

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY

THE HONOURABLE MR.) MONDAY THE 8th DAY
)
JUSTICE GROUND) OF APRIL, 2002



IN THE MATTER OF THE BANKRUPTCY OF CANADA 3000 INC.
of the City of Toronto, in the Province of Ontario

AND IN THE MATTER OF THE BANKRUPTCY OF CANADA 3000
AIRLINES LIMITED/LIGNES AÉRIENNES CANADA 3000 LIMITÉE
of the City of Toronto, in the Province of Ontario

AND IN THE MATTER OF THE BANKRUPTCY OF ROYAL AVIATION INC.
of the City of Toronto, in the Province of Ontario

O R D E R

THIS MOTION made by PricewaterhouseCoopers Inc., in its capacity as the trustee in bankruptcy (the "Trustee") of Canada 3000 Inc., Canada 3000 Airlines Limited/Lignes Aériennes Canada 3000 Limitée ("Airlines") and Royal Aviation Inc. ("Royal") for an order vesting in Skyservice Airlines Inc. (the "Purchaser") all of the right, title and interest of the Trustee in and appurtenant to the real property located at 31 Fasken Drive, Toronto, Ontario ("31 Fasken") as described in the Agreement of Purchase and Sale (as defined in the terms and conditions of sale contained in the Trustee's information package dated January 25, 2002) and more particularly described in Schedule "A" hereto, together with all easements and rights of way appurtenant thereto and all of the right, title and interest of the Trustee in and to all fixtures which are vested in the Trustee and incorporated in, situate upon and/or used in connection with 31 Fasken and/or the buildings located thereon (collectively, the "Real Property") and together with all of the right, title and interest of the Trustee in and to certain personal property, if any, described in Schedule "B" hereto (the "Personal Property"), was heard this day at 393 University Avenue, Toronto, Ontario.

UPON READING the Second Report of the Trustee dated March 8, 2002 (the “Second Report”) and the Third Report of the Trustee dated April 2, 2002 (the “Third Report”) and upon hearing submissions of counsel for the Trustee and counsel for those parties in attendance, no other persons on the Service List or persons affected by this Order appearing, although duly served with the Notice of Motion and motion record in respect of this motion.

1. **THIS COURT ORDERS** that the service of the Notice of Motion and this motion record be and is hereby abridged and approved, with the motion being properly returnable today, and that any further service on any party required to be served be and is hereby dispensed with.
2. **THIS COURT ORDERS** that the Trustee be and is hereby authorized and directed to complete the sale of the Trustee’s right, title and interest in and to the Real Property and the Personal Property to the Purchaser substantially on the terms set out in the Second Report and pursuant to and in accordance with the terms and conditions of the Agreement of Purchase and Sale and that the Agreement of Purchase and Sale, the transaction contemplated thereunder (the “Transaction”) and the conduct of the Trustee with respect thereto be and are hereby authorized and approved.
3. **THIS COURT ORDERS** that the Trustee be and is hereby authorized to complete the Transaction and to execute and deliver such additional or ancillary documents and take such other actions or steps governing or giving effect to the Transaction as the Trustee, in its discretion, may deem to be reasonably necessary or advisable to conclude the Transaction, and all such documents, actions and steps are hereby authorized and approved.
4. **THIS COURT ORDERS** that upon completion of the Transaction in accordance with the Agreement of Purchase and Sale (such completion to be evidenced by registration of a certified copy of this Order on title to the Real Property), all of the right, title and interest of the Trustee in and to the Real Property be and the same are hereby vested in the Purchaser, free and clear of all estates, rights, titles, interests, liens (including statutory, construction and possessory liens), hypothecs, security interests, trusts or deemed trusts, assignments, judgments, executions, options, adverse claims, levies, agreements, taxes, claims, disputes, debts, charges, mortgages, pledges, encumbrances, rights of revendication or repossession or any other rights or claims

howsoever arising, whether contractual, statutory, by operation of law or otherwise, whether or not they have attached or been perfected, registered or filed, whether secured or unsecured or otherwise, by or of all persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governments, government agencies, Crown corporations, non-agency Crown corporations and all other governmental authorities and all other natural persons or corporations, whether acting in their capacity as principals or as agents, trustees, executors, administrators or other legal representatives, including, without limitation, the following encumbrances:

- (a) Charge/Mortgage of Land in the principal amount of \$2,000,000, made by Canada 3000 Airlines Limited in favour of Sun Life Assurance Company of Canada (“Sun Life”), dated March 29, 2001 and registered in the Land Registry Office for the Land Titles Division of Toronto (No. 66) (the “Registry Office”) as Instrument No. E403364 on March 30, 2001 (the “Sun Life Mortgage”);
- (b) Application to Register Notice of General Assignment of Rents made by Canada 3000 Airlines Limited in favour of Sun Life Assurance Company of Canada, dated March 30, 2001 and registered in the Registry Office as Instrument No. E403365 on March 30, 2001;
- (c) Charge/Mortgage of Land in the principal amount of \$1,700,000, made by Canada 3000 Airlines Limited in favour of Sun Life Assurance Company of Canada, dated August 13, 2001 and registered in the Registry Office as Instrument No. E444715 on August 15, 2001;
- (d) Claim for Lien made by Econo-Rack Storage Equipment Ltd., in the amount of \$86,250.00 dated November 27, 2001 and registered in the Registry Office on November 28, 2001 as Instrument No. E481265;
- (e) Claim for Lien made by Catech Systems Ltd., in the amount of \$128,403.26 dated December 11, 2001 and registered in the Registry Office on December 12, 2001 as Instrument No. E486608;

- (f) Certificate of Action issued by Econo-Rack Storage Equipment Ltd. dated January 17, 2002, registered in the Registry Office on January 17, 2002 as Instrument No. E497587 and relating to the Claim for Lien registered as Instrument No. E481265;
- (g) Certificate of Action issued by Catech Systems Ltd. dated January 25, 2002, registered in the Registry Office on January 25, 2002 as Instrument No. E500390 and relating to the Claim for Lien registered as Instrument No. E486608; and
- (h) any encumbrances created by or pursuant to any orders made in these proceedings and the proceedings of Canada 3000 Inc., Airlines and Royal pursuant to the *Companies' Creditors Arrangement Act*

(collectively, the "Real Property Claims"), and any and all Real Property Claims in or to the Real Property shall vest in place and stead thereof in and to the proceeds of sale of the Real Property (the "Real Property Proceeds"), all in their existing priorities.

5. **THIS COURT ORDERS** that upon completion of the Transaction in accordance with the Agreement of Purchase and Sale (such completion to be evidenced by registration of a certified copy of this Order on title to the Real Property), all of the right, title and interest of the Trustee in and to the Personal Property be and the same are hereby vested in the Purchaser, free and clear of all estates, rights, titles, interests, liens (including statutory, construction and possessory liens), hypothecs, security interests, trusts or deemed trusts, assignments, judgments, executions, options, adverse claims, levies, agreements, taxes, claims, disputes, debts, charges, mortgages, pledges, encumbrances, rights of revendication or repossession or any other rights or claims howsoever arising, whether contractual, statutory, by operation of law or otherwise, whether or not they have attached or been perfected, registered or filed whether secured or unsecured or otherwise, including without limiting the generality of the foregoing, any created by or pursuant to any orders made in these proceedings and the proceedings of Canada 3000 Inc.,

Airlines and Royal pursuant to the *Companies' Creditors Arrangement Act*, by or of all persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governments, government agencies, Crown corporations, non-agency Crown corporations and all other governmental authorities and all other natural persons or corporations, whether acting in their capacity as principals or as agents, trustees, executors, administrators or other legal representatives (collectively, the "Personal Property Claims"), and any and all Personal Property Claims in or to the Personal Property shall vest in place and stead thereof in and to the proceeds of sale of the Personal Property (the "Personal Property Proceeds"), all in their existing priorities.

6. **THIS COURT ORDERS** that the Trustee be and is hereby authorized to deal with the Real Property Proceeds and Personal Property Proceeds as follows:

- (a) funds in the amount of \$268,750.00 to satisfy the Construction Lien claims registered against its Real Property shall be held by the Trustee pending further order of the Court;
- (b) funds sufficient to pay the balance due on the Sun Life Mortgage shall be paid to Sun Life; and
- (c) all remaining funds (the "Surplus Funds") will be held in an interest bearing trust account and be dealt with in accordance with the agreement between Sun Life and the Trustee which is Appendix C to the Third Report.

7. **THIS COURT ORDERS** that this Order shall be effective only upon the closing of the Agreement of Purchase and Sale and registration of this Order on the title to the Real Property.

8. **THIS COURT ORDERS** that the Land Registrar for the Land Titles Division of Toronto (No. 66) accept this Order for registration on the title to the Real Property and enter the Purchaser as owner of the Trustee's interest in the Real Property free and clear of the encumbrances specifically referred to in paragraph 4 of this Order, and that such encumbrances be discharged, vacated and deleted from the abstract of title to the Real Property.

A handwritten signature in black ink, consisting of several loops and flourishes, positioned above a horizontal line.

SCHEDULE "A"

LEGAL DESCRIPTION OF REAL PROPERTY

PIN: 07420-0020 (LT)

Part of Block B, Plan 7994
designated as Part 1 on Plan 64R-8871
City of Toronto

Land Registry Office for the Land Titles Division of Toronto (No. 66)

SCHEDULE "B"

DESCRIPTION OF PERSONAL PROPERTY

NONE

IN THE MATTER OF THE BANKRUPTCY OF CANADA 3000 INC.

AND IN THE MATTER OF THE BANKRUPTCY OF CANADA 3000 AIRLINES LIMITED/LIGNES AÉRIENNES
CANADA 3000 LIMITÉE

AND IN THE MATTER OF THE BANKRUPTCY OF ROYAL AVIATION INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY
Proceeding Commenced at Toronto

ORDER

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