

## SALE AND INVESTMENT SOLICITATION PROCESS

### IN THE MATTER OF THE BANKRUPTCY OF CANADA JETLINES OPERATIONS LTD. (the “Company”)

#### SALE AND INVESTMENT SOLICITATION PROCESS (“SISP”) OVERVIEW

On August 15, 2024 the Company filed a Notice of Intention to Make a Proposal pursuant to the terms of the *Bankruptcy and Insolvency Act (Canada)* (the “BIA”). On September 11, 2024 the Company filed an Assignment in Bankruptcy pursuant to the BIA (the “**Bankruptcy Proceedings**”).

1. The purpose of the SISP is to identify one or more purchasers of and/or investors in all or substantially all of the business formerly carried on by the Company (the “**Business**”) and/or the Company’s properties, assets and undertakings, including but not limited to its Air Operator Certificates issued by Transport Canada (the “**Assets**”).
2. The SISP describes the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Business and Assets, and how bids involving the Business or Assets will be submitted and dealt with by BDO Canada Limited, in its capacity as Trustee-in-Bankruptcy of the Company (the “**Trustee**”), and how such bids will be approved by the: (a) inspectors appointed in the Bankruptcy Proceedings (the “**Inspectors**”); (b) creditors of the Company entitled to vote on any proposal (the “**Creditors**”); and (c) Ontario Superior Court of Justice (the “**Court**”) are to provide their approval in respect of any Transaction (as defined below).
3. As described below, the various deadlines herein may be extended by and at the discretion of the Trustee in the event that it is determined that such an extension will generally benefit the Company’s Creditors and other stakeholders. The Trustee shall generally oversee the SISP.

#### “AS IS, WHERE IS” BASIS

4. Any transaction involving the Business or Assets (the “**Transaction**”) will be completed with applicable Inspector, Creditors and Court approval on an “as is, where is” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Trustee, or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant Final Agreement (as defined herein).
5. The key milestone events and corresponding dates pursuant to the SISP are as follows (capitalized terms in the chart below have the meaning ascribed in the SISP):

<u>Event</u>	<u>Date (each by 5:00 p.m. EST)</u>
Trustee to create a List of Potential Bidders and distribute Teaser Letter and Non-Disclosure Agreements to Known Potential Bidders, if requested.	As soon as practical and no later than May 12, 2025

Advertisement in the national edition of the <i>Globe and Mail</i> and/or another national news publication on the sale of the Assets. (the "SISP Commencement Date")	As soon as practical and no later than May 17, 2025
Binding Offer Bid Deadline	June 6, 2025
Selection of Winning Bid and Final Agreement	By June 13, 2025
Proposal to be made to Creditors	June 30, 2025
Creditor meeting to vote on Proposal within 21 days of Proposal filing	July 21, 2025
Application to the Court for Approval Order(s)	As soon as reasonably practicable after the Final Agreement and approval of Proposal
Closing of the Transaction (the "Closing Date")	No later than August 29, 2025

## THE SISP PROCESS

### A. Solicitation of Interest

6. The Trustee may contact any Persons to solicit expressions of interest in a Transaction either before or after the SISP commencement date.
7. As soon as reasonably practicable and in any event by no later than May 12, 2025 the Trustee, will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in the purchase of the Assets or investment in the equity of the Company. Concurrently, the Trustee will prepare an offering summary (the "**Teaser Letter**") notifying Known Potential Bidders and any other interested persons of the SISP and inviting them to express interest in making a bid. The Teaser Letter shall be posted on the Trustee's website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/canada-jetlines-operations-ltd>.
8. On or before May 17, 2025, the Trustee will place an advertisement in the national edition of *The Globe and Mail* or another national news publication advising the opportunity.
9. The Trustee shall distribute to the Known Potential Bidders and any other interested Persons who show interest in the purchase of the Assets a form of non-disclosure agreement ("**NDA**").
10. Any Person: (a) who executes a NDA in form and substance satisfactory to the Trustee, and (b) provides written confirmation of the identity of the potential bidder, including its direct and indirect principals and financial disclosure or credit quality support sufficient to allow the Trustee, in consultation with the Inspectors, to make a reasonable determination as to its capabilities to conclude a transaction, shall be deemed to be a potential bidder (each, a "**Potential Bidder**").

### B. Due Diligence

11. The Trustee shall provide each Potential Bidder with information, including access to an electronic data room established by the Trustee (the "**Data Room**") as soon as practicable following the

Trustee's determination of whether a party is a Potential Bidder.

12. The Trustee shall coordinate all reasonable requests for additional information and due diligence access for Potential Bidders.
13. The Trustee and their respective legal advisors make no representation or warranty as to the information made available pursuant to the SISP, including any information contained in the Data Room.

### C. Offer Process

14. Any Potential Bidder who wishes to submit a bid must deliver a written, offer (each, an "**Offer**") to the Trustee at the address specified in and in accordance with **Schedule "A"** attached hereto so as to be received by the Trustee no later than **5:00 p.m. (Eastern Standard Time) on June 6, 2025**, or such other date or time as the Trustee, in consultation with and upon approval of the Inspectors may determine (the "**Binding Offer Bid Deadline**").
15. Following the Binding Offer Bid Deadline, all Offers shall be reviewed by the Trustee, and as the Trustee deems necessary, by its legal counsel.
16. An Offer shall be a qualified binding Offer (each, a "**Qualified Binding Offer**") provided that:
  - a. it is submitted on or before the Binding Offer Bid Deadline by a Potential Bidder;
  - b. a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect owners of the Potential Bidder and their principals;
  - c. it includes a cover letter confirming that the Qualified Binding Offer is irrevocable and includes the following information:
    - i. Sale Proposal: In the case of a sale proposal, the material terms and conditions of the proposed transaction, including identification of the Business and/or Assets proposed to be acquired, the obligations to be assumed, the purchase price for the Assets proposed to be acquired (the "**Purchase Price**"), and the structure and financing of the proposed transaction;
    - ii. Investment Proposal: In the case of an investment proposal, the material terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the *pro forma* capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Company, and the debt, equity, or other securities, if any, proposed to be allocated to creditors of the Company.
  - d. it identifies:
    - i. the purchase price in Canadian Dollars;
    - ii. written evidence that the Potential Bidder has obtained or shall obtain sufficient funds to complete the Transaction, including, without limitation: (i) the sources of funding; and (ii) any such other form of financial disclosure or credit quality support information requested by the Trustee;

- iii. any anticipated corporate, shareholder, internal or regulatory approvals required to close the Transaction and the anticipated timeframe and any anticipated impediments for obtaining such approvals;
  - iv. any anticipated due diligence to be completed by Potential Bidder prior to the Closing Date;
  - v. must not be subject to any conditions other than approval by the Inspectors, Creditors and the Court, as applicable, and the Offer must acknowledge that it is subject to Creditor and Court approval;
  - vi. contemplates a schedule for closing the Transaction as set out therein which is on or before the Closing Date;
  - vii. contains such other information as reasonably requested by the Trustee from time to time; and
  - viii. an acknowledgement and representation that the Potential Bidder has relied solely on its own independent review, investigation and/inspection of any documents regarding the Company, the Business or the Assets to be acquired, and did not rely upon any written or oral statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied by the Trustee, or any of their respective agents, estates, advisors, professionals or otherwise, regarding the Company, the Business or the Assets to be acquired, or the completeness of any information provided in connection therewith, except to the extent expressly set forth in the relevant Final Agreement.
- 17. A Qualified Binding Offer must be accompanied by a cash deposit in an amount equal to 10% of the proposed purchase price (the “**QO Deposit**”).
- 18. Any Potential Bidder who submits a Qualified Binding Offer on or before the Binding Offer Bid Deadline shall be designated a qualified bidder (a “**Qualified Bidder**”).
- 19. The Trustee, in consultation with the Inspectors, may waive strict compliance of one or more of the requirements specified above and may deem any Offer to be a Qualified Binding Offer, notwithstanding any noncompliance with the terms and conditions of this SISP.
- 20. In the event that no Person submits an Offer, or that no Offer qualifies as or is deemed to qualify as a Qualified Binding Offer, or that no Qualified Binding Offer is deemed commercially reasonable to the Trustee, the Trustee may terminate the SISP. If no Qualified Binding Offers are received by the Binding Offer Bid Deadline or the SISP is terminated in accordance with the terms herein, the Trustee may, in consultation with the Inspectors, consider another form of bid for the Business or the Assets. At any time during the SISP, the Trustee may, in consultation with the Inspectors, determine that any Offer is a Winning Bid (as defined herein) and seek Approval Order(s) (as defined herein) in respect of such Winning Bid(s) from the Court.

#### **D. Selection of Winning Bid**

- 21. The Trustee shall review all Qualified Binding Offers received by the Binding Offer Bid Deadline, provided any such Qualified Binding Offer complies with the requirements set out above.
- 22. The Trustee, with the approval of the Inspectors, may, but shall have no obligation, to enter into a

definitive agreement (each a "**Final Agreement**") with the Person or Persons who submitted the highest, best or otherwise most favourable Qualified Binding Offer. The Final Agreement closing date is anticipated to be no later than August 29, 2025 ("**Final Agreement Deadline**").

23. The Qualified Binding Offer that proposes the highest purchase price may not necessarily be accepted by the Trustee. The Trustee reserves the right not to accept any Qualified Binding Offer or to otherwise terminate the SISP at its discretion, in consultation with the Inspectors.
24. In the event that the Trustee enters into one or more Final Agreements, the Qualified Binding Offer(s) so selected shall be a "**Winning Bid(s)**". Any Qualified Bidder(s) that makes a Winning Bid(s) shall be a "**Successful Bidder(s)**".
25. Upon the Trustee informing a Qualified Bidder that their Qualified Binding Offer is a Winning Bid, the Successful Bidder shall submit an additional cash deposit in an amount equal to 10% of the proposed purchase price (the "**WB Deposit**" and collectively with the QO Deposit, the "**Deposits**"). The WB Deposit will be deemed non-refundable notwithstanding whether or not the Transaction contemplated by the Winning Bid closes.
26. This Trustee may suspend or terminate the SISP in the event that: (a) no Qualified Binding Offer is received; (b) the Trustee, with the approval of the Inspectors, determines that none of the Qualified Binding Offers should be accepted; or (c) a Final Agreement has not been entered into before the Final Agreement Deadline. In any such case, the Trustee may consider other forms of bids for the Business or Assets.

#### **E. Deposits**

27. Deposits shall be payable to the Trustee, "BDO Canada Limited - in trust" by way of wire transfer (to the instructions included in Schedule "A"), bank draft or certified cheque. Deposits may be held by the Trustee in a non-interest-bearing account.
28. All Deposits paid pursuant to this SISP shall be held in trust by the Trustee. The Trustee shall hold Deposits paid by each of the Successful Bidder in accordance with the terms outlined in this SISP.
29. In the event that a Deposit is paid pursuant to this SISP and the Trustee elects not to accept that Person's or Persons' Qualified Binding Offer and to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person or Persons that paid such Deposit, the Trustee shall return the Deposit to that Person or Persons as soon as practicable.
30. In the event that a Successful Bidder defaults in the payment or performance of any obligations owed to the Trustee pursuant to any Final Agreement, the Deposit paid by the Successful Bidder shall be forfeited as liquidated damages and not as a penalty.
31. Subject to the terms of any Final Agreement, a portion of the Deposits may be nonrefundable to fund the professional fees associated with completing the required tasks and preparing the required materials to facilitate the completion of the Transaction contemplated by the Final Agreement.

#### **F. Creditor Approval and Court Approval**

32. In the event that the Trustee enter into a Final Agreement, the Trustee shall as soon as reasonably practicable thereafter, file the Company's Proposal under Division 1 of the BIA (the "**Proposal**") and call the meeting of Creditors within 21 days of the filing of the Proposal to vote on the Proposal. Subsequent to obtaining Creditor approval of the Proposal, the Trustee will, within 5 days apply to the Court for a date for approval of the Proposal and the sale of the Business or the Assets, as the case may be.
33. A Court approval order (the "**Approval Order**") satisfactory to the Trustee will approve the Transaction contemplated by the Winning Bid and any necessary related relief required to

consummate the Transaction contemplated by the Winning Bid, subject to the terms of the Final Agreement.

#### **G. Closing**

34. Closing of the Transaction contemplated in any Final Agreement shall occur by no later than **August 29, 2025**, unless agreed to by the Trustee, in consultation with the Inspectors.

#### **H. Other**

35. This SISP does not, and will not be interpreted to, create any contractual or other legal relationship between the Company, the Trustee and any Person, Qualified Bidder, Successful Bidder, or any Creditor, or other stakeholder, for any act or omission related to this SISP.
36. Each Person submitting a Qualified Binding Offer shall be deemed to have agreed that it has no claim against the Company or the Trustee for any reason, matter or thing whatsoever related to this SISP.

## **SCHEDULE “A”**

### **Addresses for Deliveries and Wire Transfer Information**

Any notice or other delivery made to the Trustee pursuant to this SISP shall be made to:

**BDO Canada Limited**

20 Wellington St E, Suite 500

Toronto, ON M5E 1C5

Attention: Anna Koroneos and Matthew Marchand

Tel: 647-798-1459

Email: [akoroneos@bdo.ca](mailto:akoroneos@bdo.ca) | [mmarchand@bdo.ca](mailto:mmarchand@bdo.ca)

Deliveries pursuant to this SISP by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SISP shall be deemed to be received when delivered to the relevant address, as identified above.

#### **Wire Transfer Details for the Trustee**

**Beneficiary:** BDO Canada Limited, ITF

TRANSIT ACCOUNT

500-20 Wellington St East

Toronto, ON M5E 1C5

Institution No.: 003

Transit No.: 00002

Account No.: 121 293 5

Swift Code: ROYCCAT2

**Remittance Info:** DO NOT REJECT WIRE. NOTIFY & PAY. Payment for Trusteed Deposit Account #00002 121 293 5

For BDO Canada Limited, ITF TRANSIT ACCOUNT

**BANK:** Royal Bank of Canada

Main Branch Royal Bank Plaza

200 Bay Street Main Floor

Toronto, ON M5J 2J5