CANADA	**SUPERIOR COURT** **(Commercial Division)** **The *Canada Business Corporations Act***
PROVINCE OF QUÉBEC **DISTRICT OF MONTRÉAL** **No.: 500-11-042912-127**	**IN THE MATTER OF THE LIQUIDATION OF:** **ACE AVIATION HOLDINGS INC.** **Applicant** **-and-** **ERNST & YOUNG INC.** **Liquidator** **THE DIRECTOR APPOINTED UNDER SECTION 260 OF THE CANADA BUSINESS CORPORATIONS ACT** **Mis-en-cause**

APPLICATION FOR AN ORDER AUTHORIZING THE FINAL DISTRIBUTION, APPROVING THE LIQUIDATOR'S FINAL ACCOUNTS AND APPROVING THE DISSOLUTION OF THE APPLICANT COMPANY

(Sections 217 (d), (k), (l) and (o) and 223 of the *Canada Business Corporations Act*)

TO THE HONOURABLE JUSTICE CHANTAL CORRIVEAU OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION FOR THE JUDICIAL DISTRICT OF MONTREAL, THE APPLICANT, THROUGH THE LIQUIDATOR, RESPECTFULLY SUBMITS THE FOLLOWING:

INTRODUCTION

1. ACE Aviation Holdings Inc. ("**ACE**"), which was incorporated on June 29, 2004, is an investment company that previously held aviation interests;

2. ACE is a reporting issuer in all provinces of Canada and is listed on the NEX board of the TSX Venture Exchange where its common shares are traded under the symbol ACE.H. Accordingly, ACE has continued to publicly file its quarterly and annual financial statements or other documents required under applicable securities laws through its liquidation process;

3. As of September 30, 2023, ACE's only assets are cash in an aggregate amount of approximately $6.0 million;

ACE'S INITIAL LIQUIDATION STEPS

4. On April 25, 2012, at the annual and special meeting of shareholders of ACE, the shareholders of ACE (the "**Shareholders**") approved a special resolution providing for the voluntary liquidation of ACE pursuant to Section 211 of the *Canada Business Corporations Act* ("**CBCA**"), through distribution of its remaining assets to the Shareholders, after providing for outstanding liabilities, contingencies and costs of the liquidation, the appointment of a liquidator at a time to be determined by the board of directors of ACE and the ultimate dissolution of ACE in the future, once all the liquidation steps have been completed;

5. On May 9, 2012, ACE declared a distribution in the aggregate amount of $275 million (or approximately $8.46 per common share) to common Shareholders of ACE of record as of June 1, 2012, which distribution was paid on June 8, 2012;

6. On May 9, 2012, ACE filed a statement of its intent to dissolve pursuant to Subsection 211(4) of the CBCA with the Director appointed under the CBCA, and the Director issued a certificate of intent to dissolve;

7. On or about June 27, 2012, ACE filed an *"Application for an Order Appointing a Liquidator and for an Order that the Liquidation be Continued Under the Supervision of the Court"* with this Honourable Court (the "**Liquidation Motion**");

8. On or about June 28, 2012, the Honorable Justice Manon Savard issued an order granting the Liquidation Motion and appointing Ernst & Young Inc. as liquidator of ACE (the "**Liquidation Order**"). Effective June 28, 2012, all of the directors and officers of ACE and its subsidiaries resigned from their positions, and the Liquidator was vested with the powers of the directors of ACE in accordance with the provisions of the CBCA and the Liquidation Order;

THE ACE CLAIMS PROCESS

9. On February 22, 2013, ACE filed an "*Application for an Order Establishing a Claims Process"* with this Honourable Court;

10. On February 25, 2013, the Honorable Justice Mark Schrager issued an order establishing a process (the "**Claims Process**") for the identification, resolution and barring of claims and other contingent liabilities against ACE (the "**Claims Process Order**"). Creditors had until May 13, 2013 to file their proof of claims, failing which their claims would be barred and extinguished;

11. In the context of the Claims Process, the Liquidator received a contingent claim from Air Canada against ACE related to certain contingent liabilities pursuant to tax indemnities, as further described below in paragraphs 17 and following below. The Liquidator also received a contingent claim from Aveos Fleet Performance Inc. ("**Aveos**") related to certain contingent liabilities pursuant to tax indemnities, as further described below in paragraphs 19 and following below;

12. The Liquidator also received a claim from a plaintiff relating to a proposed class action initiated in the Ontario Superior Court of Justice by the plaintiff against Air Canada and ACE, which alleged that Air Canada improperly charged the plaintiff and other class members for certain United States taxes in connection with the sale of airfare. The plaintiff alleged that as the former parent or shareholder of Air Canada, ACE was liable

for the acts of Air Canada. The plaintiff therefore filed a proof of claim against ACE in the liquidation claims process in the amount of $200 million, pending determination of the allegedly overcharged amounts. No breakdown or calculation was provided in relation to the amount claimed;

13. The Liquidator was of the view that this claim against ACE had no merit given that ACE is a separate entity from Air Canada and that ACE never sold airfare. Accordingly, the Liquidator delivered a notice of disallowance to the plaintiff and the plaintiff did not contest the notice of disallowance prior to the expiry date for such contestation. The plaintiff subsequently agreed to formally discontinue the action against ACE in the Ontario Superior Court of Justice;

14. In addition, the Liquidator received a letter from a group acting on behalf of certain air cargo customers (the "**Stichting Compensation Foundation**") claiming an unspecified amount of compensation from ACE in connection with surcharges for fuel and security for the period from January 1, 2000 to December 31, 2006, which are alleged to have been implemented by certain air cargo carriers in violation of European Union competition law. The Stichting Compensation Foundation relied on a decision of the European Commission issued on November 9, 2010 pursuant to which the European Commission imposed fines on eleven air cargo carriers, including Air Canada the former subsidiary of ACE, for such alleged actions. The decision of the European Commission was appealed by the air cargo carriers to the General Court of the European Union. In December 2015, the General Court of the European Union overturned the European Commission's decision and cancelled the related fines. In March 2017, the European Commission issued a new decision which imposed the same fine initially levied against Air Canada in 2010. The Stichting Compensation Foundation did not file a claim in the Liquidation;

15. The Liquidator was of the view that any claim by the Stichting Compensation Foundation was barred and that this potential claim against ACE had no merit in any event given that ACE is a separate entity from Air Canada, ACE has never operated an air cargo business or sold cargo fares and no penalties, fines or other measures were imposed or taken by the European Commission against ACE. On May 20, 2014, the Court issued an order confirming that the Stichting Compensation Foundation and the air cargo customers that it purports to represent are barred from advancing a claim against ACE in its liquidation process and shall not be entitled to receive any amount from the Liquidator in connection with ACE's liquidation process;

16. The Liquidator also received twenty other proofs of claim in connection with the ACE claims process. All of these claims have been resolved by way of the claims having been fully disallowed or consensually withdrawn, other than one claim in the amount of $20,000 which was filed by a former Air Canada creditor and shareholder of ACE who does not have creditor status with respect to ACE. The claim was disallowed by the Liquidator and the claimant has filed a Notice of Dispute. After numerous attempts to contact the claimant by the Liquidator since 2013, the claimant did not respond and the Liquidator therefore considers this claim invalid.

THE TAX INDEMNITIES IN FAVOUR OF AIR CANADA AND AVEOS

17. In connection with the process leading to the issuance of tax clearance certificates in favour of ACE referred to in paragraphs 30 and following, Revenu Québec conducted a sales tax audit of ACE and its subsidiaries in 2010 and 2011. Revenu Québec issued notices of reassessment in the amount of $37.7 million primarily with respect to certain

importations of aircraft parts on the basis that it was Air Canada, and not ACE's subsidiary ACTS LP, which should have paid GST and should have been allowed to claim the related refund. Revenu Québec also issued additional notices of reassessment in the amount of $7.4 million relating, inter alia, to certain intercompany transactions on which Revenu Québec considered that ACE or ACTS LP should have charged Air Canada sales tax in the amount of $6.8 million;

18. All such reassessments were paid by ACE and ACTS LP, and Air Canada paid an aggregate amount of approximately $40.1 million to ACE and ACTS LP to cover the taxes and then claimed additional GST/QST refunds for the same amount. ACE and ACTS LP agreed to indemnify and hold harmless Air Canada should such refund claims be reassessed in the future;

19. A substantially similar process occurred with respect to GST payable on importation on behalf of Aveos and Aveos agreed to claim additional GST refunds in the amount of $1.1 million and to pay such amount to ACE to reimburse it for GST paid in connection with the importations. ACE agreed to indemnify and hold harmless Aveos should such refund claims be reassessed in the future;

20. In response to ACE's Claims Process Order, Air Canada filed a contingent claim related to the tax indemnities referred to above in the amount of $50.1 million (the "**Air Canada Tax Indemnity Claim**"). The Air Canada Tax Indemnity Claim covered any eventual reassessment of Air Canada's input tax credit refund claims plus any related interest and ancillary legal costs. Aveos also filed a contingent claim related to the tax indemnity referred to above in the amount of $1.6 million (the "**Aveos Tax Indemnity Claim**"). The Aveos Tax Indemnity Claim covered any eventual reassessment of Aveos's input tax credit refund claims plus any related interest and ancillary legal costs;

21. The Air Canada Tax Indemnity Claim and the Aveos Tax Indemnity Claim were recognized by the Liquidator as Valid Contingent Claims pursuant to the terms of the Claims Process Order;

22. The Liquidator established a reserve in the amount of the Air Canada Tax Indemnity Claim and the Aveos Tax Indemnity Claim which was not available for distribution to the Shareholders pending the expiration of the related reassessment periods or settlement of such contingencies;

23. The reassessment periods for substantially all of the input tax credit claims covered by the indemnity in favour of Air Canada expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016, as described in the following table:

Amount of potential contingent liability under the indemnity arrangement in the event of reassessment	**Expiration date of tax reassessment period**	**Additional period to provide for delivery and receipt of reassessment notice, if any**
$34,305,115.31	November 1, 2014	One month, to December 1, 2014

Amount of potential contingent liability under the indemnity arrangement in the event of reassessment	Expiration date of tax reassessment period	Additional period to provide for delivery and receipt of reassessment notice, if any
$6,445,809.44	December 1, 2014	One month, to January 1, 2015
$5,435,437.41	June 1, 2015	One month, to July 1, 2015
$3,053,487.09	January 1, 2016	One month, to February 1, 2016
$921,472.00(*)	January 1, 2016(*)	One month, to February 1, 2016 (*)

(*) This amount related to potential fees and expenses which could have been reimbursable to Air Canada under the indemnity agreements in the event of any reassessment covered by the indemnity agreements.

24. The reassessment period for the input tax credit claim covered by the indemnity in favour of Aveos expired at the end of 2014;

SUPPLEMENTARY CLAIMS PROCESS WITH RESPECT TO SUBSIDIARIES OF ACE

25. The only remaining subsidiaries of ACE as at the beginning of 2014 were ACTS LP and its general partner, 4378555 Canada Inc. ACTS LP previously operated a business of aircraft maintenance, repair and overhaul prior to the sale of its business to a consortium of private equity firms in October 2007. As at the beginning of 2014, ACTS LP did not have any assets, and had not carried on any business since October 2007;

26. In order to ensure that there were no such liabilities or contingent liabilities against ACTS LP and in anticipation of its eventual dissolution, the Liquidator established a process in 2014 for the identification, resolution and barring of any claims or other contingent liabilities against ACTS LP and its general partner;

27. Pursuant to an order issued by the Honorable Justice Chantal Corriveau on May 20, 2014, any potential creditors of ACTS LP and its general partner had until July 18, 2014 to file their proofs of claim, failing which their claims against ACTS LP and its general partner would be barred and extinguished;

28. The only proof of claim filed in response to such claims process was filed by Air Canada with respect to certain of the indemnity arrangements referred to above in paragraphs 17 and following, which had been entered into by ACTS LP together with ACE. The last remaining reassessment period covered by such tax indemnity arrangements expired at the beginning of 2016;

29. As a result of such tax indemnity arrangements entered into with Air Canada, which are described above under paragraphs 17 and following, ACTS LP could only be dissolved after the expiration of the indemnity arrangements with Air Canada. As a result of the

last remaining reassessment period covered by such tax indemnity arrangements having expired at the beginning of 2016, ACE proceeded with the dissolution of ACTS LP and its general partner in September 2017. The Liquidator was not aware of any liabilities or contingent liabilities of ACTS LP;

TAX CLEARANCE CERTIFICATES

30. In March 2010, ACE applied for Certificates of Discharge from the Canada Revenue Agency ("**CRA**") and Revenu Québec in connection with its intention to liquidate and dissolve.

31. ACE assisted the CRA and Revenu Québec with their audits of ACE's income tax returns for the years 2005 to 2010 and audits in respect of other taxes. The audits of income tax returns required a detailed review of all of the significant corporate transactions undertaken by ACE since its incorporation in 2004, together with a detailed review of all of its returns.

32. On March 7, 2012, a tax clearance certificate was issued by the CRA in connection with all taxation years ended on or prior to December 31, 2010. On March 12, 2012, Revenu Québec issued an equivalent certificate authorizing the distribution of property up to $500 million.

33. On August 21, 2015, ACE received an additional tax clearance certificate from the CRA in connection with all taxation years ended on or prior to December 31, 2013. On June 30, 2016, ACE received an additional tax clearance certificate from the CRA in connection with all taxation years ended on or prior to December 31, 2014.

34. On March 15, 2022, a tax clearance certificate was issued by the CRA in connection with all taxation years ended on or prior to December 31, 2020. On December 16, 2021, Revenu Québec issued a certificate authorizing the distribution of property up to $6.4 million.

35. While ACE did not obtain tax clearance certificates from the CRA for the years ended December 31, 2021 and beyond, ACE carried no operations during such periods and had no income other than receipt of interest on its cash balances.

THE MAY 2015 DISTRIBUTION

36. Given the results of the claims process referred to above, and taking into account that the reassessment periods for the large majority of the input tax credit claims covered by the indemnity provided by ACE in favour of Air Canada (which were the subject of the Air Canada Tax Indemnity Claim) had then expired, the Liquidator sought and obtained Court approval in May 2015 to proceed with a further distribution to the Shareholders in the aggregate amount of $115 million.

37. Said distribution proceeded thereafter, with a payment date of June 2, 2015;

38. Further to such distribution, ACE's only remaining assets consisted of cash in an aggregate amount of approximately $18.9 million as at May 18, 2016;

THE JUNE 2016 DISTRIBUTION

39. Given that the Liquidator was not aware of any remaining valid claims against ACE and the remaining reassessment period relating to the Air Canada Tax Indemnity Claim

indicated in paragraph 23 had expired, the Liquidator sought and obtained Court approval in June 2016 to proceed with a further distribution to the Shareholders in the aggregate amount of $12 million;

40. The Liquidator established the record date to determine shareholders entitled to receive the distribution as June 14, 2016 and the payment for the distribution on June 22, 2016 by way of a press release;

41. Following such distribution, ACE's only remaining assets consisted of cash in an aggregate amount of approximately $7.0 million as of June 22, 2016;

THE DISSOLUTION OF ACTS LP AND 4378555 CANADA INC.

42. As indicated in paragraph 25, the only remaining subsidiaries of ACE were ACTS LP and its general partner, 4378555 Canada Inc.;

43. On September 14, 2017, ACTS LP was dissolved in accordance with a Dissolution and Distribution Agreement which provided for any property and assets of the partnership to be transferred to its general partner 4378555 Canada Inc. and its limited partner ACE and for its obligations to be assumed by such partners. The Liquidator was not aware of any assets or liability of ACTS LP at the time of such dissolution;

44. On September 18, 2017, 4378555 Canada Inc. was liquidated and dissolved in accordance with a Distributing and Winding-Up Agreement which provided for any property or assets of 4378555 Canada Inc. to be transferred to ACE and any liabilities of 4378555 Canada Inc. to be assumed by ACE. The Liquidator was not aware of any assets or liability of 4378555 at the time of such dissolution;

RECEIPT OF TAX REFUND

45. As indicated in its audited annual financial statements for the year ended December 31, 2016 and subsequent interim financial statements, ACE had claimed an aggregate refund of approximately $400,000 from the CRA and Revenu Québec further to the expiration of a statute of limitation for reassessment of the income of an operating partnership in which ACE previously had an interest;

46. The Liquidator had indicated in such financial statements that ACE would not dissolve until it had collected or otherwise settled such refund;

47. On October 3, 2017, ACE received a refund cheque in the amount of $304,506.86 from the CRA, and on October 5, 2017, ACE received a refund cheque in the amount of $178,865.94 from Revenu Québec;

FINAL ACCOUNTS OF LIQUIDATOR, FINAL DISTRIBUTION AND DISSOLUTION

48. As set forth herein, the dissolution of ACE has been planned and announced publicly since the initiation of the present process in 2012, and all interested parties have now had the opportunity to make their position known with respect thereto;

49. The Liquidator has issued six reports and has attended before this Honourable Court on several occasions, and each time ACE and the Liquidator have provided a detailed account of steps taken and of the balance of remaining funds;

50. The Liquidator has maintained a website and telephone line which parties interested in the present liquidation process could consult and contact with questions and requests throughout the process;

51. In parallel to this process, as a reporting issuer which remained listed on the NEX board of the TSX Venture, ACE has continued to provide additional reporting, including quarterly reporting through the filing of financial statements, management's discussions & analysis and related press releases providing regular updates to its Shareholders;

52. ACE publicly released its interim financial statements for the period ended September 30, 2023 and its related management's discussion and analysis, by filing same at www.sedar.com and on the Liquidator's website and mailing same to Shareholders in accordance with the requirements of applicable securities laws. A copy of such documents is set forth in the Liquidator's Sixth Report, dated December 15, 2023 (communicated in support hereof as **Exhibit P-1**);

53. In connection with the dissolution of ACE, the Liquidator will through counsel to ACE make arrangements for the delisting of the common shares of ACE from the NEX Board of the TSX Venture. ACE will automatically cease to be a reporting issuer under applicable Canadian securities laws upon the issuance of its certificate of dissolution;

54. As indicated in paragraphs 30 and following, ACE has obtained from the CRA on March 15, 2022 a tax clearance certificate with respect to all taxation years ended on or before December 31, 2020. ACE did not carry on business operations and had no income for subsequent financial years other than receipt of interest on its cash balances with respect to which it is not required to pay cash taxes given its tax attributes. On December 16, 2021, 2012, ACE also obtained from Revenu Québec an equivalent certificate authorizing the distribution of property up to $6.4 million;

55. On November 29, 2023, ACE published a news release by disseminating same through CNW Telbec newswire and filing same at www.sedar.com and on the Liquidator's website. The release announced the publication of ACE's financial results for the period ended September 30, 2023 and its intention to seek approval from the Court to proceed with the final distribution of an estimated $5.3 million to shareholders and the dissolution of ACE, likely in the first quarter of 2024, subject to Court approval. The release also disclosed the address of the Court where the present application would be heard, on a date to be determined, and it stated that a copy of this application would be posted on the Liquidator's website. A copy of the November 29, 2023 news release is communicated in support hereof as **Exhibit P-2**;

56. Furthermore, on December 15, 2023, in accordance with Section 223(4) of the CBCA, ACE provided written notice to the Director appointed under Section 260 of the CBCA of its intention to make this application under Section 223(2) of the CBCA for approval of the final accounts and an order approving the final distribution to Shareholders;

57. After the filing of this application, the Liquidator will publish a notice to shareholders and the public to the same effect in the Globe and Mail and in the Journal de Montréal, as well as on the Liquidator's website, in accordance with the requirements of Section 223(4) of the CBCA;

58. As of the date hereof, no party has expressed an objection or advised of its intention to contest the relief sought herein;

59. Therefore, as all known valid claims have been paid or have expired and all outstanding matters will shortly be completed, the Liquidator now seeks an order approving its final accounts, authorizing it to proceed with a final distribution to the Shareholders and an order authorizing the dissolution of ACE;

60. The Liquidator's Final Accounts as of September 30, 2023 are set forth at Appendix A of its Report, Exhibit P-1;

61. ACE's only remaining assets as of September 30, 2023 consist of cash in the amount of approximately $6 million;

62. Following the date hereof and until the dissolution of ACE, ACE and the Liquidator are expected to continue to incur fees and expenses relating to, among others, the publication of notices, the final distribution to Shareholders, regulatory filings, and the dissolution process.

63. In addition, following dissolution, the Liquidator will be required to prepare final income tax returns for the year ended December 31, 2023 and for the period from January 1, 2023 up to the date of its dissolution. The Liquidator and counsel to ACE will also be required to prepare other documents or filings in connection with the delisting and the dissolution of ACE.

64. The Liquidator and counsel to ACE may also from time to time, including post-dissolution, be required to respond to queries from governmental authorities, address questions from Shareholders post-dissolution and proceed with filings with regulatory authorities following the dissolution.

65. The Liquidator has sought from the suppliers of services to ACE (i.e., the Liquidator, legal counsel to ACE and the Liquidator, the registrar and transfer agents) estimates of their accrued fees up to the date of the completion of the dissolution. Such estimated accruals in the amount of $311,000 are detailed in Appendix E to the Liquidator's Sixth Report;

66. As set forth in the Liquidator's Sixth Report, the Liquidator considers that it is now appropriate to distribute to Shareholders all of the remaining cash of ACE other than a residual reserve in the amount of $712,000 to cover, among others, ongoing fees and expenses of the Liquidator and counsel to ACE up to dissolution and post-dissolution, fees owed to third party vendors (transfer agent, mailing of documents to shareholders) and ongoing storage of records for six years.

67. In light of the above, the Liquidator is seeking the Court's approval to distribute to the Shareholders an amount of approximately $5.3 million in accordance with the order requested herein;

WHEREFORE MAY IT PLEASE THE COURT TO:

GRANT the present *"Application for an Order Authorizing the Final Distribution, Approving the Liquidator's Final Accounts and Approving the Dissolution of the Applicant Company";*

DECLARE that the notices of this application given by the Liquidator with respect to the presentation of this motion constitute valid and sufficient notice of presentation thereof;

APPROVE the final accounts of the Liquidator with respect to the liquidation of ACE Aviation Holdings Inc. ("**ACE**") set forth at Appendix A of the Sixth Liquidator's Report dated December 15, 2023;

DECLARE on the basis of the Liquidator's Sixth Report dated December 15, 2023 that a residual reserve in the amount of $712,000 (the "**Residual Reserve**") appears sufficient to satisfy the obligations of ACE up to and following its dissolution;

DECLARE that the Residual Reserve is intended to provide for the payment of the fees and disbursements of the Liquidator, the fees and disbursements of counsel to ACE and counsel to the Liquidator, the fees and expenses of the transfer agent of ACE and of any other advisors or service providers that the Liquidator shall consider appropriate to retain, and that such Residual Reserve shall not be available to satisfy any other debt, liability or obligation of ACE, unless (i) the Liquidator considers that it is appropriate to do so in its sole discretion by using a portion, if any, of the Residual Reserve that in its opinion will not be required in respect of the above fees, disbursements and expenses, or (ii) the prior approval of this Court has been obtained on the terms and conditions that this Court shall determine;

AUTHORIZE the Liquidator, if it considers appropriate to do so as described above, to satisfy any remaining obligation of ACE out of the Residual Reserve;

AUTHORIZE the Liquidator to hold in trust post-dissolution the balance of the Residual Reserve as of the dissolution date to satisfy any post-dissolution fees and expenses described above, or if the Liquidator considers appropriate to do so as described above, remaining obligations of ACE, and **AUTHORIZE** the Liquidator, at a time determined by the Liquidator in its professional judgment, to make a donation to a registered charity determined by the Liquidator of all amounts of the Residual Reserve which, in its professional judgment, will ultimately not be required;

AUTHORIZE the Liquidator to proceed with a final distribution to the shareholders of ACE in the amount of $5.3 million (the "**Final Distribution**");

AUTHORIZE the Liquidator to establish the record date and payment for such Final Distribution and to announce same to the shareholders of ACE by way of a press release with sufficient notice to the extent required by the *Canada Business Corporations Act* ("**CBCA**") and the rules of the NEX board of the TSX Venture Exchange;

DECLARE that once completed, the Final Distribution and all prior distributions to the shareholders of ACE in connection with the liquidation and dissolution of ACE, are no longer available to satisfy the debt, liabilities and obligations of ACE;

AUTHORIZE ACE, or the Liquidator on its behalf, to proceed with any corporate or administrative actions required in order to implement and proceed with the delisting of the common shares of ACE and the dissolution of ACE;

ORDER that the common shares in the capital of ACE shall be cancelled effective immediately before the dissolution of ACE;

AUTHORIZE ACE, or the Liquidator on its behalf, to proceed with the filing of articles of dissolution with the Director appointed under Section 260 of the CBCA (the "**CBCA**

Director”) and all other documents required by the CBCA in order to effect the dissolution of ACE, once the Final Distribution is completed;

DIRECT the CBCA Director to issue a certificate of dissolution in respect of ACE upon the filing of articles of dissolution and all other documents required by the CBCA in order to effect the dissolution of ACE;

DECLARE that the Liquidator shall be authorized to review and execute documents from time to time after the dissolution of ACE to deal with third party enquiries and proceed with filings with regulatory and governmental authorities, in order to give final effect to events or transactions that occurred prior to dissolution;

ORDER the Liquidator to maintain the documents and records of ACE in its possession or control for a period of six years, following which such documents and records shall be destroyed without further notice or delay;

ORDER the Liquidator to maintain the publicly available portion of its website which it has created in connection with the liquidation of ACE for a period of two (2) years;

RESERVE the right of ACE and the Liquidator to make further applications to the Court with respect to the dissolution of ACE, including with respect to post-dissolution matters if considered required or appropriate by the Liquidator;

ORDER that, once the dissolution of ACE is completed, a copy of this Order has been delivered to the CBCA Director and a copy of a certificate of the Liquidator confirming the filing of the income tax returns of ACE for the year ended December 31, 2023 and for the period from January 1, 2023 up to the date of dissolution has been filed with this Court and delivered to the CBCA Director, the Liquidator shall be discharged of its duties and obligations created pursuant to the Order of this Court dated June 28, 2012 and any other Order granted by this Court in connection with the liquidation and dissolution of ACE, with the exception that the Liquidator shall maintain the documents and records of ACE and a publicly available website in accordance with the provisions of this Order and for the duration contemplated in this Order;

ORDER that the Liquidator shall incur no liability or obligation as a result of the dissolution of ACE and the measures authorized by this Order, save and except for any liability or obligation arising from its duty to act with care, diligence and skill pursuant to Section 222(2) of the Canada Business Corporations Act;

ORDER the provisional execution of the order sought, notwithstanding appeal;

THE WHOLE WITHOUT COSTS, save in case of contestation, and in the case of contestation with costs against contesting parties solidarily.

Toronto
~~MONTREAL,~~ this 15th day of December, 2023

LENCZNER SLAGHT
Attorneys for the Liquidator of ACE Aviation Holdings Inc.
Ernst & Young Inc.

Stikeman Elliott S.E.N.C.R.L., s.r.l.

STIKEMAN ELLIOTT LLP
Attorneys for the Applicant
ACE Aviation Holdings Inc.

NOTICE OF PRESENTATION

TO: ERNST & YOUNG INC.
Attention: Ms. Sharon Hamilton
Ernst & Young Tower
222 Bay Street
P.O. Box 251
Toronto, Ontario
M5K 1J7

Liquidator

TAKE NOTICE of the foregoing *“APPLICATION FOR AN ORDER AUTHORIZING THE FINAL DISTRIBUTION, APPROVING THE LIQUIDATOR’S FINAL ACCOUNTs AND AUTHORIZING THE DISSOLUTION OF THE APPLICANT COMPANY”* and that same will be presented for adjudication before this Honourable Court, on **February 16, 2024, at 2:15 PM**, at the **Montreal Courthouse**, located at **1 Notre-Dame Street East, Montreal, Quebec, H2Y 1B6**, in **courtroom 16.04**.

DO GOVERN YOURSELVES ACCORDINGLY.

Toronto
~~MONTREAL~~, this 15th day of December, 2023

LENCZNER SLAGHT
Attorneys for the Liquidator of ACE Aviation Holdings Inc.
Ernst & Young Inc.

Stikeman Elliott S.E.N.C.R.L., s.r.l.

STIKEMAN ELLIOTT LLP
Attorneys for the Applicant
ACE Aviation Holdings Inc.

AFFIDAVIT

I, the undersigned, SHARON S. HAMILTON, Senior Vice-President of Ernst & Young Inc., in its capacity as Liquidator of the Applicant, doing business at 222 Bay Street, P.O. Box 251, in the City of Toronto, Province of Ontario, M5K 1J7, do solemnly declare as follows:

1. I am a duly authorized representative of Ernst & Young Inc., Liquidator of the Applicant;

2. To the best of my knowledge, all the facts alleged in the present application are true.

SWORN remotely via videoconference, by Sharon S. Hamilton, stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this December 15, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

Jasleen Aujla, a Commissioner, etc., Province of Ontario, while a Student-at-Law. Expires May 11, 2025.

Commissioner for taking affidavits

Sharon S. Hamilton

ATTESTATION OF AUTHENTICITY

I, the undersigned, SIMON LEDSHAM, attorney, practicing my profession at Stikeman Elliott LLP, located at 1155 René-Lévesque Boulevard West, Suite 4000, in the City and District of Montreal, Province of Quebec, H3B 3V2, do hereby solemnly affirm as follows:

1. I am an attorney at the law firm of Stikeman Elliott LLP;

2. On December 15, 2023 at 10:32 AM Eastern time (ET), I received the Affidavit of Sharon S. Hamilton, dated December 15, 2023, by email received from Jasleen Aujla, Commissioner for taking affidavits in the province of Ontario;

3. The copy of the Affidavit attached hereto is a true copy of the said Affidavit of Sharon S. Hamilton received by email on December 15, 2023;

4. The facts alleged in this Attestation of Authenticity are true.

Solemnly declared before me, at Montreal, Quebec, this 15th day of December, 2023

AND I HAVE SIGNED

Commissioner of Oaths
for the province of Quebec

COMMISSAIRE À L'ASSERMENTATION
Danielle Tremblay
126,246
POUR LA PROVINCE DE QUÉBEC

SIMON LEDSHAM

Exhibit P-1

Court File No. 500-11-042912-127

QUEBEC
SUPERIOR COURT
(COMMERCIAL DIVISION)

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*

AND IN THE LIQUIDATION OF
ACE AVIATION HOLDINGS INC.

SIXTH REPORT OF THE LIQUIDATOR DATED DECEMBER 15, 2023

INTRODUCTION

1. On June 28, 2012, ACE Aviation Holdings Inc. ("**ACE**") applied for and obtained a court order (the "**Liquidation Order**") appointing Ernst & Young Inc. as the court-appointed liquidator of ACE pursuant to the *Canada Business Corporation Act* (the "**Liquidator**").

PURPOSE

2. The purpose of this report of the Liquidator (the "**Sixth Report**") is to provide this Court with an update in respect of the following:

   a) the liquidation activities;

   b) status of the Liquidator's claims processes of ACE and ACE's subsidiaries ACTS LP and 4378555 Canada Inc. (the "**General Partner**");

   c) the Liquidator's request for an order approving a final distribution of approximately $5.3 million to the shareholders of ACE; and

   d) the Liquidator's request for an order approving the final accounts (receipts and disbursements) of ACE, the dissolution of ACE and discharge of the Liquidator.

TERMS OF REFERENCE

3. In preparing this Sixth Report, the Liquidator has relied upon certain unaudited financial information and other information obtained from third parties. The Liquidator has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of this information and, accordingly, the Liquidator expresses no opinion or other form of assurance on the related information contained in this Sixth Report.

4. Capitalized terms not defined in this Sixth Report are as defined in previous reports of the Liquidator or in the Claims Process Order.

5. All monetary amounts contained herein are expressed in Canadian dollars.

GENERAL BACKGROUND

6. On April 25, 2012, the shareholders of ACE approved a special resolution providing for the voluntary liquidation of ACE pursuant to Section 211 of the *Canada Business Corporations Act*, through distribution of its remaining assets to shareholders, after providing for outstanding liabilities, contingencies and costs of the liquidation (the "**Liquidation Resolution**").

7. On June 28, 2012, this Court issued an order granting the liquidation motion and appointing Ernst & Young Inc. as Liquidator of all the present and future undertakings, property and assets of ACE (the "**Liquidation Order**").

8. The Liquidation Order provides, among other things, that:

    a) the powers of the directors and shareholders are vested in the Liquidator; and

    b) the Liquidator shall report periodically to the Court as to the status of the Claims Process.

9. On February 22, 2013, ACE filed an "*Application for an Order Establishing a Claims Process"* with this Honourable Court. On February 25, 2013, Justice Mark Schrager issued an order approving, establishing a process for the identification, resolution and barring of claims and other contingent liabilities against ACE (the "**Claims Process Order**").

10. On May 20, 2014, this Honourable Court issued an order confirming a group acting on behalf of certain air cargo customers of Air Canada (the "**Stichting Compensation Foundation**") and the air cargo customers of Air Canada that the group purports to represent are barred from advancing a claim against ACE in its liquidation process and shall not be entitled to receive any amount from the Liquidator in connection with ACE's liquidation process.

11. On May 9, 2014, ACE filed an "*Application for an Order Relating to the Remaining Subsidiaries of ACE Aviation Holdings Inc."* with this Honourable Court. On May 9, 2014, Justice Chantal Corriveau issued an order to establish a process for the identification, resolution and barring of any claims or other contingent liabilities against ACTS LP and its general partner 4378555 Canada Inc. (the "**General Partner**"), the two remaining subsidiaries of ACE which are inactive (the "**Subsidiary Claims Process Order**").

12. On May 8, 2015, ACE filed an "*Application for an Order authorizing the Liquidator to proceed with a distribution to the Shareholders"* with this Honourable Court. On May 8, 2015, Justice Mongeon issued an order authorizing the Liquidator to establish a record date and payment date and proceed with a distribution of $115 million to the Shareholders pursuant to the Liquidation Order.

13. On June 1, 2016, ACE filed an "*Application for an Order authorizing the Liquidator to proceed with a distribution to the Shareholders"* with this Honourable Court. On June 1, 2016, Justice Paquette issued an order authorizing the Liquidator to establish a record date and payment date and proceed with a distribution of $12 million to the Shareholders pursuant to the Liquidation Order.

14. The Liquidator has made various materials relating to the liquidation available on its website at www.ey.com/ca/aceaviation.

LIQUIDATION ACTIVITIES

15. The activities of the Liquidator from June 28, 2012 to June 1, 2016 are set out in previous reports of the Liquidator which have been filed with the Court and are posted on the Liquidator's website at www.ey.com/ca/aceaviation.

16. As described above, on June 1, 2016, ACE filed an "*Application for an Order authorizing the Liquidator to proceed with a distribution to the Shareholders"* which was granted by this Honourable Court. The Liquidator established the record date to determine shareholders entitled to receive the distribution as June 4, 2016 and caused to direct the distribution of $12 million to the shareholders on June 22, 2016.

17. As described in previous reports of the Liquidator the only remaining subsidiaries of ACE were ACTS LP and its general partner, 4378555 Canada Inc. ACTS LP which previously operated a business of aircraft maintenance, repair and overhaul prior to the sale of its business in October, 2007. ACT LP did not have any assets, and had not carried on any business since October, 2007.

18. On September 14, 2017, ACTS LP was dissolved in accordance with a Dissolution and Distribution Agreement which provided for any property, assets and obligations of ACTS LP to be transferred or assumed by its general partner 4378555 Canada Inc. and its limited partner ACE. The Liquidator was not aware of any assets or liability being transferred or assumed with respect to the dissolution.

19. On September 18, 2017, 4378555 Canada Inc. was liquidated and dissolved in accordance with a Distributing and Winding-Up Agreement which provided for any property or assets or liabilities of 4378555 Canada Inc. to be transferred to or assumed by ACE. The Liquidator was not aware of any assets or liability being transferred or assumed with respect to the dissolution.

20. As indicated in the audited annual financial statements for the year ended December 31, 2016, ACE had claimed an aggregate refund of approximately $400,000 from the CRA and Revenu Quebec. On October 3, 2017 ACE received a refund cheque in the amount of $304,506.86 from the CRA and on October 12, 2017, ACE received a refund cheque in the amount of $178,865.94 from Revenu Quebec.

21. In the subsequent years, the Liquidator worked on completing the remaining corporate, administrative and tax processes to facilitate its dissolution and the final distribution of the remaining cash of ACE prior to its dissolution, including resolving remaining sales tax matters and seeking certificates of discharges as further outlined in paragraph 35.

22. As of September 30, 2023, ACE's cash holdings were approximately $6.0 million. During the aggregate period from the appointment of the Liquidator to September 30, 2023, the Liquidator generated a total of approximately $64.0 million in receipts including approximately $58 million from the sale of Air Canada shares and warrants as set out in the Liquidator's First Report, approximately $4.9 million in interest revenue and approximately $1.1 million in QST, HST and Corporate tax refunds. During the same period, the Liquidator made disbursements totalling approximately $5.0 million including approximately $0.5 million in respect of liabilities arising prior to the date of the Liquidator's appointment, approximately $4.0 million in costs incurred during the liquidation period and approximately $0.50 million in respect of QST, HST and PST. In addition, ACE made interim distributions to shareholders of ACE in the aggregate amount of $127 million pursuant to the Liquidation Order which was described above. A summary of ACE's receipts and disbursements is attached as Appendix "**A**".

23. Since the date of its appointment, the Liquidator has continually prepared and filed on SEDAR consolidated quarterly and annual financial statements in respect of ACE in accordance with the requirements of applicable securities laws. Most recently, the Liquidator prepared interim Financial Statements for the period ended September 30, 2023 and accompanying Management Discussion and Analysis ("**MD&A**") which was filed with Canadian securities regulatory agencies and made available to Shareholders on the

Liquidator's website at www.ey.com/ca/aceaviation and on ACE's SEDAR profile at www.sedar.com on November 27 , 2023. A copy of these interim Financial Statements and MD&A are attached at Appendix "**B**".

ACE AND ITS SUBSIDIARIES CLAIMS PROCESS UPDATE

24. Pursuant to the Claims Process Order, creditors of ACE had until May 13, 2013 (the "**Claims Bar Date**") to file their proof of claims, failing which their claims would be barred and extinguished.

25. A summary of the claims filed with the Liquidator further to the Claims Process Order is attached at Appendix **"C"**.

26. The Liquidator received a total of 24 claims with an aggregate claim value of approximately $252.7 million. In accordance with the Claims Process Order, the Liquidator reviewed each individual claim, initiated discussions with individual claimants as appropriate in an effort to consensually resolve the claims and issued notices of disallowance as appropriate. The claims filed were as follows:

    a) 2 claims were initially accepted as Valid Contingent Claims (as defined in the Claims Process Order). These claims were filed by Air Canada and Aveos Fleet Performance Inc. in the approximate amounts of $50.1 million and $1.6 million respectively. These claims related to certain tax indemnities granted to the parties by ACE;

    b) 21 claims with an aggregate value of $201 million were either withdrawn by the claimant or disallowed by the Liquidator with no Notice of Dispute having been filed by the claimant in accordance with the Claims Process Order; and

    c) 1 claim in the amount of $20,000 was filed by a former creditor of Air Canada and a shareholder of ACE which did not constitute having a creditor status with respect to ACE. The claim was disallowed by the Liquidator and the claimant filed a Notice of Dispute. After numerous attempts to contact the creditor by the Liquidator and its counsel, the purported claimant did not respond and therefore the Liquidator considers this claim invalid.

27. Pursuant to the Subsidiary Claims Process Order, creditors of ACTS LP and its general partner, 4378555 Canada Inc. (the "**General Partner**") had until July 18, 2014 (the "**Subsidiary Claims Bar Date**") to file their proof of claims, failing which their claims would be barred and extinguished.

28. A summary of the claims filed with the Liquidator further to the Subsidiary Claims Process Order is attached at Appendix **"D**".

29. The Liquidator received 2 contingent claims from Air Canada, one against ACTS LP for an aggregate claim value of approximately $43.8 million, and a similar claim against the General Partner of ACTS LP for the same amount and with respect to the same potential contingent liability as the claim filed against ACTS LP. These claims were pursuant to agreements dated November 25, 2010 and November 28, 2011 between Air Canada, ACE and ACTS LP in which ACTS LP agreed to indemnify Air Canada for an eventual reassessment of certain input tax credit refund claims, as further described in the financial statements of ACE. The two contingent claims filed by Air Canada were duplicative of the contingent claims filed by Air Canada against ACE pursuant to the Claims Process Order.

30. On May 18, 2016, the Liquidator sent a letter to Air Canada confirming its understanding that CRA's reassessment period against ACE, ACTS LP and the General Partner in respect of certain tax liabilities has expired and that as a result, ACE, ACTS LP and the General Partner no longer has any contingent liability owing to Air Canada.

TAX CLEARANCE CERTIFICATES

31. As described in previous reports of the Liquidator in March 2010, ACE applied for Certificates of Discharge from the Canada Revenue Agency ("**CRA**") and Revenu Quebec in connection with its intention to liquidate and dissolve.

32. ACE assisted the CRA and Revenu Québec with their audits of ACE's income tax returns for the years 2005 to 2010 and audits in respect of other taxes. The audits of income tax returns required a detailed review of all of the significant corporate transactions undertaken by ACE since its incorporation in 2004, together with a detailed review of all of its income tax returns.

33. On March 12, 2012, Revenu Québec issued an equivalent certificate authorizing the distribution of property up to $500 million.

34. On June 30, 2016, ACE received an additional tax clearance certificate from the CRA in connection with all taxation years ended on or prior to December 31, 2014.

35. On March 15, 2022, a tax clearance certificate was issued by the CRA in connection with all taxation years ended on or prior to December 31, 2020. On December 16, 2021, Revenu Québec issued a certificate authorizing the distribution of property up to $6.4 million. While ACE did not obtain tax clearance certificates from the CRA for the years ended December 31, 2021 and beyond, ACE carried no operations during such periods and had no income other than receipt of interest on its cash balances. ACE therefore does not expect to incur income tax liabilities for such financial years.

FINAL DISTRIBUTION

36. On May 9, 2012, ACE declared a distribution in the aggregate amount of $275,000,000 (or approximately $8.46 per common share) to common shareholders of record as of June 1, 2012, which was paid on June 8, 2012. This distribution represented the initial distribution to shareholders of amounts to be paid in the course of the voluntary liquidation of ACE pursuant to Section 211 of the Canada Business Corporations Act. As described above, further distributions of $115,000,000 and $12,000,000 were made to the Shareholders pursuant to the Liquidation Order for a cumulative distribution of $402,000,000.

37. Further distributions of ACE’s remaining net cash to its shareholders are subject to the approval of this Court.

38. As described above, only 1 claim in the amount of $20,000 remains unresolved in the Claims Process. Two claims filed by Air Canada in the Subsidiary Claims Process had been accepted as Valid Contingent Claims, but were otherwise duplicative of the similar contingent claim filed by Air Canada against ACE. As described in previous reports of the Liquidator the reassessment period for the input tax credit claims covered by the indemnity in favour of Air Canada expired at the beginning of 2016.

39. Shortly after the filing of this report, the Liquidator will provide written notice, pursuant to Section 223(4) of the CBCA, to the Director appointed under Section 260 of the CBCA (the "**CBCA Director**") of its intention to file an application for approval of the final accounts under Section 223(2) of the CBCA and for an order approving the final distribution to Shareholders. In addition, the Liquidator will publish a notice to the same effect in the Globe and Mail and the Journal de Montreal, pursuant to the requirements of Section 223(4) of the CBCA. As of the date of this report, the Liquidator is not aware of any party objecting or advised of its intention to contest the distribution to Shareholders.

40. As a result of the above, the Liquidator is of the view that a final distribution in the amount currently estimated to be $5.3 million would be appropriate. A summary and reconciliation of the current cash balance, estimated reserve amount (as described below) and distribution amount is attached as Appendix "**E**". As described in Appendix E, the Liquidator will continue to hold in reserve approximately $0.7 million which represents less than 0.17% of the total distributed to Shareholders pursuant to the Distribution Order, which the Liquidator considers to be sufficient to cover the following:

    a) fees and expenses of the Liquidator and its counsel, counsel to ACE and the transfer agent of ACE related to the final distribution;
    b) other matters or expenses that may occur or be incurred until the dissolution of ACE, including the requirement to prepare final income tax and sales tax returns for up to the dissolution date which is expected to occur in Q1 2024; and
    c) a reasonable reserve for the Liquidator, its counsel and counsel to ACE for fees and expenses related to post-dissolution matters, including but not limited to the storing of

ACE records, and responding to potential queries from governmental agencies, shareholders and regulatory bodies following the dissolution.

41. It is the view of the Liquidator that it is in the best interest of the shareholders to finalize the wind-up and dissolution of ACE. As a result, given the impractical and inefficient process to make further distribution of any potential *de minimis* funds remaining from the residual reserve after, in the professional judgement of the Liquidator, all post dissolution activities have taken place, the Liquidator is seeking authorization that any such remaining *de minimis* residual funds be donated to Centraide du Grand Montreal or another registered charity.

DISCHARGE OF THE LIQUIDATOR

42. Pursuant to the Liquidator Order, the Liquidator was to distribute ACE's remaining assets to the Shareholders, after providing for all outstanding liabilities, contingencies and costs of the liquidation and cause the ultimate dissolution of ACE once all the liquidation steps have been completed.

43. In addition to the requests herein, the Liquidator will file on December 15, 2023, an application for an order authorizing the Liquidator to conduct the following activities in connection to the dissolution of ACE and the Liquidator's discharge (the "**Dissolution Order**"):

   a) proceed with any corporate or administrative action required in order to implement and proceed with the final distribution to shareholders, the delisting of the common shares of ACE and the dissolution of ACE;

   b) file the articles of dissolution with the CBCA Director and all other documents required by the CBCA in order to effect the dissolution of ACE;

   c) review and execute documents from time to time after the dissolution of ACE to deal with third party queries and proceed with filing with regulatory and governmental authorities;

d) maintain documents and records of ACE for a period of six (6) years, following which the documents and records shall be destroyed without further notice or delay;

e) maintain the publically available portion of the Liquidator's website for a period of two (2) years;

f) make further application to the Court with respect to the dissolution of ACE, including with respect to post-dissolution matters if appropriate to do so;

g) be discharged of its duties and obligations granted or created pursuant to the Liquidation Order and the Dissolution Order, the whole under the conditions provided by the Dissolution Order.

All of which is respectfully submitted this 15th day of December 2023.

ERNST & YOUNG INC.
In its capacity as Liquidator of ACE Aviation Holdings Inc.

Per:

Sharon S. Hamilton
Senior Vice-President

APPENDIX A
ACE's receipts and disbursements

APPENDIX A

ACE Aviation Holdings Inc.
Receipts / (Disbursements)
in Canadian dollars (000's)

	June 28, 2012 to December 31, 2012	January 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	January 1, 2015 to December 31, 2015	January 1, 2016 to December 31, 2016	January 1, 2017 to December 31, 2017	January 1, 2018 to December 31, 2018
Receipts							
QST / HST / PST refund	193	126	27	67	62	78	54
Interest Earned	152	1,682	1,478	806	101	54	101
Corporate tax refunds	-	-	-	-	-	483	
Sale of shares and warrants	58,036	-	-	-	-		
Other	-	-	-	-	1		
Total Receipts	**58,381**	**1,807**	**1,505**	**873**	**163**	**615**	**156**
Disbursements							
Pre-liquidation period							
QST / HST / PST paid	(78)	(3)	-	-	-	-	-
Corporate Tax	(69)	-	-	-	-	-	-
Professional fees	(122)	-	-	-	-	-	-
Canadian Stock Transfer (CST)	(18)	-	-	-	-	-	-
Air Canada services	(32)	-	-	-	-	-	-
Payroll	(154)	-	-	-	-	-	-
Other	(7)	-	-	-	-	-	-
Subtotal Pre-liquidation disbursements	(480)	(3)	-	-	-	-	-
Post-liquidation period							
Interim Distribution	-	-	-	(115,000)	(12,000)		
QST / HST / PST paid		(80)	(68)	(57)	(50)	(38)	(42)
Corporate Tax	-	-	-	-	(0)	(0)	
Professional fees	(305)	(426)	(363)	(284)	(215)	(144)	(178)
Transfer Agent Fees	(13)	(58)	(45)	(46)	(62)	(58)	(41)
Air Canada services	(41)	(48)	(30)	(30)	(37)	(36)	(30)
Audit and filing Fees	-	(73)	(76)	(70)	(38)	(33)	(46)
Other	(17)	(9)	(12)	(8)	(5)	(5)	
Subtotal Post-liquidation disbursements	(375)	(694)	(594)	(115,495)	(12,407)	(313)	(337)
Total Disbursements	**(855)**	**(696)**	**(594)**	**(115,495)**	**(12,407)**	**(313)**	**(337)**
Opening Cash Balance	-	131,504	132,614	133,526	18,903	6,659	6,961
Cash balance transferred from ACE	73,978	-	-	-	-	-	71
Net inflow / (outflow)	57,526	1,111	911	(114,622)	(12,244)	302	(181)
Closing cash position	**131,504**	**132,614**	**133,526**	**18,903**	**6,659**	**6,961**	**6,851**

	January 1, 2019 to December 31, 2019	January 1, 2020 to December 31, 2020	January 1, 2021 to December 31, 2021	January 1, 2022 to December 31, 2022	January 1, 2023 to September 30, 2023	Total
Receipts						
QST / HST / PST refund	3	-	-	-	-	610
Interest Earned	133	68	28	92	236	4,931
Corporate tax refunds	-	-	-	-	-	483
Sale of shares and warrants	-	-	-	-	-	58,036
Other	-	-	-	-	-	1
Total Receipts	**135**	**68**	**28**	**92**	**236**	**64,060**
Disbursements						
Pre-liquidation period						
QST / HST / PST paid	-	-	-	-	-	(80)
Corporate Tax	-	-	-	-	-	(69)
Professional fees	-	-	-	-	-	(122)
Canadian Stock Transfer (CST)	-	-	-	-	-	(18)
Air Canada services	-	-	-	-	-	(32)
Payroll	-	-	-	-	-	(154)
Other	-	-	-	-	-	(7)
Subtotal Pre-liquidation disbursements	-	-	-	-	-	(483)
Post-liquidation period						
Interim Distribution						(127,000)
QST / HST / PST paid	(30)	(41)	(29)	(29)	(24)	(488)
Corporate Tax		(0)	(0)	(0)	(0)	(1)
Professional fees	(147)	(183)	(97)	(95)	(85)	(2,521)
Transfer Agent Fees	(49)	(47)	(45)	(45)	(30)	(537)
Air Canada services	(10)	(48)	(35)	(33)	(19)	(395)
Audit and filing Fees	(46)	(49)	(47)	(50)	(53)	(581)
Other		(1)	(0)	(0)	(0)	(58)
Subtotal Post-liquidation disbursements	(282)	(369)	(253)	(251)	(211)	(131,582)
Total Disbursements	**(282)**	**(369)**	**(253)**	**(251)**	**(211)**	**(132,064)**
Opening Cash Balance	6,851	6,704	6,404	6,179	6,020	-
Cash balance transferred from ACE	-	-	-	-	-	74,049
Net inflow / (outflow)	(146)	(301)	(225)	(159)	26	(68,004)
Closing cash position	**6,704**	**6,404**	**6,179**	**6,020**	**6,045**	**6,045**

APPENDIX B
September 30, 2023, interim Financial Statements and MD&A

ACE AVIATION

Third Quarter 2023
Interim Unaudited
Condensed Financial Statements and Notes

November 28, 2023

Notice required under National Instrument 51-102 - "Continuous Disclosure Obligations," Part 4.3 (3) (a).

The accompanying unaudited interim condensed financial statements for ACE Aviation Holdings Inc. as at and for the three-month period ended September 30, 2023, together with the accompanying notes have not been reviewed by the Corporation's auditors.

Statement of Net Assets in Liquidation

(Canadian dollars in thousands except per share figures)		As at September 30 2023	As at December 31 2022
ASSETS			
Cash		$ 6,045	$ 6,039
Commodity taxes receivable		229	208
		$ 6,274	**$** 6,247
LIABILITIES			
Accounts payable and accrued liabilities		19	80
		$ 19	**$** 80
NET ASSETS IN LIQUIDATION		**$ 6,255**	**$ 6,167**
NET ASSETS IN LIQUIDATION PER SHARE			
Basic and Diluted	Note 3	$ 0.19	$ 0.19

Contingencies, guarantees and indemnities [Notes 2 and 4]

The accompanying notes are an integral part of these financial statements.

Ernst & Young Inc.,
In its capacity as Court-appointed Liquidator of ACE Aviation Holdings Inc.
and not in its personal capacity

Per: (signed) Sharon Hamilton

Statement of Changes in Net Assets in Liquidation

Unaudited (Canadian dollars in thousands except per share figures)		Three Months Ended September 30 2023	Nine Months Ended September 30 2023	Year Ended December 31 2022	Three Months Ended September 30 2022	Nine Months Ended September 30 2022
Net assets in liquidation, beginning of period		**$ 6,205**	**$ 6,167**	**$ 6,264**	**$ 6,195**	**$ 6,264**
Interest income		77	216	109	34	56
Administrative and other expenses		(27)	(128)	(206)	(34)	(125)
Income (loss) before income taxes		**50**	**88**	**(97)**	**-**	**(69)**
Recovery of income taxes	Note 2	-	-	-	-	-
Net income (loss) for the period		**50**	**88**	**(97)**	**-**	**(69)**
Net assets in liquidation, end of period		**$ 6,255**	**$ 6,255**	**$ 6,167**	**$ 6,195**	**$ 6,195**
Income (loss) per share Basic and Diluted	Note 3	$ -	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

Unaudited (Canadian dollars in thousands)	Three Months Ended September 30 2023	 2022	Nine Months Ended September 30 2023	 2022
Cash flows from (used for)				
Net income (loss) for the period	$ 50	$ -	$ 88	$ (69)
Changes in non-cash working capital balances	10	10	(82)	(98)
Increase (decrease) in cash	**60**	**10**	**6**	**(167)**
Cash, beginning of period	5,985	6,004	6,039	6,181
Cash, end of period	**$ 6,045**	**$ 6,014**	**$ 6,045**	**$ 6,014**

The accompanying notes are an integral part of these financial statements.

Notes to the Interim Condensed Financial Statements (unaudited)
(Canadian dollars in thousands except share amounts)

1. GENERAL INFORMATION, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A) GENERAL INFORMATION

The accompanying financial statements (the "financial statements") are of ACE Aviation Holdings Inc. ("ACE" or the "Corporation"). ACE is incorporated and domiciled in Canada. The address of its registered office is 1155 René-Lévesque West, 40th Floor, Montreal, Québec, H3B 3V2, Canada.

ACE, which was incorporated on June 29, 2004, is an investment company that held aviation interests. On April 25, 2012, at ACE's annual and special meeting, ACE's shareholders approved a special resolution providing for an amendment to the articles of ACE pursuant to which all Class A variable voting shares and Class B voting shares of ACE were converted into a new class of common shares of ACE on a one-for-one basis.

The shareholders of ACE also approved a special resolution providing for the voluntary liquidation of ACE pursuant to Section 211 of the *Canada Business Corporations Act*, through distribution of its remaining assets to shareholders, after providing for outstanding liabilities, contingencies and costs of the liquidation, the appointment of a liquidator at a time to be determined by the board of directors of ACE and the ultimate dissolution of ACE in the future, once all the liquidation steps have been completed.

On May 9, 2012, ACE declared a distribution in the aggregate amount of $275,000 (or approximately $8.46 per common share) to common shareholders of record as of June 1, 2012, which was paid on June 8, 2012. This distribution represented the initial distribution to shareholders of amounts to be paid in the course of the voluntary liquidation of ACE pursuant to Section 211 of the *Canada Business Corporations Act*.

On June 28, 2012, the Superior Court of Québec (Commercial Division) (the "Court") issued an order appointing Ernst & Young Inc. as liquidator of ACE (the "Liquidator"). Effective June 28, 2012, all of the directors and officers of ACE resigned from their positions and the Liquidator was vested with the powers of the directors of ACE.

On July 16, 2012, ACE announced that the TSX advised ACE that it no longer met the continued listing requirements of the TSX as a result of the previously announced appointment of the Liquidator of ACE and the resignation of all of the directors and officers of ACE. The TSX advised ACE that if it did not voluntarily delist by September 14, 2012, the TSX would delist its common shares. As a result, ACE delisted its common shares from the TSX effective at the close of business on September 14, 2012.

ACE transferred the listing of its common shares from the TSX to the NEX board of the TSX Venture Exchange on September 17, 2012, the trading day immediately following the delisting from the TSX.

Pursuant to an order issued by the Court on February 25, 2013, the Liquidator established a process for the identification, resolution and barring of claims and other contingent liabilities against ACE. Creditors had until May 13, 2013 to file their proofs of claim, failing which their claims would be barred and extinguished.

In response to ACE's claims process, Air Canada filed a contingent claim related to the previously disclosed tax indemnities which are described herein under Note 2 – Taxes. The contingent claim, in the amount of $50,161 covered any eventual reassessment of Air Canada's input tax credit refund claims plus any related interest and ancillary legal costs. The reassessment periods for substantially all of the input tax credit claims covered by the indemnity in favour of Air Canada expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016. Aveos filed a similar contingent claim in the amount of $1,600 with respect to any eventual reassessment of input tax credit refund claims and any related interest and ancillary costs referred to under Note 2 – Taxes. The reassessment periods for the input tax credit claims covered by the indemnity in favour of Aveos expired at the end of 2014.

The only remaining subsidiaries of ACE were ACTS LP and its general partner, 4378555 Canada Inc. ACTS LP previously operated a business of aircraft maintenance, repair and overhaul prior to the sale of its business to a consortium of private equity firms in October 2007. ACTS LP did not have any assets, and had not carried on any business since October 2007. The Liquidator was not aware of any liabilities or contingent liabilities of ACTS LP. In order to ensure that there were no such liabilities or contingent liabilities against ACTS LP and in anticipation of its dissolution, the Liquidator established a process for the identification, resolution and barring of any claims or other contingent liabilities against ACTS LP and its general partner. Pursuant to an order issued by the Court on May 20, 2014, any potential creditors of ACTS LP and its general partner had until July 18, 2014 to file their proof of claims, failing which their claims against ACTS LP and its general partner would be barred and extinguished. The only proof of claim filed in response to such claims process was filed by Air Canada with respect to certain of the indemnity arrangements referred to above which were entered into by ACTS LP. As a result of such tax indemnity arrangements entered into with Air Canada, ACTS LP could only be dissolved after the expiration of the indemnity arrangements. Since the last remaining reassessment period covered by such tax indemnity arrangements expired in 2016, ACE completed the dissolution of ACTS LP and its general partner in September 2017.

Given the results of the claims process referred to above and taking into account that the reassessment periods for the large majority of the input tax credit claims covered by the indemnity in favour of Air Canada had then expired, the Liquidator announced on April 28, 2015 that it intended to seek Court approval for a distribution to shareholders of ACE in the aggregate amount of $115,000, or approximately $3.54 per common share of ACE. The Court approved such distribution at a hearing held on May 8, 2015. The record date to determine shareholders entitled to receive the distribution was May 26, 2015 and the payment date for the distribution was June 2, 2015.

Given that the last reassessment period for the input tax credit claims covered by the indemnity in favour of Air Canada expired in 2016, the Liquidator announced on April 29, 2016 that it intended to seek Court approval for a distribution to shareholders of ACE in the aggregate amount of $12,000, or approximately $0.36 per common share of ACE. The Court approved such distribution at a hearing held on June 1, 2016. The record date to determine shareholders entitled to receive the distribution was June 14, 2016 and the payment date for the distribution was June 22, 2016. Following this distribution, ACE’s only material remaining assets at September 30, 2023 consist of cash in an aggregate amount of approximately $6.0 million.

ACE is completing the remaining corporate, administrative and tax processes to facilitate its dissolution and the final distribution of the remaining cash of ACE prior to its dissolution. The final distribution to shareholders, the cancellation of the shares of ACE and the dissolution of ACE will not occur until all necessary corporate, administrative and tax measures to dissolve ACE are completed and until the settlement of any remaining contingencies that may arise in connection with the remaining liquidation and dissolution steps of ACE. There is no certainty as to the timing or amount of such final distribution and dissolution.

The Corporation prepares its financial statements in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the Handbook of the Canadian Institute of Chartered Professional Accountants – Part 1 (“CICA Handbook”) which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

B) BASIS OF PRESENTATION

The Corporation prepares its financial statements in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the Handbook of the Canadian Institute of Chartered Accountants – Part 1. These interim condensed financial statements have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34 “Interim Financial Reporting”.

In accordance with GAAP, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the Corporation’s annual financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. In the Liquidator’s opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim period presented.

The basis of preparing its financial statements is the liquidation basis of accounting.

The financial statements do not include costs to liquidate the assets of the Corporation, settle any contingent liabilities or future administrative costs and professional fees to wind-up the activities of the Corporation. These costs may be material and the amounts disclosed as net assets in liquidation in total or on a per share basis will change. The actual amounts available for distribution to shareholders will change and such changes may be material.

These financial statements were approved by the Liquidator for issue on November 28, 2023.

C) SIGNIFICANT ACCOUNTING POLICIES

These financial statements are based on the accounting policies consistent with those disclosed in Note 2 to the 2022 annual financial statements.

2. TAXES

Certificates of Discharge and Tax Audits

In March 2010, ACE applied for Certificates of Discharge from the Canada Revenue Agency ("CRA") and Revenu Québec.

ACE assisted the CRA and Revenu Québec with their audits of ACE's income tax returns for the years 2005 to 2010 and audits in respect of other taxes. The audits of income tax returns required a detailed review of all of the significant corporate transactions undertaken by ACE since its incorporation in 2004, together with a detailed review of all of its returns.

In connection with the process leading to the issuance of tax clearance certificates in favour of ACE, Revenu Québec conducted a sales tax audit of ACE and its subsidiaries in 2010 and 2011. Revenu Québec issued notices of reassessment in the amount of $37,700 primarily with respect to certain importations of aircraft parts on the basis that it was Air Canada, and not ACE's subsidiary ACTS LP, which should have paid GST and should have been allowed to claim the related refund. Revenu Québec also issued additional notices of reassessment in the amount of $7,400 relating, inter alia, to certain intercompany transactions on which Revenu Québec considers that ACE or ACTS LP should have charged Air Canada sales tax in the amount of $6,800. All such reassessments were paid by ACE and ACTS LP, and Air Canada paid an aggregate amount of approximately $40,140 to ACE and ACTS LP and then claimed additional GST/QST refunds for the same amount. ACE agreed to indemnify and hold harmless Air Canada should such refund claims be reassessed in the future. The reassessment periods for substantially all of the input tax credit claims covered by the indemnity in favour of Air Canada expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016.

A substantially similar process occurred with respect to GST payable on importation of aircraft parts on behalf of Aveos and Aveos agreed to claim additional GST refunds in the amount of $1,096 and to pay such amount to ACE to reimburse it for GST paid in connection with the importations. ACE agreed to indemnify and hold harmless Aveos should such refund claims be reassessed in the future. The reassessment periods for the input tax credit claims covered by the indemnity in favour of Aveos expired in 2014. See "Note 1 – General Information" for additional information relating to the proofs of claim filed by Air Canada and Aveos in connection with ACE's liquidation claims process and the claims process of ACTS LP and its general partner.

ACE claimed refunds from the CRA and Revenu Québec further to the expiration of a statute of limitation for reassessment of the income of an operating partnership in which ACE previously had an interest. In October 2017, ACE received a refund in the amount of approximately $305 from the CRA, and a refund in the amount of approximately $179 from Revenu Québec.

On March 15, 2022, a tax clearance certificate was issued by the CRA in connection with all taxation years ended on or prior to December 31, 2020. On December 16, 2021, Revenu Québec issued a certificate authorizing the distribution of property up to $6.4 million. ACE does not expect to incur income tax liabilities for the taxation years ended December 31, 2022 and beyond.

3. SHARE CAPITAL

The issued and outstanding common shares of ACE, are set out below.

Outstanding shares ('000s)	As at September 30 2023	As at December 31 2022
Issued and Outstanding		
Common Shares	32,475	32,475
Total issued and outstanding	**32,475**	**32,475**

4. CONTINGENCIES, GUARANTEES AND INDEMNITIES

Indemnification agreements

Refer to Note 1 (General Information) and Note 2 (Taxes – Certificates of Discharge and Tax Audits) for a description of indemnification agreements between ACE and Air Canada related to certain commodity tax reassessments. Also refer to Note 1 (General Information) for a description of the proofs of claim filed in response to ACE's claims process and the status of such claims.

ACE AVIATION

Quarter 3 2023

Management's Discussion and Analysis

November 28, 2023

Table of Contents

1. Preface

General

ACE Aviation Holdings Inc. (“ACE” or the “Corporation”), was incorporated on June 29, 2004. As at September 30, 2023, ACE is listed on the NEX board of the TSX Venture Exchange where its common shares are traded under the symbol ACE.H.

As at September 30, 2023, ACE’s assets consist of cash in the amount of approximately $6.0 million.

On April 25, 2012, at ACE's annual and special meeting, ACE's shareholders approved a special resolution providing for an amendment to the articles of ACE pursuant to which all Class A variable voting shares and Class B voting shares of ACE were converted into a new class of common shares of ACE on a one-for-one basis.

The shareholders of ACE also approved a special resolution providing for the voluntary liquidation of ACE pursuant to Section 211 of the Canada Business Corporations Act, through distribution of its remaining assets to shareholders, after providing for outstanding liabilities, contingencies and costs of the liquidation, the appointment of a liquidator at a time to be determined by the board of directors of ACE and the ultimate dissolution of ACE in the future, once all the liquidation steps have been completed.

On May 9, 2012, ACE announced that it had declared a distribution in the aggregate amount of $275 million (or approximately $8.46 per common share) to common shareholders of record as of June 1, 2012, which was paid as of June 8, 2012.

On June 28, 2012, the Superior Court of Québec (Commercial Division) (the “Court”) issued an order appointing Ernst & Young Inc. as liquidator of ACE (the “Liquidator”). Effective June 28, 2012, all of the directors and officers of ACE resigned from their positions and the Liquidator was vested with the powers of the directors of ACE.

On July 16, 2012, ACE announced that the TSX advised ACE that it no longer met the continued listing requirements of the TSX as a result of the previously announced appointment of the Liquidator and the resignation of all of the directors and officers of ACE. The TSX advised ACE that if it did not voluntarily delist by September 14, 2012, the TSX would delist its common shares. As a result, ACE delisted its common shares from the TSX effective at the close of business on September 14, 2012.

ACE transferred the listing of its common shares from the TSX to the NEX board of the TSX Venture Exchange on September 17, 2012, the trading day immediately following the delisting from the TSX.

On November 13, 2012, ACE sold a total of 31 million shares and 2.5 million warrants which represented its entire remaining investment in Air Canada. The net proceeds obtained as a result of the sale of ACE’s investment in Air Canada amounted to $58 million. Following the sale, ACE no longer holds any shares or warrants in Air Canada.

Liquidation Claims Process

Pursuant to an order issued by the Court on February 25, 2013, the Liquidator established a process for the identification, resolution and barring of claims and other contingent liabilities against ACE. Creditors had until May 13, 2013 to file their proof of claims, failing which their claims would be barred and extinguished.

In connection with the process leading to the issuance of tax clearance certificates in favour of ACE for all taxation years ended on or prior to December 31, 2010, Revenu Québec conducted a sales tax audit of ACE and its subsidiaries in 2010 and 2011. Revenu Québec issued notices of reassessment in the amount of $37.7 million primarily with respect to certain importations of aircraft parts on the basis that it was Air Canada, and not ACE’s subsidiary ACTS LP, which should have paid GST and should have been allowed to claim the related refund. Revenu Québec also issued additional notices of reassessment in the amount of $7.4 million relating, inter alia, to certain intercompany transactions on which Revenu Québec considers that ACE or ACTS LP should have charged Air Canada sales tax in the amount of $6.8 million. All such reassessments were paid by ACE and ACTS LP, and Air Canada paid an aggregate amount of approximately $40.1 million to ACE and ACTS LP and then claimed additional GST/QST refunds for the same amount. ACE agreed to indemnify and hold harmless Air Canada should such refund claims be reassessed in the future.

A substantially similar process occurred with respect to GST payable on importation on behalf of Aveos and Aveos agreed to claim additional GST refunds in the amount of $1.1 million and to pay such amount to ACE to reimburse it for GST paid in connection with the importations. ACE agreed to indemnify and hold harmless Aveos should such refund claims be reassessed in the future.

In response to ACE's claims process, Air Canada filed a contingent claim related to the tax indemnities referred to above. The contingent claim, in the amount of $50.1 million, covered any eventual reassessment of Air Canada's input tax credit refund claims plus any related interest and ancillary legal costs. The reassessment periods for substantially all of the input tax credit claims covered by the indemnity in favour of Air Canada expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016. See "Section 3.1 – Analysis of Net Assets in Liquidation – Income and other taxes payable" for additional information. Aveos filed a similar contingent claim in the amount of $1.6 million with respect to any eventual reassessment of input tax credit refund claims and any related interest and ancillary costs. The reassessment periods for the input tax credit claims covered by the indemnity in favour of Aveos expired at the end of 2014.

The only remaining subsidiaries of ACE were ACTS LP and its general partner, 4378555 Canada Inc. ACTS LP previously operated a business of aircraft maintenance, repair and overhaul prior to the sale of its business to a consortium of private equity firms in October 2007. ACTS LP did not have any assets, and had not carried on any business since October 2007. The Liquidator was not aware of any liabilities or contingent liabilities of ACTS LP. In order to ensure that there were no such liabilities or contingent liabilities against ACTS LP and in anticipation of its dissolution, the Liquidator established a process for the identification, resolution and barring of any claims or other contingent liabilities against ACTS LP and its general partner. Pursuant to an order issued by the Court on May 20, 2014, any potential creditors of ACTS LP and its general partner had until July 18, 2014 to file their proof of claims, failing which their claims against ACTS LP and its general partner would be barred and extinguished. The only proof of claim filed in response to such claims process was filed by Air Canada with respect to certain of the indemnity arrangements referred to above which were entered into by ACTS LP. As a result of such tax indemnity arrangements entered into with Air Canada, ACTS LP could only be dissolved after the expiration of the indemnity arrangements. Since the last remaining reassessment period covered by such tax indemnity arrangements expired in 2016, ACE completed the dissolution of ACTS LP and its general partner in September 2017.

Given the results of the claims process referred to above and taking into account that the reassessment periods for the large majority of the input tax credit claims covered by the indemnity in favour of Air Canada had then expired, the Liquidator announced on April 28, 2015 that it intended to seek Court approval for a distribution to shareholders of ACE in the aggregate amount of $115 million, or approximately $3.54 per common share of ACE. The Court approved such distribution at a hearing held on May 8, 2015. The record date to determine shareholders entitled to receive the distribution was May 26, 2015 and the payment date for the distribution was June 2, 2015.

Given that the last reassessment period for the input tax credit claims covered by the indemnity in favour of Air Canada expired at the beginning of 2016, the Liquidator announced on April 29, 2016 that it intended to seek Court approval for a distribution to shareholders of ACE in the aggregate amount of $12 million, or approximately $0.36 per common share of ACE. The Court approved such distribution at a hearing held on June 1, 2016. The record date to determine shareholders entitled to receive the distribution was June 14, 2016 and the payment date of the distribution was June 22, 2016. ACE's only remaining assets as at September 30, 2023 consist of cash in an aggregate amount of approximately $6.0 million.

ACE is completing the remaining corporate, administrative and tax processes to facilitate its dissolution and the final distribution of the remaining cash of ACE prior to its dissolution.

The final distribution to shareholders, the cancellation of the shares of ACE and the dissolution of ACE will not occur until all necessary corporate, administrative and tax measures to dissolve ACE are completed and until the settlement of any remaining contingencies that may arise in connection with the remaining liquidation and dissolution steps of ACE. There is no certainty as to the timing or amount of such final distribution, cancellation of shares and dissolution.

The distribution paid on June 22, 2016 was, and any additional distributions will be, designated as eligible dividends for the purposes of the *Income Tax Act* (Canada).

Accounting Principles and Additional Information

The Corporation prepares its financial statements in accordance with generally accepted accounting principles in Canada (“GAAP”) as set out in the Canadian CPA Handbook – Accounting – Part 1 (“CPA Handbook”) which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Corporation changed the basis of preparing its financial statements from going concern to liquidation basis of accounting effective January 1, 2011.

The financial statements do not include costs to settle any contingent liabilities or future administrative costs and professional fees to wind-up the activities of the Corporation. These costs may be material and the amounts disclosed as net assets in liquidation in total or on a per share basis will change. The actual amounts available for distribution to shareholders will change and such changes may be material.

This MD&A should be read in conjunction with ACE’s interim unaudited financial statements and notes for Quarter 3 2023, which can be found on SEDAR at www.sedar.com. Except as otherwise noted, all monetary amounts are stated in Canadian dollars. Except as otherwise noted, this MD&A is current as of November 28, 2023.

Forward-looking statements are included in this MD&A. See "Caution Regarding Forward-Looking Information" in section 2 of this MD&A for a discussion of risks, uncertainties and assumptions relating to these statements. See section 9 "Risk Factors" of this MD&A.

The Liquidator has reviewed and approved this MD&A and the interim unaudited financial statements and notes for Quarter 3 2023 prior to their release. For further information on ACE’s public disclosure file, please consult SEDAR at www.sedar.com, or ACE’s website at www.aceaviation.com.

2. Caution Regarding Forward-Looking Information

ACE's public communications may include written or oral forward-looking statements within the meaning of applicable securities laws. Such statements are included in this MD&A and may be included in other filings with regulatory authorities and securities regulators. Forward-looking statements may relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, future actions, tax liabilities, the timing of the liquidation, the timing and amount of distributions to shareholders, contingencies and liability under claims filed, the timing of the final distribution to shareholders, the cancellation of the shares of ACE and the dissolution of ACE. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, Court discretion in granting approvals to distributions to shareholders, market, regulatory developments or proceedings, and actions by third parties as well as the factors identified throughout this MD&A and, in particular, those referred to in section 9 “Risk Factors” of this MD&A. No assurance can be given as to the timeline of the liquidation and distributions. The forward-looking statements contained in this MD&A represent ACE's expectations as of the date of this MD&A, and are subject to change after such date. However, ACE disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

3. Financial and Capital Management

The following table presents the net assets in liquidation of ACE as at September 30, 2023 and December 31, 2022.

(Canadian dollars in thousands, except per share amounts)	September 30 2023		December 31 2022	
Cash	$	6,045	$	6,039
Commodity taxes receivable		229		208
		6,274		6,247
Accounts payable and accrued liabilities		19		80
Net assets in liquidation	**$**	**6,255**	**$**	**6,167**
Net assets in liquidation per share – Basic and diluted	**$**	**0.19**	**$**	**0.19**

ACE has no operations other than managing its net assets in liquidation and related activities.

3.1 Analysis of Net Assets in Liquidation

Cash

Cash was $6.0 million as at September 30, 2023 and $6.0 million as at December 31, 2022. The net assets in liquidation do not include costs to settle any contingent liabilities or future administrative costs and professional fees to wind-up the activities of the Corporation. These costs may be material and the amounts disclosed as net assets in liquidation in total or on a per share basis will change.

Income and other taxes payable

In March 2010, ACE applied for Certificates of Discharge from the Canada Revenue Agency ("CRA") and Revenu Québec.

ACE assisted the CRA and Revenu Québec with their audits of ACE's income tax returns for the years 2005 to 2010 and audits in respect of other taxes. The audits of income tax returns required a detailed review of all of the significant corporate transactions undertaken by ACE since its incorporation in 2004, together with a detailed review of all of its returns.

In connection with the process leading to the issuance of tax clearance certificates in favour of ACE, Revenu Québec conducted a sales tax audit of ACE and its subsidiaries in 2010 and 2011. Revenu Québec issued notices of reassessment in the amount of $37.7 million primarily with respect to certain importations of aircraft parts on the basis that it was Air Canada, and not ACE's subsidiary ACTS LP, which should have paid GST and should have been allowed to claim the related refund. Revenu Québec also issued additional notices of reassessment in the amount of $7.4 million relating, inter alia, to certain intercompany transactions on which Revenu Québec considers that ACE or ACTS LP should have charged Air Canada sales tax in the amount of $6.8 million. All such reassessments were paid by ACE and ACTS LP, and Air Canada paid an aggregate amount of approximately $40.1 million to ACE and ACTS LP and then claimed additional GST/QST refunds for the same amount. ACE agreed to indemnify and hold harmless Air Canada should such refund claims be reassessed in the future.

The reassessment periods for substantially all of the input tax credit claims expired in 2014 and 2015, and the remaining reassessment period expired at the beginning of 2016. The actual expiration dates of the reassessment periods for the input tax credits and input tax refunds covered by Air Canada's aggregate proof of claim in the amount of $50.1 million are described below:

Amount of potential contingent liability under the indemnity arrangement in the event of reassessment	Expiration date of tax reassessment period	Additional period to provide for delivery and receipt of reassessment notice, if any
$34,305,115.31	November 1, 2014	One month, to December 1, 2014
$6,445,809.44	December 1, 2014	One month, to January 1, 2015
$5,435,437.41	June 1, 2015	One month, to July 1, 2015
$3,053,487.09	January 1, 2016	One month, to February 1, 2016
$921,472.00(*)	January 1, 2016(*)	One month, to February 1, 2016 (*)

(*) This amount related to potential fees and expenses which could have been reimbursable to Air Canada under the indemnity agreements in connection with any reassessment covered by the indemnity agreements.

A substantially similar process occurred with respect to GST payable on importation on behalf of Aveos and Aveos agreed to claim additional GST refunds in the amount of $1.1 million and to pay such amount to ACE to reimburse it for GST paid in connection with the importations. ACE agreed to indemnify and hold harmless Aveos should such refund claims be reassessed in the future. The reassessment periods for the input tax credit claims covered by the indemnity in favour of Aveos expired at the end of 2014. For additional information, see "Section 1. Preface – Liquidation Claims Process".

ACE claimed refunds from the CRA and Revenu Québec further to the expiration of a statute of limitation for reassessment of the income of an operating partnership in which ACE previously had an interest. In October 2017, ACE received a refund in the amount of approximately $0.305 million from the CRA, and a refund in the amount of approximately $0.179 million from Revenu Québec.

On March 15, 2022, a tax clearance certificate was issued by the CRA in connection with all taxation years ended on or prior to December 31, 2020. On December 16, 2021, Revenu Québec issued a certificate authorizing the distribution of property up to $6.4 million. ACE does not expect to incur income tax liabilities for the taxation years ended December 31, 2022 and beyond.

Advance Tax Ruling
In 2012, ACE obtained an advance tax ruling from the CRA in order to confirm that neither the Share Conversion referenced in section 3.3 below nor the other liquidation steps will result in the Common Shares of ACE being considered short-term preferred shares or taxable preferred shares for the purpose of the Income Tax Act (Canada) (the "Tax Act") and the regulations thereunder, such that no tax under Part VI.1 of the Tax Act will be payable by ACE in connection with the liquidation steps.

Contingencies
As part of the wind-up process, a claims process was implemented in order to identify and resolve claims against the Corporation. See "Preface – Liquidation Claims Process" for a description of certain claims filed in response to the Corporation's liquidation claims process and the status of such claims. Refer to section 9 of this MD&A for a discussion of risk factors.

Future costs
Future costs will be incurred up to and during liquidation and have not been accrued. These costs include liquidator fees and other operating costs. In addition, future interest income is expected to be earned on cash.

3.2 Cash Flows in Liquidation

As discussed in Section 3.1, cash was $6.0 million at September 30, 2023 and $6.0 million at December 31, 2022.

3.3 Share Information

At September 30, 2023, the issued and outstanding common shares of ACE were as follows:

Number of shares (000)	September 30, 2023	December 31, 2022
Issued and outstanding common shares		
Common shares	32,475	32,475
Total issued and outstanding common shares	**32,475**	**32,475**

On April 25, 2012, ACE's shareholders approved a special resolution providing for an amendment to the articles of ACE pursuant to which all Class A variable voting shares and Class B voting shares were converted, on a one-for-one basis, into a new class of common shares (the "Common Shares"), each entitled to one vote per share (the "Share Conversion").

The terms of the Common Shares pertaining to dividend entitlements and entitlement upon liquidation or dissolution are the same as the rights previously attached to Class A variable voting shares and Class B voting shares of ACE. The Common Shares carry one vote per share and are not subject to any ownership restriction. The holders of the Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of ACE and each Common Share confers the right to one vote in person or by proxy at all meetings of shareholders of ACE.

With respect to dividends, the holders of the Common Shares will, if declared, be entitled to receive, out of monies, assets or property of ACE properly applicable to the payment of dividends, any dividends declared and payable by ACE on the Common Shares.

Upon liquidation, dissolution or winding up of ACE or other distribution of ACE's assets among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares are entitled to receive the remaining property of ACE and are entitled to share equally, share for share, in all distributions of such assets.

4. Accounting Policies

This MD&A should be read in conjunction with ACE's interim unaudited financial statements and notes for Quarter 3 2023.

Effective January 1, 2011, the Corporation changed the basis of presenting its financial statements from going concern to liquidation basis of accounting (Refer to section 1 of this MD&A for additional information relating to the Corporation's liquidation process).

For additional information on ACE's significant accounting policies and methods used in preparation of ACE's Quarter 3 2023 interim unaudited financial statements and notes, please refer to Note 2 of ACE's 2022 audited financial statements.

The preparation of ACE's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. ACE evaluates these estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Actual amounts could differ materially from those estimates and assumptions. Refer to section 8 of this MD&A for a discussion of ACE's critical accounting estimates.

5. Statement of Changes in Net Assets in Liquidation

(Canadian dollars in thousands, except per share amounts)	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Year Ended December 31 2022
Net assets in liquidation, beginning of period	**$ 6,205**	**$ 6,195**	**6,264**
Interest income	77	34	109
Administrative and other expenses	(27)	(34)	(206)
Income (loss) before income taxes	**50**	**-**	**(97)**
Recovery of income taxes	-	-	-
Net income (loss) for the period	**50**	**-**	**(97)**
Distribution to common shareholders	**-**	**-**	**-**
Net assets in liquidation, end of period	**$ 6,255**	**$ 6,195**	**6,167**
Income per share – Basic and diluted	**$ -**	**$ -**	**$ -**

ACE recorded administrative and other expenses of $0.03 million in Quarter 3, 2023 ($0.03 million in Quarter 3, 2022). In the year ended December 31, 2022, ACE recorded administrative and other expenses of $0.2 million.

In Quarter 3, 2023 ACE recorded an income of $0.05 million (nil income in Quarter 3, 2022).

6. Quarterly Financial Information

($ thousands, except per share amounts)	Q4 2021 (Liquidation Basis)	Q1 2022 (Liquidation Basis)	Q2 2022 (Liquidation Basis)	Q3 2022 (Liquidation Basis)	Q4 2022 (Liquidation Basis)	Q1 2023 (Liquidation Basis)	Q2 2023 (Liquidation Basis)	Q3 2023 (Liquidation Basis)
Interest income	$7	$ 7	$ 15	$ 34	$53	$67	$72	$77
Administrative and other expenses	(89)	(34)	(57)	(34)	(81)	(36)	(65)	(27)
Recovery of income taxes	-	-	-	-	-	-	-	-
Income (loss)	**$ (82)**	**$ (27)**	**$ (42)**	**$ -**	**$ (28)**	**$ 31**	**$ 7**	**$ 50**
Earnings per share – basic and diluted	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

7. Off-Balance Sheet Arrangements

Indemnification agreements

Refer to Section 1 (Preface – Liquidation Claims Process) and Section 3.1 of this MD&A for a description of indemnification agreements between ACE and Air Canada related to certain commodity tax reassessments and the expiration dates of the related tax reassessment periods. Refer to Section 1 (Preface – Liquidation Claims Process) for a description of the proofs of claim filed in response to ACE's claims process.

8. Critical Accounting Estimates

Critical accounting estimates are those that are most important to the portrayal of ACE's financial condition and results of operations. Information on ACE's critical accounting estimates is disclosed in Section 10 of ACE's 2022 MD&A dated April 28, 2023.

9. Risk Factors

For a description of the risk factors associated with the Corporation, refer to Section 11 "Risk Factors" of ACE's 2022 MD&A dated April 28, 2023.

APPENDIX C
Summary of Claims Process Claims

APPENDIX C

ACE Aviation Holdings Inc.

Claims Summary

As at October 31, 2023

Proofs of Claim Filed [1]		Under Review		Claims Accepted [2]		Claims Disallowed / Withdrawn		Claims Disputed	
#	$	#	$	#	$	#	$	#	$
24	252,704,161	-	-	2	51,761,356	21	200,922,805	1	20,000

Notes:
Note 1: Claims denominated in a currency other than Canadian dollars were converted using June 28, 2013 foreign exchange rates by the Liquidator.
Note 2: Air Canada and Aveos Fleet Performance Inc. claims were accepted by the Liquidator as Valid Contingent Claims in the amounts of $50.1 million and $1.6 million respectively. As the underlying indemnities giving rise to these claims have since expired, the Liquidator is of the view that the contingent liability has been extinguished and that ACE has no further liability to Air Canada or Aveos.

APPENDIX D
Summary of Subsidiary Claims Process Claims

APPENDIX D

Subsidiary Claims Process

Claims Summary

As at October 31, 2023

Proofs of Claim Filed [1]		Under Review		Claims Accepted [2]		Claims Disallowed / Withdrawn		Claims Disputed	
#	$	#	$	#	$	#	$	#	$
2	43,794,621	-	-	2	43,794,621	-	-	-	-

Notes:

Note 1: Claims denominated in a currency other than Canadian dollars were converted using June 28, 2013 foreign exchange rates by the Liquidator.

Note 2: A claim filed by Air Canada was accepted by the Liquidator as Valid Contingent Claims in the amount of approximately $43.8 million against each of ACTS LP and its general partner, 4378555 Canada Inc. As the underlying indemnities giving rise to these claims have since expired, the Liquidator is of the view that the contingent liability has been extinguished and that ACE has no further liability to Air Canada.

APPENDIX E

Estimated Reserve and Distribution Summary

Proposed Distribution and Reserve Summary
in Canadian dollars (000's)

Cash Balance as at September 30, 2023		$ 6,045
Additional Receipts (accrued interest)		80
Less: Disbursements (accrued operational costs)		(51)
Estimated cash balance as of October 31, 2023	**"A"**	6,074
Accrual from November 1, 2023 to final distribution and dissolution		
Liquidator (including filing of 2023 tax returns)		(100)
Stikeman Elliott		(100)
Lenczner Slaght		(30)
3rd Party Vendors (AST Trust Company/Broadridge/Air Canada)		(45)
Applicable sales taxes		(36)
	"B"	(311)
Post distribution reserve		
Retention/storage/destruction of records after 6 years		(30)
Liquidator ($25 x 6 years = $150)		(150)
Stikeman Elliott		(100)
3rd Party Vendors (AST Trust Company/Broadridge/Air Canada)		(75)
Applicable sales taxes		(46)
	"C"	(401)
Total Reserve	**D = B + C**	(712)
Total Estimated Distribution to Shareholders	**E = A + D**	**$ 5,362**

Exhibit P-2

ACE AVIATION

News Release

ACE AVIATION REPORTS THIRD QUARTER RESULTS AND ANNOUNCES APPLICATION TO COURT TO APPROVE THE FINAL DISTRIBUTION TO SHAREHOLDERS AND THE DISSOLUTION OF ACE

MONTRÉAL, November 29, 2023 – ACE Aviation Holdings Inc. (ACE) announced today its results for the third quarter of 2023. ACE also announced today its intention to seek approval by the Court to proceed with the final distribution to shareholders and the dissolution of ACE.

2023 Third Quarter Results

In the third quarter of 2023, ACE recorded an increase in net assets in liquidation of $50,000 as a result of interest income during the quarter which offset administrative and other expenses.

As at September 30, 2023, ACE's only material remaining assets consisted of cash in an aggregate amount of approximately $6.0 million.

Liquidation Process

On June 28, 2012, further to the approval by ACE shareholders on April 25, 2012 of a special resolution providing for the voluntary liquidation of ACE, the Superior Court of Québec (Commercial Division) (the "**Court**") issued an order appointing Ernst & Young Inc. as liquidator of ACE (the "**Liquidator**").

Pursuant to an order issued by the Court on February 25, 2013, the Liquidator established a process for the identification, resolution and barring of claims and other contingent liabilities against ACE. Creditors had until May 13, 2013 to file their proof of claims, failing which their claims would be barred and extinguished. The interim consolidated financial statements of ACE for the nine-month period ended September 30, 2023 and the related management's discussion and analysis include a description of proofs of claim which were filed and the status thereof.

Court Hearing to Approve Final Distribution to Shareholders and Dissolution

The Liquidator intends to seek Court approval of its final accounts, approval to proceed with a final distribution to the shareholders of ACE and approval of the dissolution of ACE.

The final amount to be distributed to shareholders is currently estimated to be $5.3 million, representing all of the remaining cash of ACE less accounts payable and a reserve to cover the remaining expenses of the liquidation and dissolution and remaining contingencies.

ACE is awaiting confirmation from the Court of the date of the hearing to be held at the Montreal Courthouse, located at 1 Notre-Dame Street East, Montreal, Quebec, H2Y 1B6. An additional press release will be issued by ACE once the date of the Court hearing is available.

The Liquidator will be posting a copy of the relevant application to the Court on its website at www.ey.com/ca/aceaviation. Shareholders and other parties who have questions or require additional information with respect to ACE and the final distribution and dissolution process may contact the Liquidator by telephone (1-855-279-8388 or 416-943-4444) or by fax (1-416-943-3300).

The amount of the final distribution will remain subject to modification until the final amount of the distribution is announced following receipt of Court approval. The record date and payment date for such distribution will be announced by subsequent press release upon receipt of approval from the Court. Subject to receipt of the Court approval, the Liquidator currently expects to proceed with the dissolution of ACE shortly following the payment of the final distribution to the shareholders. The payment of the final distribution and the completion of the dissolution of ACE are currently expected to occur in the first quarter of 2024, subject to receipt of Court approval.

The final distribution to shareholders, the cancellation of the shares of ACE and the dissolution of ACE will not occur until all necessary corporate, administrative and tax measures to dissolve ACE are completed and until the settlement of any remaining contingencies that may arise in connection with the remaining liquidation and dissolution steps of ACE. There is no certainty as to the timing or amount of such final distribution and dissolution. ACE will continue to incur operating costs and fees for the duration of the dissolution process.

The distributions to shareholders of ACE will generally be treated as deemed dividends from a Canadian tax standpoint. Such deemed dividends will be designated as eligible dividends for the purposes of the Income Tax Act (Canada).

For additional information with respect to the liquidation of ACE, refer to the management proxy circular dated March 9, 2012, the interim consolidated financial statements and related management's discussion and analysis for the nine-month period ended September 30, 2023 and the other public filings of ACE which are available at www.sedarplus.ca and www.aceaviation.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this news release may contain forward-looking statements. Forward-looking statements may relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to strategies, expectations, future actions, the timing of the liquidation, the expected amount of the final distribution to shareholders and the dissolution of ACE. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Forward-looking statements, by their nature, are based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, market, regulatory developments or proceedings, and actions by third parties as well as the factors identified throughout ACE's filings with securities regulators in Canada and, in particular, those identified in the Risk Factors section of ACE's 2022 Annual MD&A dated April 28, 2023. ACE will continue to incur operating costs and fees for the duration of the dissolution process. The forward-looking statements contained in this news release represent ACE's expectations as of the date they are made, and are subject to change after such date. However, ACE disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

Contact: David Saldanha, Ernst & Young Inc. (416) 943-4444

Internet: www.aceaviation.com

SUPERIOR COURT
(Commercial Division)

No : 500-11-042912-127

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

IN THE MATTER OF THE LIQUIDATION OF:
ACE AVIATION HOLDINGS INC.

Applicant

and

ERNST & YOUNG INC.

Liquidator

and

THE DIRECTOR APPOINTED UNDER SECTION 260 OF THE CANADA BUSINESS CORPORATIONS ACT

Mis-en-cause

BS0350	Our file: 120000-1171

APPLICATION FOR AN ORDER AUTHORIZING THE FINAL DISTRIBUTION, APPROVING THE LIQUIDATOR'S FINAL ACCOUNTS AND APPROVING THE DISSOLUTION OF THE APPLICANT COMPANY (Sections 217 (d), (k), (l) and (o) and 223 of the Canada Business Corporations Act), Notice of presentation, Affidavit, Attestation of Authenticity and Exhibits P-1 and P-2

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