A&R Data Transfer Agreement?

[17] The Court previously approved the Draken Data Transfer Agreement. The A&R Transfer Agreement finalizes the schedule of transferred intellectual property and data – it does not materially alter the transaction that was already approved by the Court.

[18] The Proposal Trustee and Wells continue to support the transaction.

Should the Court authorize the Field Entities to sell residual assets?

[19] The Field Entities seek approval to sell any remaining Property not subject to the DHC/PAL Transactions up to $250,000 per transaction without the need for further Court appearances. The Court has made similar Orders in other proceedings: *Re The Body Shop Canada Limited*, Order of Osborne J. (as he then was), dated March 4, 2024, Court File No. BK-31-3050418.

[20] As noted by the Field Entities this relief will prevent further expense, thereby maximizing proceeds available to stakeholders.

Should the Court approve the Proposal Trustee's fees and activities?

[21] The Field Entities seek approval of: (i) the fees and disbursements of the Proposal Trustee and its counsel; and (ii) the Proposal Trustee's First Report and Second Report.

[22] The request to approve the Reports is not unusual and there are good policy and practical reasons for doing so: see *Chacon*, at para. 55. No opposition to the approval of the Reports has been raised and the approval of such is appropriate in the circumstances as the Proposal Trustee has acted in good faith and in accordance with its mandate and applicable legislation.

[23] With regard to the fees and disbursements of the Proposal Trustee and its counsel, the Court of Appeal for Ontario held in *Bank of Nova Scotia v Diemer* 2014 ONCA 851 at paras 33 and 45, that this Court does not undertake a line-by-

line analysis of the invoices. Rather, the guiding principles on fee approvals of this nature are whether the fees are fair, reasonable, and proportionate given the value of the property and liabilities as well as the complexity of the proceeding. In considering these guiding principles, the fees of the Proposal Trustee and its counsel are appropriate and are approved.

Should the Court extend the time to file a proposal and stay of proceedings?

[24] The Field Entities seek to extend the time to file a proposal by 45 days, to October 3, 2026.

[25] The Court has the authority to extend the stay period for 45 days under s. 50.4(9) of the BIA where the Court is satisfied that: (a) the insolvent person has acted, and is acting, in good faith and with due diligence; (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and (c) no creditor would be materially prejudiced if the extension being applied for were granted.

[26] I am satisfied that the stay extension should be granted. The Proposal Trustee supports the requested extension. The Field Entities have been acting diligently and in good faith throughout the NOI Proceedings. No shareholder will be materially prejudiced by the extension. The extension will provide the Field Entities and the Proposal Trustee with sufficient time to complete the DHC/PAL Transactions and the Draken Program, among other things, and wind down operations in an orderly manner.

Should the Court pre-authorize the Field Entities' assignment in bankruptcy?

[27] I am satisfied that the Court should authorize the Proposal Trustee to file an assignment in bankruptcy on behalf of the Field Entities. As noted by the Field Entities, this Court has previously authorized this relief where, (a) the debtors are facing bankruptcy in any event; (b) delaying bankruptcy may be prejudicial to the debtors' stakeholders; and (c) bankruptcy would provide the insolvent debtors and the court officer with "efficient and cost-effective procedures" for winding down the insolvency proceedings: *Bank of Nova Scotia v. Fraser Valley Renewables Ltd*, 2026 BCSC 201, at para. 96.

[28] I agree that the above factors are satisfied in this case for the reasons set out at para. 52 of the Field Entities' factum.

Voyageur AVO

[29] The Field Entities seek an AVO approving the Voyageur Transaction and vesting the Purchased Assets in Voyageur.

[30] Following the SISP, and in consultation with the Proposal Trustee, the Field Entities accepted the Voyageur bid.

[31] Under the Voyageur Bill of Sale Voyageur contracts to buy the Voyageur Purchased asset for a purchase price of $210,000 USD, exclusive of taxes. The transaction with Voyageur is conditional on the Court granting the requested Voyageur Approval and Vesting Order.

[32] Under s. 65.13(4) of the BIA, there are certain factors to be considered by the court when determining whether to approve the sale of assets outside the ordinary course of business:

a. Whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

b. Whether the proposal trustee approved the process leading to the proposed sale or disposition;

c. whether the proposal trustee filed with the court a report stating that, in its opinion, the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

d. the extent to which the creditors were consulted;

e. the effects of the proposed sale or disposition on the creditors and other interested parties; and

f. whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

[33] The Court will also have regard to the principles set out in *Royal Bank v. Soundair Corp*, which principles "overlap considerably" with the section 65.13(4) criteria.

[34] The Proposal Trustee indicated in Court that it supports the Voyageur Transaction and the granting of the Voyageur Approval and Vesting Order.

[35] For the reasons set out at para. 13 of the Field Entities' supplemental factum, I am satisfied that the *Soundair* principles have been satisfied. Among other things, the Voyageur Purchased Asset was marketed through the Court-approved SISP. Through the SISP process, Voyageur submitted the only binding bid for the Voyageur Purchased Asset. The Field Entities are of the view that additional marketing efforts are unlikely to result in a superior recovery. The Proposal Trustee supports the transaction.

DHC/PAL AVO

Should the Court approve the DHC/PAL Sale Agreement?

[36] As set out above, section 65.13(4) of the BIA sets out the statutory factors to be considered by the court when determining whether to approve a sale of assets outside the ordinary course of business. In addition, the Court will have regard to the *Soundair* principles.

[37] I am satisfied that the DHC/PAL Transactions satisfy the section 65.13(4) criteria and the *Soundair* principles for the reasons set out at para. 22 of the Field Entities' factum. Among other things, the DHC/PAL Sale Agreement was the stalking horse bid in the SISP that was approved by the Court. It was the only qualified bid submitted under the SISP. The SISP was developed in consultation with the Proposal Trustee, CRO and Wells (the sole secured creditor). The Proposal Trustee and Wells support the DHC/PAL Transactions. The consideration to be paid will be enough to repay in full Wells, in addition to all unpaid wages and accrued vacation to employees, and remaining KERP payments.

Should the Court grant the proposed releases?

[38] The proposed DHC/PAL Approval and Vesting Order contemplates certain limited Releases in favour of the Released Parties, comprising: (i) the Field Entitles' directors, officers, employees and advisors, and (ii) the Proposal Trustee. The

Proposal Trustee supports the proposed Releases. The Union supports the revised proposed releases (with the inclusion of the underlined language in para. 39 below). No person opposes the revised proposed releases.

[39] The proposed Releases are generally limited to claims arising from acts, omissions, transactions, dealings or other matters existing prior to closing of the DHC/PAL Transactions or arising in connection with (i) the Business, Property and affairs of the Field Entities, (ii) the administration and/or management of the Field Entities and the NOI Proceedings; and (iii) the DHC/PAL Sale Agreement and/or the consummation of the DHC/PAL Transactions. The proposed Releases contain the typical exclusions that are not covered: (i) claims that are not permitted to be released under applicable law; (ii) claims arising from fraud or wilful misconduct, or post-closing obligations under the DHC/PAL Sale Agreement or the DHC/PAL Transactions. Further, the proposed Releases do not cover: (i) claims that are recoverable under any of the Field Entities' applicable directors' and officers' insurance, up to the maximum amount claimable thereunder; (ii) claims that are preserved by UKRI pursuant to the UKRI Agreements; (iii) claims available pursuant to sections 95 or 96 of the BIA, (iv) claims that may be asserted by the Union or members of its Field Entities' bargaining unit, pursuant to the *Canada Labour Code* (the "CLC"); or (v) any Claims that arise on or after June 5, 2026 that may be asserted pursuant to s. 251.18 of the CLC, or applicable employment standards legislation or regulation, but only to the extent that such claims may be asserted as against the Directors' Charge, up to the maximum quantum of the Directors' Charge.

[40] In determining whether a third-party release is appropriate and should be approved, the Court will consider the factors set out in *Re Lydian International Limited*, 2020 ONSC 4006, at para. 54:

a. Whether the parties to be released from claims were necessary and essential to the restructuring of the debtor;

b. Whether the claims to be released were rationally connected to the purpose of the plan and necessary for it;

c. Whether the plan could succeed without the releases;

d. Whether the parties being released were contributing to the plan; and

e. Whether the releases benefited the debtors as well as the creditors generally.

[41] There may be statutory liability to the directors in respect of certain employee claims. As set out further below, I still am satisfied that the requested releases should be granted. Among other things, the directors and employees are necessary to implement the proposed DHC/PAL Transaction (which as set out above was the only qualified bid received in the SISP) with certainty and finality.

[42] The Field Entities went into default under their loans with Wells in April 2026. Following the default, Wells started to exercise its rights under the applicable agreements and began sweeping the company's cash accounts. At that time there were 132 employees who were paid in arrears. Through the significant efforts of the directors, the company was able to secure a letter of intent with DHC, get a CRO appointed and negotiate the Draken agreement to fund overhead costs, among other things. With the Draken agreement about 40 employees were called back to work until the project is completed this fall. As noted by the Field Entities, throughout these proceedings, the directors and officers assisted the Proposal Trustee with the implementation of the SISP, maintained the data room, responded to inquiries, facilitated due diligence and the preparation of assets for sale, among other things. The Released Parties have contributed significantly to the restructuring of the Field Entities. Because of their significant contributions, a successful SISP was completed with sufficient proceeds to pay all outstanding wages and vacation pay and repay Wells in full.

[43] This Court has recently cautioned against granting overly broad releases: *SRX Health Solutions (Canada) Inc*, 2026 ONSC 2894 at paras. 24-38. As detailed above, the proposed releases have been appropriately tailored in the instant case. There are numerous exclusions from the releases, including claims that are recoverable under the applicable D&O policies. I further note that the Field Entities had granted the directors indemnities, which the directors will be unable to rely upon because of the insolvency.

[44] Three Orders to go in the form signed by me today, with immediate effect.



Date of Release: JULY 27, 2026 **JUSTICE JANA STEELE**