

COURT FILE NUMBERS 25-2386427  
25-2386434

Form 49  
Rule 13.19  
Clerk's  
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COURT COURT OF QUEEN'S BENCH OF ALBERTA IN  
BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

APPLICANT IN THE MATTER OF THE DIVISION I  
PROPOSAL PROCEEDINGS OF ASPEN AIR  
CORPORATION and ASPEN AIR U.S. CORP.

DOCUMENT SUPPLEMENTAL AFFIDAVIT

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File No. 258090

## **SUPPLEMENTAL AFFIDAVIT OF ONKAR DHALIWAL Sworn June 22, 2018**

I, Onkar Dhaliwal, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am the President and CEO of Aspen Air Corporation ("Aspen Air") and Aspen Air U.S. Corp. ("Aspen Air US", and together with Aspen Air, the "Aspen Companies") and, as such, I have a personal knowledge of the facts and matters sworn to in this affidavit save where stated to be based on information and belief and, where so stated, I believe such information to be true.
2. This affidavit is intended to be supplemental to my affidavit of June 21, 2018, and is in support of a request for certain additional relief, namely the approval of a DIP Term Sheet (as defined below) and a DIP Lender's Charge (as defined below).
3. This affidavit is therefore made in support of a revised form of Order than requested in my affidavit of June 21, 2018.

4. The Order being sought is substantially the same as the Order described in my affidavit of June 21, 2018, with the addition of a request for approval of an interim financing (“DIP”) term sheet (the “DIP Term Sheet”) and the granting of a charge in favour of the DIP lender, C.F. Capital Corporation (the “DIP Lender”), which will be discussed further below.

### **Restructuring Efforts**

5. On June 6, 2018, Aspen Air and Aspen Air US each filed Notices of Intention to Make a Proposal (the “NOIs”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
6. As noted in my affidavit dated June 21, 2018, since the filing of the NOIs the Aspen Companies have been working diligently with their counsel and the Proposal Trustee in formulating a restructuring plan.
7. As noted in my affidavit dated June 21, 2018, in connection with a possible restructuring plan, the Aspen Companies were approached by the DIP Lender, which expressed an interest in acquiring the ATB debt or purchasing the assets of the Aspen Companies. During the Proposal Proceedings the Aspen Companies have therefore been communicating with the DIP Lender and assisting it with its due diligence efforts in respect of the Aspen Companies. When the Aspen Companies determined that a DIP was desirable as part of the Proposal Proceedings, the Aspen Companies approached the DIP Lender about providing interim financing.

### **DIP Lender’s Charge**

8. The Aspen Companies are of the view that interim financing is desirable in order to maximize the value of their assets and to support the Sale and Investor Solicitation Process described in my affidavit of June 21, 2018 (the “SISP”).
9. The Aspen Companies have been negotiating with the DIP Lender during the Proposal Proceedings but were unable to conclude negotiations on a definitive term sheet prior to the swearing of my June 21, 2018, affidavit. However, the Aspen Companies and the DIP Lender have entered into a DIP Term Sheet dated June 22, 2018, which is attached hereto as Exhibit “A”.
10. The DIP Term Sheet provides for a single draw term facility of \$250,000 (the “DIP Facility”) to be used substantially in accordance with the Cash Flow Forecasts (as defined in my



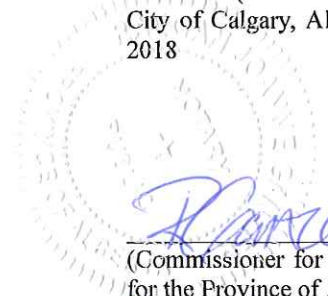
affidavit of June 21, 2018) and which is to be secured by a first ranking charge, subject only to the Administration Charge (as defined in my affidavit of June 21, 2018) (the **“DIP Lender’s Charge”**) against all of the property, assets and undertakings of the Aspen Companies (the **“Property”**).

11. The DIP Facility is expected to provide additional liquidity to allow the Aspen Companies to maximize the value of their assets and support the SISP. I understand and believe that the Proposal Trustee is supportive of the DIP Facility and the DIP Lender’s Charge.
12. The Aspen Companies are therefore seeking approval of the DIP Facility and the DIP Lender’s Charge as a first ranking charge over the Property, subject only to the Administration Charge, which is desirable to maximize the value of the assets, implement the SISP, and assure the suppliers, employees, customers and other stakeholders of the Aspen Companies that they will continue operating as a going concern during the Proposal Proceedings.

### **Conclusion**

13. I make this affidavit in support of the relief sought in the Application filed concurrently with this my affidavit.

SWORN (OR AFFIRMED) BEFORE ME at)  
 City of Calgary, Alberta, this 22nd day of June,  
 2018



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 (Commissioner for Oaths / Notary Public in and for the Province of Alberta)

*Onkar Dhatiwad*  
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(Signature)

**RAEGAN GANZER**  
 PRINT NAME AND EXPIRY/LAWYER  
 /STUDENT AT LAW  
 MY COMMISSION EXPIRES DECEMBER 31, 2018

*Onkar Dhatiwad*  
 \_\_\_\_\_  
 (Print Name)

# EXHIBIT A

This is Exhibit "A" referred to in  
the Affidavit of Onkar Dhaliwal,  
sworn before me this  
22<sup>nd</sup> day of June, 2018



RAEGAN GANZER

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

MY COMMISSION EXPIRES DECEMBER 31, 2018



**INTERIM FINANCING TERM SHEET**  
**JUNE 22, 2018**

WHEREAS the Borrowers (as defined below) have requested that the DIP Lender (as defined below) provide interim financing to fund the Borrowers' operating costs during the term of the proposal proceedings of the Borrowers (the "**Proposal Proceedings**") commenced pursuant to the *Bankruptcy and Insolvency Act* (Canada) in accordance with the terms and conditions set out herein;

AND WHEREAS the DIP Lender has agreed to provide financing in order to fund the operating costs of the Borrowers in the context of their Proposal Proceedings in accordance with the terms set out herein;

NOW THEREFORE the parties, in consideration of the foregoing and the mutual agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

<b>Borrowers:</b>	Aspen Air Corporation and Aspen Air U.S. Corp. (together, the " <b>Borrowers</b> ").
<b>DIP Lender:</b>	C.F. Capital Corporation or any of its affiliates (the " <b>DIP Lender</b> ").
<b>DIP Facility and Maximum Amount:</b>	A single draw term facility (the " <b>DIP Facility</b> ") in an amount not exceeding the principal amount of CAD \$250,000 (the " <b>Maximum Amount</b> ").
<b>Use of Proceeds and Reporting:</b>	The Borrowers shall use the proceeds of advances under the DIP Facility to fund net cash flow deficiency during the course of the Proposal Proceedings substantially in accordance with the cash flow forecast attached as Schedule "A", or substantially in accordance with any amended or subsequent cash flow forecasts that may be filed in these proceedings. The Borrowers shall deliver to the DIP Lender weekly cash flow forecasts substantially in the form of the cash flow forecast attached as Schedule "A" hereto.
<b>Interest Rate:</b>	Advances under the DIP Facility shall bear interest at 10% per annum. Interest on advances made under the DIP Facility shall accrue and be payable monthly in arrears.
<b>Prepayments:</b>	Provided the Proposal Trustee, Deloitte Restructuring Inc., is satisfied that the Borrowers have sufficient cash reserves to fund their operating expenses during the course of the Proposal Proceedings and provides its consent, the Borrowers may prepay any amounts outstanding under the DIP Facility at any time prior to the Maturity Date (as defined below) together with the applicable Exit Fee (as defined below) thereon.
<b>Commitment</b>	The Borrowers shall pay the DIP Lender a commitment fee equal to 2% of the



<b>Fee:</b>	Maximum Amount (the " <b>Commitment Fee</b> "), which fee shall be earned by the DIP Lender upon acceptance of this Interim Financing Term Sheet by the Borrowers and issuance by the Alberta Court of Queen's Bench (the " <b>Court</b> ") of the Interim Financing Approval Order (as defined below) and shall be payable by the Borrowers from the initial advance.
<b>Exit Fee:</b>	When the DIP Facility is repaid in full or in part, whether on the Maturity Date or otherwise, the DIP Lender shall be entitled to a 2% fee on the principal amount of the DIP Facility so repaid (the " <b>Exit Fee</b> "), which shall be paid by the Borrowers to the DIP Lender in cash in connection with such repayment of all or any part in of the DIP Financing Obligations (as defined below). The Exit Fee shall be fully earned upon the granting of the Interim Financing Approval Order.
<b>DIP Lender's Charge:</b>	The DIP Lender shall be granted a charge (the " <b>DIP Lender's Charge</b> ") over all of the Borrowers' assets, rights, undertakings and properties securing all obligations owing by the Borrowers to the DIP Lender including, without limitation, all principal, interest, costs (including reasonable legal fees), the Commitment Fee and the Exit Fee (the " <b>DIP Financing Obligations</b> ").
<b>Repayment:</b>	The DIP Financing Obligations shall be repayable: (a) nine months after the date of the Interim Financing Approval Order (the " <b>Maturity Date</b> "), (b) if the Proposal Proceedings expire without being extended or are converted to a liquidation proceedings, or (c) if the plan, other than the C.F. plan is approved. The Maturity Date may be extended from time to time at the request of the Borrowers and with the prior written consent of the DIP Lender for such period and on such terms and conditions as the DIP Lender may agree in its sole discretion.
<b>Conditions Precedent:</b>	The DIP Lender's agreement to make advances to the Borrowers up to the Maximum Amount is subject to the Borrowers: (i) receiving an Order of the Court in the Proposal Proceedings approving this Interim Financing Term Sheet and the DIP Facility and granting the DIP Lender's Charge in priority to all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests, other than holders of secured liens that did not receive notice of the application for such Order (the " <b>Interim Financing Approval Order</b> "); and (ii) receiving an Order of the United States Bankruptcy Court recognizing the Proposal Proceedings as foreign main proceedings under Chapter 15 of the Bankruptcy Code and recognizing the Interim Financing Approval Order (the " <b>US Recognition Order</b> ").
<b>Other Conditions:</b>	All advances are subject to the following additional conditions precedent to advance: (i) the DIP Lender shall have received from the Borrowers a written borrowing request; (ii) the Proposal Proceedings shall not have been terminated; and

	<p>(iii) neither the Interim Financing Approval Order, nor the US Recognition Order, shall have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified (without the prior written consent of the DIP Lender).</p> <p>The DIP Lender is not obligated to advance funds if these conditions are not satisfied or waived by the DIP Lender in its sole discretion.</p>
<b>Expenses:</b>	<p>Following the execution of the Credit Documentation and the closing of the transaction contemplated by this Term Sheet, the Borrowers jointly and severally agree to reimburse and indemnify the DIP Lender in respect of all its reasonable costs and expenses (including the fees and disbursements of legal counsel) in connection with this Term Sheet and the Credit Documentation (as defined below) including any amendment thereto, and (ii) in connection with the enforcement of rights and remedies in the Credit Documentation.</p>
<b>Governance:</b>	<p>This Interim Financing Term Sheet and each of the documents contemplated by or delivered under or in connection with this Interim Financing Term Sheet shall be governed by, and are to be construed and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in the Province of Alberta.</p>
<b>Binding Commitment:</b>	<p>The DIP Lender hereby agrees that execution of this Interim Financing Term Sheet constitutes a binding commitment on the part of the DIP Lender to make available to the Borrowers the DIP Facility, subject to satisfaction of the terms and conditions set out herein.</p>
<b>Documentation:</b>	<p>The commitment herein provided shall be subject to the preparation, execution and delivery of mutually acceptable standard form credit documentation giving effect to the terms and conditions herein.</p>
<b>Further Assurances:</b>	<p>Each party shall from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to the provisions and intent of this Interim Financing Term Sheet and to complete the transactions contemplated by this Interim Financing Term Sheet.</p>

**DIP LENDER:**

**C.F. CAPITAL CORPORATION**

Per:



Date: 6/22/18

Name: CHRIS KREDIET  
Title: PRESIDENT

**BORROWER:**

**ASPEN AIR CORPORATION**

Per:

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

Name: \_\_\_\_\_  
Title \_\_\_\_\_

**BORROWER:**

**ASPEN AIR U.S CORP.**

Per:

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

Name: \_\_\_\_\_  
Title \_\_\_\_\_



**DIP LENDER:**

**C.F. CAPITAL CORPORATION**


Per:

\_\_\_\_\_  
Name: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**BORROWER:**

**ASPEN AIR CORPORATION**


Per:

  
\_\_\_\_\_  
Name: Onkar Dhalwal Date: June 22/18  
Title CEO

**BORROWER:**

**ASPEN AIR U.S CORP.**

Per:

  
\_\_\_\_\_  
Name: Onkar Dhalwal Date: June 22/18  
Title CEO