

May 22, 2014

To the Creditors of Montair Aviation Inc.

Dear Sirs/Mesdames:

Re: In the Matter of the Proposal of Montair Aviation Inc.

Please find enclosed the following documents for your review:

1. Notice of Proposal to Creditors
2. Certificate of Filing a Proposal
3. Trustee's Report to Creditors on Proposal
4. Proposal
5. Statement of Affairs (Summary) and List of Creditors
6. Voting Letter
7. Proof of Claim, Proxy and Instructions

To be entitled to vote the Trustee must receive your proof of claim prior to the creditors meeting as set out below. You can vote either in person or by sending your proof of claim and voting letter via mail or facsimile 604-605-3359 to the Trustee prior to the meeting date and time. You may also appoint a representative as your proxy to vote at the meeting on your behalf.

Meeting of Creditors

Date and Time: **Wednesday, June 4, 2014 at 2:00 p.m.**
Place: 2nd Floor Boardroom
Address: 230 - 830 West Pender Street, Vancouver, BC

Should you have any questions regarding the report or the terms of the Proposal, please contact John McEown.

Yours very truly,

Boale, Wood & Company Ltd.

Trustee in the Proposal of
Montair Aviation Inc.

Per:  John McEown, CA•CIRP



INSOLVENCY CONSULTANTS & TRUSTEE IN BANKRUPTCY

1140 – 800 W Pender Street
Vancouver, BC V6C 2V6
Tel 604 605 3335
Fax 604 605 3359
www.boalewood.ca

District of: British Columbia
Division No: 3
Court No:
Estate No: 11-1870614

FORM 92

Notice of Proposal to Creditors

(Section 51 of the Act)

In the Matter of the proposal of MONTAIR AVIATION INC.

Take notice that MONTAIR AVIATION INC. of the city of Delta in the Province of British Columbia has lodged with me a proposal under the Bankruptcy and Insolvency Act.


A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed herewith.

A general meeting of the creditors will be held at 2nd Floor Boardroom, 230 - 830 West Pender Street, Vancouver, British Columbia, V6C 1J8 on the 4th day of June, 2014 at the hour of 02:00 PM.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the meeting must be lodged with me prior to the commencement of the meeting.

Dated at Vancouver, British Columbia, this 22nd day of May, 2014.



Trustee



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia
Division No. 03 - Vancouver
Court No. 11-1870614
Estate No. 11-1870614

In the Matter of the Proposal of:

MONTAIR AVIATION INC.
Debtor

BOALE, WOOD & COMPANY LTD.
Trustee

Date of Proposal:	May 14, 2014	Security:	\$
Meeting of Creditors:	June 04, 2014, 14:00 200 - 830 WEST PENDER STREET VANCOUVER, British Columbia Canada,		
Chair:	Trustee		

CERTIFICATE OF FILING OF A PROPOSAL - Section 62

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that:

- a proposal in respect of the aforementioned debtor was filed under section 62 of the *Bankruptcy and Insolvency Act*.

The aforementioned trustee is required:

- to provide to me, without delay, security in the aforementioned amount; and
- to send to all creditors, at least ten days prior to the meeting, a notice of a meeting of creditors, which will be held at the aforementioned time and place.

Date: May 15, 2014, 10:42

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada



INSOLVENCY CONSULTANTS & TRUSTEE IN BANKRUPTCY

1140 – 800 W Pender Street
Vancouver, BC V6C 2V6
Tel 604 605 3335
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www.boalewood.ca

**Estate No. 11-1870614
Vancouver Registry**

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY**

**IN THE MATTER OF THE PROPOSAL OF
MONTAIR AVIATION INC.**

TRUSTEE'S REPORT TO CREDITORS

On May 14, 2014, MONTAIR AVIATION INC. (“Montair” or the “Company”) filed a Proposal to its Creditors with Boale Wood and Company Ltd., who has agreed to act as Trustee in this matter. The Trustee filed the Proposal with the Office of the Superintendent of Bankruptcy on the same date and a Certificate of Filing was issued. This report has been prepared by Boale Wood & Company Ltd. in its capacity as Trustee in the Matter of the Proposal of Montair based on information available as at May 21, 2014.

BACKGROUND

Montair Aviation Inc. began operations in 1995 as a Transport Canada approved Flight School located at the Boundary Bay Airport in Delta, BC. Montair also provided small aircraft charter services at that time serving primarily BC and the Northwestern US area. Operations began with two aircraft and over subsequent years the fleet composition and size increased steadily to eventually include pressurized turbine powered executive charter aircraft.

In 1999 Montair began scheduled small aircraft passenger service from Vancouver to several smaller communities throughout BC such as Grand Forks, Creston, Fairmont Hot Springs, Golden, and later, Masset and Dawson Creek. According to management, these services were forced to discontinue due to predatory pricing by the larger airlines.

In 2004 Montair was approached to become approved to provide dedicated training for *ab-initio* training of foreign students for the Chinese airline market. This was a very structured and competitive market and Montair was the first school in Canada to be approved by the Chinese government. The first class of 10 students graduated in 2006. By the fall of 2009, 117 students were in training at campuses at the Boundary Bay and Pitt Meadows airports and Montair had a fleet of 21 owned or leased aircraft and approximately 50 employees.

In the Matter of the Proposal of
Montair Aviation Inc.

Trustee's Report to Creditors

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During the 2010 Vancouver Olympic games local flight restrictions were imposed by the BC government resulting in the cancellation of flight training activities by Montair and the loss of its students to another approved school in Eastern Canada.

While Montair was unable to generate revenues during the Olympics it continued to incur operating and overhead expenses. Following the Olympics, management worked strenuously to regain the flight training business it had lost. New students were signed up and the flight school commenced operations again. According to management, the revenues being generated were not sufficient to cover both the current operating costs and repay the debt that had accumulated while the flight school was not operating.

In 2012 Montair's secured creditors commenced proceedings to realize on their security resulting in Montair having to close the flight school in late 2012.

During 2013 management attempted to raise capital or find a business partner that would provide funding to recommence operations but was unsuccessful.

In early 2014 management met with representatives of Canadian Mountains Aviation Development Group Ltd. ("Canadian Mountains") who expressed interest in pursuing a transaction with Montair whereby Canadian Mountains' investors would subscribe to a majority of the shares of Montair as an operating flight school, funded by Canadian Mountains, largely serving the Chinese aviation industry.

At this time, Montair had no assets or cash flow, and no possibility of generating either without a capital infusion. Also, before a transaction with Montair could be attractive to an investor such as Canadian Mountains, Montair would have to:

- (i) Reinststate its two non-transferable certifications to operate a flight training school, one from Transport Canada and the other from the Civil Aviation Authority of China Flight Standards Department ("CAAC"), and
- (ii) Complete a restructuring of its balance sheet as the outstanding debt makes it impossible for Montair to attract any interest from investors.

While Canadian Mountains conducted its due diligence it agreed to loan funds to, and worked with, Montair to enable Montair to attempt to satisfy the requirements of Transport Canada and the CAAC to have its certifications reinstated.

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Montair Aviation Inc.

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Canadian Mountains is unwilling to move forward with a transaction or continue to fund Montair's operations unless and until Montair can be restructured and the terms of the Proposal are approved by Montair's creditors and the Supreme Court of British Columbia. Canadian Mountains is providing funds for Montair's creditors in the Proposal to enable this process to move forward, recognizing that Montair has no assets realizable by its creditors and, without funds provided by Canadian Mountains, is unable to provide creditors with any return.

SUMMARY OF SIGNIFICANT PROPOSAL TERMS

The significant Proposal terms are as follows:

- Paragraph 3.5 requires Canadian Mountains to make a payment of a \$200,000 Cash Pool to the Trustee within 10 days of the Court Approval of the Proposal for distribution firstly to the priority creditors referenced below and, secondly, to the Secured and Unsecured Creditors on a pro rata basis;
- The Proposal requires payment of the following priority creditors before any funds are distributed to the Secured and Unsecured Creditors:
 - I. Firstly, in respect of any amounts due Her Majesty the Queen in Right of Canada or a Province of a kind which could be subject to a demand under sub-section 224(1.2) of the *Income Tax Act* or under any substantially similar provision of provincial legislation and that were outstanding at the time of the Filing Date. These payments which are estimated to be \$30,000 shall be made within six (6) months of the Approval Order;
 - II. Secondly, in respect of the Trustee's proper fees, expenses and legal costs that are estimated to be approximately \$35,000;
 - III. Thirdly, in respect of the claims of employees as set out in Section 136(1) (d) of the *Bankruptcy and Insolvency Act* ("BIA") which payments shall be made forthwith upon Court Approval of the Proposal; and
 - IV. Fourthly, in respect of any other preferred claims as set out in section 136 of the BIA. The Trustee is not aware of any preferred claims.

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Montair Aviation Inc.

Trustee's Report to Creditors

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- All distributions to the Preferred, Secured and Unsecured Creditors are subject to a 5% levy payable to the Superintendent of Bankruptcy.
- Creditors that vote in favour of the Proposal that may have or be entitled to assert claims against the Directors and/or Guarantors acknowledge and agree that, if the Proposal is accepted by the requisite number and value of creditors and approved by Court, they will enter into separate agreements to release the Directors and/or Guarantors from all claims they have.

Based on the information provided, the Trustee can confirm that the Guarantors assets are fully encumbered and therefore would not likely provide any recovery to a creditor.

- Canadian Mountains have agreed not to share in the distribution to the Secured and Unsecured Creditors under the Proposal and its claim against Montair will be postponed and converted to equity upon Court approval of the Proposal.

Canadian Mountains, in addition to its investment to date of over \$200,000, has agreed to fund \$200,000 for the benefit of the Creditors of Montair for the opportunity to utilize the Operating Certificates of Montair and Al Neufeld's relationships in China to reopen the flight school.

If the Proposal is accepted Canadian Mountains recognizes and is prepared to invest further capital to purchase and upgrade the aircraft and equipment required to operate the flight school and fund the operating losses until sufficient revenue levels are achieved. There is no certainty that Montair will generate positive cash flow for quite some time if at all.

It is the Trustee's opinion that, absent this Proposal, the Creditors of Montair will have no opportunity to recover any monies in respect of their claim against Montair.

FINANCIAL POSITION

The Company's minimal operations are currently being funded by Canadian Mountains. In the absence of the assistance provided by Canadian Mountains, Montair would be unable to carry on business.

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Montair Aviation Inc.

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ASSETS

The following is a summary of the assets declared by Montair on the sworn Statement of Affairs.

Office Furniture, Fixtures & Equipment

Montair has valued its office furniture, fixtures and equipment at \$1,000 on the Statement of Affairs. The value is based on the amount estimated by management to be realized in auction of these assets.

The Trustee has not obtained an independent valuation of the office furniture, fixtures and equipment, but based on experience believes the recovery in a liquidation would unlikely exceed \$1,000. It should also be noted that the office equipment includes a leased photocopier and two printers that are encumbered by National Leasing Group.

Operating Certificates

Montair has valued its Operating Certificate from Transport Canada at \$1 on the Statement of Affairs and has not recorded any value for the Operating Certificate from the Civil Aviation Authority of China Flight Standards Department.

According to management, the Operating Certificates cannot be transferred to another entity and therefore have no value other than to Montair. Even if the licenses were transferable, it is the Trustee's experience that monetizing this type of specialized operating certificate is highly unlikely.

DEEMED TRUST CLAIMS & SECURED CREDITORS

Canada Revenue Agency ("CRA")

Employee remittances owing represent a deemed trust claim and are required to be paid in full (including both the employee and employer portion and interest and penalties) within 6 months of Court Approval of the Proposal.

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According to the Company's records, Montair has outstanding employee remittances owed to CRA of approximately \$30,000 that would be paid in priority to all other creditors if the Proposal is approved by the Creditors and the Court.

Coast Capital Savings Credit Union ("Coast Capital")

Coast Capital (previously Richmond Savings Credit Union) holds a General Security Agreement over all of the property of Montair that was registered on March 24, 1998, in the Personal Property Registry.

The Trustee has been advised by Mr. Neufeld that Coast Capital has recently seized and sold Montair's three aircraft pursuant to its security. The funds recovered of approximately \$30,000 have been applied against the loan leaving an estimated balance of approximately \$90,000.

678675 B.C. Ltd. ("678675")

678675 holds a General Security Agreement over all of the property of Montair that was registered on December 3, 2003 in the Personal Property Registry.

According to the records of Montair, 678675 is owed approximately \$278,000.

Denfre Enterprises Inc. ("Denfre")

Denfre hold a General Security Agreement over all of the property of Montair that was registered on April 5, 2012 in the Personal Property Registry.

According to the records of Montair, Denfre is owed approximately \$235,000.

MCAP Leasing Inc. ("MCAP")

MCAP holds specific security against a security system which was registered in the Personal Property Registry on January 14, 2010.

According to the records of Montair, MCAP is owed approximately \$6,500.

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Montair Aviation Inc.

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National Leasing Group Inc. ("National")

National holds specific security against a photocopier and two printers which was registered in the Personal Property Registry on September 24, 2009.

According to the records of Montair, National is owed approximately \$19,000.

UNSECURED CREDITORS

The Company's indebtedness to unsecured creditors as shown on the Statement of Affairs is approximately \$3,000,000.

CONDUCT OF THE DEBTOR

The Trustee has not had any evidence of the debtor being a party to any preferential payments or transfers at undervalue.

REMUNERATION OF TRUSTEE

The Trustee has received a payment of \$25,000 from Canadian Mountains pursuant to a third party deposit agreement. The Trustee will only use these funds towards payment of the its fees and disbursements if the Proposal is not accepted by the Creditors and Montair is deemed bankrupt.

ESTIMATED REALIZATION - BANKRUPTCY VS. PROPOSAL

The assets of Montair have negligible value, accordingly, there will no funds available for the secured and unsecured creditors in a Bankruptcy.

In the Proposal the Trustee will receive a Cash Pool of \$200,000 that will be distributed to the Secured and Unsecured Creditors after payment of the priority creditors that are estimated to be approximately \$70,000. This will result in a recovery to the Secured and Unsecured Creditors of approximately 3.6 cents per dollar of claim.

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Montair Aviation Inc.

Trustee's Report to Creditors

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TRUSTEE RECOMMENDATION

The Trustee recommends that the creditors accept this Proposal for the following reasons:

- Should this Proposal not be accepted the Company will be bankrupt and there will be no opportunity for the Unsecured Creditors to recover any funds.
- By approving the Proposal the Company will be able to continue to operate its business and hopefully do new business with certain of its creditors that will benefit both the Company and those Creditors.
- Enabling Montair to reopen its flight school will provide jobs and contribute to the economy.
- The creditors should receive their dividend of approximately 3.6 cents per dollar of claim within 60 days of the Court approval of the Proposal.

DATED AT the City of Vancouver, this 21st day of May, 2014.

Boale, Wood & Company Ltd.

Trustee in the Matter of Proposal of
Montair Aviation Inc.

Per: John McEown, CA, CIRP

A handwritten signature in black ink, appearing to read 'J. McEown', is written over the typed name 'John McEown'.

IN THE MATTER OF THE PROPOSAL OF
MONTAIR AVIATION INC.

OF THE CITY OF VANCOUVER
IN THE PROVINCE OF BRITISH COLUMBIA

PROPOSAL TO CREDITORS

Montair Aviation Inc. ("**Montair**" or the "**Company**"), being insolvent, hereby submits the following Proposal pursuant to the provisions of Part III Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3 as amended ("**BIA**").

All defined terms and expressions as used in this Proposal appear in Section 2.0 below.

1.0 PURPOSE AND EFFECT OF PROPOSAL

1.1 General Intent of Proposal

This Proposal is designed to allow the Company to complete a transaction that, on completion, will result in Creditors recovering more than would be recovered in the event of an immediate liquidation and distribution of the Company's assets. The Company has determined that amounts owing to its Creditors significantly exceed the value of its assets and the Company has no future prospects unless a transaction can be completed. The alternative result is that no claim against the Company will be satisfied, even partially, on a liquidation of its assets.

The Proposal, if approved by the Creditors, will allow the Company to capitalize on its status as a holder of the Certifications to raise additional funds for distribution to Creditors, in particular by pursuing a transaction under which investors in Canadian Mountains Aviation Development Group Ltd. ("**CMAD**") will subscribe for a majority of the Company's shares in exchange for postponing its claim and providing additional funds that will be used, in part, to make this Proposal to Creditors.

The Certifications are non-transferable and cannot be used to generate cash flow unless a transaction is completed which results in a infusion of capital to the Company. Further, the Company cannot satisfy regulatory requirements to maintain the Certifications unless such a transaction is completed. CMAD has confirmed that it has no interest in pursuing a transaction with the Company unless the Company can be restructured and the terms of the Proposal are approved by the Creditors and the Court.

1.2 Overview of Proposal

The general outline of the Proposal is as follows:

- (a) The Company has entered into binding Term Sheet (the “**Term Sheet**”) with CMAD which provides for, the acquisition by certain investors in CMAD of a significant equity stake in Montair, conditional on (among other things):
 - (i) approval from the Creditors and the Court of this Proposal, and
 - (ii) payment by CMAD to the Trustee of a \$200,000 Cash Pool for distribution to Creditors pursuant to the terms of the Proposal;
- (b) All proper fees and expenses of the Trustee will be paid from the Cash Pool;
- (c) Crown Claims will be paid in accordance with the requirements of the BIA;
- (d) Claims of Preferred Creditors, if any, will be paid from the Cash Pool;
- (e) Claims of Secured Creditors and Unsecured Creditors will be paid on a pro rata basis from the balance of the Cash Pool; and
- (f) CMAD will not share in the distribution of the Cash Pool to Creditors, and its Claims against the Company shall be postponed and converted into equity of Montair after the Effective Date.

1.3 Persons Affected

The Proposal applies to every Creditor, whether or not the Creditor has proven a claim against the Company under the Proposal for the purpose of receiving a payment under the Proposal pursuant to the provisions of section 3.0.

2.0 INTERPRETATION

2.1 Definitions

In this Proposal, the following terms are defined:

- (a) “**Affected Creditors**” means the holders of Crown Claims, the Secured Creditors, the Preferred Creditors and Unsecured Creditors, except for CMAD.
- (b) “**BIA**” means the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended from time to time.
- (c) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in British Columbia.
- (d) “**Cash Pool**” means a fund of \$200,000, to be held by the Trustee for distribution to the Creditors in accordance with the terms of this Proposal.
- (e) “**Certifications**” means the non-transferable certifications issued or to be issued by certain regulatory bodies to Montair to operate a flight training school, including Montair’s Transport Canada Flight Training Unit Operating Certificate and any license by

the Civil Aviation Authority of China Flight Standards Department that may be issued to or renewed in the name of Montair.

- (f) **"Claims"** means any indebtedness, liability, action, cause of action, suit, debt due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of the Company or their successors and assigns or their respective directors, to any person, whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, in any way, and whether in whole or in part, incurred or arising or relating to the period prior to or existing on the Claims Date, and including any claim arising from a breach or termination, occurring prior to the Effective Date, of any contract entered into prior to the Claims Date, together with all Claims in respect of the costs of remedying any environmental condition or damage affecting real property whether the condition or the damage occurred or existed before or after the Claims Date.
- (g) **"Claims Date"** means the date of the Proposal, being May 14, 2014.
- (h) **"CMAD"** means Canadian Mountains Aviation Development Group Ltd., a secured lender of the Company accounting for an aggregate of at least \$249,585 in secured debt as at the date hereof.
- (i) **"Company"** or **"Montair"** means Montair Aviation Inc.
- (j) **"Court"** means the Supreme Court of British Columbia, Judicial District of Vancouver.
- (k) **"Creditor"** means any person having a Claim.
- (l) **"Creditors' Meeting"** means the meeting of Creditors called pursuant to the BIA for the purpose of considering and voting on the Proposal.
- (m) **"Crown Claims"** means Claims of Her Majesty in Right of Canada or a province that are described in section 60(1.1) of the BIA.
- (n) **"Effective Date"** means the date on which the Order of the Court approving this Proposal becomes final and may no longer be appealed.
- (o) **"Guarantors"** means Al Neufeld and Donna Neufeld to the extent one or both of them guaranteed payment of a Claim against Montair.
- (p) **"Inspectors"** means the inspectors appointed pursuant to Section 56 of the BIA.
- (q) **"Preferred Creditors"** means any Creditor entitled to receive payment of any amount owed to it in priority to other Unsecured Creditors as provided for in Section 136 of the BIA.
- (r) **"PPR"** means the British Columbia Personal Property Registry.
- (s) **"Proposal"** means this proposal made pursuant to the provisions of Part III, Division I of the BIA, as filed on May 8, 2014, and as amended or supplemented from time to time.

- (t) **"Proven Claim"** means a Claim which has been accepted by the Trustee, or determined by subsequent Order of the Court, as to the proper amount owing to a Creditor under this Proposal.
- (u) **"Released Parties"** means each and every present and former director of the Company, CMAD, investors in CMAD, each and every present and former director of CMAD, and each and every of their respective successors and assigns.
- (v) **"Secured Creditors"** means those Creditors holding perfected security interests against the assets of the Company.
- (w) **"Trustee"** means Boale Wood and Company Ltd., the Trustee acting under the Proposal.
- (x) **"Unsecured Creditors"** means those creditors with Claims, except for those Claims that:
 - (i) have been finally and conclusively disallowed pursuant to the provisions of the BIA by the Trustee, or the Court (as may be applicable);
 - (ii) may be contingent or unliquidated and found by the Trustee, or the Court (as may be applicable) not to be provable;
 - (iii) are Crown Claims;
 - (iv) are Claims of Preferred Creditors; or
 - (v) are Claims of Secured Creditors.

2.2 Section References

In this Proposal, a reference to a section, clause or paragraph shall, unless otherwise stated, refer to a section, clause or paragraph of the Proposal.

2.3 Interpretation Not Affected By Headings

The division of the Proposal into sections, clauses and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Proposal.

2.4 Date For Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

3.0 PROPOSAL TO CREDITORS

3.1 Secured Claims

The Company estimates that the Claims of Secured Creditors will total approximately \$590,000, not including Crown Claims, and are secured by assets valued at one dollar (\$1).

Secured Creditors will receive funds from a Cash Pool of \$200,000 to be distributed on a pro rata basis among Secured and Unsecured Creditors on account of their respective Claims.

Based on the estimated amount of the Claims of Secured and Unsecured Creditors, each Secured Creditor will receive approximately \$0.055 per dollar of Claim, before payment of Trustee's fees and expenses, Crown Claims and Preferred Claims. If the amounts of Proven Claims are less or greater than estimated, the amount received per dollar of Claim by each Secured Creditor will be increased or reduced accordingly.

Payments to the Secured Creditors shall be without interest or penalty and subject to deduction of the five percent (5%) BIA Section 147 levy payable to the Superintendent of Bankruptcy.

3.2 Unsecured Claims

The Company estimates that the Claims of Unsecured Creditors will total approximately \$3,140,000.

Unsecured Creditors will receive funds from a Cash Pool of \$200,000 to be distributed on a pro rata basis among Secured and Unsecured Creditors on account of their respective Claims.

Based on the estimated amount of the Claims of Secured and Unsecured Creditors, each Unsecured Creditor will receive approximately \$0.055 per dollar of Claim, before payment of Trustee's fees and expenses, Crown Claims and Preferred Claims. If the amounts of Proven Claims are less or greater than estimated, the amount received per dollar of Claim by each Unsecured Creditor will be increased or reduced accordingly.

Payments to the Unsecured Creditors shall be without interest or penalty and subject to deduction of the five percent (5%) BIA Section 147 levy payable to the Superintendent of Bankruptcy.

3.3 Crown Claims

Not later than six months following the Court's approval of the Proposal, the Company shall pay in full from the Cash Pool all Crown Claims, as required by section 60(1.1) of the BIA.

During the term of the Proposal, the Company will remit all required income tax, employee source deductions, and GST/HST installments directly to Canada Revenue Agency and file the required GST returns on time, with payment of any balance due made on filing. Without limitation to the foregoing, during the term of the Proposal, the Company shall pay all amounts required to be paid pursuant to section 60(1.2) of the BIA.

Montair is aware of outstanding Crown Claims which total approximately \$30,000.

3.4 Preferred Claims

The Claims of all Preferred Creditors, if any, shall be paid in full, without interest or penalty, and subject to the Superintendent of Bankruptcy's levy, from the Cash Pool in priority to all claims of the Secured and Unsecured Creditors.

Without limiting the foregoing, the Company shall pay from the Cash Pool immediately after the Effective Date, or sooner at its option, all amounts required to be paid to employees by section 60(1.3) of the BIA.

Montair is not aware of any outstanding Claims to Preferred Creditors.

3.5 Timing and Payment

Following the Effective date, and upon satisfaction of all conditions to this Proposal, the following transactions, actions and events will be consummated:

- (a) CMAD shall pay the Cash Pool to the Trustee within 10 business days of the Effective Date; and
- (b) The Trustee shall make the payments from the Cash Pool to the Affected Creditors in accordance with this Proposal as soon as reasonably practicable following receipt of the Cash Pool, less such reserves as the Trustee shall deem necessary or appropriate, and the balance shall be paid in such number of installments as the Trustee shall deem appropriate.

3.6 Effect of Payment

Upon the Trustee making the payments from the Cash Pool to the Affected Creditors in accordance with this Proposal, the Company, its successors and assigns, and its directors shall be deemed to have satisfied in full the terms of the Proposal and the Company shall be released from all claims, liabilities and obligations to all Affected Creditors.

3.7 Cancellation of Encumbrances

The Company shall be authorized and empowered to take such steps, and to execute such documents, as may be required to effect the expungement, removal or discharge of any and all encumbrances against the Company, including but not limited to all charges in the Personal Property Registry of British Columbia registered against the Company except the charge registered by CMAD, upon satisfaction of the terms of the Proposal as set out in Clause 3.6 above.

4.0 PROOF OF CLAIMS

4.1 Claims Process

In order to be eligible to vote at the Creditors' Meeting, each Creditor shall file a Proof of Claim with the Trustee in accordance with the applicable provisions of the BIA and thereafter the Trustee shall administer the claims in accordance with the provisions of section 135 of the BIA.

In order to receive a distribution from the Cash Pool, a Creditor must submit a Proof of Claim prior to the Effective Date.

4.2 Failure to File Proofs of Claim Prior to Distribution of the Cash Pool

Any Affected Creditor who does not file a Proof of Claim with the Trustee prior to the date the Trustee distributes the Cash Pool to the Affected Creditors in accordance with the Proposal shall forever be barred from making a Claim in this Proposal or sharing in any dividend hereunder, but the Company shall nevertheless be released from any claims, liabilities or obligations to such Creditor.

5.0 TRUSTEE, MONITORING AND ADMINISTRATIVE COSTS

5.1 Boale Wood and Company Ltd., of Vancouver, British Columbia, shall be the Proposal Trustee acting under this BIA Proposal and shall have those powers granted to it by this Proposal, the BIA and the Court.

5.2 The Trustee is acting in its capacity as Trustee and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with the Proposal or in connection with the business or liabilities of the Company.

5.3 The fees for the Trustee's services will be based on time spent by the Trustee and the various members of its staff at their respective billing rates plus any direct out of pocket expenses incurred. The Court will tax the Trustee's fees and disbursements. The Trustee will be entitled to take regular interim fees from time to time, subject to the taxation of its accounts in accordance with the BIA.

5.4 The Company shall pay, in priority to all amounts to be distributed to Creditors under the Proposal, all amounts required to be paid by sub-section 60(1) of the Act. Without limiting the generality of the foregoing, the Trustee's fees, expenses and legal costs of the Trustee arising out of this Proposal and under the Act shall be paid by the Company. If the Company is declared to be in default under the Proposal, the Trustee's fees and expenses will rank first in priority in relation to the Preferred Creditors and the Unsecured Creditors.

5.5 The Trustee shall be indemnified in full by the Company for all personal liability arising from fulfilling any duties or exercising any powers or duties conferred upon them by this Proposal or under the BIA, except for any wilful misconduct or gross negligence.

6.0 INSPECTORS

At the Creditors' Meeting, the Affected Creditors will be entitled to appoint one or more, but not exceeding five, Inspectors, whose powers shall be as follows:

- (a) advising the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee;
- (b) advising the Trustee concerning any dispute that may arise as to the validity of the Claims of Affected Creditors under this Proposal;
- (c) exercising all powers given to the Inspectors of a bankrupt estate appointed pursuant to the provisions of the BIA; and
- (d) altering or extending the time for payments to be made pursuant to this Proposal, but not the total amount paid.

7.0 RELEASE

7.1 Release of Directors

Upon the Effective Date, the Released Parties shall be released and discharged by all Affected Creditors from all Claims which any Affected Creditor may have or have been entitled to assert against any of the Released Parties for which they would be by law liable in their capacity as directors for the payment of such Claims, provided that this provision shall not release or discharge any of the Released Parties from any Claims that are set out in section 50(14) of the BIA.

7.2 Release of Guarantors

Before and after the Effective Date, the Company intends to enter into separate agreements with Affected Creditors who vote in favour of the Proposal to release the Guarantors from all Claims which such Affected Creditor may have or have been entitled to assert against either or both of the Guarantors for which one or both Guarantor would be by law liable as a guarantor for the payment of such Claims by the Company. The Affected Creditors who vote in favour of the Proposal acknowledge the expectation of the Company and the Guarantors of the intended effect of this Clause 7.2 and agree to enter into such agreements.

8.0 CONSENTS, WAIVERS AND AGREEMENTS

8.1 On the Effective Date, all Affected Creditors shall be deemed to have consented and agreed to all of the provisions of the Proposal in its entirety. Each Affected Creditor will be deemed to have waived any default by the Company in any provision, express or implied or in any agreement existing between the Affected Creditor and the Company that occurred on or prior to the Effective Date, except such agreements contemplated by Clause 7.2 hereof. Each Affected Creditor will be deemed to have agreed that, to the extent there is any conflict between the provisions of any such agreement and the provisions of the Proposal, the provisions of the Proposal take precedence and priority and the provisions of any such agreement are amended accordingly; provided however that, to the extent there is any conflict between the provisions of any agreement contemplated by Clause 7.2 hereof and the provisions of the Proposal, the provisions of such agreements take precedence and priority with respect to any Claims against the Guarantors.

8.2 All contracts, agreements and licences in the name of the Company, including but not limited to the Certifications, continue in good standing notwithstanding the filing of the Proposal and the insolvency of the Company.

8.3 In consideration for CMAD paying the Cash Pool available for distribution to the Affected Creditors, on the Effective Date, all Affected Creditors shall be deemed to have waived their rights to challenge the security of CMAD.

9.0 MISCELLANEOUS

9.1 Paramountcy

From and after the Effective Date, any conflict between the covenants, warranties, representations, terms, conditions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, by-laws of the Company, lease or other agreement, whether written or oral, and any and all amendments or supplements thereto existing between any third party and the Company as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Proposal, which shall take precedence and priority.

9.2 Preferences and Transfers at Undervalue

Sections 95 to 101 inclusive of the BIA do not apply to the Proposal.

9.3 Binding Effect

The provisions of the Proposal will be binding on the Affected Creditors, the Company, and their respective heirs, executors, administrators, personal and legal representatives, successors, and assigns, on the Effective Date.

9.4 Annulment of Proposal

If the Proposal is annulled by an Order of the Court, all payments on account of Claims made pursuant to the terms of the Proposal will reduce the Claims of the Affected Creditors.

9.5 Modification of Proposal

The Company reserves the right to file any modification of or amendment to the Proposal by way of supplementary proposal or proposals lodged with the Trustee at any time prior to the conducting of votes upon the Proposal by the Creditors at the Creditors' Meetings convened by the Company for that purpose, in which case any such supplementary proposal or proposals shall, for all purposes, be and be deemed to be a part of and incorporated into the Proposal.

9.6 Adjournment of Creditors' Meeting

The Company may in consultation with the Trustee adjourn the Creditors' Meeting upon such terms as are considered appropriate by the Company upon notice to Creditors for the purposes of considering any modification of or amendment to the Proposal contemplated in Clause 9.4.

9.7 Conditions on Proposal Implementation

The implementation of the Proposal by the Company shall be conditional upon:

- (a) all applicable judicial consents, Orders and approvals required or desirable for the completion of the transactions contemplated by this Proposal or any aspect thereof having first been obtained or received; and
- (b) the sanction and approval of the Proposal by the Court in accordance with the provisions of the BIA.

9.8 Report of the Trustee

The report of the Trustee shall be filed after the filing of the Proposal and will be provided to Creditors with the Proposal.

9.9 Completion of the Trustee's Duties

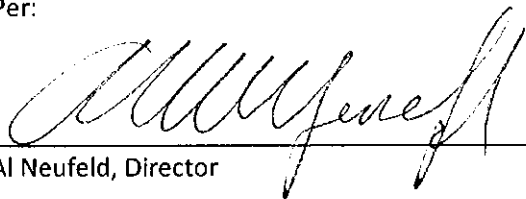
Upon the Trustee making the final distribution to the Creditors pursuant to section 3.6, the terms of this Proposal shall be deemed to be fully performed and the Trustee shall provide a certificate to the Company and to the Official Receiver pursuant to Section 65.3 of the BIA and the Trustee shall be entitled to be discharged.

The Company hereby makes this Proposal to its Creditors as evidenced by its execution hereof below.

Dated at Vancouver, British Columbia, this 14th day of May, 2014.

MONTAIR AVIATION INC.

Per:



Al Neufeld, Director

District of: British Columbia
 Division No: 3
 Court No:
 Estate No:

FORM 78

Statement of Affairs (Business Proposal)

(Subsections 50(2) and 62(1) of the Act)

In the Matter of the proposal of MONTAIR AVIATION INC.

Original Amended

To the Debtor:


You are required to carefully and accurately complete this Form and the applicable attachments, showing the state of your affairs on the date of the filing of your proposal (or notice of intention if applicable), on the 2nd day of May, 2014. When completed, this Form and the applicable attached lists will constitute your Statement of Affairs and must be verified by oath or solemn declaration.


LIABILITIES (As stated and estimated by Debtor)		
1.	Unsecured creditors as per list "A"	\$2,974,910.07
2.	Secured creditors as per list "B"	\$639,818.17
3.	Preferred creditors as per list "C"	\$0.00
4.	Contingent, trust claims or other liabilities as per list "D"	\$0.00
	estimated to be reclaimable for	\$0.00
Total Liabilities		\$3,614,728.24
Surplus		\$0.00

ASSETS (As stated and estimated by Debtor)		
1.	Inventory	\$0.00
2.	Trade fixtures, etc	\$0.00
3.	Accounts receivable and other receivables, as per List "E"	
	Good	\$0.00
	Doubtful	\$0.00
	Bad	\$0.00
	Estimated to produce	\$0.00
4.	Bills of exchange, promissory note, etc., as per List "F"	\$0.00
5.	Deposits in Financial Institutions	\$0.00
6.	Cash	\$0.00
7.	Livestock	\$0.00
8.	Machinery, equipment and plant	\$0.00
9.	Real property or immovable as per List "G"	\$0.00
10.	Furniture	\$1,000.00
11.	RRSPs, RRI's, Life insurance, etc.	\$0.00
12.	Securities (Shares, Bonds, Debentures, etc.)	\$0.00
13.	Interests under wills	\$0.00
14.	Vehicles	\$0.00
15.	Other property, as per List "H"	\$1.00
<i>If Debtor is a corporation, add:</i>		
	Amount of subscribed capital	\$0.00
	Amount paid on capital	\$0.00
	Balance subscribed and unpaid	\$0.00
	Estimated to produce	\$0.00
Total Assets		\$1,001.00
Deficiency		\$3,613,727.24

I, Alvin P. Neufeld, of MONTAIR AVIATION INC. of the City of Delta in the Province of British Columbia, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge a full, true and complete statement of its affairs on the 2nd day of May, 2014 and fully disclose all property of every description that is in its possession or that may devolve on it in accordance with the Act.

SWORN (or SOLEMNLY DECLARED) before me at Vancouver in the Province of British Columbia, on this 2nd day of May, 2014


 John McEown
 Commissioner of Oaths
 for the Province of British Columbia


 Signature of Debtor

JOHN D. McEOWN
 Commissioner for taking Affidavits
 for the province of British Columbia
 Expiry Date: Aug 31, 2014

Creditor List

Boale, Wood & Company Ltd.

Date of Report: 26/05/2014

MONTAIR AVIATION INC. OSB 11-1870614 File 11-1870614

VANCOUVER

Generated By: Regina Pinto

T	Creditor's Name and Address	Ref No	170 Report	Material Change	Amended Payments	Meeting Requested	Amount Declared	Amount Filed	Amount Admitted	CS
S	678675 B.C LTD.(PACIFIC ENERGY) 2700 - 595 Burrad St, Vancouver, British Columbia, V7X 1J2, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$278,132.54	\$0.00	\$0.00	N
S	CANADA REVENUE AGENCY - BFTSO Regional Intake Centre for Insolvency PO Box 11575, Station Main, Surrey, British Columbia, V3T 0E5, Canada	Montair Payroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$30,472.36	\$0.00	\$0.00	N
S	COAST CAPITAL SAVINGS CREDIT UNION 15117 - 101 St Avenue, Surrey, British Columbia, V3R 8P7, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$90,000.00	\$0.00	\$0.00	N
S	DENFRE ENTERPRISES INC. 200 - 5611 COONEY ROAD, Vancouver, British Columbia, V6X 3J5, Canada	Principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$235,000.00	\$0.00	\$0.00	N
S	MCAP LEASING INC 5575 North Service Road, Suite 300, Burlington, Ontario, L7L 6M1, Canada	Lease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$6,513.27	\$0.00	\$0.00	N
Secured			Sub count of creditors		5	Sub Total		\$639,818.17	\$0.00	\$0.00
U	1187278 ALBERTA 48 Pallo Close, Red Deer, Alberta, T4P 1J3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$27,163.12	\$0.00	\$0.00	N
U	AERO CLUB OF BC Suite #300 - 18799 Airport Way, Pitt Meadows, British Columbia, V3Y 2B4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$91,691.30	\$0.00	\$0.00	N
U	AIR 1 INSURANCE #163 - 18799 Airport Way, Pitt Meadows, British Columbia, V3Y 2B4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,100.00	\$0.00	\$0.00	N
U	AIR LIQUIDE CANADA INC. 23231 Fraserwood Way, Richmond, British Columbia, V6V 3B3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$367.36	\$0.00	\$0.00	N
U	AIR TRANSPORT ASSOC/CANADA ATAC Suite #700 - 255 Albert Street, Ottawa, Ontario, K1P 6A9, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	AL / DONNA NEUFELD 7673 Garfield Dr., Delta, British Columbia, V4C 4E6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$756,578.41	\$0.00	\$0.00	N
U	ALEXANDER, HOLBURN, BEAUDIN AND LANG Suite #2700 — 700 West Georgia, Vancouver, British Columbia, V7Y 1B8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$21,918.79	\$0.00	\$0.00	N
U	ALPHA AVIATION INC. 7800 Alpha Way Boundary Bay Airport, Delta, British Columbia, V4K 0A7, Canada	FUEL, HANGAR, RENT, KING AIR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$191,788.26	\$0.00	\$0.00	N
U	ANDREW CHEN 6308 Walker Ave, Burnaby, British Columbia, V3E 3B6, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$177.77	\$0.00	\$0.00	N
U	AVIATION COMPUTER TECHNOLOGY 20 Springwood Bay, Steinbach, Manitoba, R5G 2E8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$4,593.75	\$0.00	\$0.00	N
U	BC HYDRO & POWER AUTHORITY Attn: CREDIT ADMINISTRATION DEPT. 6900 Southpoint Drive, Podium C-01, Burnaby, British Columbia, V3N 4X8, Canada	7291 572	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$5,522.11	\$0.00	\$0.00	N
U	BELL EXPRESS VU. L.P Attn: COLLECTIONS DEPARTMENT PO BOX 3017 Station Terminal, Vancouver, British Columbia, V6B 6L1, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$158.22	\$0.00	\$0.00	N
U	BLAIR PARRANT #207 - 888 Gauthier Ave, Coquitlam, British Columbia, V3K 6Y4, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$6,374.53	\$0.00	\$0.00	N
U	BLG BORDEN LADNER GERVAIS 1200 Waterfront Center 200 Burrard St., Vancouver, British Columbia, V7X 1T2, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,529.15	\$0.00	\$0.00	N
U	CANADA REVENUE AGENCY - BFTSO Regional Intake Centre for Insolvency PO Box 11575, Station Main, Surrey, British Columbia, V3T 0E5, Canada	GST / HST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$10,412.97	\$0.00	\$0.00	N
U	CHUBB EDWARDS 2740 Matheson BL East Unit 1, Mississauga, Ontario, L4W 4X3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,109.81	\$0.00	\$0.00	N
U	CIBC c/o FCT Default Solutions PO Box 2514, London, Ontario, N6A 4G9, Canada	Flightline and Debt Payable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$31,850.58	\$0.00	\$0.00	N
U	COM PRO BUSINESS SOLUTIONS 110 - 18515 53rd Ave, Surrey, British Columbia, V3S 7A4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,765.89	\$0.00	\$0.00	N
U	CORPORATION DELTA 4500 Clarence Taylor Crescent, Delta, British Columbia, V4K 3E2, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	DAVID CUMMINGS INSURANCE 350 - 2083 Alma St., Vancouver, British Columbia, V6R 4N6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,800.00	\$0.00	\$0.00	N
U	DR. J.V.W. JOHNSTON Suite #113 -13798 94A Avenue, Surrey, British Columbia, V3V 1N1, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,900.00	\$0.00	\$0.00	N

Creditor List

Boale, Wood & Company Ltd.

Date of Report: 26/05/2014

MONTAIR AVIATION INC. OSB 11-1870614 File 11-1870614

VANCOUVER

Generated By: Regina Pinto

T	Creditor's Name and Address	Ref No	170 Report	Material Change	Amended Payments	Meeting Requested	Amount Declared	Amount Filed	Amount Admitted	CS
U	DUHAMEL MANNING FEEHAN WARRENDER GLASS 5233 49th Ave., Red Deer, Alberta, T4N 6G5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$749.07	\$0.00	\$0.00	N
U	EMELY CHEN 6308 Walker Ave, Burnaby, British Columbia, V53 3B6, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$4,539.04	\$0.00	\$0.00	N
U	FIRKUS AIRCRAFT INC. 46206 Airport Road, Chilliwack, British Columbia, V2P 1A5, Canada	Ray Finkus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$259,190.98	\$0.00	\$0.00	N
U	FLIGHTLINE 7673 Garfield Dr., Delta, British Columbia, V4C 4E6, Canada	DN - AN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$7,311.26	\$0.00	\$0.00	N
U	FORTIS BC PO Box 6666 Station Terminal, Vancouver, British Columbia, V6B 6M9, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,375.34	\$0.00	\$0.00	N
U	GLOBAL PAYMENTS #200 - 3381 Steeles Ave East, Toronto, Ontario, M2H 3S7, Canada	Merchant Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$470.01	\$0.00	\$0.00	N
U	GLOBAL START CANADA SATELLITE CO #100 - 115 Matheson Blvd West, Mississauga, Ontario, L5R 3L1, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,500.80	\$0.00	\$0.00	N
U	GOLDEN EARS BRIDGE TOLLS BAY SERVICE Box 3900, Vancouver, British Columbia, V6B 3Z4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$12,159.07	\$0.00	\$0.00	N
U	HALCYON AVIATION Suite #3 - 4340 King St. Boundary Bay Airport, Delta, British Columbia, V4K 5B3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$176,853.78	\$0.00	\$0.00	N
U	INSTA STORAGE SPACE LTD. 9658 River Road, Delta, British Columbia, V4G 1B5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$12,675.95	\$0.00	\$0.00	N
U	JAKE BADIA # 2 - 500 Forest, Pincourt, Quebec, J7V 0A3, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$855.12	\$0.00	\$0.00	N
U	JASON BINNS 16882 - 84th Ave, Surrey, British Columbia, V4N 4V3, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$23,187.07	\$0.00	\$0.00	N
U	KAI- LING CHANG 2525 Burian Drive, Coquitlam, British Columbia, V3K 5W8, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$554.61	\$0.00	\$0.00	N
U	KEVIN RICHARD NOLAN 3237 Fraser St., Vancouver, British Columbia, V5V 2B8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	KEYPOINT 5531 Williams Road, Richmond, British Columbia, V7E 1K2, Canada	Loan and Lease	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$75,000.00	\$0.00	\$0.00	N
U	KIM BONE #10 - 1600 Cottonwood Drive, Maple Ridge, British Columbia, V2X 3N9, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$4,470.74	\$0.00	\$0.00	N
U	KPMG LLP Suite #602 - 750 West Fender Street, Vancouver, British Columbia, V6C 2T7, Canada	T4348	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$6,688.83	\$0.00	\$0.00	N
U	LIN YEA 2494 Kensington Cres, Port Coquitlam, British Columbia, V3C 5N6, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$146.88	\$0.00	\$0.00	N
U	MAPLE LEAF DISPOSAL LTD. 20380 Langley By Pass, Langley, British Columbia, V3A 5E7, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,215.97	\$0.00	\$0.00	N
U	MAXCRAFT AVIONICS LTD. Suite #250 - 18799 Airport Way, Pitt Meadows, British Columbia, V3Y 2B4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$26,383.35	\$0.00	\$0.00	N
U	NAPHEN CHEN c/o #1140 - 800 West Pender St., Vancouver, British Columbia, V6C 2V6, Canada	Student	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$525.70	\$0.00	\$0.00	N
U	NATIONAL LEASING GROUP INC. 1558 Willson Place, Winnipeg, Manitoba, R3T 0Y4, Canada	#2472732	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$19,410.05	\$0.00	\$0.00	N
U	NAV CANADA 77 Metcalfe Street, Ottawa, Ontario, K1P 5L6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,665.46	\$0.00	\$0.00	N
U	NIVENS AVIATION 22DA - 18799 Airport Way, Pitt Meadows, British Columbia, V3Y 2B4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$6,500.00	\$0.00	\$0.00	N
U	PATCH COMPUTERS LTD 388 - 13988 Cambie Rd, Richmond, British Columbia, V6V 2KA, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$235.76	\$0.00	\$0.00	N
U	PCTIA #203 - 1155 West Pender St., Vancouver, British Columbia, V6E 2PA, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,170.52	\$0.00	\$0.00	N
U	PITT MEADOWS AIRPORT SOCIETY Suite #100 - 18799 Airport Way, Pitt Meadows, British Columbia, V3Y 2B4, Canada	Fue, Interest, Rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$269,862.40	\$0.00	\$0.00	N
U	PRADEED GOVIND 1718 Sugarpine Cr, Coquitlam, British Columbia, V3E 3E4, Canada	Principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$194,416.67	\$0.00	\$0.00	N
U	PRIJLAL PREMAKUMAR 7172 - 150th Street, Surrey, British Columbia, V3S 3J4, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$4,339.31	\$0.00	\$0.00	N

Creditor List

Boale, Wood & Company Ltd.

Date of Report: 26/05/2014

MONTAIR AVIATION INC. OSB 11-1870614 File 11-1870614

VANCOUVER

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T	Creditor's Name and Address	Ref No	170 Report	Material Change	Amended Payments	Meeting Requested	Amount Declared	Amount Filed	Amount Admitted	CS
U	RACHAEL ZHOU 7673 Garfield Drive, Delta, British Columbia, V4C 4E6, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$7,889.33	\$0.00	\$0.00	N
U	ROGERS COMMUNICATIONS INC. c/o FCT Default Solutions PO Box 2514, Station B, London, Ontario, N6A 4G9, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	ROSALIA GUIAO #93 - 2422 Hawthorne Ave, Port Coquitlam, British Columbia, V3C 6K7, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$154.00	\$0.00	\$0.00	N
U	SHANGGUAN 7673 Garfield Drive, Delta, British Columbia, V4C 4E6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$172,851.70	\$0.00	\$0.00	N
U	SHANTI KALFON #93 - 2422 Hawthorne Ave, Port Coquitlam, British Columbia, V3C 6K7, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$18.87	\$0.00	\$0.00	N
U	SOPHIA KUAN #304 - 102 Begin St, Coquitlam, British Columbia, V3K 4V2, Canada	Employee Wages	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$11,919.68	\$0.00	\$0.00	N
U	STELLAR AVIATION CORP 7673 Garfield Drive, Delta, British Columbia, V4C 4E6, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$311,543.00	\$0.00	\$0.00	N
U	SYSCO 1346 Kingsway Avenue, Port Coquitlam, British Columbia, V3C 6G4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$5,131.32	\$0.00	\$0.00	N
U	TELUS COMMUNICATIONS INC. Attn: Settlement Desk 4th Floor - 4519 Canada Way, Burnaby, British Columbia, V5G 4S4, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$7,363.93	\$0.00	\$0.00	N
U	THOMAS MORRISON A 301 - 1258 Hunter Road, Delta, British Columbia, V4L 1Y8, Canada	BMO LOC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$109,948.85	\$0.00	\$0.00	N
U	TOPPING EYTON AND PARTNERS Suite #200 - 761 Cardero Street, Vancouver, British Columbia, V6G 2G3, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$11,076.80	\$0.00	\$0.00	N
U	TRANSPORT CANADA - OTTAWA 330 Sparks St. Tower C, 22nd Floor, Ottawa, Ontario, K1A 0N5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$9,640.42	\$0.00	\$0.00	N
U	TRANSPORT CANADA - PACIFIC REGION Suite #620 - 800 Burrard St., Vancouver, British Columbia, V6Z 2J8, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$13,220.00	\$0.00	\$0.00	N
U	TRANSPORT CANADA - PORT HARDY BOX 460, Port Hardy, British Columbia, V0N 2P0, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$865.16	\$0.00	\$0.00	N
U	Work Safe BC PO Box 5350 Stn Terminal, Vancouver, British Columbia, V6B 5L5, Canada		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$0.00	\$0.00	\$0.00	N
U	WYATT MCMURRAY c/o #1140 - 800 West Pender St., Vancouver, British Columbia, V6C 2V6, Canada	Principal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$32,031.25	\$0.00	\$0.00	N
Unsecured		Sub count of creditors	66			Sub Total	\$2,974,910.07	\$0.00	\$0.00	
		Total count for all creditors	71			Grand Total	\$3,614,728.24	\$0.00	\$0.00	

District of: British Columbia
Division No: 3
Court No:
Estate No:

FORM 37

Voting Letter (Division I Proposal)

(Paragraphs 51(1)(f) of the Act)

In the Matter of the proposal of MONTAIR AVIATION INC.

I, _____, creditor (or I, _____, representative of _____, creditor), of _____ (name of town or city), a creditor in the above matter for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of MONTAIR AVIATION INC., to record my vote _____ (for or against) the acceptance of the proposal as made on the _____ day of _____.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Name of Corporate Creditor

Witness

Per:
Name and Title of Signing Officer

TRUSTEE IN BANKRUPTCY
#1140 – 800 West Pender Street
Vancouver, BC V6C 2V6

Tel: (604) 605-3335
Fax: (604) 605-3359
www.boalewood.ca

FORM 31
Proof of Claim

(Section 50.1, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

In the Matter of the Bankruptcy (or Proposal, or Receivership) of _____
(Name of debtor) of _____ (city and province)
and the claim of _____, creditor.

I, _____ (name of creditor or representative of the creditor), of
_____ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am _____
(state position or title) of _____ (name of creditor or representative of the creditor)).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of bankruptcy (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the ____ day of _____, 2014, and still is, indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

() **A. UNSECURED CLAIM OF \$ _____**

(Other than a securities firm customer as contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description)

() Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

() Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

() **B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____**

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

() **C. SECURED CLAIM OF \$ _____**

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

() **D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____**

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____,
(Attach a copy of sales agreement and delivery receipts.)

() **E. CLAIM BY WAGE EARNER OF \$ _____**

() That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____.

() That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____.

() **F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____**

That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____.

That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____.

() **G. CLAIM AGAINST DIRECTOR \$ _____**

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

Form 31 - Continued

() **H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____**

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:

(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of Section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: *(Provide details of payments, credits and transfers at undervalue.)*

(Applicable only in the case of the bankruptcy of an individual.)

- () I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, 2014.

Creditor

Witness

Phone Number: _____

Fax Number: _____

Email Address: _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

NOTE: If a copy of this Form is sent electronically by means such as email, the name and contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.

INSTRUCTIONS: Instructions on how to complete the proof of claim form can be found at www.bsdawood.ca under the forms tab.

**FORM 36
GENERAL PROXY**

(Where A Creditor is a Corporation, the Proxy Must be Completed and Signed in the Corporate Name)

IN THE MATTER OF THE BANKRUPTCY / PROPOSAL / RECEIVERSHIP OF:

(Name of Debtor)

WE, _____, of the City of _____ in the Province of _____
(Name of Corporation)

_____, a creditor in the above matter, hereby appoint

_____ of the _____
(Name of Proxy) (City & Province)

to be our general proxy in the above matter except as to the receipt of dividends with / without power to appoint another general proxy in our place.

Dated at the City of _____, in the Province of _____ this _____ day of _____, 2014.

(Corporate Name)

(Signature of Witness)

(Address)

(Signature of Proxy Grantor)

TRUSTEE IN BANKRUPTCY
#1140 – 800 West Pender Street
Vancouver, BC V6C 2V6
www.boalewood.ca

Tel: (604) 605-3335
Fax: (604) 605-3359

INSTRUCTIONS FOR COMPLETEING PROOFS OF CLAIM

This checklist is provided to assist you in preparing a proof of claim form, and where required, proxy form in a complete and accurate manner. Please specifically check each requirement. **CLAIMS NOT COMPLETED CORRECTLY IN EVERY RESPECT WILL BE RETURNED.**

GENERAL

- * The signature of a witness is required.
- * The claim must be signed personally by the **individual** completing this declaration.
- * Give the complete address where all notices or correspondence is to be forwarded.
- * The amount on the Statement of Account must correspond to the amount on the proof of claim.

PARAGRAPH (1)

- * The creditor must state full and complete legal name of company or firm.
- * If the individual completing the proof of claim is not the creditor himself, he must state his position or title.

PARAGRAPH (3)

- * A detailed statement of account must be attached. If the claim is for a guarantee, a copy of the guarantee must be attached.
- * The Schedule A or Statement of Account must be complete and detailed and must show the date, the number and the amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is **not** complete if it begins with an amount brought forward.

PARAGRAPH (4)

- * An unsecured creditor must strike out sub-paragraphs B, C, D and E.
- * A preferred creditor (as allowed by section 136 of the *Bankruptcy and Insolvency Act*) must strike out sub-paragraphs B, C, D and E and must complete sub-paragraph A by checking the appropriate description.
- * A secured creditor must strike out sub-paragraphs A, B, D and E and must complete sub-paragraph C and provide a certified true copy of the security instrument as registered.
- * A farmer, fisherman or aquaculturist must strike out sub-paragraphs A, B, C and E. A claim by a farmer, fisherman or aquaculturist must attach a copy of the sales agreement and delivery documents.

PARAGRAPH (5)

- * All claimants must indicate if he or she is related or not to the debtor, as defined in Section 4 of the *Bankruptcy and Insolvency Act*, by striking out "AM" or "AM NOT".

PARAGRAPH (6)

- * All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - (a) within the three (3) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are not related.
 - (b) within the twelve (12) months preceding the bankruptcy or the proposal, in the case where the claimant and the debtor are related.

Excerpt from the Bankruptcy and Insolvency Act

**PREFERRED CLAIMS
SECTION 136 (CONDENSED)**

ORDER OF DISTRIBUTION (Subject to secured creditors)

- (1) The cost of administration of the estate.
 - (a) The expenses and fees of the Trustee
 - (b) Legal costs of the estate
- (2) Wages, salaries and commissions for services rendered in the six months preceding the bankruptcy, to a maximum of \$2,000 per person, together with expenses of a traveling salesman incurred in this same period to a maximum of \$1,000.
- (3) Municipal taxes assessed within two years preceding the bankruptcy which do not constitute a charge on real property, restricted to the value of the bankrupt's interest in the property.
- (4) The Landlord for arrears of rent for a period of three months preceding the bankruptcy, and accelerated rent for a period not exceeding three months subsequent to the bankruptcy, if provision is made in the lease. The Landlord's preferred claim is limited to the proceeds from the sale of the assets on the premises under lease at the date of the bankruptcy and any payments made by the Trustee on account of accelerated rent shall be credited by the Landlord against the amount payable by the Trustee for occupation rent.
- (5) One solicitor's bill of costs, including sheriff's fees and land registration fees, shall be payable to the creditor who has first attached by way of garnishment or lodged with the sheriff an attachment, execution or other process against the property of the Bankrupt.
- (6) Claims resulting from injuries to employees of the Bankrupt to which the provision of Workers' Compensation Act do not apply, but only to the extent of monies received from persons or companies guaranteeing the Bankrupt against damages resulting from such injuries, such as liability insurance policies.

A creditor whose rights are restricted by this Section is entitled to rank as an unsecured creditor for any balance of his claim.