

**TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION**  
**IN THE MATTER OF THE PROPOSAL OF**  
**WEST AIR SHEET METAL LTD.**  
**PROPOSAL # 25-3306817**  
**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

**A. BACKGROUND**

West Air Sheet Metal Ltd. (hereinafter referred as “**West Air**”, the “**Debtor**”, or the “**Company**”) is a sheet metal and HVAC contracting company in Calgary, Alberta. The Company has incurred significant liabilities as a result of the disruptions of the COVID-19 Pandemic and cannot continue the repayment of its debts and on-going operating expenses.

Management has written a letter to creditors detailing their business struggles, which is attached as Schedule “A”.

West Air is seeking relief under the Bankruptcy and Insolvency Act (“**BIA**”) to restructure its affairs. The company filed a Proposal pursuant to Section 50 of the BIA on December 3, 2025 (the “**Proposal**”). Hudson & Company Insolvency Trustees Inc. was appointed as Trustee (the “**Trustee**”).

The purpose of the Proposal is to restructure the financial affairs of West Air in order to provide its creditors with the best available opportunity to recover the funds owed to them, while allowing the Company to remain viable. The Proposal will allow creditors of the Company to achieve a recovery on their claims that is greater than what the creditors could expect if West Air was deemed to have filed an assignment in bankruptcy.

**B. SUMMARY OF PROPOSAL TO UNSECURED CREDITORS**

West Air’s proposal to creditors provides for the following estimated payments:

Payment Upon Filing	\$5,000.00
Lump Sum Payment	\$75,000.00
Total Payments under Proposal	<u>\$80,000.00</u>

The BIA provides preferred creditors be paid in full in a proposal. The Trustee anticipates two employee claims pursuant to Section 60(1.3) of the BIA, for a total of \$4,000.

Please note that all dividend payments to secured, preferred and unsecured creditors in a proposal or bankruptcy are subject to the Levy in favour of the Office of the Superintendent of Bankruptcy.

## C. FINANCIAL POSITION

### ASSETS

Stock in Trade - Equipment & Inventory (liquidation appraisal)	\$229,050.00
Accounts Receivable (book value)	\$194,365.47
Cash on Hand	\$36,000.00
2017 Chevrolet Silverado (CBB)	\$13,515.00

### LIABILITIES

#### Deemed Trust Claim

CRA has a claim relating to Section 60(1.1) of the BIA in the amount of approximately \$485,469.19. The claim ranks in priority to any creditor of the Company and has a first charge on all assets.

West Air is proposing to pay the following to satisfy the requirement under Section 60(1.1) of the BIA:

Lump Sum	\$250,000.00
Total Payments	<u>\$250,000.00</u>

#### Secured Creditors

At the date of filing the Proposal there are general security agreements registered on the Debtor's Personal Property Registry by West Air Contracting Inc. (related entity), Royal Bank of Canada ("RBC"), and Trisura Guarantee Insurance Company (the "GSA Holders"), respectively.

The Trustee is aware that on October 7, 2025, RBC issued a Notice of Intention to Enforce Security pursuant to Section 244(a) of the BIA. It is understood West Air had a GIC in the amount of approximately \$211,000 that would be seized by RBC to apply towards the indebtedness.

As discussed above, CRA holds a priority claim regarding amounts owing for payroll source deductions. With consideration for CRA's deemed trust claim when compared to the value of the Company's assets the value of the GSA Holders security is NIL.

The Proposal has been structured in a way that the Debtor will not continue to service the GSA Holders, and all generally secured claims will file an unsecured claim and be compromised through paragraph 4 of the Proposal.

#### Unsecured Creditors

A claims registered is attached herein as Schedule "B."

## **Preferred Creditors**

Pursuant to Section 60(1.3) the Proposal will pay to the employees and former employees, immediately after court approval of the proposal, amounts at least equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if the employer became bankrupt on the date of the filing of the notice of intention.

As noted above, the Trustee anticipates two employee claims pursuant to Section 60(1.3) of the BIA, for a total of \$4,000.

The Trustee has an obligation to review the claims, when they are filed, and Company records as necessary to determine the validity of all claims filed in the proposal.

## **D. POSSIBLE FRAUDULENT PREFERENCES AND REVIEWABLE TRANSACTIONS**

None that the Trustee is aware of.

## **E. INFORMAL MEETINGS WITH MAJOR CREDITORS**

None that the Trustee is aware of.

## **F. ANALYSIS & RECOMMENDATIONS**

On December 23, 2025, the Company had an appraisal prepared to determine the liquidation value of the assets, and this appraisal provided a forced liquidation value of \$229,050. This appraisal looked at the value of the equipment and inventory being sold at a public auction, and this valuation has been used for the purpose of calculating the estimated dividend return in the hypothetical bankruptcy.

The below analysis has been prepared assuming a NIL value for the Accounts Receivable given the challenges realizing in a hypothetical bankruptcy, and the costs associated with the expected litigation involved in collection of construction receivables and lien claims.

Once the Trustee's fees in the proposal have been paid, unsecured creditors will receive a pro-rata share of the proposal funds. We estimate that unsecured creditors will receive approximately 1.69% of their claim.

If the proposal fails, a bankruptcy of the debtor will automatically occur, and we estimate that unsecured creditors will receive approximately NIL in a bankruptcy scenario.

The Trustee recommends that the creditors accept the proposal, as the return to creditors will be greater than if West Air is deemed assigned into bankruptcy pursuant to Section 57(a) of the BIA.

The above analysis has been prepared assuming that CRA will agree to settle their claim pursuant to Section 60 (1.1) of the BIA at the above proposed terms.

A schedule of anticipated realization in the proposal and in a bankruptcy is attached as Schedule "C".

## **G. VOTING PROCEDURE**

In order for the proposal to be approved, two-thirds in dollar value and a majority in number of the votes cast by creditors must be in favour of the proposal. If the proposal is not approved, a bankruptcy of the Company automatically occurs.

A meeting of creditors to consider the proposal will be held on February 24 2026, at 9:30am MT via Zoom video conference, <https://zoom.us/join> (Meeting ID: 225 840 6190 Passcode: Hudson1234).

Creditors who have filed a proper Proof of Claim (with supporting documents) with the Trustee prior to February 24, 2026 at 9:30am MT may vote by submitting a completed Voting Letter to the Trustee or may vote in person at the meeting of creditors.

DATED at Calgary, Alberta, February 6<sup>th</sup>, 2026..

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

Per:   
\_\_\_\_\_  
**Breanna Burkard-Smith, Licensed Insolvency Trustee**



Subject: Request for Relief and Payment Arrangement - Remittance Arrears (COVID-19 and Industry Disruption Impacts)

To whom it may concern,

I am writing on behalf of West Air Sheet Metal Ltd. ("West Air") to provide background and context in support of our proposal to resolve our outstanding remittance balance. We respectfully request consideration of a settlement and payment arrangement that reflects the company's current financial reality and our commitment to restoring and maintaining full compliance going forward.

West Air is a Calgary-based sheet metal and HVAC contracting company that has operated continuously for approximately 45 years. Throughout our history, we have served commercial and industrial customers across Alberta and have built a strong reputation for workmanship, safety and reliability. The company has historically operated with stable project execution and disciplined cash management; however, the past several years introduced conditions that materially disrupted this operating environment.

Beginning in 2020, conditions associated with the COVID-19 period materially disrupted this operating environment. The construction sector experienced reduced productivity, labour volatility, supply chain constraints, and prolonged project uncertainty. In addition, extended payment cycles, delayed approvals, and withheld of delayed progress payments on certain projects created significant cash-flow timing challenges. While West Air's operating obligations - particularly payroll and statutory deductions - remained ongoing, these factors placed strain on working capital and contributed to remittance arrears.

The arrears did not arise from deliberate non-compliance, but from extraordinary external disruption and delayed receivables during a prolonged period of instability. Throughout this period, West Air continued operating in good faith with the intent of preserving employment, meeting contractual and safety obligations, and stabilizing the business.

Our current focus is on restoring timely remittances, strengthening financial controls, and resolving the outstanding balance in a manner that is realistic, sustainable, and aligned with the CRA's objective of ensuring ongoing compliance.

Sincerely,  
**West Air Sheet Metal Ltd.**

## Claims Register

In the Matter of the Proposal of  
West Air Sheet Metal Ltd.  
of the City of Calgary, in the Province of Alberta

Insolvency Date: 03-Dec-2025

Estate Number: 25-3306817

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
<b>Preferred creditors</b>						
1. Rene Soriano	No	Not proved	D	2,000.00		
2. Tyler Debusschere	No	Not proved	D	2,000.00		
Total : Preferred creditors					4,000.00	
<b>Secured creditors</b>						
1. RBC Royal Bank c/o BankruptcyHighway.com Attn: Razel Bowen	No	Not proved		13,515.00		
Total : Secured creditors					13,515.00	
<b>Unsecured creditors</b>						
1. Adler Firestopping Ltd. *	No	Not proved		24,213.74		
2. Ainsworth Inc. *	No	Not proved		17,864.44		
3. AIR CHEK INDUSTRIES INC. *	No	Not proved		78,933.57		
4. Air Liquide Canada Inc.-Western Region Attn: Dana Dumitrescu *	No	Not proved		2,253.36		
5. AirCare Systems Lien	No	Not proved		19,166.11		
6. Alberta Toner *	No	Not proved		287.70		
7. Anna Chung	No	Not proved		39,650.00		
8. Aqua Air Systems Ltd. *	No	Not proved		49,927.92		
9. Bartle & Gibson Co. Ltd. Attn: Michelle Peters *	No	Not proved		203.68		
10. Big Sky Balancing Company Inc *	No	Not proved		2,520.00		
11. Brandt Tractor Ltd. *	No	Not proved		940.80		
12. Brock White Canada/WhiteCap *	No	Not proved		5,526.99		
13. Buchanan, Barry & Co *	No	Not proved		15,597.75		
14. Business Development Bank of Canada - Calgary Attn: Margie Penuliar HASCAP	No	Not proved		386,673.50		
15. Calgary Construction Association *	No	Not proved		2,580.00		
16. Calgary Fasteners & Tools Ltd. *	No	Not proved		8,698.88		

Claims Register for West Air Sheet Metal Ltd. - Continued

Insolvency Date: 03-Dec-2025

Estate Number: 25-3306817

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
17. Calgary Stamp & Stencil Corp. *	No	Not proved		77.47		
18. Cansel *	No	Not proved		144.11		
19. Cascadia Metal Ltd. *	No	Not proved		12,528.55		
20. Central Roofing (Calgary) Ltd. *	No	Not proved		1,698.90		
21. Constant Fire Protection Systems Ltd. *	No	Not proved		7,063.88		
22. Cooper Equipment Rentals Limited *	No	Not proved		3,565.83		
23. CRA - Tax - Prairies 105625628RT0001	Yes	Admitted		32,463.33	32,463.33	32,463.33
24. CRA - Tax - Prairies RC	No	Not proved		1.00		
25. Dafco Filtration Productions Ltd. *	No	Not proved		63.20		
26. Dexon Canada *	No	Not proved		20,241.00		
27. Driver Direct (1998) Ltd. *	No	Not proved		3,219.46		
28. ECCO Heating Products Ltd. *	No	Not proved		31,419.77		
29. EH Price Sales Ltd *	No	Not proved		56,127.75		
30. Engineered Air *	No	Not proved		472.50		
31. Euler Hermes Canada	No	Not proved		1.00		
32. Foundry Technical Services Ltd *	No	Not proved		2,168.36		
33. Glass Mechanical Ltd. *	No	Not proved		18,693.15		
34. Global Industrial Canada *	No	Not proved		25,322.48		
35. Gravity Air Inc. *	No	Not proved		2,100.00		
36. Guardian Chemicals *	No	Not proved		523.00		
37. Icon Insulation Western Canada Inc *	No	Not proved		7,987.25		
38. Jarvis Manufacturing *	No	Not proved		1,512.00		
39. John Volponi	No	Not proved		20,988.00		
40. Johnson Controls #C3039	No	Not proved		1.00		
41. Johnson Controls LP *	No	Not proved		19,855.96		
42. Keno Crane Services Inc *	No	Not proved		2,532.50		
43. Kern Industries *	No	Not proved		90.83		

Claims Register for West Air Sheet Metal Ltd. - Continued

Insolvency Date: 03-Dec-2025

Estate Number: 25-3306817

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
44. KnK Solutions Ltd. *	No	Not proved			3,514.91	
45. LCR Mechanical P96483	No	Not proved			32,248.13	
46. Madill - The Office Company *	No	Not proved			598.43	
47. McCarthy Tetrault LLP - Calgary	No	Not proved			1.00	
48. Merlin Instrumentation *	No	Not proved			551.82	
49. Orion Safety Equipment *	No	Not proved			1,638.00	
50. Pacific Heating & Cooling *	No	Not proved			12,862.33	
51. PAL Mechanical Inc. *	No	Not proved			924.97	
52. Plumb Run Mechanical *	No	Not proved			12,665.37	
53. Pomerleau Inc - Promissory note	No	Not proved			1.00	
54. RBC Royal Bank c/o BankruptcyHighway.com Attn: Razel Bowen	No	Not proved			897.87	
55. RBC Royal Bank c/o BankruptcyHighway.com Attn: Razel Bowen	No	Not proved			205,414.69	
56. RCB LLP	No	Not proved			6,026.99	
57. Rebel Hotshot *	No	Not proved			273.00	
58. Refrigerative Supply *	No	Not proved			6,990.89	
59. Rene Soriano	No	Not proved			6,590.08	
60. S.M. Automotive Ltd. *	No	Not proved			1,335.82	
61. Score Manuals *	No	Not proved			2,005.50	
62. Siemens *	No	Not proved			6,864.11	
63. Silver Springs Golf and Country Club *	No	Not proved			6,361.12	
64. Spring Air Acoustics Ltd. *	No	Not proved			10,502.10	
65. Sprouse Fire Safety *	No	Not proved			250.95	
66. Stampede Messenger & Express *	No	Not proved			137.35	
67. Swift Builder Ltd. *	No	Not proved			11,991.43	
68. Systematic Technical Services Inc. *	No	Not proved			367.50	
69. Telus Residential/Business Services Attn: c/o General Credit Services Inc.	No	Not proved			1.00	
70. The Software Coach *	No	Not proved			442.05	

Claims Register for West Air Sheet Metal Ltd. - Concluded

Insolvency Date: 03-Dec-2025

Estate Number: 25-3306817

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
71. Thomas Group Inc. *	No	Not proved		5,000.00		
72. Tommy HVAC Inc. *	No	Not proved		28,111.64		
73. Trailmaster Off Road Ind. Ltd. *	No	Not proved		5,261.55		
74. Trisura Guarantee Insurance Company	No	Not proved		1.00		
75. Troy Life & Fire Safety Ltd. *	No	Not proved		24,569.17		
76. True Albertan Plumbing & Heating *	No	Not proved		15,933.72		
77. Tyler Debusschere	No	Not proved		2,777.71		
78. Ultima Complete Construction Inc *	No	Not proved		7,525.00		
79. Walsh LLP *	No	Not proved		20,940.05		
80. West Air Contracting Inc.	No	Not proved		1.00		
81. Western Materials Handling & Equipment Ltd. *	No	Not proved		354.29		
82. Wolseley Mechanical Group *	No	Not proved		4,449.55		
Total : Unsecured creditors				1,372,283.81	32,463.33	32,463.33
<b>Deemed Trust Claim</b>						
1. CRA - Tax - Prairies 105625628RP0001	Yes	Admitted		485,469.19	485,469.19	
Total : Deemed Trust Claim				485,469.19	485,469.19	
Grand Total:				1,875,268.00	517,932.52	32,463.33

### Bankruptcy Scenario

**Receipts**

A/R	0.00
2017 Chevrolet Silverado (RBC PMSI)	1.00
Machinery, Equipment, Inventory (Appraisal Value)	229,050.00
Cash on Hand	36,000.00

\$265,051.00

**Trustees Fees & Disbursements**      **ORDINARY**

Filing Fee	179.92
Registrar's Fee	150.00

**Trustees Fees:**

Disbursements	40,000.00
Hourly Rate	50,000.00

GST	4,500.00	<u>94,829.92</u>
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CRA RP Claim	485,469.19
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**Available for Distribution**

<b>Unsecured Claims per Statement of Affairs</b>	<u>\$1,371,385.94</u>
Less: unsecured portion of secured claims	\$0.00
<b>Unsecured claims for dividend payment</b>	<u>\$1,371,385.94</u>

**ESTIMATED DIVIDEND**      **0.00%**

Note 2

Trustee's Fees & Disbursements are calculated pursuant to the Bankruptcy & Insolvency Act

### Division I Proposal

Payment on Filing	5,000.00
Lump Sum payment within 30 days	75,000.00
	<u>\$80,000.00</u>

**Trustees Fees & Disbursements**

Filing Fee	179.92
Registrar's Fees	150.00

Trustee Fees	50,000.00
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GST	2,500.00	<u>52,829.92</u>
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Less : Employee S136 Claim	4,000.00
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**Available for Distribution**      \$23,170.08

<b>Unsecured Claims per Statement of Affairs</b>	\$1,371,385.94
Less: unsecured portion of secured claims	\$0.00
<b>Unsecured claims for dividend payment</b>	<u>\$1,371,385.94</u>

**ESTIMATED DIVIDEND**      **1.69%**

Funds difference CP to Bky	-\$185,051.00
Difference in distribution Proposal to Bky	23,170.08