Paul R. Genender (00790758)
WEIL, GOTSHAL & MANGES LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201
Telephone: (214) 746-7700
Facsimile: (214) 746-7777

Gary T. Holtzer (*pro hac vice*)
Kelly DiBlasi (*pro hac vice*)
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Attorneys for Debtors and Reorganized Debtors

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	:	**Chapter 11**
CHC GROUP LTD. *et al.,*	:	**Case No. 16–31854 (BJH)**
Debtors.	:	**(Jointly Administered)**

DEBTORS' REPLY IN SUPPORT OF
(I) OBJECTION TO CLAIM TO RECLASSIFY; AND
(II) MOTION PURSUANT TO 11 U.S.C. §§ 105 AND 502 TO FIX AND ALLOW CLAIM

TO THE HONORABLE BARBARA J. HOUSER,
UNITED STATES BANKRUPTCY JUDGE:

CHC Group Ltd. and its above-captioned debtor affiliates, as reorganized debtors (collectively, the "**Debtors**"),[1] hereby file this reply (the "**Reply**") in support of, and in response to the correspondence received related to, the *Debtors' (I) Objection to Claim to Reclassify; and*

[1] On December 14, 2017, the Court entered the Final Decree Closing Certain of the Chapter 11 Cases [Docket No. 2231], closing twenty-four (24) of the Debtors' chapter 11 cases. On June 27, 2018, the Court entered the Final Decree Closing Certain of the Chapter 11 Cases [Docket No. 2458], closing another fifteen (15) of the Debtors' chapter 11 cases. A list of Debtors in these chapter 11 cases, including the closed cases, along with the last four digits of each Debtors' federal tax identification number, where available, is annexed hereto as **Exhibit A.**

(II) Motion Pursuant to 11 U.S.C. §§105 and 502 to Fix and Allow Claim (Docket No. 2460) (the "**Objection**"),[2] and respectfully represent:

Preliminary Statement

1. The Debtors do not dispute that Mahallati has a valid claim. The Debtors, however, are constrained and must abide by applicable laws – both bankruptcy and non-bankruptcy – and in doing so, are precluded from making a distribution to this claimant.

2. The Debtors have not taken this situation lightly. They have carefully examined the facts and circumstances of this claim, and have taken extensive measures to review, research, and analyze the regulations at issue, including engaging trade counsel and hiring an expert who is a past Director of the Office of Foreign Assets Control of the Department of the Treasury ("**OFAC**"). Significant time and resources have been spent to reach an outcome that is both within the law and fair, notwithstanding the relatively small size of the claim (compared to the other liabilities at issue in this case). Unfortunately, the conclusion has been and remains that, absent a specific license from OFAC, payment of this claim would subject the Debtors to significant monetary sanctions and could even expose the Debtors to criminal penalties.

3. Applying to OFAC for a license is an available option, albeit one with no guarantee of success, but with attendant expense and delay. Although Debtors could request that OFAC consider the application on an expedited basis, there is no certainty that it will do so.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Objection.

Background

4. On July 7, 2018, the Debtors filed the Objection, requesting entry of an order that (i) reclassifies Proof of Claim 263 in the Debtors books and records and so that it is correctly asserted against Heli-One Canada ULC, and (ii) fixes and allows the claim asserted in Proof of Claim 263 as an Allowed Primary General Unsecured Claim in Class 7 under the Plan in the amount of $119,713.00.

5. On July 14, 2018, Mahallati submitted a letter to the Debtors' claims agent (the "**Response**"), which the Debtors filed with the Court as the *Notice of Correspondence Received in Connection with Matters Scheduled for Hearing on August 13, 2018 at 11:30 A.M. (CDT)* (Docket No. 2475). In the Response, Mahallati takes issue with the Debtors' request to reclassify the claim and argues that payment can be made to an alleged managing director of Mahallati.

6. In support of the Objection and in response to the Response, the Debtors submit this Reply, together with (i) the supplemental declaration of Geoff Kellogg (the "**Kellogg Declaration**"), annexed hereto as **Exhibit B** and (ii) the declaration of R. Richard Newcomb, annexed hereto as **Exhibit C** (the "**Newcomb Declaration**").

Reply

Making a Distribution to Mahallati or its Representatives Without a License From OFAC Violates the ITSR

7. For decades, OFAC and other agencies of the United States government have administered a broad and complex sanctions regime over Iran, which (among other things) prohibit (absent a license) certain conduct involving transactions by U.S. persons with all persons located in Iran, regardless of whether such persons have been expressly identified as

specific targets of U.S. sanctions.[3] As set forth in more detail in the Objection, this includes the distribution of securities and other consideration. The violation of these sanctions laws and regulations can result in substantial civil penalties (and even criminal penalties) and significant reputational and business damage. As a result, notwithstanding the allowance of Proof of Claim 263, the delivery of any distribution to Mahallati, without a license from OFAC, violates the ITSR and would subject the Debtor to civil, and possibly criminal, penalties.

8. This is the case even though the Debtor against whom this claim should be allowed – Heli-One Canada ULC – is not a U.S.-incorporated entity. As set forth in the Objection, the ITSR prohibit, among other things, the "supply, *directly or indirectly*, from the United States, or by a United States person,[4] wherever located, of any goods, technology, or services to Iran." 31 C.F.R. § 560.204. This prohibition applies to, among other activities, "[t]he transfer of funds, directly or indirectly, from the United States or by a United States person, wherever located, to Iran." *Id.* § 560.427(a)(1). As a result, U.S. persons are generally prohibited from making, and U.S. financial institutions generally will not process, payments to Iranian entities.

9. Moreover, as of 2012, the ITSR extend this prohibition to non-U.S. entities owned or controlled by U.S. persons. In particular, 31 C.F.R. § 560.215(a) provides:

> Except as otherwise authorized pursuant to this part, an entity that is owned or controlled by a United States person and established or maintained outside the United States is prohibited from knowingly engaging in any transaction, directly or indirectly, with the Government of Iran or any person subject to the jurisdiction of the

[3] *See* U.S. Department of State, *Iran Sanctions*, https://www.state.gov/e/eb/tfs/spi/iran/index.htm (last visited Aug. 6, 2018).

[4] For the purposes of the ITSR, a United States or U.S. person means "any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States." 31 C.F.R. § 560.314.

> Government of Iran that would be prohibited pursuant to this part if engaged in by a United States person or in the United States. [5]

10. Additionally, the ITSR include a broad prohibition on a U.S. person's financing or facilitating "any transaction by a foreign person where the transaction by that foreign person would be prohibited . . . if performed by a United States person or within the United States" *Id.* § 560.208.

11. When conduct is prohibited by the ITSR, a person subject to the ITSR may not engage in that conduct unless expressly authorized to do so by OFAC. A person that violates the ITSR may be liable for monetary penalties for a maximum penalty per violation equal to the greater of $295,141 or twice the amount of the underlying transaction per violation. *Id.* § 560.701(a)(1); 83 Fed. Reg. 11876 at 11880 (Mar. 19, 2018). If the violation is willful, the person also may be subject to criminal penalties for a fine of up to $1,000,000 and/or imprisonment for up to 20 years. 31 C.F.R. § 560.701(a)(2).

12. Based on the facts and circumstances here, absent further relief (as described in more detail below) making a Plan distribution to Mahallati on account of its allowed claim is prohibited. Newcomb Declaration, ¶ 25. As set forth in the Kellogg Declaration, the Debtors' business is headquartered, and the Debtors' senior management operates out of, Irving, Texas. Kellogg Declaration, ¶ 9. A majority of the members of senior management are United States citizens. *Id.* The majority of the members of the Board of Directors of the parent entity, CHC Group LLC, are United States citizens. *Id.* Heli-One Canada ULC, the Debtor against which the Mahallati claim should be allowed, is incorporated under the laws of Canada, but all of

[5] For this purpose, "an entity is owned or controlled by a United States person if the United States person: (i) Holds a 50 percent or greater equity interest by vote or value in the entity; (ii) Holds a majority of seats on the board of directors of the entity; or (iii) Otherwise controls the actions, policies, or personnel decisions of the entity."

its directors are United States citizens. *Id.* All actions taken by the Debtors to implement the Plan, including the making of distributions to Holders of Allowed Claims, are ultimately made at the direction of the Board of Directors of CHC Group LLC and the senior officers headquartered in Irving, Texas. *Id.* In addition, the carrying out of such directives by Debtor Heli-One Canada ULC requires action by that entity's U.S. directors. *Id*. Furthermore, the Plan distributions at issue here are U.S. securities, which can only be distributed through DTC (a member of the U.S. Federal Reserve System, a limited-purpose trust company under New York State banking law and a registered clearing agency with the U.S. Securities and Exchange Commission) and U.S. registered banks, brokers and dealers who are DTC account holders. *See First Amendment to the Plan Supplement in Connection with the Debtors' Third Amended Joint Chapter 11 Plan*, Ex. A, p.13 [Docket No. 1654]; *Plan Supplement in Connection with the Debtors' Second Amended Joint Chapter 11 Plan*, Ex. G, p.35-36 [Docket No. 1519].

13. Accordingly, any distribution to Mahallati would (i) come, directly or indirectly, from a U.S. person or from the United States, and (ii) constitute a direction by a U.S. person to a non-U.S. entity to make a payment that such U.S. person could not make itself. As set forth in the Newcomb Declaration, because of these circumstances, making a distribution to Mahallati, directly or indirectly, would violate the ITSR. *See* Newcomb Declaration, ¶ 25. For all of these reasons, the distribution cannot be made without a specific OFAC license.[6]

14. From time to time, OFAC authorizes parties to engage in a subset of conduct that otherwise would be prohibited by the ITSR (or other sanctions regulations

[6] Payment to Mr. A. Rasool Mahallati, an alleged managing director of A.M. Mahallati & Co., does not change this result because it likely constitutes (directly or indirectly) payment to Mahallati itself. Moreover, the ITSR prohibits (i) any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in the ITSR and (ii) any conspiracy formed to violate any of the prohibitions set forth in the ITSR. 31 C.F.R. § 560.203.

administered by OFAC) where making the exception would align with U.S. policy goals. *Id.* ¶¶ 25, 28. Such an authorization may take the form of either a "general license" or a "specific license." *See* 31 C.F.R. § 501.801. A general license is available to anyone wishing to engage in the conduct in question, and subject to the conditions of the license, without need for separate application and authorization.[7] A specific license is issued to a particular party proposing to engage in a particular transaction as described in its license application. *Id.* § 501.801(b). If issued, the specific license is available to only that party and for only that particular transaction. *Id.*

15. There is no general license that would cover the Plan distribution to Mahallati.[8] It may be possible to apply for and receive a specific license, however, the time OFAC would take to process such an application is impossible to predict, and the outcome is uncertain. *See* Newcomb Declaration, ¶ 30.

16. As set forth in the Newcomb Declaration, applying for a license entails submitting an application to OFAC detailing the relevant information supporting the granting of a license. *See id*. ¶¶ 27-29. The decision whether to grant a license is within OFAC's discretion,

[7] U.S. Department of the Treasury, *OFAC FAQs: General Questions*, https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_general.aspx (last updated July 17, 2018).

[8] From January 16, 2016 through June 27, 2018, a license known as "General License H" authorized an entity owned or controlled by a U.S. person and established or maintained outside the United States to engage in otherwise prohibited transactions with persons in Iran, subject to certain strict conditions. General License H was revoked on June 27 of this year when the United States withdrew from the Joint Comprehensive Plan of Action. *See* 83 Fed. Reg. 30335 at 30336 (June 28, 2018). At the same time, OFAC issued a new, temporary general license that allows such an entity, until November 4, 2018, to engage in certain activities "ordinarily incident and necessary to the wind down" of transactions involving persons in Iran, again subject to specified conditions. *Id*. at 30338 (codified at 31 C.F.R. § 560.537). General License H would not have been available for the transaction at hand – nor is the wind-down license available – because the transaction fails to meet the restrictive conditions of either such license. Among other things, even though the Debtor is a Canadian entity, effecting the transaction would require a level of action by U.S. persons or within the United States, including this Court – in particular, the express authorization of a particular payment – that was prohibited under General License H and continues to be prohibited under the wind-down license. Both General License H and the wind-down license also prohibit transferring funds "to, from, or through a United States depository institution or a United States-registered broker or dealer in securities." *Id*.

and there is no deadline by which OFAC must respond to an application. *Id.* ¶¶ 28, 30. In deciding whether to grant a license, OFAC considers the compatibility of the proposed transaction with U.S. foreign policy and national security policy objectives. *Id.* ¶ 28. The equitable goal of making a party whole for past performance under a contract would carry little weight with OFAC. *Id.* ¶ 28. Moreover, in deciding whether to grant a license, OFAC may confer with other agencies of the U.S. government, including the Department of State, in order to give consideration to other relevant factors, including the prevailing state of U.S. relations with the foreign country concerned. *Id.* ¶ 30.

17. In this case, if the Debtors were to apply for a license, OFAC likely would take into account factors including (but not limited to) the identity of the creditor, the amount of the claim, the circumstances giving rise to the claim, and the pendency of these chapter 11 cases. *Id.* ¶ 29. However, it is not possible to predict the weight OFAC would give to these factors relative to other factors, such as policy considerations, bearing on its decision. *Id.* There also is no certainty on when OFAC would rule – it could take months or longer. *Id.* ¶ 30.

18. As a practical matter, even if OFAC issues a specific license authorizing the Debtors to transfer the distribution to Mahallati, it still may not be possible to arrange the transfer of Plan securities to or for the benefit of a person/entity in Iran. *Id.* ¶ 31. In today's de-risking environment, the depository institutions, securities custodians and other financial institutions needed to process the transfer may refuse to process such a transaction, even with an OFAC license and regardless of whether the financial institution is a U.S. or foreign person. *Id.*

19. Given the constraint of sanctions, if the Court were to order the Debtor to apply for a license, the distributions owed to Mahallati would be withheld – CHC Group LLC would not issue the amount of New Membership Interests or distribute the amount of New

Unsecured Notes that would be distributable on account of Mahallati's allowed claim – until OFAC issues a license (or rejects the request) or the distribution is deemed unclaimed property in accordance with Section 6.8 of the Plan.

Proof of Claim 263 Should Be Allowed Against Heli-One Canada ULC

20. In the Response, Mahallati argues that it has historically corresponded with CHC Helicopters International. The Debtors do not dispute that Mahallati performed services for CHC Helicopters International Inc. ("**CHII**") and, in connection therewith, Mahallati submitted invoices and corresponded with this entity. However, on September 15, 2008, under applicable Canadian law, CHC Helicopter Corporation combined (or "amalgamated") seven (7) subsidiary entities, including CHII (Kellogg Declaration, ¶ 6), and thus the debts and obligations of CHII became the debts and obligations of CHC Helicopter Corporation. Canadian Business Corporations Act, R.S.C. 1985, c. C-44, s. 186(c) ("On the date shown on a certificate of amalgamation . . . the amalgamated corporation continues to be liable for the obligations of each amalgamated corporation."). On that same date, pursuant to that certain *Asset Purchase Agreement*, dated as of September 15, 2008 between CHC Helicopter Corporation and Heli-One Canada Inc., CHC Helicopter Corporation transferred all of its assets and liabilities to Heli-One Canada Inc. (subject to certain specified exclusions), including those relating to the invoices asserted in Proof of Claim 263. Kellogg Declaration, ¶ 7. On October 21, 2014, Heli-One Canada Inc. was continued (i.e., moved its place of incorporation) from a Canadian federal corporation to a British Columbia company, and then changed its name and corporate form to Heli-One Canada ULC. *Id.* ¶ 8.[9] It is on these bases that the Debtors assert that Proof of Claim 263 is properly allowed against Heli-One Canada ULC.

[9] Notwithstanding the transfer of such assets and liabilities, Heli-One Canada ULC has never done business in Iran.

21. It should be noted that, irrespective of which Debtor the claim is allowed against, the recovery (if permitted) would be the same. Pursuant to Section 5.21 of the Plan, distributions are made on account of Allowed Primary General Unsecured Claims in Class 7 from the Primary General Unsecured Claims Distribution, which provides the same form and percentage recovery regardless of the Debtor entity against which such Allowed Primary General Unsecured Claims are asserted. The Debtors merely seek authority to adjust the claims register so that Proof of Claim 263 is asserted against the appropriate Debtor, consistent with the Debtors' books and records. Mahallati will not be harmed by the requested authority to reclassify Proof of Claim 263. Accordingly, the Debtors' request to reclassify Proof of Claim 263 so that it is asserted against Heli-One Canada ULC should be granted.

Conclusion

22. Mahallati's Response should be overruled. Entry of an order granting the relief requested in the Objection – or, alternatively, ordering the Debtors to apply to OFAC for a license and, in the meantime, withhold the distribution owed to Mahallati – will complete the claims resolution process and permit the Debtors to finalize implementation of the Plan and close the remainder of these chapter 11 cases. The Debtors have demonstrated that Proof of Claim 263 should be reclassified and allowed against Heli-One Canada ULC as an Allowed Primary General Unsecured Claim in Class 7 under the Plan for $119,713.00. However, because it is not permitted under U.S. law, the Debtors cannot not make a distribution on account of such claim absent the issuance of an OFAC license. Accordingly, the relief requested in the Objection or the alternative relief described in this submission should be granted.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested in the Objection or the alternative relief described in this submission and such other and further relief as it deems just and proper.

Dated: August 6, 2018
New York, New York

/s/ *Kelly DiBlasi*
WEIL, GOTSHAL & MANGES LLP

Paul R. Genender (00790758)
200 Crescent Court, Suite 300
Dallas, Texas 75201
Telephone: (214) 746-7700
Facsimile: (214) 746-7777
Email: paul.genender@weil.com

-and-

Gary T. Holtzer (*pro hac vice*)
Kelly DiBlasi (*pro hac vice*)
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Email: gary.holtzer@weil.com
Email: kelly.diblasi@weil.com

Attorneys for Debtors and Debtors in Possession

Exhibit A

Debtors

Open Cases	
Debtor	**Last Four Digits of Federal Tax I.D. No.**
CHC Group Ltd.	7405
CHC Helicopter (1) S.à r.l.	8914
CHC Helicopter Holding S.à r.l.	0907
Heli-One Canada ULC	8735

Closed Cases	
6922767 Holding SARL	8004
CHC Global Operations (2008) ULC	7214
CHC Global Operations Canada (2008) ULC	6979
CHC Global Operations International ULC (n/k/a CHC Global Ops Intl SEZC Ltd.)	8751
CHC Helicopter Australia Pty Ltd	2402
CHC Helicopter S.A. (n/k/a/ CHC Leasing S.à r.l.)	6821
CHC Helicopters (Barbados) Limited	7985
CHC Helicopters (Barbados) SRL	N/A
CHC Holding (UK) Limited	2198
Heli-One (Netherlands) B.V.	2414
Heli-One (Norway) AS	2437
Heli-One (U.S.) Inc.	9617
Heli-One Leasing (Norway) AS	2441
Heli-One Leasing ULC	N/A
Heli-One USA Inc.	3691

Closed Cases	
Debtor	**Last Four Digits of Federal Tax I.D. No.**
Capital Aviation Services B.V.	2415
CHC Cayman ABL Borrower Ltd.	5051
CHC Cayman ABL Holdings Ltd.	4835
CHC Cayman Investments I Ltd.	8558
CHC Den Helder B.V.	2455
CHC Helicopter (2) S.à r.l.	9088
CHC Helicopter (3) S.à r.l.	9297
CHC Helicopter (4) S.à r.l.	9655
CHC Helicopter (5) S.à r.l.	9897
CHC Holding NL B.V.	6801
CHC Hoofddorp B.V.	2413
CHC Leasing (Ireland) Limited (n/k/a CHC Leasing (Ireland) Designated Activity Company)	8230
CHC Netherlands B.V.	2409
CHC Norway Acquisition Co AS	6777
Heli-One (UK) Limited	2451
Heli-One Holdings (UK) Limited	6780
Heliworld Leasing Limited	2464
Integra Leasing AS	2439
Lloyd Bass Strait Helicopters Pty. Ltd.	2398
Lloyd Helicopter Services Limited	6781
Lloyd Helicopter Services Pty. Ltd.	2394
Lloyd Helicopters International Pty. Ltd.	2400
Lloyd Helicopters Pty. Ltd.	2393
Management Aviation Limited	2135

Exhibit B

Kellogg Declaration

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	:	**Chapter 11**
CHC GROUP LTD. *et al.*,	:	**Case No. 16– 31854 (BJH)**
Debtors.	:	**(Jointly Administered)**

DECLARATION OF GEOFF KELLOGG IN SUPPORT OF DEBTORS' (I) OBJECTION TO CLAIM TO RECLASSIFY; AND (II) MOTION PURSUANT TO 11 U.S.C. § § 105 AND 502 TO FIX AND ALLOW CLAIM

I, Geoff Kellogg, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true and correct to the best of my knowledge, information, and belief:

1. I am over 18 and competent to testify. I am the Vice President, Accounting & Tax of CHC Group LLC ("**CHC Group**" and, together with its debtor and non-debtor affiliates, "**CHC**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**").[1] I have been employed by CHC for approximately 13 years. I am a qualified Chartered Professional Accountant (CPA, CA) in the province of British Columbia (Canada). I have responsibility for coordinating the claims review process for certain proofs of claim filed by claimants in these Chapter 11 Cases.

[1] On December 14, 2017, the Court entered the Final Decree Closing Certain of the Chapter 11 Cases [Docket No. 2231], closing twenty-four (24) of the Debtors' chapter 11 cases. On June 27, 2018, the Court entered the Final Decree Closing Certain of the Chapter 11 Cases [Docket No. 2458], closing another fifteen (15) of the Debtors' chapter 11 cases. A list of Debtors in these chapter 11 cases, including the closed cases, along with the last four digits of each Debtors' federal tax identification number, where available, is annexed hereto as **Exhibit A.**

2. I submit this declaration (the "**Declaration**") in further support of (a) the *Debtors' (I) Objection to Claim to Reclassify; and (II) Motion Pursuant to 11 U.S.C. §§ 105 and 502 to Fix and Allow Claim* (the "**Objection**"); and (b) the *Debtors' Reply in Support of (I) Objection to Claim to Reclassify; and (II) Motion Pursuant to 11 U.S.C. §§ 105 and 502 to Fix and Allow Claim* (the "**Reply**").[2]

3. Except as otherwise indicated herein, the facts set forth in this Declaration (or incorporated by reference herein) are based upon my personal knowledge, my review of relevant documents and company records, information provided to me by employees working under my supervision or my opinion based upon personal experience, and knowledge and information concerning the operations of CHC, the oil and gas industry, and the commercial helicopter service industry. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. I requested attorneys and other employees of the Debtors, with the assistance of the Debtors' professionals, including Weil, Gotshal & Manges LLP, to review Proof of Claim 263.

5. Proof of Claim 263 is composed of invoices for services rendered between 2008 and 2011 by Mahallati to CHC Helicopters International Inc. in connection with filing Iranian tax compliance obligations, including filing tax documents with the relevant taxing authorities and subsequently maintaining tax records allegedly in accordance with Iranian law. These tax services were rendered in connection with CHII's provision of helicopter services in Iran. CHII's helicopter services in Iran ceased by or around 2006.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Objection or the Reply, as applicable.

6. As set forth in the Objection, Proof of Claim 263 should be reclassified so as to be asserted against Debtor Heli-One Canada ULC. The Debtors do not dispute that Mahallati performed services for CHII and, in connection therewith, Mahallati submitted invoices and corresponded with this entity. However, on September 15, 2008, under applicable Canadian law, CHC Helicopter Corporation combined (or "amalgamated") seven (7) subsidiary entities, including CHII (the "**Amalgamation**"). A copy of the Certificate of Amalgamation is annexed hereto as **Exhibit 1**. Pursuant to the Amalgamation, the debts and obligations of CHII became the debts and obligations of CHC Helicopter Corporation.

7. On that same date, pursuant to that certain *Asset Purchase Agreement*, dated as of September 15, 2008 between CHC Helicopter Corporation and Heli-One Canada Inc. (the "**APA**"), CHC Helicopter Corporation transferred all of its assets and liabilities to Heli-One Canada Inc. (subject to certain specified exclusions), including those relating to the invoices asserted in Proof of Claim 263.[3] A copy of the APA is annexed hereto as **Exhibit 2**.

8. On October 21, 2014, Heli-One Canada Inc. was continued (i.e., moved its place of incorporation) from a Canadian federal corporation to a British Columbia company, and then changed its name and corporate form to Heli-One Canada ULC. Copies of the (i) confirmation of continuation and (ii) confirmation of form and name change are annexed hereto as **Exhibits 3 and 4**, respectively.

9. I understand that U.S. sanctions prohibit certain activities between U.S. persons and persons located in Iran. The Debtors' businesses are headquartered, and the Debtors' senior management operates out of, Irving, Texas. A majority of the members of senior management are United States citizens. The majority of the members of the Board of Directors

[3] Notwithstanding the transfer of such assets and liabilities, Heli-One Canada ULC has never done business in Iran.

of the parent entity, CHC Group LLC, are United States citizens. Heli-One Canada ULC, the Debtor against which the Mahallati claim should be allowed, is incorporated under the laws of Canada, but all of its directors are United States citizens. All actions taken by the Debtors to implement the Plan, including the making of distributions to Holders of Allowed Claims, are ultimately made at the direction of the Board of Directors of CHC Group LLC and the senior officers headquartered in Irving, Texas. In addition, the carrying out of such directives by Debtor Heli-One Canada ULC requires action by that entity's U.S. directors.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: August 6, 2018
Vancouver, British Columbia, Canada

/s/ Geoff Kellogg
Geoff Kellogg

Exhibit A

Debtors

Open Cases	
Debtor	**Last Four Digits of Federal Tax I.D. No.**
CHC Group Ltd.	7405
CHC Helicopter (1) S.à r.l.	8914
CHC Helicopter Holding S.à r.l.	0907
Heli-One Canada ULC	8735

Closed Cases	
6922767 Holding SARL	8004
CHC Global Operations (2008) ULC	7214
CHC Global Operations Canada (2008) ULC	6979
CHC Global Operations International ULC (n/k/a CHC Global Ops Intl SEZC Ltd.)	8751
CHC Helicopter Australia Pty Ltd	2402
CHC Helicopter S.A. (n/k/a/ CHC Leasing S.à r.l.)	6821
CHC Helicopters (Barbados) Limited	7985
CHC Helicopters (Barbados) SRL	N/A
CHC Holding (UK) Limited	2198
Heli-One (Netherlands) B.V.	2414
Heli-One (Norway) AS	2437
Heli-One (U.S.) Inc.	9617
Heli-One Leasing (Norway) AS	2441
Heli-One Leasing ULC	N/A
Heli-One USA Inc.	3691

Closed Cases	
Debtor	**Last Four Digits of Federal Tax I.D. No.**
Capital Aviation Services B.V.	2415
CHC Cayman ABL Borrower Ltd.	5051
CHC Cayman ABL Holdings Ltd.	4835
CHC Cayman Investments I Ltd.	8558
CHC Den Helder B.V.	2455
CHC Helicopter (2) S.à r.l.	9088
CHC Helicopter (3) S.à r.l.	9297
CHC Helicopter (4) S.à r.l.	9655
CHC Helicopter (5) S.à r.l.	9897
CHC Holding NL B.V.	6801
CHC Hoofddorp B.V.	2413
CHC Leasing (Ireland) Limited (n/k/a CHC Leasing (Ireland) Designated Activity Company)	8230
CHC Netherlands B.V.	2409
CHC Norway Acquisition Co AS	6777
Heli-One (UK) Limited	2451
Heli-One Holdings (UK) Limited	6780
Heliworld Leasing Limited	2464
Integra Leasing AS	2439
Lloyd Bass Strait Helicopters Pty. Ltd.	2398
Lloyd Helicopter Services Limited	6781
Lloyd Helicopter Services Pty. Ltd.	2394
Lloyd Helicopters International Pty. Ltd.	2400
Lloyd Helicopters Pty. Ltd.	2393
Management Aviation Limited	2135

Exhibit 1

Certificate of Amalgamation

Industry Canada Industrie Canada

Certificate
of Amalgamation

Certificat
de fusion

Canada Business
Corporations Act

Loi canadienne sur
les sociétés par actions

CHC Helicopter Corporation

Corporation Hélicoptère CHC

448973-0

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the above-named corporation resulted from an amalgamation, under section 185 of the Canada Business Corporations Act, of the corporations set out in the attached articles of amalgamation.

Je certifie que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la Loi canadienne sur les sociétés par actions, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Richard G. Shaw
Director - Directeur

September 15, 2008 / le 15 septembre 2008

Date of Amalgamation - Date de fusion

Canada

Industry Canada / Industrie Canada
Canada Business Corporations Act / Loi canadienne sur les sociétés par actions

FORM 9
ARTICLES OF AMALGAMATION
(SECTION 185)

FORMULE 9
STATUTS DE FUSION
(ARTICLE 185)

1 -- Name of the Amalgamated Corporation / Dénomination sociale de la société issue de la fusion
CHC Helicopter Corporation Corporation Hélicoptère CHC

2 -- The province or territory in Canada where the registered office is to be situated / La province ou le territoire au Canada où se situera le siège social
British Columbia

3 -- The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et tout nombre maximal d'actions que la société est autorisée à émettre
Schedule 1 annexed hereto is incorporated in this form.

4 -- Restrictions, if any, on share transfers / Restrictions sur le transfert des actions, s'il y a lieu
Schedule 2 annexed hereto is incorporated in this form.

5 -- Number (or minimum and maximum number) of directors / Nombre (ou nombre minimal et maximal) d'administrateurs
Minimum of 1; Maximum of 12.

6 -- Restrictions, if any, on business the corporation may carry on / Limites imposées à l'activité commerciale de la société, s'il y a lieu
None.

7 -- Other provisions, if any / Autres dispositions, s'il y a lieu
Schedule 3 annexed hereto is incorporated in this form.

8 -- The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows: / La fusion a été approuvée en accord avec l'article ou le paragraphe de la Loi indiqué ci-après

☐ 183 ☑ 184(1) ☐ 184(2)

9 -- Name of the amalgamating corporations / Dénomination sociale des sociétés fusionnantes	Corporation No. / N° de la société	Signature	Date	Title / Titre	Tel. No. / N° de tél.
CHC Helicopter Corporation Corporation Hélicoptère CHC	2222337		Sept 12/08	Director	(604) 279-2455
CHC Helicopter Holdings Limited	2511517		Sept 12/08	Director	(604) 279-2471
Viking Helicopters Limited Hélicoptère Viking Limitee	631761		Sept 12/08	Director	(604) 279-2471
4357825 Canada Inc.	4357825		Sept 12/08	Director	(604) 279-2471
CHC Helicopters International Inc.	4235908		Sept 12/08	Director	(604) 279-2471
4083423 Canada Inc.	4083423		Sept 12/08	Director	(604) 279-2471

FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT

4489730

SEP 14 2008

IC 3190 (2007/06)

Industry Canada / Industrie Canada
Canada Business Corporations Act / Loi canadienne sur les sociétés par actions

FORM 9
ARTICLES OF AMALGAMATION
(SECTION 185)
APPENDIX

FORMULE 9
STATUTS DE FUSION
(ARTICLE 185)
ANNEXE

9 – Name of the amalgamating corporations Dénomination des sociétés fusionnantes	Corporation No. N° de la société	Signature	Date	Title and Tel No Titre et No de tél.
CHC Composites Inc.	4492293		Sept 12/08	Director (604) 279-2471

SCHEDULE 1

THE CLASSES AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE

The Corporation is authorized to issue an:

Unlimited number of Class A Subordinate Voting Shares;

Unlimited number of Class B Multiple Voting Shares;

Unlimited number of Ordinary Shares;

Unlimited number of First Preferred Shares issuable in series, of which an unlimited number are designated as First Preferred Shares, Series B Shares; and

Unlimited number of Second Preferred Shares issuable in series, of which 10,000,000 are designated as Second Preferred Series A Shares and of which 10,000,000 are designated as Second Preferred Series B Shares.

The Class A Subordinate Voting Shares, the Class B Multiple Voting Shares, the Ordinary Shares, the First Preferred Shares issuable in series and the Second Preferred Shares issuable in series shall have attached thereto the following rights, privileges, restrictions and conditions:

A. Class A Subordinate Voting Shares and Class B Multiple Voting Shares

1 Dividends

1.1 Subject to any preference as to dividends provided to any shares ranking in priority to the Class A Subordinate Voting Shares or the Class B Multiple Voting Shares in respect of the payment of dividends, the holders of Class A Subordinate Voting Shares and of Class B Multiple Voting Shares shall participate equally with each other as to dividends and the Corporation shall pay dividends thereon, if, as and when declared by the board of directors of the Corporation out of moneys properly applicable to the payment of dividends, in equal amounts per share and at the same time on all such Class A Subordinate Voting Shares and Class B Multiple Voting Shares at the time outstanding as the board of directors may from time to time determine, without preference or distinction.

2 Dissolution

2.1 In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, all of the property and assets of the Corporation which remains after payment to the holders of any shares ranking in priority to the Class A Subordinate Voting Shares and Class B

Multiple Voting Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution, winding-up or distribution, shall be paid or distributed equally, share for share, to the holders of the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares, without preference or distinction.

3 Subdivision or Consolidation

3.1 Neither the Class A Subordinate Voting Shares nor the Class B Multiple Voting Shares shall be subdivided, consolidated. reclassified or otherwise changed unless contemporaneously therewith the other class is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

4 Notice and Voting Rights

4.1 The holders of the Class A Subordinate Voting Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than, subject to subsection 9.2, separate meetings of the holders of shares of any other class of shares of the Corporation or of shares of any series of shares of any such other class of shares) and to vote at all such meetings with each holder of Class A Subordinate Voting Shares being entitled to one vote per Class A Subordinate Voting Share held at all such meetings.

4.2 The holders of the Class B Multiple Voting Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than, subject to subsection 9.2, separate meetings of the holders of shares of any other class of shares of the Corporation or any series of shares of such other class of shares) and to vote at all such meetings with each holder of Class B Multiple Voting Shares being entitled to ten votes per Class B Multiple Voting Share held at all such meetings.

5 Conversion of Class A Subordinate Voting Shares into Class B Multiple Voting Shares as a result of a Take-Over Bid

5.1 In this section 5, the following terms shall have the following respective meanings:

(a) "affiliate" has the meaning ascribed thereto in the Securities Act (Ontario) as amended from time to time;

(b) "associate" has the meaning ascribed thereto in the Securities Act (Ontario) as amended from time to time;

(c) "Conversion Period" means the period of time commencing on the eighth day after the Offer Date and terminating on the Expiry Date;

(d) "Converted Shares" means Class B Multiple Voting Shares resulting from the conversion of Class A Subordinate Voting Shares into Class B Multiple Voting Shares pursuant to subsection 5.2;

(e) "Exclusionary Offer" means an offer to purchase Class B Multiple Voting Shares that:

(i) must, by reason of applicable securities legislation, or the requirements of a stock exchange on which the Class B Multiple Voting Shares are listed or the requirements of the Canada Business Corporations Act, be made to all or substantially all of the holders of Class B Multiple Voting Shares who are in a province or territory of Canada to which the requirement applies; and

(ii) is not made concurrently with an offer to purchase Class A Subordinate Voting Shares that is identical to the offer to purchase Class B Multiple Voting Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror, and in all other material respects (except with respect to the conditions that may be attached to the offer for Class B Multiple Voting Shares), and that bas no condition attached thereto other than the right not to take up and pay for Class A Subordinate Voting Shares tendered if no Class B Multiple Voting Shares are purchased pursuant to the offer for Class B Multiple Voting Shares,

and, for the purposes of this definition, if an offer to purchase Class B Multiple Voting Shares would be an Exclusionary Offer as defined above but for the provisions of subparagraph (ii), the varying of any term of such offer shall be deemed to constitute the making of a new offer unless an identical variation concurrently is made to the corresponding offer to purchase Class A Subordinate Voting Shares;

(f) "Expiry Date" means the last date upon which holders of the Class B Multiple Voting Shares may accept an Exclusionary Offer;

(g) "Offer Date" means the date on which an Exclusionary Offer is made;

(h) "Offeror" means a person or company that makes an Exclusionary Offer to purchase Class B Multiple Voting Shares (the "bidder"), and includes any associate or affiliate of the bidder or any person or company that is disclosed in the offering document relating to such offer to be acting jointly or in concert with the bidder, and

(i) "transfer agent" means the transfer agent from time to time for the Class B Multiple Voting Shares.

5.2 Subject to subsection 5.5, if an Exclusionary Offer is made, each outstanding Class A Subordinate Voting Share shall be convertible into one fully paid and non-assessable Class B Multiple Voting Share at the option of the holder during the Conversion Period. The conversion right may be exercised by notice in writing given to the transfer agent accompanied by the share certificate or certificates representing the Class A Subordinate Voting Shares which the holder desires to convert, and such notice shall be executed by such holder, or by his attorney duly

authorized in writing, and shall specify the number of Class A Subordinate Voting Shares which the holder desires to have converted. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and share certificate or certificates, the Corporation shall issue a share certificate representing fully-paid Class B Multiple Voting Shares as above prescribed and in accordance with subsection 5.4. If less than all of the Class A Subordinate Voting Shares represented by any share certificate are to be converted, the holder shall be entitled to receive a new share certificate representing in the aggregate the number of Class A Subordinate Voting Shares represented by the original share certificate which are not to be converted.

5.3 An election by a holder of Class A Subordinate Voting Shares to exercise the conversion right provided for in paragraph 5.2 shall be deemed to also constitute irrevocable elections by such holder to deposit the Converted Shares pursuant to the Exclusionary Offer (subject to such holder's right to subsequently withdraw the shares from the offer) and to exercise the right to convert into Class A Subordinate Voting Shares all Converted Shares in respect of which such holder exercises his right of withdrawal from the Exclusionary Offer or which are not otherwise ultimately taken up under the Exclusionary Offer. Any conversion into Class A Subordinate Voting Shares, pursuant to such deemed election, of Converted Shares in respect of which the holder exercises his right of withdrawal from the Exclusionary Offer shall become effective at the time such right of withdrawal is exercised. If the right of withdrawal is not exercised, any conversion into Class A Subordinate Voting Shares pursuant to such deemed election shall become effective,

(a) in respect of an Exclusionary Offer which is completed, immediately following the time by which the Offeror is required by applicable securities legislation to take up and pay for all shares to be acquired by the Offeror under the Exclusionary Offer; and

(b) in respect of an Exclusionary Offer which is abandoned or withdrawn, at the time at which the Exclusionary Offer is abandoned or withdrawn.

5.4 No share certificates representing Converted Shares shall be delivered to the holders of the shares before such shares are deposited pursuant to the Exclusionary Offer; the transfer agent, on behalf of the holders of the Converted Shares, shall deposit pursuant to the Exclusionary Offer a certificate or certificates representing the Converted Shares. Upon completion of the Offer, the transfer agent shall deliver to the holders entitled thereto all consideration paid by the Offeror pursuant to the Offer. If Converted Shares are converted into Class A Subordinate Voting Shares pursuant to subsection 5.3, the transfer agent shall deliver to the holders entitled thereto share certificates representing the Class A Subordinate Voting Shares resulting from the conversion. The Corporation shall make all arrangements with the transfer agent necessary or desirable to give effect to this subsection 5.4.

5.5 Subject to subsection 5.6, the conversion right provided for in subsection 5.2 shall not come into effect if:

(a) prior to the time at which the offer is made there is delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on

behalf of one or more shareholders of the Corporation owning, in the aggregate, as at the time the Exclusionary Offer is made, more than 50% of the then outstanding Class B Multiple Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm, in the case of each such shareholder, that such shareholder shall not:

(i) tender any shares in acceptance of any Exclusionary Offer without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date;

(ii) make any Exclusionary Offer;

(iii) act jointly or in concert with any person or company that makes any Exclusionary Offer; or

(iv) transfer any Class B Multiple Voting Shares, directly or indirectly, during the time at which any Exclusionary Offer is outstanding without giving the transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class B Multiple Voting Shares transferred or to be transferred to each transferee; or

(b) as of the end of the seventh day after the Offer Date there has been delivered to the transfer agent and to the Secretary of the Corporation a certificate or certificates signed by or on behalf of one or more shareholders of the Corporation owning, in the aggregate, more than 50% of the then outstanding Class B Multiple Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, which certificate or certificates shall confirm. in the case of each such shareholder:

(i) the number of Class B Multiple Voting Shares owned by the shareholder;

(ii) that such shareholder is not making the Exclusionary Offer and is not an associate or affiliate of, or acting jointly or in concert with, the person or company making the Exclusionary Offer;

(iii) that such shareholder shall not tender any shares in acceptance of the Exclusionary Offer, including any varied form of the Exclusionary Offer, without giving the transfer agent and the Secretary of the Corporation written notice of such acceptance or intended acceptance at least seven days prior to the Expiry Date; and

(iv) that such shareholder shall not transfer any Class B Multiple Voting Shares, directly or indirectly, prior to the Expiry Date without giving the

transfer agent and the Secretary of the Corporation written notice of such transfer or intended transfer at least seven days prior to the Expiry Date, which notice shall state, if known to the transferor, the names of the transferees and the number of Class B Multiple Voting Shares transferred or to be transferred to each transferee; or

(c) as of the end of the seventh day after the Offer Date a combination of certificates that comply with either clause (a) or (b) from shareholders of the Corporation owning, in the aggregate, more than 50% of the then outstanding Class B Multiple Voting Shares, exclusive of shares owned immediately prior to the Exclusionary Offer by the Offeror, has been delivered to the transfer agent and to the Secretary of the Corporation.

5.6 If a notice referred to in subparagraph 5.5(a) (i), 5.5(a) (iv), 5.5(b) (iii) or 5.5(b) (iv) is given and the conversion right provided for in subsection 5.2 has not come into effect, the transfer agent shall either forthwith upon receipt of the notice or forthwith after the seventh day following the Offer Date, whichever is later, determine the number of Class B Multiple Voting Shares in respect of which there are subsisting certificates that comply with either paragraph 5.5(a) or 5.5(b). For the purpose of this determination, certificates in respect of which such a notice has been filed shall not be regarded as subsisting insofar as the Class B Multiple Voting Shares to which the notice relates are concerned; the transfer that is the subject of any notice referred to in subparagraph 5.5(a) (iv) or 5.5(b) (iv) shall be deemed to have already taken place at the time of the determination; and the transferee in the case of any notice referred to in subparagraph 5.5(a) (iv) or 5.5(b) (iv) shall be deemed to be a person or company from whom the transfer agent does not have a subsisting certificate unless the transfer agent is advised of the identity of the transferee, either by such notice or by the transferee in writing, and such transferee is a person or company from whom the transfer agent has a subsisting certificate. If the number of Class B Multiple Voting Shares so determined does not exceed 50% of the number of then outstanding Class B Multiple Voting Shares, exclusive of shares owned immediately prior to the offer by the Offeror, subsection 5.5 shall cease to apply and the conversion right provided for in subsection 5.2 shall be in effect for the remainder of the Conversion Period.

5.7 As soon as is reasonably possible after the seventh day after the Offer Date, the Corporation shall send to each holder of Class A Subordinate Voting Shares a notice advising such holders as to whether they are entitled to convert their Class A Subordinate Voting Shares into Class B Multiple Voting Shares and the reasons therefor. If such notice discloses that they are not so entitled but it is subsequently determined that they are so entitled by virtue of subsection 5.6 or otherwise, the Corporation shall forthwith send another notice to the holders of Class A Subordinate Voting Shares advising them of that fact and the reasons therefor.

5.8 If a notice referred to in subsection 5.7 discloses that the conversion right has come into effect, the notice shall:

(a) include a description of the procedure to be followed to effect the conversion and to have the Converted Shares tendered under the offer,

(b) include the information set out in subsection 5.3 hereof; and

(c) be accompanied by a copy of the offer and all other material sent to holders of Class B Multiple Voting Shares in respect of the offer, and as soon as reasonably possible after any additional material, including a notice of variation, is sent to the holders of Class B Multiple Voting Shares in respect of the offer, the Corporation shall send a copy of such additional material to each holder of Class A Subordinate Voting Shares.

5.9 Prior to or forthwith after sending any notice referred to in subsection 5.7, the Corporation shall cause a press release to be issued to a Canadian national news-wire service, describing the contents of the notice.

6 Voluntary Conversion of Class B Multiple Voting Shares into Class A Subordinate Voting Shares

6.1 Each holder of Class B Multiple Voting Shares shall be entitled at any time and from time to time to have all or any part of the Class B Multiple Voting Shares held by him converted into fully paid and non-assessable Class A Subordinate Voting Shares upon the basis of one Class A Subordinate Voting Share for each Class B Multiple Voting Share in respect of which the conversion right is exercised. The conversion right provided for in this subsection 6.1 shall be exercised by notice in writing given to the transfer agent (as defined in subsection 5.1) and the Secretary of the Corporation accompanied by the certificate or certificates representing the Class B Multiple Voting Shares in respect of which the holder desires to exercise such right of conversion and such notice shall be executed by the person registered on the books of the Corporation as the holder of the Class B Multiple Voting Shares or by his duly authorized attorney and shall specify the number of Class B Multiple Voting Shares which the holder desires to have converted. After the giving of such notice in writing, the election of the holder of Class B Multiple Voting Shares shall be irrevocable. The holder shall pay any governmental or other tax imposed on or in respect of such conversion. Upon receipt by the transfer agent of such notice and certificate, the Corporation shall issue, or cause to be issued, to the holder so exercising the conversion right in respect of Class B Multiple Voting Shares, a certificate representing Class A Subordinate Voting Shares upon the basis above-prescribed in accordance with the provisions hereof. If less than all of the Class B Multiple Voting Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the number of Class B Multiple Voting Shares represented by the original certificate which are not to be converted.

7 Conversion of Class A Subordinate Voting Shares into Class B Multiple Voting Shares upon Transfer of Class B Multiple Voting Shares

7.1 In this section 7, the following terms shall have the following respective meanings:

(a) "**Assumption Agreement**" means an agreement whereby the Transferee of Discovery Shares agrees to be bound by the Coattail Agreement which Assumption Agreement shall be substantially in the form attached to the Coattail Agreement as Schedule "A";

(b) "**Business Day**" means a day other than a Saturday, Sunday or statutory holiday in either Toronto, Ontario or St. John's, Newfoundland;

(c) "**Capital Reorganization**" means any reorganization of the capital of the Corporation including, without limitation, any consolidation, merger, amalgamation or arrangement of the Corporation with or into another corporation, a rights offering or any redesignation, reclassification, consolidation or subdivision of the Class B Multiple Voting Shares;

(d) "**Coattail Agreement**" means the agreement made as of the 9th day of August, 1991 between the Corporation, the Trustee, Discovery and Craig L. Dobbin and all instruments supplemental thereto or any amendment or confirmation thereof;

(e) "**Discovery**" means Discovery Helicopters Inc., a corporation incorporated under the laws of Ontario;

(f) "**Discovery Shares**" means all Class B Multiple Voting Shares owned from time to time by the Multiple Voting Shareholder;

(g) "**Immediate Family**: means a spouse, sibling, child, or grandchild, whether related through birth, marriage or adoption;"

(h) "**Multiple Voting Shareholder**" means the beneficial owner of the Discovery Shares being Discovery and/or Craig L. Dobbin or a permitted Transferee (or, in the event of a Transfer in accordance with paragraph 7.3(e) to a Canadian financial institution that thereby becomes the holder of record of Class B Multiple Voting Shares, the beneficial owner thereof);

(i) "**Permitted Transfer**" means a Transfer of Discovery Shares that is permitted under subsection 7.3;

(j) "**Prohibited Transfer**" means any Transfer of Discovery Shares that is not a Permitted Transfer;

(k) "**Transfer**" means any gift, sale, assignment, devolution, transmission, transfer, pledge, mortgage, charge, hypothecation, other encumbering or grant of a security interest and "Transferee" has a corresponding meaning;

(l) "**Trustee**" means National Trust Company, a trust company incorporated under the laws of Ontario or any successor trustee appointed pursuant to the Coattail Agreement; and

(m) "**Voting Security**" means a security issued by a corporation that carries the right to vote at any meeting of the shareholders of the corporation (including a security that carries the right to vote upon the happening of a contingency which has occurred and is continuing) except meetings where only the holders of shares of another class or of a particular series are entitled to vote, and also includes a

security issued by the Corporation that is convertible into, changeable into or exchangeable for such a security.

7.2 For the purposes of this section 7, any Transfer of Voting Securities of Discovery (or of any other corporation which acquired the Discovery Shares by a Permitted Transfer or that at any time beneficially owns, directly or indirectly, the Discovery Shares), shall be deemed to be a Transfer of the Discovery Shares, and such deemed Transfer shall be a Permitted Transfer provided that such deemed Transfer is made in accordance with the provisions of subsection 7.3.

7.3 The Multiple Voting Shareholder shall not effect a Transfer of any or all of the Discovery Shares, unless such Transfer is made in accordance with subsection 7.5 and such Transfer is:

(a) made to a corporation which is wholly owned, directly or indirectly, by Craig L. Dobbin;

(b) made to (i) any member of the Immediate Family of Craig L. Dobbin, (ii) a corporation that is wholly-owned by any member of the Immediate Family of Craig L. Dobbin, or (ii) a testementary trust, the sole beneficiaries of which are members of the Immediate Family of Craig L. Dobbin;

(c) made to the estate of Craig L. Dobbin;

(d) made to a purchaser that:

(i) has offered to purchase all, but not less than all, of the outstanding Class B Multiple Voting Shares;

(ii) has made an offer to purchase all, but not less than all, the outstanding Class A Subordinate Voting Shares that is identical in terms of price per share and in all other material respects to the offer for the Discovery Shares and that has no condition attached other than the right not to take up and pay for Class A Subordinate Voting Shares tendered if no Class B Multiple Voting Shares are purchased pursuant to the offer for the Discovery Shares; and

(iii) has complied with the terms of the offer for both the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares; or

(e) made pursuant to the granting of a security interest by way of pledge, hypothecation or otherwise, whether directly or indirectly, in the Discovery Shares to any Canadian financial institution with which the Multiple Voting Shareholder deals at arm's length (within the meaning of the Income Tax Act (Canada)) in connection with a bona fide borrowing.

Any Transfer made in accordance with this subsection 7.3 shall be a Permitted Transfer.

7.4 Nothing in this section 7 shall prevent the Multiple Voting Shareholder, at any time or from time to time, from:

(a) effecting a Transfer of Class A Subordinate Voting Shares or any interest therein;

(b) converting any or all of the Class B Multiple Voting Shares held by it into Class A Subordinate Voting Shares pursuant to the conversion right contained in section 6 hereof; or

(c) participating in any Capital Reorganization of the Corporation provided that all approvals of the shareholders of the Corporation that may be required by law, the rules of any stock exchange on which the Class A Subordinate Voting Shares are listed or the articles of the Corporation shall have first been obtained.

7.5 (a) If the Multiple Voting Shareholder proposes to effect a Transfer of any or all of the Discovery Shares (the "Proposed Transfer"), it shall, not less than three Business Days prior to the date fixed for such Proposed Transfer.

(i) give written notice of the Proposed Transfer to the Trustee, which notice shall contain sufficient information to enable the Trustee to determine whether the Proposed Transfer is a Permitted Transfer and to determine which parties, if any, must execute an Assumption Agreement pursuant to subsection 7.5; and

(ii) deliver to the Trustee a copy of the Assumption Agreement duly executed by the Transferee, the Corporation and any other parties that, in accordance with subsection 7.2, would become Multiple Voting Shareholders by virtue of the completion of the Proposed Transfer.

For greater certainty, no Proposed Transfer may be effected until the procedures set out in this subsection 7.5, as applicable, have been completed.

(b) Notwithstanding paragraph 7.5(a), in the case of a Permitted Transfer to the estate of Craig L. Dobbin (the "Dobbin Estate"), the executor of the Dobbin Estate shall deliver to the Trustee a copy of the Assumption Agreement duly executed by the executor agreeing to be bound by the terms of the Coattail Agreement and, in particular, by the restrictions on transfer referred to therein. In the event that the executor does not execute such an Assumption Agreement forthwith upon the devolution of the Discovery Shares to the Dobbin Estate, then all the Class A Subordinate Voting Shares shall be automatically converted into Class B Multiple Voting Shares of the Corporation effective upon the death of Craig L. Dobbin without the requirement of any action on the part of the Corporation, the holder or

the transfer agent. Upon the automatic conversion of Class A Subordinate Voting Shares into Class B Multiple Voting Shares, the Corporation shall issue or cause to be issued share certificates representing fully paid Class B Multiple Voting Shares and the Class A Subordinate Voting Shares shall be automatically cancelled.

For greater certainty, any Transfer of the Discovery Shares to an estate by way of devolution other than the Dobbin Estate will be a Prohibited Transfer which will trigger the immediate automatic conversion of all the outstanding Class A Subordinate Voting Shares of the Corporation into Class B Multiple Voting Shares.

7.6 If the Trustee becomes aware at any time whatsoever, that a Transfer has occurred that in its opinion constitutes a Prohibited Transfer (including a deemed transfer pursuant to subsection 7.2 hereof), the Trustee shall immediately give notice thereof to the Corporation and the Multiple Voting Shareholder, whereupon the Multiple Voting Shareholder, or any one or more of them, shall have the right to take such action as may be necessary to satisfy the Trustee, within 30 days or such longer period as the Trustee shall consider to be appropriate in the circumstances, that the Transfer, conversion or other event, as the case may be, in question:

(a) was not a Prohibited Transfer, or

(b) has been reversed to the satisfaction of the Trustee, acting reasonably;

failing which, in the case of a Prohibited Transfer, the procedure set forth in section 7.7 shall be commenced.

7.7 If a Prohibited Transfer has occurred and is continuing (hereinafter referred to as an "Event"), the Trustee shall at the expiration of the time period set out in section 7.6 give notice (the "Notice") in writing of the Event to all holders of record of Class A Subordinate Voting Shares and Class B Multiple Voting Shares on a date not more than five Business Days preceding the date of the Notice and to all persons who become holders of record of Class A Subordinate Voting Shares or Class B Multiple Voting Shares of the Corporation at any time thereafter in such manner as the Trustee may consider appropriate. Upon giving the Notice, all Class A Subordinate Voting Shares shall be automatically converted into Class B Multiple Voting Shares effective upon the date of the Notice without the requirement of any action on the part of the Corporation, the holder or the transfer agent. Upon the automatic conversion of Class A Subordinate Voting Shares into Class B Multiple voting Shares, the Corporation shall issue or cause to be issued share certificates representing fully paid Class B Multiple Voting Shares and the Class A Subordinate Voting Shares shall be automatically cancelled. The Notice shall set forth the date of the occurrence of the Prohibited Transfer and shall state that the Class A Subordinate Voting Shares have, upon the giving of the Notice, been automatically converted into Class B Multiple Voting Shares.

8 Equality

8.1 Save as aforesaid, each Class A Subordinate Voting Share and each Class B Multiple Voting Share shall have the same rights and attributes and be equal in all respects.

9 Modification

9.1 The provisions of sections 1 to 11, inclusive, may be deleted, amended, modified or varied in whole or in part by a certificate of amendment issued by the Director appointed under the *Canada Business Corporations Act* (the **"Act"**) upon the approval of any such amendment being given by the holders of the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares in accordance with the Act.

9.2 The holders of the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares shall not be entitled to vote separately as a class upon, and shall not be entitled to dissent in respect of, any proposal to: (i) increase or decrease any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of either such class; (ii) effect an exchange, reclassification or cancellation of all or part of the shares of either such class; or (iii) create a new class of shares equal or superior to the shares of either such class. Notwithstanding the foregoing, the holders of Class A Subordinate Voting Shares shall be entitled to vote separately as a class upon, and shall be entitled to dissent in respect of, any proposal to: (i) increase the maximum number of authorized shares of a class having voting rights or privileges superior to the Class A Subordinate Voting Shares; or (ii) create a new class of shares having voting rights superior to the Class A Subordinate Voting Shares.

10 Restrictions on Further Issuance of Class B Multiple Voting Shares

10.1 The directors of the Corporation shall not issue any Class B Multiple Voting Shares other than: (i) the Class B Multiple Voting Shares issued as a result of the share capital reorganization made pursuant to Articles of Amendment of the Corporation creating the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares; (ii) the Class B Multiple Voting Shares issued pursuant to the conversion of Class A Subordinate Voting Shares in accordance with section 5 or section 7 hereof; (iii) the Class B Multiple Voting Shares issued pursuant to the conversion of any or all of the 8% Convertible Subordinated Debentures of the Corporation due August 31, 2007; and (iv) the Class B Multiple Voting Shares issued pursuant to the Employee Stock Option Plan (1988).

11 Redemption of Fractional Shares

11.1 Subject to the provisions of subsection 36(2) of the Act, as now enacted, the Corporation may, without providing any prior notice to shareholders, redeem at any time any fractional Class A Subordinate Voting Share and any fractional Class B Multiple Voting Share upon providing notice thereof to the transfer agent and upon payment of the Redemption Price for such fractional share to the registered shareholder as calculated in accordance with subsection 11.2 below. Notwithstanding the foregoing, any fractional Class A Subordinate Voting Share and any fractional Class B Multiple Voting Share held by any registered shareholder shall be deemed to have been redeemed by the Corporation on the date that the certificate of amendment is issued creating the Class A Subordinate Voting Shares and

the Class B Multiple Voting Shares. For greater certainty, the Corporation shall not be required to provide a notice to the transfer agent in the event of a deemed redemption. Payment for any fractional shares which have been redeemed pursuant to the deemed redemption provision above shall be made by the Corporation after the Redemption Price for such fractional shares has been established.

11.2 The redemption price (the **"Redemption Price"**) for a fractional Class A Subordinate Voting Share shall be equal to the product obtained when such fraction is multiplied by the weighted average of the closing price of the Class A Subordinate Voting Shares on The Toronto Stock Exchange for each of the ten business days on which there is such a closing price following the issuance of a certificate of amendment creating the Class A Subordinate Voting Shares; the Redemption Price for a fractional Class B Multiple Voting Share shall be equal to the product obtained when such fraction is multiplied by the weighted average of the closing price of the Class B Multiple Voting Shares on The Toronto Stock Exchange for each of the ten business days on which there is such a closing price following the issuance of a certificate of amendment creating the Class B Multiple Voting Shares.

B. Ordinary Shares

1. Dividends

1.1 Subject to (i) any preferences as to dividends provided to any shares ranking in priority to the Ordinary Shares, the Class A Subordinate Voting Shares or the Class B Multiple Voting Shares in respect of the payment of dividends, and (ii) Section 1.2 hereof, the Corporation shall pay dividends on the Ordinary Shares in an amount per share equal to any and each dividend paid in respect of a Class A Subordinate Voting Share (each, a **"Class A Dividend"**) as provided herein.

1.2 Forthwith following each declaration by the Board of Directors of a Class A Dividend, an Independent Committee shall determine whether the payment of a dividend on each Ordinary Share equal on a per share basis to such Class A Dividend would likely receive Minority Approval. If the Independent Committee determines that Minority Approval for the payment of such a dividend in respect of the Ordinary Shares would likely be obtained, the Corporation shall, as soon as practicable after such payment has received Minority Approval and subject to applicable law, pay a dividend on each Ordinary Share then outstanding equal in amount to such Class A Dividend provided, in each case, that the payment of such dividend on the Ordinary Shares has received Minority Approval. If, in respect of any Class A Dividend, an Independent Committee determines in good faith that Minority Approval for the payment of a corresponding dividend in respect of the Ordinary Shares would not likely be obtained, or if Minority Approval is not obtained in respect of the payment of such a dividend on the Ordinary Shares, the Corporation shall not declare or pay a dividend on the Ordinary Shares and the Corporation shall have no liability or obligation to holders of Ordinary Shares in respect of any such dividend declared on the Class A Subordinate Voting Shares. Any such determination shall be final and binding on all holders of Ordinary Shares. The process contained herein for determining the payment of any dividend on the Ordinary Shares shall be repeated following each declaration of a Class A Dividend.

2. Dissolution

2.1 In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, all of the property and assets of the Corporation which remains after payment to the holders of any shares ranking in priority to the Class A Subordinate Voting Shares, the Class B Multiple Voting Shares and the Ordinary Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributable and properly payable to such holders of such other shares in the event of such liquidation, dissolution, winding-up or distribution, shall be paid or distributed equally, share for share, to the holders of the Class A Subordinate Voting Shares, the Class B Multiple Voting Shares and the Ordinary Shares, without preference or distinction.

3. Notice and Voting Rights

3.1 The holders of the Ordinary Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or of shares of any series of shares of any such other class of shares) and to vote at all such meetings with each holder of Ordinary Shares being entitled to one vote per ten (10) Ordinary Shares held at all such meetings.

3.2 The holders of the Ordinary Shares shall not be entitled to vote separately as a class upon, and shall not be entitled to dissent in respect of, any proposal to: (i) increase or decrease any maximum number of authorized Ordinary Shares or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the Ordinary Shares; (ii) effect an exchange, reclassification or cancellation of all or part of the Ordinary Shares; or (iii) create a new class of shares equal or superior to the Ordinary Shares.

4. Lien

4.1 The Corporation shall have a first and paramount lien on each Ordinary Share for the prompt payment, as and when due and payable, of all amounts at any time owing by the holder of such Ordinary Share to the Corporation, whether existing at the time such holder acquired such Ordinary Share or incurred thereafter, matured or unmatured, direct, indirect or contingent, including any extensions or renewals thereof.

4.2 Other than in the cases of manifest error, entries by the Corporation on its books and records of the indebtedness of a holder of Ordinary Shares to the Corporation shall be *prima facie* proof of such indebtedness.

4.3 The lien referred to in Section 4.1 hereof may be enforced by the Corporation in accordance with its by-laws.

4.4 All share certificates representing Ordinary Shares shall bear the following legend:

"The Ordinary Shares represented by this certificate are subject to a lien in favour of the Corporation for indebtedness due by the holder(s) thereof to the Corporation in accordance with the articles and by-laws of the Corporation."

5. Redemption by Corporation

5.1 Subject to the Act, at any time following the determination by an Independent Committee that any of the following has occurred (each, a "Redemption Determination"):

(a) Newco is in breach of its representations, warranties or covenants under either of the Subscription Agreement or the Loan Agreement or a default has occurred thereunder;

(b) Holdco is in breach of any of its representations, warranties or covenants under any of the Subscription Agreement, the Holdco Guarantee Agreement or the Holdco Pledge or a default has occurred thereunder;

(c) Discovery is in breach of any of its representations, warranties or covenants under the Subscription Agreement or a default has occurred thereunder;

(d) Craig L. Dobbin or his successors or permitted assigns is in breach of any of their representations, warranties or covenants under any of the Subscription Agreement, the Dobbin Guarantee Agreement or the Dobbin Pledge or a default has occurred thereunder;

(e) any Subsidiary of the Corporation that is licensed as an air undertaking has lost, or may lose, such licence because such Subsidiary does not or may not comply with the ownership or control requirements of applicable law; or

(f) a take-over bid, merger, amalgamation, arrangement, reclassification of securities, capital reorganization or recapitalization of the Corporation or any of its Subsidiaries or any other transaction shall have been publicly proposed which, if completed, would result, directly or indirectly, in a person or company (other than Craig L. Dobbin) or combination of persons or companies acquiring or holding beneficial ownership of a majority of the outstanding equity shares of the Corporation or such Subsidiary or acquiring or holding effective control of the Corporation or such Subsidiary;

the Corporation shall, at its option, be entitled to redeem all (but not less than all) of the Ordinary Shares upon payment in lawful funds of Canada of an amount equal to the Redemption Amount. Such determination shall, in the absence of manifest error, be final and binding on all holders of Ordinary Shares.

5.2 The Corporation may exercise the option referred to in Section 5.1 hereof by giving notice in writing to the holder or holders of the Ordinary Shares specifying:

(i) that a Redemption Determination has been made and that the Corporation desires to redeem all of the Ordinary Shares registered in the name of such holder;

(ii) the day (the "**Redemption Date**") on which the Corporation desires to redeem such Ordinary Shares, which may be any day after the date on which such notice is given by the Corporation; and

(iii) the place of redemption.

The Corporation shall, on the Redemption Date, redeem such Ordinary Shares by paying to such holder an amount equal to the Redemption Amount on presentation and surrender of the certificate(s) for the Ordinary Shares so called for redemption at such place as may be specified in such notice. The certificate(s) for such Ordinary Shares shall thereupon be cancelled and the Ordinary Shares represented thereby shall thereupon be redeemed. Such payment shall be made by cheque payable at any branch of the Corporation's bankers for the time being in Canada. From and after the Redemption Date, such Ordinary Shares shall cease to be entitled to dividends and the rights on dissolution referred to in Section 2 hereof and the holder thereof shall not be entitled to exercise any of the rights of holders of Ordinary Shares in respect thereof unless payment of the said Redemption Amount is not made on the Redemption Date, in which case the rights of the holder of the said Ordinary Shares shall remain unaffected. On the Redemption Date, the Corporation shall have the right to deposit the Redemption Amount for all of the Ordinary Shares in a special account with any chartered bank or trust company in Canada to be paid, without interest, to or to the order of each holder of Ordinary Shares upon presentation and surrender of the certificate(s) representing the same and, upon such deposit being made, the Ordinary Shares shall be redeemed and the rights of the holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited (and without interest), the Redemption Amount applicable to their respective Ordinary Shares against presentation and surrender of the certificate(s) representing such Ordinary Shares. Any Redemption Amount otherwise payable to a holder of Ordinary Shares may be set off against any indebtedness of such holder to the Corporation and any such setting off shall constitute satisfaction of the payment of the Redemption Amount to the extent of such set off.

6. Definitions

For the purposes hereof, capitalized terms shall have the following meanings unless otherwise defined herein:

"**Affiliate**" has the meaning ascribed thereto in the *Securities Act*;

"**Amount Paid Up**" in respect of each Ordinary Share means the amount added upon the issuance of such Ordinary Share to the stated capital account of the Corporation maintained for the Ordinary Shares;

"**Associate**" has the meaning ascribed thereto in the *Securities Act*;

"**Board of Directors**" means the board of directors of the Corporation;

"**Dobbin Guarantee Agreement**" means a guarantee agreement among the Corporation and Craig L. Dobbin dated December 9, 1997, as such agreement may be amended from time to time in accordance with its terms;

"**Dobbin Pledge**" means a pledge agreement among the Corporation and Craig L. Dobbin dated December 9, 1997, as such agreement may be amended from time to time in accordance with its terms;

"**Holdco**" means 10644 Newfoundland Inc., a corporation governed by the laws of the Province of Newfoundland and its successors and assigns;

"**Holdco Guarantee Agreement**" means a guarantee agreement among the Corporation and Holdco dated December 9, 1997, as such agreement may be amended from time to time in accordance with its terms;

"**Holdco Pledge**" means a pledge agreement among the Corporation and Holdco dated December 9, 1997, as such agreement may be amended from time to time in accordance with its terms;

"**Independent Committee**" means such committee of the Board of Directors as may be formed from time to time for the purpose of making the determinations provided for herein, all of the members of which shall be Unrelated to the Corporation, any Significant Shareholder, any holder of Ordinary Shares and any Associate or Affiliate of any of them;

"**Loan Agreement**" means a loan agreement between Newco and the Corporation dated December 9, 1997, as such agreement may be amended from time to time in accordance with the terms thereof;

"**Minority Approval**" means, in addition to any other approval required by law, the approval by a majority of the votes cast at a duly called meeting of holders of securities of the Corporation that carry with them the right to vote at meetings to elect the directors of the Corporation after excluding the votes which, to the knowledge of the Corporation or its directors or senior officers (after reasonable inquiry), attach to securities which are held, or are beneficially owned or over which control or direction is exercised, directly or indirectly, by (i) a Significant Shareholder, (ii) any holder of Ordinary Shares, (iii) any Associate or Affiliate of any of them, and (iv) any director or officer of any of the foregoing;

"**Newco**" means O.S. Holdings Inc., a corporation incorporated under the laws of the Province of Newfoundland and its successors and assigns;

"**Redemption Amount**" in respect of each Ordinary Share means the Amount Paid Up thereon plus all declared but unpaid dividends thereon to the Redemption Date.

"**Securities Act**" means the *Securities Act* (Ontario), R.S.O. 1990, c. S.5 as amended up to and including November 1, 1997;

"**Significant Shareholder**" means any person or company who, to the knowledge of the Corporation or its directors or senior officers (after reasonable inquiry), either alone or in conjunction with others, holds, beneficially owns or exercises control or direction over, directly or indirectly, securities of the Corporation representing in excess of 20% of the votes attached to all of the securities of the Corporation then outstanding;

"**Subscription Agreement**" means a subscription agreement among the Corporation, Newco, Holdco, Discovery and Craig L. Dobbin dated December 9,1997, as such agreement may be amended from time to time in accordance with its terms;

"**Subsidiary**" has the meaning ascribed thereto in the Securities Act; and

"**Unrelated**" shall have the same meaning as provided in The Toronto Stock Exchange's requirements with respect to disclosure of corporate governance practices and whether or not any director is unrelated shall be determined in the same manner as set out in such requirements, in each case as such requirements existed on November 1, 1997.

C. First Preferred Shares Issuable in Series, of Which an Unlimited Number are Designated as First Preferred Shares, Series B

1. The First Preferred Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) the First Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions and subject to the filing of articles of amendment in prescribed form and the endorsement thereon of a certificate of amendment in respect thereof, the directors may fix, from time to time before such issue, the number of shares that is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of First Preferred Shares including, without limiting the generality of the foregoing, the issue price per share of the shares of such series, the rate or amount of any dividends or the method of calculating any dividends, the dates of payment thereof, any redemption, purchase and/or conversion prices and terms and conditions of any redemption, purchase and/or conversion, and any sinking fund or other provisions;

(b) the First Preferred Shares of each series shall, with respect to the payment of any dividends and any distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the First Preferred Shares of every other series and be entitled to preference over the Second Preferred Shares, the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares and over any other shares of the Corporation ranking junior to the First Preferred Shares. The First Preferred Shares of any series may also be given such other preferences, not inconsistent with these articles, over the Second Preferred Shares and the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares and any other shares of the Corporation ranking junior to such First Preferred Shares as may be fixed in accordance with clause (a) above;

(c) if any cumulative dividends or amounts payable on the return of capital in respect of a series of First Preferred Shares are not paid in full, all series of First Preferred Shares shall participate rateably in respect of such dividends and return of capital;

(d) unless the directors otherwise determine ,in the articles of amendment designating a series and except as required by law and by paragraph (e) below, the holders of First Preferred Shares, as a class, are not entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Corporation; and

(e) any amendment to the articles of the Corporation to remove or vary any rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class or to create any other class of shares ranking in priority to or on a parity with the First Preferred Shares, in addition to the authorization by special resolution, must be given by at least two-thirds of the votes cast at a meeting of the holders of First Preferred Shares duly called for that purpose and at every such meeting a holder of First Preferred Shares shall be entitled to one vote in respect of each First Preferred Share held in addition to any other vote required by the Act.

First Preferred Shares, Series B

2. The unlimited number of First Preferred Shares, Series B (the "Series B Shares") shall, in addition to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares as a class, carry and be subject to the following rights, privileges, restrictions and conditions:

(a) **Definitions**

In these share conditions, the following words and phrases shall have the following meanings:

(i) **"redemption price"** of each Series B Share means the sum of US$1.00.

(b) **Voting Rights**

Subject to the Act, the holders of the Series B Shares shall not, as such, be entitled to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting.

(c) **Dividends**

Subject to the Act, the holders of the Series B Shares shall in each financial year of the Company in the discretion of the directors, but always in preference and priority to any payment of dividends on the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares for such year, be entitled to non-cumulative dividends at the rate of 7% per annum, payable in one or more instalments. In any financial year, after providing for the full dividend on the Series B Shares, the directors may, in their discretion, declare dividends on the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares in such amounts as they may determine. The holders of the Series B Shares shall not be entitled to any dividends other than as provided for herein.

(d) **Redemption at Option of The Corporation**

(i) General - Subject to the Act, the Corporation may redeem the whole or any part of the issued Series B Shares on payment for each share to be redeemed of the redemption price plus any dividends declared but unpaid thereon.

(ii) Notice - Unless all the holders of the Series B Shares to be redeemed shall have waived notice of such redemption, the Corporation shall give not less than 5 days' notice in writing of such redemption by mailing to each person who at the date of mailing is a registered holder of the Series B Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Series B Shares. Such notice shall be mailed in a prepaid envelope addressed to each such shareholder at such shareholder's address as it appears on the books of the Corporation or, in the event of the address of any such shareholder not so appearing, then to the last known address of such shareholder, provided however, that accidental failure or omission to give any such notice to one or more of such holders shall not affect the validity of such redemption. Such notice shall set out the redemption price of the shares to be redeemed and the date on which redemption is to take place and, if part only of the Series B Shares held by the person to whom notice is given is to be redeemed, the number thereof so to be redeemed.

(iii) Redemption Procedure - On or after the date so specified for redemption in such notice, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the shares to be redeemed the redemption price of such shares plus any dividends declared but unpaid thereon on presentation and surrender, at the registered office of the Corporation or any other place designated in such notice, of the certificates representing the shares so called for redemption.

Such payment shall be made by cheque payable at any branch in Canada of one of the Corporation's bankers for the time being.

(iv) Partial Redemption - In case a part only of the Series B Shares is at any time to be redeemed, the shares so to be redeemed shall either be selected by lot in such manner as the board of directors in its sole discretion shall determine or, if the board of directors so determines, shall be redeemed pro rata, disregarding fractions, and the board of directors may provide for such adjustments as may be necessary to avoid the redemption of fractions of shares. If a part only of the Series B Shares represented by any certificates are redeemed, a new certificate for the balance shall be issued by the Corporation.

(v) Cessation of Rights - From and after the date specified for redemption in any such notice, the Series B Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless payment of the redemption price of the Series B Shares plus any dividends declared but unpaid thereon shall not be made upon presentation of the certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

(vi) Deposit of Redemption Price - The Corporation shall have the right, at any time after the mailing of notice of its intention to redeem any shares, to deposit the redemption price of the Series B Shares so called for redemption or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with any such redemption plus any dividends declared but unpaid thereon, in a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and, upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series B Shares in respect of which such deposit shall have been made shall be redeemed and the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total amount so deposited, against presentation and surrender of the said certificates held by them respectively, and interest allowed on any such deposit shall belong to the Corporation.

(e) **Redemption at Option of Holder**

(i) General - Subject to the Act, a holder of any Series B Shares shall be entitled to require the Corporation to redeem the whole or any part of the Series B Shares registered in the name of such holder on the books of the Corporation.

(ii) Notice - A holder of such shares to be redeemed shall tender to the Corporation at its registered office a request in writing specifying (i) that such holder desires to have the whole or any part of the Series B Shares registered in the name of such

holder redeemed by the Corporation and (ii) the business day, which shall be not less than 5 days after the day on which the request in writing is given to the Corporation (unless the Corporation shall have waived notice of redemption), on which the holder desires to have the Corporation redeem such shares (the "redemption date"), together with the share certificates, if any, representing the which the registered holder desires to have the Corporation redeem.

(iii) Redemption Procedure - Upon receipt of such request and Series B Share share certificates, the Corporation shall, on the redemption date, redeem such shares by paying to such registered holder an amount equal to the redemption price plus any dividends declared but unpaid thereon. Such payment shall be made by cheque payable at any branch in Canada of one of the Corporation's bankers for the time being. If a part only of the represented by any certificates are redeemed, a new certificate for the balance shall be issued by the Corporation.

(iv) Cessation of Rights - The Series B Shares shall be redeemed on the redemption date and thereafter such shares shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless payment of the redemption price plus any dividends declared but unpaid thereon is not made on the redemption date, in which case the rights of the holders of such shares shall remain unaffected.

(f) Distribution Rights

In the event of the liquidation, dissolution or winding up of the Corporation , whether voluntary or involuntary, the holders of the Series B Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares, an amount equal to the redemption price of such shares plus any dividends declared but unpaid thereon and no more.

(g) **Variation of Rights**

The holders of the Series B Shares shall not be entitled to vote separately as a class or to dissent upon a proposal to amend the articles:

(i) to increase or decrease any maximum number of authorized shares of such class;

(ii) to increase any maximum number of authorized shares of any other class having rights or privileges equal or superior to the shares of such class;

(iii) to effect an exchange, reclassification or cancellation of the shares of such class; or

(iv) to create a new class of shares equal or superior to the shares of such class.

D. Second Preferred Shares Issuable in Series, of Which 10,000,000 are Designated as Second Preferred Series A and of Which 10,000,000 are Designated as Second Preferred Series B Shares

Second Preferred Shares

1. The Second Preferred Shares, as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) the Second Preferred Shares may from time to time be issued in one or more series and, subject to the following provisions and subject to the filing of articles of amendment in prescribed form and the endorsement thereon of a certificate of amendment in respect thereof, the directors may fix, from time to time before such issue, the number of shares that is to comprise each series and the designation, rights, privileges, restrictions and conditions attaching to each series of Second Preferred Shares including, without limiting the generality of the foregoing, the issue price per share of the shares of such series, the rate or amount of any dividends or the method of calculating any dividends, the dates of payment thereof, any redemption, purchase and/or conversion prices and terms and conditions of any redemption, purchase and/or conversion, and any sinking fund or other provisions;

(b) the Second Preferred Shares of each series shall, with respect to the payment of any dividends and any distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the Second Preferred Shares of every other series and be entitled to preference over the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares and over any other shares of the Corporation ranking junior to the Second Preferred Shares. The Second Preferred Shares of any series may also be given such other preferences, not inconsistent with these articles, over the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares and any other shares of the Corporation ranking junior to such Second Preferred Shares as may be fixed in accordance with clause (a) above;

(c) if any cumulative dividends or amounts payable on the return of capital in respect of a series of Second Preferred Shares are not paid in full, all series of Second Preferred Shares shall participate rateably in respect of such dividends and return of capital;

(d) unless the directors otherwise determine in the articles of amendment designating a series and except as required by law and by paragraph (e) below, the holders of Second Preferred Shares, as a class, are not entitled to receive notice of, to attend or vote at any meeting of shareholders of the Corporation;

(e) any amendment to the articles of the Corporation to remove or vary any rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class or to create any other class of shares ranking in priority to or on a parity with the Second Preferred Shares, in addition to the authorization by special resolution, must be given by at least

two-thirds of the votes cast at a meeting of the holders of Second Preferred Shares duly called for that purpose and at every such meeting a holder of Second Preferred Shares shall be entitled to one vote in respect of each Second Preferred Share held in addition to any other vote required by the Canada Business Corporations Act.

Second Preferred Shares, Series A

2. The 10,000,000 Second Preferred Shares, Series A (the "**Series A Shares**") shall, in addition to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class, carry and be subject to the following rights, privileges, restrictions and conditions:

(a) subject to the provisions of paragraph (d) hereof, no dividends shall at any time be declared or paid on or set apart for the Series A Shares or any of them;

(b) in the event that the Corporation is in default of its obligation to purchase or arrange for the purchase of the Series A Shares in accordance with the terms of a Shareholder's Agreement made February, 1994 among the Corporation, British International Helicopters Limited (In Administration) and J.A. Talbot, A.W. Brierley, M.L. McKillop and I.T. Watters, the holder of a Series A Share shall be entitled to receive out of the monies of the Corporation properly applicable to the payment of dividends a fixed, cumulative preferential dividend thereon at a rate of 10% per annum of the Redemption Amount thereof (as such term is defined herein), payable quarterly on the last day of January, April, July and October in each year. Such dividends shall accrue on a day to day basis from the date of such default until such default has been cured;

(c) subject to the provisions of the Act, the holders of the Series A Shares shall be entitled to receive notice of, but shall not be entitled to vote at, meetings of shareholders of the Corporation;

(d) in the event of a liquidation, dissolution or winding-up or other distribution of assets of the Corporation among the shareholders for the purpose of winding up its affairs, a holder of a Series A Share shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation are distributed to the holders of any share of the Corporation ranking junior to the Second Preferred Shares (including the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares), an amount per share equal to

1. the value of the property and assets of the Corporation which will remain after payment to the holders of any shares ranking in priority to the Second Preferred Shares of all amounts properly payable to such holders, of such other shares in the event of such liquidation, dissolution, winding-up or distribution; divided by

2. the aggregate number of Second Preferred Shares and all shares ranking equal or junior to the Second Preferred Shares then outstanding

together with any accrued and unpaid dividends thereon, if any;

(e) subject to the Act, the Corporation shall, at its option, be entitled to redeem at any time or times all or any part of the Series A Shares upon payment in lawful funds of the United Kingdom of 12.5p per share (the "Redemption Amount"), together with any accrued and unpaid dividends thereon, and upon giving notice thereof in accordance with the provisions of paragraph (f) hereof;

(f) the Corporation shall, prior to redeeming the whole or any part of the outstanding Series A Shares, give notice to each holder of Series A Shares to be redeemed, in writing, at the latest address of the holder as shown on the books of the Corporation, at least ten (10) days prior to the date fixed for redemption or such shorter period of time as the Corporation and the holder of any Series A Shares may agree. Such notice shall set out the number of Series A Shares held by the person to whom it is addressed which are to be redeemed, the Redemption Amount and all dividends declared thereon and unpaid, if any. Such notice shall also set out the date on which the redemption is to take place and, on or after the date so specified for redemption the Corporation shall pay or cause to be paid to each of the holders of such Series A Shares to be redeemed the Redemption Amount of such shares and all dividends declared thereon and unpaid, if any, for each Series A Share to be redeemed on such redemption date on presentation and surrender, at the registered office of the Corporation or at any other place or places designated by such notice, of the certificate or certificates for such Series A Shares so called for redemption. From and after the redemption date, such Series A Shares shall cease to be entitled to exercise any of the rights of holders in respect thereof unless payment of the Redemption Amount (together with any accrued and unpaid dividends on such Series A Shares) is not made on the redemption date, in which case the rights of the holder of such Series A Shares shall remain unaffected. On the redemption date, the Corporation may deposit the Redemption Amount (together with any accrued and unpaid dividends on the Series A Shares to be redeemed) in a special interest-bearing account with any chartered Bank or Trust Company in Canada or the United Kingdom named in the notice of redemption with such amount to be paid to or to the order of the respective holders of such Series A Shares called for redemption upon presentation and surrender of the certificate(s) representing the same. Upon such deposit being made, the Series A Shares in respect of which such deposit has been made shall be conclusively considered to have been redeemed and the rights of the holders thereof, after such deposit, shall be limited to receiving, out of the money so deposited, the Redemption Amount (together with any accrued and unpaid dividends thereon and a proportionate share of any interest accrued upon such deposit) against presentation and surrender of the certificate(s) representing such Series A Shares.

Second Preferred Shares, Series B

3. The 10,000,000 of Second Preferred Shares, Series B (the "**Series B Shares**") shall, in addition to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class, carry and be subject to the following rights, privileges, restrictions and conditions:

(a) no dividends shall at any time be declared or paid on or set apart for the Series B Shares or any of them;

(b) subject to the provisions of the Act, the holders of the Series B Shares shall be entitled to receive notice of, but shall not be entitled to vote at, meetings of shareholders of the Corporation;

(c) in the event of a liquidation, dissolution or winding-up or other distribution of assets of the Corporation among the shareholders for the purpose of winding-up its affairs, a holder of a Series B Share shall be entitled to receive out of the assets and property of the Corporation, before any amount is paid or any property or assets of the Corporation are distributed to the holders of any share of the Corporation ranking junior to the Second Preferred Shares (including the Class A Subordinate Voting Shares and the Class B Multiple Voting Shares), an amount per share equal to

1. the value of the property and assets of the Corporation which will remain after payment to the holders of any shares ranking in priority to the Second Preferred Shares of all amounts properly payable to such holders of such other shares in the event of such liquidation, dissolution, winding-up or distribution; divided by

2. the aggregate number of Second Preferred Shares and all shares ranking equal or junior to the Second Preferred Shares then outstanding;

(d) subject to the Act, the Corporation shall, at its option, be entitled to redeem at any time or times all or any part of the Series B Shares upon payment in lawful funds of Canada of $0.005 per share, less any applicable withholding tax (the "Redemption Amount"), and upon giving notice thereof in accordance with the provisions of paragraph (e) hereof;

(e) the Corporation shall, prior to redeeming the whole or any part of the outstanding Series B Shares, give notice to each holder of Series B Shares to be redeemed, in writing, at the latest address of the holder as shown on the books of the Corporation, at least ten (10) days prior to the date fixed for redemption or such shorter period of time as the Corporation and the holder of any Series B Shares may agree. Such notice shall set out the number of Series B Shares held by the person to whom it is addressed which are to be redeemed and the Redemption Amount. Such notice shall also set out the date on which the redemption is to take place and, on or after the date so specified for redemption the Corporation shall pay or cause to be paid to each of the holders of such Series B Shares to be redeemed the Redemption Amount of such shares to be redeemed on such redemption date on presentation and surrender, at the registered office of the Corporation or at any other place or places designated by such notice, of the certificate or certificates for such Series B Shares so called for redemption. From and after the redemption date, such Series B Shares shall cease to be entitled to exercise any of the rights of holders in respect thereof unless payment of the Redemption Amount is not made on the redemption date, in which case the rights of the holder of such Series B Shares shall remain unaffected. On the redemption date, the Corporation may deposit the Redemption Amount in a special interest-bearing account with any chartered bank or trust company in Canada or the United Kingdom named in the notice of redemption with such amount to be paid to or to the order of the respective holders of such Series B Shares called for redemption upon presentation and surrender of the certificate(s) representing the same. Upon such deposit being made, the Series B Shares in respect of which such deposit has

been made shall be conclusively considered to have been redeemed and the rights of the holders thereof, after such deposit, shall be limited to receiving, out of the money so deposited, the Redemption Amount (together with a proportionate share of any interest accrued upon such deposit) against presentation and surrender of the certificate(s) representing such Series B Shares.

SCHEDULE 2

RESTRICTIONS, IF ANY, ON SHARE TRANSFERS

1. For the purpose of enabling the Corporation to comply with ownership requirements under the National Transportation Act, 1987 (the "Act") as the same may be amended from time to time or under any successor legislation, the directors of the Corporation may refuse to permit registration of any transfer or transfers of Voting Shares of the Corporation if such transfer would result in persons other than Canadians owning or controlling more than 25% (or such greater percentage as may be prescribed for the purposes of defining "Canadian" under Part II of the Act) of (a) the votes attached to all outstanding Voting Shares of the Corporation; or (b) the number of outstanding Voting Shares of the Corporation.

2. For the purpose of the foregoing, the directors may, prior to the registration of a transfer, require that there be submitted to the Corporation a declaration setting forth the name of the person who will own or control such Voting Share and whether or not such person is a Canadian.

3. Every certificate representing any share in the capital of the Corporation shall bear the following legend, "RESTRICTIONS ON TRANSFER: In order to comply with regulatory requirements, shares represented by this Certificate are subject to restrictions limiting the number of shares which may be held by non-Canadians and there are restrictions on the right to transfer such shares. The Corporation will furnish to the holder, on demand and without charge, a full copy of the text of such restrictions.

4. For the purposes of this Schedule:

(i) "Canadian" has the meaning ascribed to such term under Part II of the Act as the same may be amended from time to time or under any successor legislation;

(ii) "owning or controlling" or "own or control" shall include direct and indirect ownership or control and beneficial ownership and control, directly or indirectly, through a trustee, legal, representative, agent or other intermediary; and

(iii) "Voting Shares" means any shares of the Corporation carrying voting rights either under all circumstances or under some circumstances that have occurred and are continuing.

SCHEDULE 3

OTHER PROVISIONS

The board of directors may, in addition to filling vacancies as permitted by law, appoint one or more additional directors (subject to the maximum number of directors authorized pursuant to the articles), who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

Exhibit 2

Asset Purchase Agreement

Phase II, Transaction 22

ASSET PURCHASE AGREEMENT

THIS AGREEMENT made on the 15th day of September, 2008.

BETWEEN:

CHC Helicopter Corporation, a corporation existing under the federal laws of Canada,

(hereinafter called the "**Vendor**")

OF THE FIRST PART

- and -

Heli-One Canada Inc., a corporation incorporated pursuant to the federal laws of Canada,

(hereinafter called the "**Purchaser**")

OF THE SECOND PART

WHEREAS the Vendor desires to sell and the Purchaser desires to purchase certain assets owned by the Vendor on the terms and subject to the conditions hereinafter set forth in connection with the reorganization of the Vendor and its affiliates;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the Parties have agreed and do hereby agree with each other as follows:

ARTICLE I
INTERPRETATION

Section 1.01. Definitions. Where used in this Agreement, unless the context or subject matter otherwise requires, the following words and phrases will have the meanings set forth below:

"Assumed Liabilities" has the meaning ascribed to such term in Section 2.02.

"Parties" means the Purchaser and the Vendor, and their respective successors and permitted assigns.

"Permitted Encumbrances" means mortgages, charges, pledges, hypothecs, encumbrances, easements, rights of way, privileges, servitudes, leases, options or other rights to which the Purchased Assets may be subject at the Time of Transfer.

"Person" means an individual, a partnership, a corporation, a government or any department or agency thereof, a trustee, any unincorporated organization and the heirs, executors, administrators or other legal representatives of an individual; and words importing "Person" have similar meanings.

"Purchase Price" means the aggregate price for the Purchased Assets as determined in Section 3.01.

"Purchased Assets" means the assets owned by the Vendor as set out in Schedule A attached hereto.

"Purchaser Shares" means the 325,922,508 common shares in the capital of the Purchaser issued as partial consideration for the Purchased Assets.

PII 22 A

"Tax Act" means the *Income Tax Act* (Canada).

"Tax Value" of any property included in the Purchased Assets means:

(a) with respect to depreciable property of a prescribed class for the purposes of the Tax Act, the least of:

(i) the fair market value of the property at the Time of Transfer;

(ii) the Vendor's cost of the property for the purposes of the Tax Act; and

(iii) the "undepreciated capital cost" to the Vendor of all property of that class for the purposes of the Tax Act immediately before the Time of Transfer;

(b) with respect to inventory or capital property (other than property referred to in (a)), the lesser of:

(i) the "cost amount" to the Vendor of the property for the purposes of the Tax Act at the Time of Transfer; and

(ii) the fair market value of the property at the Time of Transfer;

(c) with respect to "eligible capital property" in respect of a business of the Vendor for the purposes of the Tax Act, the least of:

(i) four-thirds times the Vendor's "cumulative eligible capital" in respect of the business for the purposes of the Tax Act immediately before the Time of Transfer;

(ii) the cost to the Vendor of the property; and

(iii) the fair market value of the property at the Time of Transfer; and

(d) with respect to any other property, the fair market value of the property at the Time of Transfer.

"Time of Transfer" means 11:56 p.m. (Vancouver time) on the date hereof.

Section 1.02. Currency. All sums of money which are referred to in this Agreement are, unless the context or subject matter otherwise permits, expressed in lawful money of Canada.

Section 1.03. Division of Agreement. The division of this Agreement into articles, sections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion thereof and include any agreement or instrument supplementary or ancillary hereto.

Section 1.04. Number and Gender. Words importing the singular number only shall include the plural and vice versa, and words importing the use of any gender shall include all genders.

ARTICLE II
PURCHASE

Section 2.01. Purchase and Sale. Subject to the terms and provisions hereof and based upon the warranties and representations herein contained, the Vendor hereby sells, transfers, assigns and conveys to the Purchaser and the Purchaser hereby purchases and accepts from the Vendor, at the Time of Transfer, the Purchased Assets.

Section 2.02. Assumed Liabilities. At the Time of Transfer, on and subject to the terms and conditions of this Agreement, the Purchaser shall assume and agree to pay when due and perform and discharge in accordance with their terms, all liabilities or obligations of the Vendor of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of the Vendor, excluding the liabilities set out in Schedule B (the "Assumed Liabilities"). Notwithstanding any other provision of this Agreement, the Purchaser shall not be liable for any liability of the Vendor other than the Assumed Liabilities.

ARTICLE III
PURCHASE PRICE

Section 3.01. Purchase Price. The purchase price payable by the Purchaser for the Purchased Assets (the "Purchase Price") shall be the fair market value thereof at the Time of Transfer, which the Parties have determined to be the aggregate sum of $325,922,508 plus the amount of the Assumed Liabilities. The parties agree to attach to this Agreement, within 90 days from the Time of Transfer, an amended Schedule A which shall reflect an agreed allocation of the Purchase Price among the Purchased Assets.

Section 3.02. Payment of Purchase Price. The Purchase Price shall be paid and satisfied by the Purchaser by the issuance of the Purchaser Shares and the assumption of the Assumed Liabilities pursuant to Section 2.02.

Section 3.03. Allocation of Consideration. The consideration received by the Vendor for each of the Purchased Assets that constitutes "eligible property" as defined in subsection 85(1.1) of the Tax Act shall include at least one Purchaser Share (or fraction thereof) and the fair market value of the consideration (other than Purchaser Shares or a right to receive any such shares) received by the Vendor for each property included in the Purchased Assets shall not exceed the Tax Value of such property.

Section 3.04. Section 85 Election. The Parties agree to make and file a joint election pursuant to the provisions of Section 85 of the Tax Act and any applicable provincial legislation in respect of the transfer of the Purchased Assets, in prescribed form and within prescribed time, specifying such "agreed amounts" as are specified by the Vendor, with the intent that such agreed amounts will result in the disposition of such property on a tax-free basis to the Vendor; provided that the Vendor may specify a higher agreed amount where the Vendor intends to realize taxable income by virtue of such transfer. If an agreed amount specified in an initial election filed by the Parties is greater than the agreed amount which would result in a disposition of such property on a tax-free basis to the Vendor (or in accordance with the Vendor's intent to realize a specific amount of taxable income, as the case may be), then at the Vendor's request the Parties shall apply to the Minister of National Revenue or other taxing authority having jurisdiction for permission to amend such election to comply with this Section. Such amendment is intended to restore the taxable income, if any, of the Vendor to the levels anticipated under the initial election.

Section 3.05. Transfer Taxes. The Purchaser shall be liable for and shall pay all federal and provincial sales taxes, land transfer taxes and all other similar taxes, duties or other like charges properly payable upon and in connection with the conveyance and transfer of the Purchased Assets to the Purchaser save and except any income or corporation taxes payable by the Vendor.

Section 3.06. GST Election. At the Time of Transfer the Purchaser and Vendor shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a goods and services tax-free basis under Part IX of the *Excise Tax Act* (Canada). The Purchaser shall file the election in the manner and within the time prescribed by the relevant legislation.

Section 3.07. Section 22 Election. The Purchaser and the Vendor shall elect jointly in the prescribed form under section 22 of the Tax Act, section 184 of the *Taxation Act* (Québec), if applicable, and the corresponding provisions of any other applicable tax statute as to the sale of any receivables and designate in such election an amount equal to the portion of the Purchase Price allocated to the receivables pursuant to Section 3.01. This election, or these elections, shall be made within the time prescribed for such elections.

Section 3.08. Prepaid Income Tax Election. The Purchaser and the Vendor shall, if applicable, jointly execute and file an election under subsection 20(24) of the Tax Act in the manner required by subsection 20(25) of the Tax Act and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the Tax Act and under any other applicable provincial or territorial statute, as to such amount paid by the Vendor to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendor acknowledge that, if applicable, a portion of the Purchased Assets transferred by the Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the Tax Act and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser.

Section 3.09. Other Tax Elections. The Purchaser and the Vendor shall also execute and deliver such other tax elections and forms as they may mutually agree upon.

Section 3.10. Price Adjustment. The Purchase Price of the Purchased Assets, as determined by the Parties, is intended by the Parties to represent the fair market value of the Purchased Assets at the Time of Transfer, and is based on the Parties' best estimates of such value. The Vendor and the Purchaser agree that should the Canada Revenue Agency or any other taxing authority determine or propose to assess or reassess either or both Parties on the basis that the Purchase Price of the Purchased Assets, as so determined, is not equal to the fair market value of the Purchased Assets at the Time of Transfer, subject to each of the Parties exhausting or waiving its rights of objection to or appeal from any actual or proposed assessment or reassessment, the Purchase Price shall be increased or decreased to such amount as may be agreed upon with the Canada Revenue Agency or such other taxing authority, as the case may be, or as may be determined by a final and binding decision of a court to be the fair market value of the Purchased Assets at the Time of Transfer. Any adjustment required hereunder shall be made as of the Time of Transfer.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and the purchase by the Purchaser of the Purchased Assets:

Section 4.01. Status. The Vendor is a corporation duly existing under the laws of Canada and has the power and capacity to enter into and perform its obligations under this Agreement.

Section 4.02. Authorization and Enforceability. This Agreement has been duly executed and delivered by, and constitutes the legal, valid and binding obligations of, the Vendor, enforceable against the Vendor in accordance with its terms, subject to: (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally; and (ii) the fact that equitable remedies, such as the remedies of injunction and specific performance, may be granted only in the discretion of a court of competent jurisdiction.

Section 4.03. No Violation of Laws. To the knowledge of the Vendor, the execution and the delivery of this Agreement, the consummation of the transactions contemplated hereby and the compliance with and fulfillment of the terms, conditions and provisions hereof by the Vendor will not violate any law to which the Vendor is subject or by which any of the Purchased Assets are be bound or affected.

Section 4.04. Title, etc. The Vendor will be the owner of the Purchased Assets at the Time of Transfer free and clear of any and all liens, pledges, charges, mortgages, security interests, claims and other encumbrances, save and except for Permitted Encumbrances.

Section 4.05. Residence. The Vendor is not a non-resident of Canada for purposes of Section 116 of the Tax Act.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying upon such representations and warranties in connection with the entering into of this Agreement and the sale by the Vendor of the Purchased Assets:

Section 5.01. Status. The Purchaser is a corporation duly incorporated under the federal laws of Canada and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement.

Section 5.02. Authorization and Enforceability. This Agreement has been duly executed and delivered by, and constitutes the legal, valid and binding obligations of, the Purchaser enforceable against the Purchaser in accordance with its terms, subject to: (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally; and (ii) the fact that equitable remedies, such as the remedies of injunction and specific performance, may be granted only in the discretion of a court of competent jurisdiction.

Section 5.03. No Violation of Laws. To the knowledge of the Purchaser, the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the compliance with and fulfillment of the terms, conditions and provisions hereof by the Purchaser will not violate any law to which the Purchaser is subject.

Section 5.04. Capitalization. The Purchaser Shares have been duly authorized and validly issued and are fully paid and non-assessable shares in the capital of the Purchaser. No such shares have been issued in violation of any pre-emptive or similar rights.

ARTICLE VI
SURVIVAL OF COVENANTS. REPRESENTATIONS AND WARRANTIES

Section 6.01. Survival of the Covenants, etc. The covenants, representations and warranties of each of the Vendor and the Purchaser contained in this Agreement shall survive the Time of Transfer, and, notwithstanding transfer of the Purchased Assets to the Purchaser, nor any investigation made by or on behalf of either Party, shall continue in full force and effect for the benefit of each Party, as applicable.

Section 6.02. Indemnity. The Vendor and the Purchaser each covenant and agree to indemnify and save harmless the other of and from any loss whatsoever suffered by the other directly or indirectly as a result of or arising out of any breach of representation, warranty or covenant of the other contained in this Agreement, and all claims, demands, costs and expenses in respect of the foregoing.

ARTICLE VII
CERTAIN COVENANTS OF THE PARTIES

Section 7.01. The Vendor's Contracts. In order that the full value of every contract and all claims and demands on such contracts may be realized for the benefit of the Purchaser, the Vendor, will at the Vendor's expense, at the request of and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser shall specify, take all such action which in the opinion of the Purchaser is necessary or proper in order that the obligations of the Vendor under such contracts may be performed in such manner that the value of such contracts shall be preserved and shall enure to the benefit of the Purchaser. The Purchaser shall save the Vendor harmless from any claim or liability under or in respect of such contracts, except to the extent that any failure to preserve the value of such contracts or to secure the benefit thereof to the Purchaser shall result from any neglect or default of the Vendor subsequent to the Time of Transfer.

ARTICLE VIII
COMPLETION ARRANGEMENTS

Section 8.01. Completion. In connection with the transfer of the Purchased Assets to the Purchaser:

(a) the Vendor shall deliver to the Purchaser all necessary deeds, conveyances, bills of sale, assurances, transfers, assignments and any other documents, including an assignment and assumption agreement of defined contribution pension plans of the Vendor, an intellectual property assignment substantially in the form of Schedule C and a helicopter bill of sale substantially in the form of Schedule D, necessary or reasonably required to transfer the Purchased Assets to the Purchaser with a good and marketable title, free and clear of all mortgages, liens, charges, pledges, claims, security interests or encumbrances whatsoever, save and except for Permitted Encumbrances; and

(b) the Vendor shall deliver physical possession of the Purchased Assets to the Purchaser taking into account the nature of each asset to be delivered.

Section 8.02. Bulk Sales. The Vendor has specifically requested the Purchaser to waive the requirements of any applicable bulk sales legislation and the Purchaser hereby waives such requirements. In consideration of this waiver, the Vendor agrees to indemnify and save the Purchaser harmless from all claims arising out of the failure to comply with such laws.

ARTICLE IX
NOTICES

Section 9.01. Notices. All notices, demands, requests, consents, agreements and approvals (collectively, "notices") which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and if mailed by first-class registered mail shall be deemed to have been received seven (7) business days after the post-marked date thereof and if telegraphed or telexed, shall be followed forthwith by letter and shall be deemed to have been received on the business day following the dispatch thereof and, if delivered by hand, shall be deemed to have been received on the day of delivery. Notices shall be addressed as follows:

(a) if to the Vendor:

CHC Helicopter Corporation
4740 Agar Drive
Richmond, BC V7B 1A3
Attention: Martin Lockyer, Vice President, Legal Services and Secretary

(b) if to the Purchaser:

c/o CHC Helicopter Corporation
4740 Agar Drive
Richmond, BC V7B 1A3
Attention: Martin Lockyer, Vice President, Legal Services and Secretary

or to such other address or such other officers as the Parties may from time to time advise each other by notice in writing.

ARTICLE X
MISCELLANEOUS

Section 10.01. Time of Essence. Time shall be of the essence of this Agreement.

Section 10.02. Entire Agreement. This Agreement and any agreements delivered pursuant to Section 8.01(a) hereof constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement, and supersedes all prior agreements and understandings between the Parties with respect thereto. There are no representations, warranties, undertakings or agreements between the Parties with respect to the subject matter of this Agreement except as set forth herein and this Agreement may not be amended or modified in any respect except by written instrument signed by the Parties.

Section 10.03. Further Assurances. The Vendor and the Purchaser will each execute and deliver such further documents and instruments and do such acts and things as may before or after the Time of Transfer be reasonably required by the other to carry out the intent and meaning of this Agreement.

Section 10.04. Applicable Law. This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the Province of British Columbia. The Parties attorn to the jurisdiction of the courts of the Province of British Columbia.

Section 10.05. Binding Agreement. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns.

Section 10.06. Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party.

IN WITNESS WHEREOF the Parties have executed this Asset Purchase Agreement.

CHC HELICOPTER CORPORATION

By: _____
Name: Martin Lockyer
Title: Authorized Signatory

HELI-ONE CANADA INC.

By: _____
Name: Martin Lockyer
Title: Authorized Signatory

Schedule A
Purchased Assets

All the properties, assets, interests and rights of the Vendor other than the Excluded Assets (as defined below), including the following:

(a) all rights and interests of the Vendor in and to the real property that is owned by the Vendor in Newfoundland, together with all easements, rights-of-way and interests appurtenant to them, and all buildings, fixtures, sidings, parking lots, roadways, structures, erections, fixed machinery, fixed equipment and appurtenances situate on, in, under, over or forming part of, any such lands;

(b) save and except for bare legal title in and to the leased real property under the Boundary Bay Sublease (as defined below) (which shall be retained, and held in trust, by the Vendor as nominee, agent and bare trustee for the benefit of the Purchaser), all rights and interests of the Vendor in and to the real property that is leased, subleased, licensed to or otherwise occupied by, the Vendor, including all buildings, fixtures, sidings, parking lots, roadways, structures, erections, fixed machinery, fixed equipment and appurtenances situate on, in, under, over or forming part of, any such real property and under all leases, agreement to leases, subleases, licence agreements and occupancy or other agreements under which the Vendor has the right, or the Vendor has granted to another person the right, to use or occupy any real property, including prepaid rents, security deposits and options to renew or purchase, rights of first refusal under such agreements and all leasehold improvements owned by the Vendor and forming part of such leased real property, including specifically, but without limitation, all rights and interests of the Vendor in and to the real property leased under the following subleases:

1. sublease from Alpha Aviation Inc. dated July 31, 2006 and registered in the New Westminster Land Title Office on November 21, 2006 under registration number BA446810 (the "Boundary Bay Sublease");
2. sublease from the Vancouver International Airport Authority dated July 23, 2002; and
3. lease from Oval 8 Limited Partnership dated for reference December 1, 2006 relating to premises located at 6300 River Road Richmond, B.C.

(c) all machinery, equipment, furniture, motor vehicles and other chattels used in carrying on the Vendor's business, including those in possession of suppliers, customers and other third parties, including without limitation the following aircraft:

Manufacturer	Model	Serial Number
Sikorsky	S-61	61473
Sikorsky	S-61	61773
Sikorsky	S-61	61493
Sikorsky	S-76	760092
Sikorsky	S-76	760102
Sikorsky	S-76	760376

(d) all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress, finished goods, tooling, service parts and purchased finished goods, including those in possession of suppliers, customers and other third parties;

(e) all accounts receivable, bills receivable, trade accounts, book debts and insurance claims, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits;

(f) all rights and interests under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or the Assumed Liabilities or otherwise arising from the operation of the Vendor's business;

(g) all cash and cash-equivalents and all rights and interests to bank accounts of the Vendor;

(h) all rights to and interests in:

1. all business names, trade names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses;

2. all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application), including without limitation:

   Canada: Application No. 2583052;
   United States: Application No. 11/691490; and
   PCT: Application PCT/CA2007/000508, filed on March 26, 2007;

3. all industrial designs and applications for and registration of industrial designs, design patents and industrial design registrations;

4. all trade-marks (whether used with wares or services and including the goodwill attaching to such trade-marks) and registrations and applications for registration of trade-marks and all trade dress, logos, slogans and brand names;

5. all copyright in all works (including software programs and databases) and database rights and registrations and applications for registrations of copyright, including without limitation:

   Registration no. 1053631 for Safety Quality Integrated Database;
   Registration no. 1048788 for Safety Quality Integrated Database; and
   Registration no. 1047760 for Safety Quality Integrated Database;

6. all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information;

7. all other intellectual property rights throughout the world used in carrying on, or arising from the operation of, the Vendor's business;

8. all licences granted by the Vendor of the intellectual property listed in items (1) to (7) above;

9. all future income and proceeds from any of the intellectual property listed in items (1) to (7) above and the licences listed in item (8) above; and

10. all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (1) to (7) above and the licences listed in item (8) above;

(i) all pending and executory contracts, agreements, leases and arrangements (whether oral or written) to which the Vendor is a party or by which the Vendor or any of the Purchased Assets is bound or under which the Vendor has rights;

(j) all books of account and other financial data and information and all other books, records, files and papers including drawings, engineering information, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records, and all records, data and information stored electronically, digitally or on computer-related media;

(k) all prepayments, prepaid charges, deposits, sums and fees or held in respect of the Purchased Assets;

(l) all goodwill;

(m) all proceeds of any or all of the foregoing received or receivable after the Time of Transfer; and

(n) all rights to and interests under any plan, agreement, program, policy or other arrangement which provides employees or former employees of the Vendor (and any eligible spouse, beneficiary or dependant of such person) with pension, supplemental pension, retiring allowance, health and welfare and non-pension retiree benefits, together with any and all related contracts, agreements, insurance policies, funding agreements and/or letters of credit.

"Excluded Assets" means:

(a) bare legal title in and to the leased real property under the Boundary Bay Sublease;

(b) all interests, rights and obligations of the Vendor, including under any lease, pre-lease, sub-lease, purchase, operating or other agreement, in, to and in connection with the following aircraft:

Manufacturer	Model	Serial Number
Sikorsky	S-76	760568
Sikorsky	S-76	760537

(c) the promissory note in the aggregate principal amount of CDN$65,000,000 issued by Heli-One Leasing Inc. to the Vendor;

(d) long term receivables relating to lease agreements #760568 and #760537 of the Vendor; and

(e) all shares in the capital stock held by the Vendor in any entities, including without limitation:

1. 0733526 British Columbia Ltd.;
2. 0770436 British Columbia Ltd.;
3. 297303 British Columbia Ltd.;
4. 38286 Bermuda Ltd.;
5. Aviation Personnel Recruitment and Management (APRAM) Limited;
6. Canadian Helicopters (U.K.) Limited;
7. Canadian Helicopters Philippines International Inc.;
8. Cayman Investments II Ltd.;
9. CHC Global Operations (2008) Inc.;
10. CHC Global Operations (Cyprus) Limited;
11. CHC Global Operations Canada (2008) Inc.;
12. CHC Global Operations Canada Inc.;
13. CHC Global Operations International Inc.;
14. CHC Helicopter Sarl;
15. CHC Helicopters (Barbados) Limited;
16. CHC Sweden AB;
17. Heli-One Inc.;
18. Heli-One (US) Inc.;
19. Heli-One American Leasing Inc.;
20. OSCO & CHI Arabia Limited;
21. Slemon Park Corporation;
22. East West Helicopters Services (Georgia) Corp.; and
23. East West Helicopter Services Limited.

Schedule B
Excluded Liabilities

(a) the Third Amended and Restated Credit Agreement dated as of July 31, 2007 among The Bank of Nova Scotia, as administrative agent, the lenders from time to time party to such agreement, and CHC Helicopter Corporation and other obligors from time to time, as amended;

(b) the amended and restated letter agreement dated April 24, 2008 made by The Bank of Nova Scotia and agreed to and accepted by CHC Helicopter Corporation, as borrower, and CHC Helicopters International Inc., 4357825 Canada Inc. and 4083423 Canada Inc., as guarantors pursuant to which The Bank of Nova Scotia established a Cdn.$36,000,000 non-revolving credit facility;

(c) the total return swap between CHC Helicopter Corporation and Bank of Nova Scotia in connection with the share appreciation rights plan of the Vendor evidenced by a December 4, 2007 transaction confirmation, amending and restating a July 2, 2002 transaction confirmation, as amended on July 26, 2007;

(d) all outstanding 7• % Senior Subordinated Notes due 2014 issued pursuant to the Indenture dated as of April 27, 2004 among the Company, each of the subsidiary guarantors named therein and The Bank of New York, as trustee, as amended;

(e) liabilities relating to lease agreements of the Vendor in respect of aircrafts with manufacturer serial numbers 760568 and 760537; and

(f) all indebtedness due to Export Development Canada (which, for greater certainty, does not include (i) the Application and Indemnity Agreement dated July 11, 2007 among the Vendor and Export Development Canada and (ii) the Application and Indemnity Agreement dated November 16, 2006 among the Vendor and Export Development Canada).

Schedule C
Intellectual Property Assignment

Schedule D
Bill of Sale

PATENT AND COPYRIGHT ASSIGNMENT

WHEREAS, CHC HELICOPTER CORPORATION (the "**Assignor**"), a Canadian corporation, the full post office address of whose principal office or place of business is 4740 Agar Drive, Richmond, British Columbia, V7B 1A3, Canada is the owner of the patent applications (collectively the "**Patents**") and the copyright registrations (the "**Copyright**") listed in the attached schedules 1 and 2; and

WHEREAS, HELI-ONE CANADA INC. (the "**Assignee**"), a Canadian corporation, the full post office address of whose principal office or place of business is 4740 Agar Drive, Richmond, British Columbia, V7B 1A3, Canada desires to acquire all of the Assignor's right, title and interest in and to the Patents and the Copyright, and the Assignor desires to transfer such right, title and interest to the Assignee;

NOW, THEREFORE, the Assignor, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, hereby assigns unto the Assignee all of the Assignor's right, title, and interest: (a) in and to, domestic and foreign, the Patents, including, without limitation, the right to make applications therefor, including divisional, continuation, continuation-in-part, and reissue applications and any reissues, re-examinations, extensions and restorations of the Patents; and including all rights of priority in and to the related inventions and discoveries in all countries, together with all claims for past, present or future infringements of the Patents and any related claims Assignor may have against any third parties, whether known or unknown, and to apply any damages recovered to the Assignee's account; and (b) in and to the Copyright, including the right to make applications therefor in any country, together with all claims for past, present or future infringements of the Copyright and any related claims Assignor may have against any third parties, whether known or unknown, any to apply and damages to the Assignee's account.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed effective as of the date first written above.

CHC HELICOPTER CORPORATION

Name:
Title:

HELI-ONE CANADA INC.

Name:
Title:

SCHEDULE 1 - PATENTS

Canada
Application No. 2583052

United States
Application No. 11/691490

PCT
Application PCT/CA2007/000508, filed on March 26, 2007

SCHEDULE 2 - COPYRIGHT

Canada
Registration no. 1053631 for Safety Quality Integrated Database
Registration no. 1048788 for Safety Quality Integrated Database
Registration no. 1047760 for Safety Quality Integrated Database

Exhibit 3

Heli-One Canada Inc. Continuation

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Cover Sheet

HELI-ONE CANADA INC.

Confirmation of Service

Form Filed:	Continuation Application
Date and Time of Filing:	October 21, 2014 02:46 PM Pacific Time
Recognition Date and Time:	Continuation into British Columbia on October 21, 2014 02:46 PM Pacific Time
Name of Company:	HELI-ONE CANADA INC.
Incorporation Number:	**C1016902**

A federal Business Number has been assigned to this company as noted below. [IMPORTANT: KEEP THIS FOR YOUR COMPANY RECORDS]

Business Number: **804206159BC0002**

For assistance or additional information regarding the Business Number, contact Canada Revenue Agency at 1-800-959-5525 from 8:15 a.m. to 8:00 p.m., Monday through Friday, excluding statutory holidays.

This package contains:

- Certified Copy of the Continuation Application
- Certified Copy of the Notice of Articles
- Certificate of Continuation

Check your documents carefully to ensure there are no errors or omissions. If errors or omissions are discovered, please contact the Corporate Registry for instructions on how to correct the errors or omissions.

The British Columbia Business Corporations Act requires all incorporated companies to file information such as annual reports, a change of address or a change of directors. For information regarding these filings, review the "Maintaining Your B.C. Company" document at www.bcregistryservices.gov.bc.ca/local/bcreg/documents/forms/reg36.pdf.

For information regarding completion of forms, contact the Corporate Registry at 1 877 526-1526.

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Continuation Application

FORM 16
BUSINESS CORPORATIONS ACT
Section 302

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

FILING DETAILS:	*Continuation Application for:* **HELI-ONE CANADA INC.**
	Incorporation Number: **C1016902**
Filed Date and Time:	**October 21, 2014 02:46 PM Pacific Time**
Recognition Date and Time:	**Continued into British Columbia October 21, 2014 02:46 PM Pacific Time**

CONTINUATION APPLICATION

Name Reservation Number:
NR6536203

Name Reserved:
HELI-ONE CANADA INC.

PREVIOUS FOREIGN JURISDICTION INFORMATION

Identifying Number in Foreign Jurisdiction:
448980-2

Name in Foreign Jurisdiction:
HELI-ONE CANADA INC.

Date of Incorporation, Continuation, or Amalgamation in Foreign Jurisdiction:
September 17, 2008

Foreign Jurisdiction:
FEDERAL

EXTRAPROVINCIAL REGISTRATION INFORMATION

Previous Registration Number in BC:	Extraprovincial Company's Name in BC:
A0075594	HELI-ONE CANADA INC.

Authorization for Continuation

The authorization for the continuation into BC from the foreign corporations jurisdiction was filed.

NOTICE OF ARTICLES

Name of Company:

HELI-ONE CANADA INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

Delivery Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

Delivery Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
KING, PAUL

Mailing Address:
1919 WEST 13TH AVENUE
VANCOUVER BC V6J 2H5
CANADA

Delivery Address:
1919 WEST 13TH AVENUE
VANCOUVER BC V6J 2H5
CANADA

Last Name, First Name, Middle Name:
HILL, RUSS

Mailing Address:
701 FIELDSTON ROAD
BELLINGHAM WA 98225
UNITED STATES

Delivery Address:
701 FIELDSTON ROAD
BELLINGHAM WA 98225
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	CLASS A PREFERRED Shares	Without Par Value With Special Rights or Restrictions attached
3.	No Maximum	CLASS B PREFERRED Shares	Without Par Value With Special Rights or Restrictions attached

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: October 21, 2014 02:46 PM Pacific Time

Incorporation Number: **C1016902**

Recognition Date and Time: *Continued into British Columbia on October 21, 2014 02:46 PM Pacific Time*

NOTICE OF ARTICLES

Name of Company:

HELI-ONE CANADA INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

Delivery Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

Delivery Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
KING, PAUL

Mailing Address:
1919 WEST 13TH AVENUE
VANCOUVER BC V6J 2H5
CANADA

Delivery Address:
1919 WEST 13TH AVENUE
VANCOUVER BC V6J 2H5
CANADA

Last Name, First Name, Middle Name:
HILL, RUSS

Mailing Address:
701 FIELDSTON ROAD
BELLINGHAM WA 98225
UNITED STATES

Delivery Address:
701 FIELDSTON ROAD
BELLINGHAM WA 98225
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	CLASS A PREFERRED Shares	Without Par Value With Special Rights or Restrictions attached
3.	No Maximum	CLASS B PREFERRED Shares	Without Par Value With Special Rights or Restrictions attached

BRITISH COLUMBIA

Number: C1016902

CERTIFICATE OF CONTINUATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that HELI-ONE CANADA INC., which was duly registered as an extraprovincial company under the laws of British Columbia with certificate number A0075594, has continued into British Columbia from the Jurisdiction of CANADA, under the Business Corporations Act, with the name HELI-ONE CANADA INC. on October 21, 2014 at 02:46 PM Pacific Time.

Issued under my hand at Victoria, British Columbia
On October 21, 2014

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

ELECTRONIC CERTIFICATE

Exhibit 4

Heli-One Canada ULC Name and Form Change

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

Cover Sheet

HELI-ONE CANADA ULC

Confirmation of Service

Form Filed:	Notice of Alteration from a BC Company to Become a BC Unlimited Liability Company
Date and Time of Filing:	October 21, 2014 05:20 PM Pacific Time
Alteration Effective Date:	The alteration is to take effect at the time that this application is filed with the Registrar.
Name of Company:	HELI-ONE CANADA ULC
Incorporation Number:	**C1016902**

This package contains:

- Certified Copy of the Notice of Articles
- Certificate of Name Change

Check your documents carefully to ensure there are no errors or omissions. If errors or omissions are discovered, please contact the Corporate Registry for instructions on how to correct the errors or omissions.

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

CAROL PREST

Notice of Articles

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: October 21, 2014 05:20 PM Pacific Time

Incorporation Number: **C1016902**

Recognition Date and Time: *Continued into British Columbia on October 21, 2014 02:46 PM Pacific Time*

NOTICE OF ARTICLES

An unlimited liability company must set out on the face of each share certificate the following statement:

"The shareholders of this company are jointly and severally liable to satisfy the debts and liabilities of this company to the extent provided in section 51.3 of the Business Corporations Act."

Name of Company:

HELI-ONE CANADA ULC

REGISTERED OFFICE INFORMATION

Mailing Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

Delivery Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

Delivery Address:
4740 AGAR DRIVE
RICHMOND BC V7B 1A3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
KING, PAUL

Mailing Address:
1919 WEST 13TH AVENUE
VANCOUVER BC V6J 2H5
CANADA

Delivery Address:
1919 WEST 13TH AVENUE
VANCOUVER BC V6J 2H5
CANADA

Last Name, First Name, Middle Name:
HILL, RUSS

Mailing Address:
701 FIELDSTON ROAD
BELLINGHAM WA 98225
UNITED STATES

Delivery Address:
701 FIELDSTON ROAD
BELLINGHAM WA 98225
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	CLASS A PREFERRED Shares	Without Par Value With Special Rights or Restrictions attached
3.	No Maximum	CLASS B PREFERRED Shares	Without Par Value With Special Rights or Restrictions attached

BRITISH COLUMBIA

Number: C1016902

CERTIFICATE
OF
CHANGE OF NAME

BUSINESS CORPORATIONS ACT

I Hereby Certify that HELI-ONE CANADA INC. changed its name to HELI-ONE CANADA ULC on October 21, 2014 at 05:20 PM Pacific Time.

Issued under my hand at Victoria, British Columbia
On October 21, 2014

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

ELECTRONIC CERTIFICATE

Exhibit C

Newcomb Declaration

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	:	**Chapter 11**
CHC GROUP LTD. *et al.*,	:	**Case No. 16– 31854 (BJH)**
Debtors.	:	**(Jointly Administered)**

DECLARATION OF R. RICHARD NEWCOMB

I. Qualifications

I, R. Richard Newcomb, Esq., declare as follows:

1. I have prepared this Declaration, at the request of the Debtors' counsel, the law firm of Weil, Gotshal & Manges LLP, as an expert to describe how the prohibitions of the Iranian Transactions and Sanctions Regulations, 31 C.F.R. part 560 (the "ITSR") would apply to a distribution in payment of proof of claim number 263 ("Proof of Claim 263") in the chapter 11 cases of CHC Group Ltd. and its above captioned debtor affiliates, as reorganized debtors (the "Debtors"),[1] which I understand is at issue in this case. I will draw on my experience, including nearly 18 years as the Director of the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), to interpret the prohibitions at issue and, in particular, to describe OFAC's use of specific licenses to authorize certain otherwise prohibited transactions, the process of applying for a specific license and the factors OFAC considers in determining whether to issue such licenses. In addition, I will draw on my OFAC experience and my nearly 14 years of experience working on economic sanctions issues as a private practitioner to describe certain practical difficulties involved in making a distribution in payment of Proof of Claim 263, even with a specific license from OFAC.

2. I am a practicing attorney admitted to the Bar in Ohio and the District of Columbia, where I am Chair of the International Trade Practice Group and resident in the Washington, D.C. office of DLA Piper, a global law firm with offices in 90 cities in 40 countries around the world. Prior to 2008, I was a partner and Chair of the International Practice Group, resident in the Washington, D.C. office of the law firm Baker, Donelson, Berman, Caldwell and Berkowitz, which I joined in October 2004 upon my retirement from employment with the U.S. Federal Government.

3. From January 1987 through September 2004, I was the Director of OFAC, making my tenure as Director the longest in OFAC's history. On September 30, 2004, I retired

[1] Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to such terms in the Reply (defined below).

from the United States Government after 31 years of service, 25 of which were with the U.S. Treasury, where, in addition to service as the Director of OFAC, I held a number of enforcement related positions. This included the assignment in 1981 as policy coordinator in the Treasury Department for settlement of U.S. bank claims and related financial issues with the Government of Iran pursuant to the Algiers Accords, the agreement between Iran and the United States that led to the release of the 52 U.S. nationals held hostage in Iran.

4. During my tenure as Director of OFAC, I was directly involved in the process of developing and then implementing and enforcing economic sanctions policies and programs against, *inter alia*, Burma, Cuba, Haiti, Iran, Iraq, Libya, North Korea, Panama, Serbia, Sudan, Syria, South Africa, and Vietnam among other countries; narcotics traffickers in Colombia, narcotics kingpins and their networks operating worldwide, terrorist organizations and their global financing networks. This included direct oversight and supervision of the promulgation of regulations, the issuance of licenses, the coordination of sanctions policy with the Department of State, and the enforcement of the sanctions through civil penalties, referrals of cases to the Department of Justice and other actions. Policy and enforcement issues from time to time required direct interaction in the form of memoranda, briefings, meetings, and policy discussions with the Treasury Secretaries under whom I served as Director of OFAC.

5. In all, I was responsible for administering and enforcing some 39 separate economic sanctions and embargo programs, promulgated under the International Emergency Economic Powers Act of 1977 ("IEEPA") and the Trading with the Enemy Act of 1917 ("TWEA"), that targeted countries and key agencies, instrumentalities and controlled entities and persons within such sanctioned countries, groups, and entities such as terrorists, narcotics traffickers and proliferators of weapons of mass destruction and others that were determined to pose a threat to the national security, foreign policy or economy of the United States. Economic sanctions programs are promulgated under either of these two primary statutes that confer extraordinary authority on the President to take action to meet such threats.

6. My responsibilities as Director of OFAC included participation in inter-agency strategy sessions that ultimately led to the decision by the President to declare a national emergency because of a threat from outside the United States to the national security, foreign policy or economy of the United States. By the declaration of a national emergency, which was required by IEEPA as the predicate step, the President could then invoke the extraordinary authorities that the Congress has made available in IEEPA to use at his discretion to regulate or prohibit economic transactions by any person, or with respect to any property, subject to the jurisdiction of the United States, in order to address and counter the threat.

7. While Director of OFAC, I routinely participated, along with the Departments of State and Justice, among others, in the interagency process led by the National Security Council that resulted in the issuance of Executive Orders that targeted threats originating in whole or substantial part outside the United States to the national security, foreign policy or economy of the United States.

8. While Director of OFAC, I participated on four occasions, along with the Departments of State and Justice, among others, in the interagency process led by the National

Security Council that resulted in Executive Orders targeting Iran for its actions inimical to the United States. Similarly, I participated in the interagency process for the development of every (or virtually every) economic sanctions program promulgated under IEEPA issued by Executive Order and implemented by OFAC during the time I was Director. This includes the development (and then implementation) of approximately 50 such Executive Orders promulgating economic sanctions programs that targeted: the Balkans, Burma, Colombia, Cuba, Haiti, Iraq, Kuwait, Libya, Narcotics Traffickers, Conflict Diamonds, the Liberian Regime of Charles Taylor, Panama, Sudan, Syria, Afghanistan (Taliban), Global Terrorists, the UNITA rebels in Angola, the former Yugoslavia, Weapons of Mass Destruction Proliferators, and Zimbabwe.

9. When such Executive Orders were issued, the authority to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out the purposes of the orders was delegated to the Secretary of the Treasury, in consultation with the Secretary of State. The Secretary of the Treasury in turn delegated this authority to the Director of the Office of Foreign Assets Control.

10. It was my responsibility to implement, administer and oversee the enforcement of each of these Executive Orders. This included the development and promulgation of regulations to define and interpret the various prohibitions contained in each Executive Order and, as appropriate, where consistent with regulations and U.S. foreign policy, the issuance of general and specific licenses to authorize certain transactions that were consistent with U.S. policy. The process required comprehensive internal reviews and often times interagency consultation and coordination, especially with the Department of State for foreign policy guidance, the Department of Commerce for technical guidance and with the Department of Justice for legal coordination and guidance on jurisdiction and authority on the intended scope, coverage and impact of decisions on each economic sanctions program. I was frequently called upon by the various Committees of the U.S. Congress in both the House of Representatives and the Senate as the U.S. Treasury Department witness to provide testimony and respond to questions about the various sanctions programs administered by OFAC, including Iran.

11. For my work as OFAC Director, I was awarded by President Ronald Reagan the Presidential Rank Meritorious Executive Award. In addition, both President George H. W. Bush and President Bill Clinton conferred on me the Presidential Rank Distinguished Executive Award. In addition, during my tenure as OFAC Director, the International Law Section of the American Bar Association presented to me, on behalf of the agency, its Award for Outstanding International Law Office. Upon my departure from the U.S. Treasury Department, I was awarded The Treasury Medal, the Department's highest award conferred on a civil servant.

12. Since my departure from the U.S. Treasury in 2004, I have been in the private practice of law initially from October 2004 to May 2008 at the law firm, Baker, Donelson, Berman, Caldwell and Berkowitz where I headed the International Practice Group. From June 2008 to the present, as noted above, I have been at the law firm DLA Piper where I head the International Trade Practice Group. My practice is in a broad range of international trade and finance issues. However, my primary area of practice is in the area of economic sanctions.

13. I have for many years been recognized in *Chambers USA: America's Leading Lawyers for Business* and *Chambers Global: The World's Leading Lawyers for Business*. In addition from 2008 to the present, I am listed in *The Best Lawyers in America* in the area of International Trade and Finance Law.

14. In the daily course of my practice of law, I provide legal advice and assistance to a broad range of companies and financial institutions incorporated and located within and outside of the United States, including publicly traded companies listed on major domestic and international stock exchanges. This includes domestic and foreign financial institutions and companies contained in the major indexes such as the Dow Jones Industrials. Such advice and assistance is provided in all aspects of OFAC sanctions programs including licensing, compliance, enforcement, investigations, and civil and criminal cases.

15. A list of my authored publications and recent cases in which I testified as an expert witness is annexed hereto as Exhibit A.

16. For my services rendered in this matter, DLA Piper is compensated at an hourly rate of $1,105.00. DLA Piper is compensated at an hourly rate of $850.00 and $790.00 for the professionals working under my direction.

II. Factual Background

17. I understand that A.M. Mahallati & Co. ("Mahallati") has filed Proof of Claim 263 in the Debtors' chapter 11 cases. Invoices related to Proof of Claim 263 are for services rendered by Mahallati to CHC Helicopters International Inc. ("CHII") in connection with Iranian tax compliance obligations, including filing tax documents with the relevant taxing authorities and subsequently maintaining tax records in accordance with Iranian law. The invoices seek payment for services rendered between January 2008 through March 2011.

18. I understand that the tax services were rendered in connection with CHII's provision of helicopter services in Iran. I have been told that these services by CHII had ceased by or around 2006. I further understand that in 2006, CHC voluntarily disclosed to OFAC that several of its subsidiaries may have violated the ITSR and other applicable U.S. laws and regulations by re-exporting to Iran certain helicopters, related parts, and other items.

19. I understand that through a series of amalgamations and other transactions, CHII transferred certain of its assets and liabilities, including those related to the invoices asserted in Proof of Claim 263, to Heli-One Canada ULC. I also understand that the Debtors believe that Mahallati's asserted claim should be allowed against debtor Heli-One Canada ULC as a Class 7 Primary General Unsecured Claim under the Plan.

20. I understand that Mahallati is an accounting firm located in Tehran, Iran, and Proof of Claim 263 provides that notices and payments to the creditor should be sent to an address in Tehran, Iran. I also understand that Mahallati has proposed that Mr. A. Rasool Mahallati, a managing director of Mahallati and alleged British citizen, receive a distribution on behalf of Mahallati on account of Proof of Claim 263.

21. I understand that, pursuant to the Plan, holders of Class 7 Primary General Unsecured Claims are entitled to receive a distribution on account of their claim consisting of New Membership Interests and New Unsecured Notes, which is currently estimated to provide each allowed claim holder a 1.8% recovery. The New Membership Interests and New Unsecured Notes are to be distributed through DTC, a New York trust company that is a member of the U.S. Federal Reserve System and registered with the SEC. To receive a distribution on account of a Class 7 Primary General Unsecured Claim, holders of such claim must designate a broker, bank or other financial institution that is a participant in DTC and with which such holder maintains a securities account to receive New Membership Interests and New Unsecured Notes on such holders' behalf.

22. I understand that the Debtors' business is headquartered, and the Debtors' senior management operates out of Irving, Texas. The majority of the members of the Board of Directors of the parent entity, CHC Group LLC, are United States citizens. Heli-One Canada ULC, the Debtor against which the Debtors assert the Mahallati claim should be allowed, is incorporated under the laws of Canada, but its directors are all United States citizens. I also understand that all actions taken by the Debtors to implement the Plan, including the making of distributions to Holders of Allowed Claims in these chapter 11 cases, are ultimately made at the direction of the Board of Directors of CHC Group LLC and those senior officers headquartered in Irving, Texas, a majority of whom are U.S. persons pursuant to the ITSR.

23. I also understand that Proof of Claim 263 is the sole remaining unresolved Claim in the Debtors' chapter 11 cases.

III. Payment of Mahallati's claim, directly or indirectly, is prohibited unless specifically licensed by OFAC

24. The sanctions that the United States maintains on Iran are what are called comprehensive sanctions, as opposed to targeted sanctions. Comprehensive sanctions apply to an entire country, territory or region and to all persons within that country, territory or region. Comprehensive sanctions generally include, among other prohibitions, a prohibition on exports of goods, services and technology to the country, territory or region and to all persons within that country, territory or region (even if they might be out of the country temporarily), as well as a prohibition on importing into the United States goods or services originating in that country, territory or region. At the same time, even more stringent sanctions might apply to certain persons or institutions within the country, territory or region. Thus, while comprehensive sanctions apply to Iran as a whole and to all persons within Iran, additional blocking sanctions apply to the Government of Iran, including government-owned or –controlled entities, to Iranian financial institutions, and to any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any of the foregoing. The sanctions preclude the distribution of funds or securities to persons in Iran. Moreover, the sanctions apply to non-U.S. entities that are owned or controlled by United States persons, as defined in the ITSR.

25. Because of the comprehensive sanctions on Iran – which prohibit the direct or indirect supply of any goods, technology, or services (including the transfer of funds and securities) to Iran from the United States, or by a United States person, wherever located – making a distribution, directly or indirectly, to A.M. Mahallati & Co. ("Mahallati"), an accounting firm in Iran, in payment of Proof of Claim 263 is prohibited by the ITSR. Likewise, making the distribution to one of Mahallati's managing directors who allegedly is a British citizen is similarly prohibited, as an indirect exportation of financial services to Iran. Based on the practice of OFAC when considering these types of matters, any such distribution to Mahallati or its managing director would be viewed by OFAC as violating the sanctions and there is a risk that OFAC would impose civil and potentially criminal penalties if such a payment were made. The only way the distribution to Mahallati might legally be made is if either (i) an existing general license authorizes conduct that would permit the Debtors to make a distribution or (ii) a specific license authorizing the distribution is issued by OFAC.

26. There is no general license that would authorize the proposed payment to Mahallati. Prior to its revocation on June 27, 2018, General License H authorized an entity owned or controlled by a U.S. person and established or maintained outside the United States ("U.S. Owned or Controlled Foreign Entities") to engage in otherwise prohibited transactions with persons in Iran, subject to certain strict conditions. 83 Fed. Reg. 30335 at 30336 (June 28, 2018). On June 27, 2018, OFAC issued a new, temporary general license that allows U.S. Owned or Controlled Foreign Entities, until November 4, 2018, to engage in certain activities "ordinarily incident and necessary to the wind down" of transactions involving persons in Iran, again subject to specified conditions. *Id.* at 30338 (codified at 31 C.F.R. § 560.537). General License H would not have been available for the transaction at hand – nor is the wind-down license available – because the transaction fails to meet the restrictive conditions of either such license. Among other things, even though the Debtor is a Canadian entity, effecting the transaction would require a level of action by U.S. persons or within the United States, including the Bankruptcy Court – in particular, the express authorization of a particular payment – that was prohibited under General License H and continues to be prohibited under the wind-down license. Both General License H and the wind-down license also prohibit transferring funds "to, from, or through a United States depository institution or a United States-registered broker or dealer in securities." *Id.*

27. An application for a specific license to engage in a transaction otherwise prohibited by the ITSR must be submitted to OFAC by any person having an interest in the transaction. In this case, the Debtors or Debtors' counsel could submit the application. The application must fully describe the transaction in which the applicant seeks to engage, supplying all relevant information and fully disclosing the names of all parties who are concerned with or interested in the proposed transaction.

28. The ITSR contain no specific licensing policy covering the transaction at issue. Therefore, the license application from the Debtors to make the distribution to Mahallati would have to persuade OFAC that issuance of the requested license would be consistent with U.S. national security and foreign policy objectives, as is the case with most specific license applications to engage in transactions with Iran. The equitable goal of making a party whole for

past performance under a contract would carry little weight with OFAC. Whether or not a license is issued is within OFAC's discretion.

29. I cannot predict whether OFAC would issue a license to the Debtors or the likelihood that such a license would be issued. However, based on my nearly 18 years of experience as Director of OFAC and my 14 years of experience dealing with OFAC as a private practitioner, I can say that, in deciding whether to issue a license to the Debtors to make the distribution to Mahallati, OFAC is likely to take into account the following factors:

a. Whether, at the time CHII provided helicopter services in Iran, the provision of these services by CHII was consistent with the Iran sanctions and regulations then in effect and in compliance with other applicable U.S. laws and regulations (such as the Export Administration Regulations) or were these services provided in violation of U.S. laws and regulations then in effect;
b. Whether Mahallati is a person whose property and interests in property are blocked under the ITSR or which is otherwise listed on OFAC's Specially Designated Nationals and Blocked Persons List ("SDN List") or whether it is simply a private Iranian firm unconnected to the Government of Iran;
c. Whether the Court and the Debtors are in agreement that the distribution to Mahallati should be made;
d. The fact that the distribution to Mahallati is a small part of a much larger proceeding having nothing to do with Iran;
e. Whether the inability to make the distribution to Mahallati will impede the distributions to the other creditors or prevent the closing of this bankruptcy proceeding; and
f. The amount of the distribution to Mahallati.

30. I also cannot predict how long it might take OFAC to respond to a license application from the Debtors. OFAC's Licensing Division operates with no deadlines for issuing licenses or denials, and could take months or longer to render a decision. If the Debtors submit a license application, they could request expeditious consideration due to the pending bankruptcy proceedings and the requirement in Section 6.8 of the Plan that any distribution not transferred to and claimed by the corresponding creditor within one year is to be distributed pro rata to the other approved creditors.[2] OFAC has often acted expeditiously in response to license applications involving pending litigation. On the other hand, OFAC often sends license applications to the Department of State for foreign policy advice, and that will delay a response.

[2] *See* discussion below on the practical difficulties in transferring the distribution to Mahallati even if an OFAC license is issued. Those difficulties alone could well consume six months to a year.

IV. Even if OFAC issues a license, practical difficulties may make it very difficult or even impossible to transfer the distribution to Mahallati

31. As a practical matter, even if OFAC issues a license to the Debtors authorizing the transfer of the distribution to Mahallati, it will be very difficult to impossible to arrange the transfer of Plan securities to or for the benefit of a person/entity in Iran. In today's de-risking environment, the depository institutions, securities custodians and other financial institutions needed to process the transfer are very likely to refuse to process such a transaction, even with an OFAC license and regardless of whether the financial institution is a U.S. or foreign person.

Richard Newcomb

R. Richard Newcomb

Date: August 6, 2018

Exhibit A

EXPERT WITNESS REPORTS OPINIONS AND PUBLICATIONS
by R. Richard Newcomb, Esq.

Expert Witness Reports		
	Date	**Case**
1.	8/23/16	*United States of America v. Reza Zarrab*, US District Court for Southern District of New York, Case No. SI 15 Cr. 867 (RMB), August 23, 2016
2.	1/07/16	*United Media Holdings, N.V. and Trilado Enterprise Inc. v. Forbes Media LLC*, American Arbitration Association, Case No. 01-14-0001-4742, January 7, 2016
3.	9/18/14	*Joseph J. Gomez,v. Kroll Factual Data, Inc.*, US District Court for District of Colorado, Civil Action No. 13-cv-00445-WJM-KMT, September 18, 2014
4.	6/08/12	*Outotec (Sweden) AB v. Converteam GmbH*, Arbitration Institute of the Stockholm Chamber of Commerce, Arbitration No. 021/2012, June 8, 2012
5.	05/10	*United States of America v. M. Reza Banki*, US District Court for Southern District of New York, Case No. S1 15 Cr. 867 (RMB)
		Publications
		"An Introduction to Economic Sanctions: A Brief History, Chapter 30, Co-Authored with Mark D. Roberts." *National Security Law & Policy (Third Edition)*, Edited by John Norton Moore, Guy B. Roberts, Robert F. Turner, Carolina Academic Press, Durham, North Carolina (2015)