GENERAL

Management Discussion & Analysis ("MD&A") is intended to supplement and complement the consolidated financial statements and accompanying notes of Canada Jetlines Operations Ltd. (the "Company" or "Jetlines") for the three month periods ended March 31, 2024 and 2023. The information provided herein should be read in conjunction with the Company's unaudited consolidated interim financial statements for the three month periods ended March 31, 2024, audited consolidated financial statements for the year ended December 31, 2023, and the accompanying notes thereto.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. Financial statements and summary information derived therefrom are prepared in accordance with International Financial Reporting Standards ("IFRS").

Management is responsible for the preparation and integrity of the consolidated financial statements and MD&A, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company's statutory filings on www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. These forward-looking statements relate to future events or the future performance of the Company. All statements other than statements of historical fact may be forward- looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions. Actual events or results may differ materially. In addition, this MD&A may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward- looking statements involve numerous assumptions and known and unknown risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this MD&A speak only as of the date of this MD&A.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: expectations as to future operations of the Company; the Company's anticipated financial performance; use of proceeds from equity and debt financings; future development and growth prospects; expected general and administrative costs, costs of services and other costs and expenses; expected revenues; ability to meet current and future obligations; completion of the airline licensing process outside of Canada; terms with respect to the acquisition of aircraft; ability to obtain financing on acceptable terms or at all; the Company's future aircraft fleet size; the Company's business model and strategy; and the statements contained in the "Outlook" section of this MD&A.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Neither the Company nor any other person assumes responsibility for the outcome of the forward-looking statements.

Many of the risks and other factors are beyond the control of the Company, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A. The risks and other factors include, but are not limited to: the availability of financial resources to fund the Company's expenditures; competition for, among other things, capital reserves and skilled personnel; protection of intellectual property; the impact of competition and the competitive response to the Company's business strategy; third party performance of obligations under contractual arrangements; prevailing regulatory, tax and other applicable laws and regulations; stock market volatility and market valuations; uncertainty in global financial markets; the impact of a global pandemic on global economic conditions; the successful negotiation of aircraft leases; the completion of the financing necessary to sustain airline operations; and the other factors described under the heading "Risk Factors" in this MD&A and the Company's Annual Information Form.

These factors should not be considered exhaustive. With respect to forward-looking statements contained in this MD&A, the Company has made assumptions regarding, among other things: the impact of increasing competition; conditions in general economic and financial markets; current technology; cash flow; future exchange rates; timing and amount of capital expenditures; effects of regulation by governmental agencies; future operating costs; the Company's ability to conclude aircraft leases on acceptable terms; and the Company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive and that additional information on these and other factors that could affect the Company's operations or financial results is discussed in this MD&A. The above summary of assumptions and risks related to forward-looking statements is included in this MD&A in order to provide readers with a more complete perspective on the future operations of the Company. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company is not under any duty to update or revise any of the forward-looking statements except as expressly required by applicable securities laws.

DESCRIPTION OF BUSINESS AND RECENT DEVELOPMENTS

Canada Jetlines Operations Ltd. (the "Company" or "Jetlines") was amalgamated under the laws of British Columbia pursuant to the Canada Business Corporations Act ("CBCA") effective February 28, 2017. The Company's business activities include operating a value-focused leisure airline and providing Canadians with an option when flying to domestic, United States or Caribbean destinations, and the Company uses its fleet to provide corporate customers and brokers charter services and ACMI (Aircraft, Crew, Maintenance and Insurance). The address of the Company's registered office is #2400 – 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 3P3. The Company's shares trade on the Cboe Canada Exchange (the "Exchange") under the symbol "CJET".

The Company received its Air Operator Certificate in August 2022 and completed its inaugural flight in September 2022. In December 2022 the company received Federal Aviation Administration approval to start operating to the United States.

On January 4, 2024, the Company announced the addition of two new A320-214 aircraft to its fleet. The Company has signed lease agreements with CMB Financial Leasing, also known as CMB Leasing, marking a strategic move to enhance the airline's operational capabilities and meet the growing demand for affordable air travel. The A320-214 aircraft, scheduled for delivery in the second quarter of 2024.

On January 9, 2024, the Company announced the addition of its sixth aircraft, a A320-214 aircraft. The Company has signed the lease agreement on Aircraft bearing MSN 5661. This aircraft was delivered on March 15, 2024.

On March 3, 2024, the Company announced a strategic wet lease agreement with a prominent European carrier. The operation is set to begin with one aircraft in late April 2024 for a period of six months and with a second aircraft in late June for a period of three months, the collaboration reflects Canada Jetlines operational ability in maximizing fleet utilization by deploying its aircraft and crew to Europe in the summer.

On April 1, 2024 the Company announced the launch of a new route connecting Toronto, Ontario to Miami, Florida. Beginning June 29, 2024, travelers can experience the convenience of flying between the two cities.

On May 10, 2024 the Company has closed a non-convertible term Loan Agreement for a $2,000,000 loan (the "May 2024 Loan"). The terms of the May 2024 Loan include:

- the May 2024 Loan was advanced in a single tranche of $2,000,000 on May 10, 2024;
- the May 2024 Loan bears interest at the rate of 1.00% per annum and has a maturity date of June 21, 2024;
- principal and interest amounts are payable in four equal weekly installments commencing May 31, 2024;
- no shares are issuable in connection with the May 2024 Loan;
- the Borrower shall pay the document closing costs of the lender; and
- the May 2024 Loan is unsecured.

The lender (Square Financial Investment Corporation) is a wholly owned holding company for Reg Christian, a director of the Company. The Company intends to use the net proceeds of the May 2024 Loan for general corporate and working capital purposes. The lender is an affiliate of a director of the Company (Reg Christian). In connection with the May 2024 Loan, Reg Christian has been appointed Executive Vice President of the Company.

OUTLOOK

The Company operates passenger flights, charter and leasing, with business in Canada, USA, Jamaica, and Mexico. Jetlines also concurrently applied for similar approvals from the regulatory authorities in certain Caribbean countries.

The air carrier was created to provide Canadians with value vacation choices and convenient travel options to fly to leisure destinations within Canada, the U.S.A., Cuba, Jamaica, St. Lucia, Antigua, Bahamas, and other Caribbean nations. The Company also provides vacation packages to Canadian destinations and beyond via strong partnerships with airports, CVBs, tourism entities, hotels, hospitality brands, and attractions. The Company also uses its fleet to provide corporate customers and brokers charter services and ACMI (Aircraft, Crew, Maintenance and Insurance). The Company intends to grow to seven aircraft by the end of 2024 and has a projected growth to 15 aircraft by 2026. Jetlines aims to offer the best-in-class operating economics, customer comfort and fly-by-wire technology, providing an elevated guest centric experience from the first touchpoint. The carrier uses a web booking platform, making the turnkey solution available to consumers, travel agents, and tour operators, with the capability of generating revenue on reservations and ancillary sales with the aim to provide more revenue opportunities to current and future agent partners and all the work that they do.

The proceeds from the issuance of shares and loan agreements are being used to further the business objectives of the Company in operating and growing a leisure airline, tour operator and charter airline based in Canada. The Company intends to continue to grow its business and route network through acquisition of additional aircraft, obtaining licenses to operate to international destinations, augmenting the leadership team with additional operations, financial and commercial personnel, branding and marketing activities, signing of commercial and operational agreements, as well as advancing internet, digital media and information technology systems initiatives. Further funding, in the form of debt, equity or other facilities,

will be required to continue operations, take delivery of additional aircraft, and to execute the Company's growth strategy which requires additional aircraft, personnel, inventory, training, paying necessary up-front deposits, and other new routes launch activities, as well as for general and administrative expenditures and working capital.

The Company incorporated a wholly owned subsidiary Canada Jetlines Vacations Ltd. ("Jetlines Vacations"), with the purpose to act as a tour operator and travel agency. Jetlines Vacations sells Package Vacations products like hotel stays, car rental, and other travel related products and services. In addition, Jetlines Vacations will support the airline and will build a network of resellers and holiday partnerships to offer for sale.

PRIVATE PLACEMENTS AND OTHER FINANCING

See disclosure above regarding the May 2024 Loan for proceeds of $2,000,000.

On February 9, 2023, the Company entered into a third loan agreement (the "February 2023 Loan Agreement") with Roosheila Group Inc. ("Roosheila") for a loan of $1,500,000. Subsequently this loan agreement was assigned to Square Financial Investment Corporation ("Squarefic") and proceeds were advanced on March 10, 2023. Roosheila and Squarefic are both wholly owned subsidiaries of Regenold Christian, a director of the Company, and therefore related parties.

On April 27, 2023, the Company closed the April 2023 Offering. The April 2023 Offering consisted of 2,738,104 units issued at $0.21 per unit. Each April 2023 Unit consists of one Share and one half of one April 2023 Warrant. Each April 2023 Warrant entitles the holder thereof to purchase an additional Share for a period of 24 months after closing at a price of $0.35 per Share.

On August 22, 2023, the Company issued 25,000 Common Shares, and on October 30, 2023 the Company issued 25,000 Common Shares of the 100,000 Common Shares issuable under the loan agreements.

On October 3, 2023, the Company secured a non-brokered private placement to raise $13,500,001 consisting of 78,431,287 Common Shares issued at $0.1721252 per Common Share. As of December 31, 2023 $6,033,313 was received and 35,051,885 Common Shares issued. The balance amount of $7,466,688 was received on January 23, 2024 and 37,789,989 Common Shares issued.

During the year ended December 31, 2023 the Company issued 5,193,139 Shares upon the exercise of 5,193,139 RSUs, which had a fair value of $1,943,471.

REVIEW OF FINANCIAL RESULTS

Income (Loss) and comprehensive income (loss) for the period

For the three month period ended March 31, 2024, the Company operated three aircraft compared to two aircraft during the three month period ended March 31, 2023.

For the three month period ended March 31, 2024, the Company reported comprehensive loss from operations in the amount of $(6,355,149) or $(0.04) per share, compared to a comprehensive loss in the amount of $(3,618,816) and $(0.05) per share for the three month period ended March 31, 2023. The increase in loss from operations in the amounts of $2,736,333, is explained by the fact that the Company was operating an additional aircraft during the current period and therefore had increased fixed and variable costs which were not offset by increased revenue from flight operations.

Passenger revenues

For the three month period ended March 31, 2024, the Company earned $5,995,224 (March 31, 2023: $1,714,461) in passenger revenues, as the Company operated three aircraft compared to two aircraft in 2023.

Charter revenues

For the three month period ended March 31, 2024, the Company earned $4,786,569 (March 31, 2023: $3,378,836) in revenue from charters and subservice (including ACMI). Such increase is due to increased flying activity with the Company's larger aircraft fleet.

Other revenues

For the three month period ended March 31, 2024, the Company earned $716,281 (March 31, 2023: $663,065) in ancillary and other revenues. Such increase is due to increased flying activity with the Company's larger aircraft fleet.

Aircraft Fuel

For the three month period ended March 31, 2024, the Company incurred aircraft fuel costs in the amount of $3,755,224 (March 31, 2023: $1,505,370) in connection with expenditures relating to purchasing fuel for aircraft. The significant increase is explained by increased flying activity with the Company's larger aircraft fleet.

Wages, salaries and benefits

For the three month period ended March 31, 2024, the Company incurred wages, salaries and benefits expenses of $3,342,929 (March 31, 2023: $1,922,862) in connection with payments to employees during the periods. These expenses increased as the Company hired additional employees in order to operate increased flight operations.

Depreciation

For the three month period ended March 31, 2024, the Company recorded depreciation in the amounts of $1,404,618 (March 31, 2023: $816,225), in connection with property, equipment and right-of-use assets. The majority of the increase is explained by the depreciation related to the Company's three aircraft leases.

Aircraft maintenance

For the three month period ended March 31, 2024, the Company incurred aircraft maintenance expenses of $2,024,222 (March 31, 2023: $1,105,112) in connection with maintenance of the aircrafts. Maintenance expenses increased significantly as the Company is now operating and maintaining three aircraft as compared to two aircraft in the comparative period.

Airport and navigation fees

For the three month period ended March 31, 2024, the Company incurred airport and navigation fees of $2,293,439 (March 31, 2023: $577,262) in connection with airport handling and navigation of flights. The significant increase is due to the fact that the Company had a larger aircraft fleet and flew to more destinations (adding additional airports and associated fees) during the current period.

Sales, marketing, and distribution cost

For the three month period ended March 31, 2024, the Company incurred sales and marketing expenses of $1,002,771 (March 31, 2023: $451,874), in connection with marketing of air services to passengers and charter customers. The significant increase is due to the fact that the Company was flying to additional destinations and had a larger aircraft fleet resulting in increased marketing expenditures to drive ticket bookings and associated passenger revenues. The expenses have also increased substantially as a result of costs associated with online booking and distribution of tickets.

Ground package costs

For the three month period ended March 31, 2024, the Company incurred ground package costs of $221,331 (March 31, 2023: $Nil) which relates to expenses for vacation packages. During to comparative period the Company's vacation package business was not yet operational.

Catering and onboard services

For the three month period ended March 31, 2024, the Company incurred catering and onboard services expenses in the amounts of $163,458 (March 31, 2023: $103,909) which relates to amounts spent on catering food. The significant increase is explained by increased flying activity with the Company's larger aircraft fleet.

Communications and information technology

For the three month period ended March 31, 2024, the Company incurred communications and information technology expenses in the amounts of $356,389 (March 31, 2023: $200,040) which relates to amounts spent on software and communication related expenses. As the Company has grown its airline operations, these expenses have increased substantially and is a function of additional personnel, growing aircraft fleet and flight management expenses.

Professional fees

For the three month period ended March 31, 2024, the Company incurred professional fees in the amounts of $659,982 (March 31, 2023: $388,675), related to amounts spent on consulting and professional fees. The increase in the current period is as a result of the Company's use of consultants related to aircraft imports, vacation packages start-up costs, and higher fiscal year 2023 audit fees

Other overhead

For the three month period ended March 31, 2024, the Company incurred other expenses in the amounts of $1,887,781 (March 31, 2023: $1,082,836), related to amounts spent on aircraft insurance, travel and entertainment, office expenses, employee training and development and other overhead. The increase is explained by the fact that the Company had a larger aircraft fleet and is flying to more destinations.

Non-Operating expense

For the three month period ended March 31, 2024, the Company recorded a foreign exchange gain (loss) in the amounts of $(24,393) (March 31, 2023: $18,931) with respect to transactions and balances denominated in USD dollars and the impact of fluctuations in the exchange rate.

For the three month period ended March 31, 2024, the Company recorded interest income in the amounts of $39,912 (March 31, 2023: Nil) earned on cash balances held in bank accounts.

For the three month period ended March 31, 2024, the Company recorded interest expense and accretion in the amounts of $45,695 (March 31, 2023: $31,388) and $755,866 (March 31, 2023: $457,174), with respect to interest accretion expenses recorded on long-term loan balances and right-of-use liabilities.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's financial operations for the last eight quarters. For more detailed information, please refer to the condensed consolidated interim financial statements.

Description	**Q1 March 31, 2024**	**Q4 December 31, 2023**	**Q3 September 30, 2023**	**Q2 June 30, 2023**
Revenues	$ 11,498,074	$ 9,883,798	$ 13,398,728	$ 8,808,521
Loss and comprehensive loss	$ (6,355,149)	$ (7,057,489)	$ 120,976	$ (940,007)
Loss per share	(0.04)	(0.09)	0.00	(0.01)
Description	**Q1 March 31, 2023**	**Q4 December 31, 2022**	**Q3 September 30, 2022**	**Q2 June 30, 2022**
Revenues	$ 5,097,249	$ 3,237,680	$ 89,144	$ -
Loss and comprehensive loss	$ (3,618,816)	$ (4,528,552)	$ (3,347,249)	$ (3,015,214)
Loss per share	(0.05)	(0.06)	(0.06)	(0.05)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company had limited operations focused on completing the airline licensing process until quarter ended September 30, 2022, after which it started its operational activities and continued to increase operational activity for the full year 2023. The Company's revenues have on average increased over the last four quarters, and except for the quarter ended December 31, 2023, its loss and comprehensive loss has also decreased as a result of the Company generating higher revenues. The loss and comprehensive loss were high for the quarter ended March 31, 2024 as a result of higher fixed cost due to growth in the fleet. The Company expects to see seasonal variation in its revenues, loss and comprehensive loss. Generally during the second and third quarter the Company conducts more charter and ACMI flying which has lower revenues but also lower expenses as the Company is not responsible for certain expenditures such as fuel. During the fourth quarter and first

quarter the Company completes more scheduled service flying which can have greater revenue but also have higher expenses. The Company expects its expenditures to continue at an increased level as it continues to ramp up and grow its airline operations.

FIRST QUARTER

<u>Income</u>

During the three-month period ended March 31, 2024, the company reported revenue of $11,498,074 (March 31, 2023 - $5,097,249) representing an increase of $6,400,825 compared to the same period of the prior year. Increase is comprised of flight revenue and subservice ACMI/charter revenue.

<u>Expenses</u>

During the three-month period ended March 31, 2024, the Company incurred expenses of $17,112,144 (March 31, 2023 - $8,154,165), representing an increase of $8,957,979 compared to the same period of the prior year. The increase in total expenses is comprised of increases in Aircraft fuel $2,249,854, salaries and benefits $1,420,067, depreciation $588,393, airport and navigation fees $1,716,177, aircraft maintenance $919,110, sales and marketing $550,897, ground package costs $221,331, catering and onboard services $59,549, communications and information technology $156,349, employee training and development $453,020, office and administration $130,384, and other 492,848. The increases were due to the increase in operational activity with the Company's larger aircraft fleet

Other items

During the three-month period ended March 31, 2024, the Company incurred other expense/(income) of $741,079 (March 31, 2023 – $561,900), representing an increase of $179,179 compared to the same period of the prior year. The increase in other expenses is comprised of interest accretion $298,692, foreign exchange loss ($5,462), interest income ($39,912), interest expenses $14,307 and other of ($99,369).

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had cash in the amount of $3,693,882 (December 31, 2023: $5,367,877) and working capital in the amount of ($14,945,021) (December 31, 2023: $(12,817,644)). The decrease in working capital in the amount of $2,127,377 is explained by the increase in the current portion of lease liabilities and deferred revenue and customer deposits.

The Company commenced operations in the third quarter of 2022 and started to earn operating income from the sale of flights. However, the Company does not have sufficient operating income and requires additional financing to continue airline operations, and to complete the growth of the airline's operations and to secure additional aircraft. In addition, based on the Company's existing operations and working capital position, the Company will need to raise additional capital during the current quarter and beyond to continue operations. To date, the Company's operations have been almost entirely financed from equity and loan financing. The Company will continue to identify financing opportunities in order to provide additional financial flexibility.

The Company's cash is held in highly liquid accounts. No amounts have been or are invested in asset-backed commercial paper.

Cash Flows

The Company's cash flows for the three month period ended March 31, 2024 and 2023 are summarized in the table below.

	March 31, 2024	March 31, 2023
Cash provided by (used in) operating activities	(6,264,764)	1,666,170
Cash provided by (used in) investing activities	(586,638)	(48,536)
Cash provided by (used in) financing activities	5,177,408	475,231
Change in cash during the period	(1,673,995)	2,092,865
Cash, beginning of the period	5,367,877	1,784,574
Cash, end of the period	**$ 3,693,882**	**$ 3,877,439**

Operating Activities

Cash used in operating activities adjusts the loss for the year for non-cash items including, but not limited to, depreciation, interest expense on lease liabilities, and share-based payments. Cash used in operating activities also reflects changes in working capital items, such as receivables, inventory, prepaid expenses and amounts payable and accrued liabilities, which fluctuate in a manner that does not necessarily reflect predictable patterns for the overall use of cash, the generation of which depends on revenue from airline operations and sources of external financing to fund operations.

Investing Activities

During the three month period ended March 31, 2024, the Company purchased $586,638 (March 31, 2023: $48,536) of property and equipment.

Financing Activities

Financing activities for the three month period ended March 31, 2024, consist of the following activities:

	March 31, 2024	March 31, 2023
Proceeds from private placement	7,466,688	-
Share issuance costs	(15,000)	-
Shares issued to vendors	15,000	25,321
Proceeds from loan payable	-	1,500,000
Repayments of loan	(393,299)	(206,158)
Lease payments	(1,808,715)	(843,933)
Maintenance payments	(77,359)	-
Other	(9,907)	-
Net cash from financing activities	**$ 5,177,408**	**$ 475,230**

STATEMENT OF FINANCIAL POSITION INFORMATION

	As at March 31, 2024	**As at December 31, 2023**
Cash and cash equivalents	$3,693,882	$5,367,877
Receivables	1,111,752	1,064,583
Inventory	63,419	55,177
Prepaid expenses	434,275	202,392
Deposits	8,251,683	6,023,215
Property and equipment	3,313,059	2,883,343
Right-of-use assets	33,476,556	34,621,462
Total Assets	**$50,344,626**	**$50,218,049**
Accounts payable and accrued liabilities	$10,164,342	$10,699,079
Deferred revenue and customer deposits	5,235,609	4,349,441
Lease liabilities - current	4,183,437	3,673,322
Loans payable - current	664,961	785,831
Lease liabilities - long term	32,498,613	34,055,543
Loans payable - long term	1,548,909	1,775,644
Maintenance provision	595,746	586,255
Share capital	31,553,184	24,060,950
Obligation to issue shares	46,400	26,250
Reserves	2,157,257	2,154,417
Deficit	(38,303,832)	(31,948,683)
Total Liabilities and Equity	**$50,344,626**	**$50,218,049**

Assets

Cash decreased by $1,673,995 during the three month period ended March 31, 2024, as a result of cash used for future aircraft acquisitions and higher overhead expenses to support the Company growth. Cash flows are detailed in “Liquidity and Capital Resources”. Operating activities are detailed in “Review of Financial Results”. Equity financing activities are detailed in “Private Placements and Other Financing”

Receivables increased by $47,169 during the three month period ended March 31, 2024, due to an increase in operational activity.

Inventory increased by $8,242 during the three month period ended March 31, 2024, related to the purchase of catering and onboard products inventory.

Prepaid expenses decreased by $231,883 during the three month period ended March 31, 2024 and this is primarily explained by amortization of prepaid expenses.

Deposits increased by $2,228,468 during the three month period ended March 31, 2024 and this is primarily explained by increase in deposits made for operations.

During the three month period ended March 31, 2024, the Company recognized $586,638 in property and equipment additions, and depreciation of $156,922.

During the three month period ended March 31, 2024, the Company recognized $102,790 related to existing office lease amendment in right-of-use asset additions (2023: $17,318,764), and depreciation of $1,247,696 (2023: $3,868,675). The right-of-use asset consists of three aircraft leases, office leases, maintenance reserve provision, and aircraft return maintenance provision.

Liabilities

During the three month period ended March 31, 2024, accounts payable and accrued liabilities decreased by $534,737 which is explained by the timing of payments and invoices received at the end of the period.

During the three month period ended March 31, 2024, deferred revenue increased by $886,168, which is related to revenues and customer deposits collected in advance from customers for future flights.

During the three month period ended March 31, 2024, the Company recognized lease liability addition of $92,885 (2023: $17,167,884). The current portion of the lease liability is $4,183,437 and the long-term portion is $32,498,613. Interest accretion of $755,866 has been recorded during the period (2022: $2,433,704). The lease liability consists of three aircraft leases, office leases, maintenance reserve provision, and aircraft return maintenance provision.

During the year ended December 31, 2023, the Company entered into loan agreement as follows:

- On February 9, 2023, the Company entered into a loan agreement for a $1,500,000 loan from Squarefic. The loan has a maturity date of 60 months from the closing date and bears interest at the rate of 7.95% per annum. The Company used the net proceeds of the loan for general corporate and working capital purposes.

The aggregate current portion of the loans payable is $664,961 and the long-term portion is $1,548,909. Interest accretion of $45,695 has been recorded during the three month period ended March 31, 2024. The Company did not enter into any new loan agreements during the three months ended March 31, 2024.

Equity

During the three month period ended March 31, 2024, the share capital balance increased from the following activities:

- During the three month period ended March 31, 2024, the Company issued 173,851 Shares upon the exercise of 173,581 restricted share units (“RSUs”), which had a fair value of $40,546.
- On September 28, 2023, the Company announced a non-brokered private placement to raise $13,500,001 consisting of 78,431,287 Common Shares issued at $0.1721252 per Common Share. As of December 31, 2023 $6,033,313 was received and 35,051,885 Common Shares issued. As of March 31, 2024 the balance amount of $7,466,688 was received and 37,789,989 Common Shares issued.

During the three month period ended March 31, 2024, Reserves increased by $2,840, which is related to share-based payments expenses and RSUs being exercised during the period.

During the three month period ended March 31, 2024, the deficit increased in the amount of $6,355,149.

SHARE CAPITAL

The Company has authorized an unlimited number of common voting shares ("Common Shares") and variable voting shares ("Variable Voting Shares", and together with the Common Shares, "Shares") without par value. The Common Shares and Variable Voting Shares rank equally as to dividends on a share-for-share basis, and all dividends declared in any fiscal year shall be declared in equal or equivalent amounts per share on all Shares then outstanding, without preference or distinction.

Common voting shares

A Common Share carries one vote per Common Share.

Variable voting shares

Under the Company's Articles, the Variable Voting Shares carry one vote per Variable Voting Share held, subject to an automatic reduction of the voting rights attached to Variable Voting Shares in the event any of the applicable limits are exceeded. In such event, the votes attributable to Variable Voting Shares will be affected as follows:

- first, if required, a reduction of the voting rights of any single non-Canadian owner (inclusive of any single non- Canadian owner authorized to provide air service) carrying more than 25% of the votes (the "Stage 1 Reduction") to ensure that such non-Canadian owners never carry more than 25% of the votes that holders of voting shares cast at any meeting of shareholders.
- second, if required and after giving effect to the Stage 1 Reduction, a further proportional reduction of the voting rights of all non-Canadian owners authorized to provide an air service to ensure that such non-Canadian owners authorized to provide an air service (the "Stage 2 Reduction"), in the aggregate, never carry more than 25% of the votes that holders of voting shares cast at any meeting of shareholders; and
- third, if required and after giving effect to the Stage 1 Reduction and the Stage 2 Reduction if any, a proportional reduction of the voting rights for all non-Canadian owners as a class (the "Stage 3 Reduction") to ensure that non- Canadians never carry, in aggregate, more than 49% of the votes that owners of voting shares cast at any meeting of shareholders.

The Company has securities outstanding as follows:

As at March 31, 2024	
Common voting shares - issued and outstanding	127,470,847
Variable voting shares - issued and outstanding	30,283,679
Voting Shares issuable on vesting of restricted share units	1,494,202
Voting Shares issuable on exercise of stock options	313,367
Voting Shares issuable on exercise of warrants	10,583,016
Voting Shares - fully diluted	**170,145,111**

Share Issuances

Private Placement

During the three month period ended March 31, 2024,

- The Company issued 173,851 Shares upon the exercise of 173,581 restricted share units ("RSUs"), which had a fair value of $40,546.
- On January 4, 2024 the balance amount of $7,466,688 related to September 28, 2023 private placement was received and 37,789,989 Common Shares issued.

In addition, the following additional share issuances occurred during the year ended December 31, 2023:

- The Company issued 5,193,139 shares upon the exercise of 5,193,139 RSUs, which had a fair value of $1,943,471 (net value after adjustments).
- On September 28, 2023, the Company announced a non-brokered private placement to raise $13,500,001 consisting of 78,431,287 Common Shares issued at $0.1721252 per Common Share. As of December 31, 2023 $6,033,313 was received and 35,051,885 Common Shares issued.
- On August 22, 2023, the Company issued 25,000 Shares of the 100,000 Shares issuable under the terms of loan agreements.
- On April 27, 2023, the Company closed the April 2023 Offering to raise a total of $575,003 consisting of 2,738,104 April 2023 Units issued at $0.21 per unit. Each April 2023 Unit consists of one Share and one half of one April 2023 Warrant. Each April 2023 Warrant entitles the holder to purchase an additional Share for a period of 24 months after closing at a price of $0.35 per Share. The April 2023 Warrants expire on April 27, 2025.
- On October 28, 2023, the Company issued 25,000 Shares of the 100,000 Shares issuable under the terms of loan agreements.

Stock options

During the three month period ended March 31, 2024 the Company did not grant any stock options (2023: Nil).

The company granted 313,367 stock options during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company recognized a share-based payment expense with respect to stock options in the amount of $15,241 (2022: $28,642).

Restricted share units

The Company may grant RSUs to directors, officers, employees and consultants as compensation for services, pursuant to its RSU Plan (the "RSU Plan"). The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. RSUs are required to be settled by December 15 in the third year following the year of grant. At the election of the Board of Directors, upon each vesting date, participants receive (a) Shares equal to the number of RSUs that vested; (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a Share; or (c) a combination of (a) and (b). The maximum number of common shares issuable pursuant to the exercise of outstanding RSUs together with all other security-based compensation arrangements is 12,000,000.

On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Company has a present obligation to settle in cash if the choice of settlement in shares has no commercial substance, or the Company has a past practice or a stated policy of setting in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If no such obligation exists, RSUs are accounted for as equity settled share-based payments and are valued using the share price on grant date. Since the Company controls the settlement, the RSUs are considered equity settled.

During the three month period ended March 31, 2024, the Company granted 10,000 RSUs (March 31, 2023: 56,000) to various officers, directors, employees and consultants of the Company, whereby 50% of the RSUs vest at the first anniversary of the grant date and the remaining 50% vest on the second anniversary of the grant date.

During the three month period ended March 31, 2024, the Company granted Nil RSUs (March 31, 2023: 75,000) to various officers, directors, employees and consultants of the Company, whereby 100% of the RSUs vest at the first anniversary of the grant date.

During the three month period ended March 31, 2024, the Company granted Nil RSUs (March 31, 2023: 17,000) to various employees of the Company, whereby 100% of the RSUs vest at the second anniversary of the grant date.

During the three month period ended March 31, 2024, the Company granted Nil RSUs (March 31, 2023: 114,442) to various officers, directors, and consultants of the Company, whereby 100% of the RSUs vest March 31, 2023

During the three month period ended March 31, 2024, the Company cancelled 132,500 RSUs (2023: 142,000) related to individuals who left the Company during the year.

RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and related party transactions impacting the consolidated financial statements not disclosed elsewhere in these consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, former Chief Commercial Officer, Chief Operating Officer and Vice Presidents.

Remuneration attributed to key management personnel for the three month period ended March 31, 2024, and 2023 is summarized as follows:

	March 31, 2024	March 31, 2023
Consulting fees	98,395	-
Director fees	81,000	64,000
Salaries	204,400	270,800
Share-based payments	4,896	119,978
	$ 388,691	$ 454,778

Consulting and director fees are included in professional fees. Salaries and share-based payments are included in wages, salaries and benefits on the statements of operations and comprehensive loss.

<u>Accounts payable and accrued liabilities.</u>

As at March 31, 2024 and 2023, amounts owing to related parties of $112,250 (March 31, 2023 – $43,870) were included in accounts payable and accrued liabilities.

The nature of these accounts payable and accrued liabilities relates to consulting fees, director fees and salaries payable as at March 31, 2024, and 2023. Transactions with related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Except for loans disclosed below, the amounts due to related parties are unsecured, non-interest bearing and have no stated terms of repayment.

Related Party Financing Transactions

On August 22, 2022, the Company entered into a loan agreement for a $1,000,000 loan from Roosheila. The loan has a maturity date of 24 months from the closing date and bears interest at the rate of 7% per annum.

On October 28, 2022, the Company entered into a second loan agreement for a $1,000,000 loan from Roosheila. The loan has a maturity date of 48 months from the closing date and bears interest at the rate of 7% per annum.

On February 9, 2023, the Company entered into a loan agreement for a $1,500,000 loan from Roosheila (the "Third Loan"). The Third Loan was subsequently assigned to Squarefic. The principal balance of the Third Loan and interest accrued is repayable monthly in accordance with an agreed upon payment schedule between the Lender and the Company. The Third Loan has a maturity date of 60 months from the closing date and bears interest at the rate of 7.95% per annum. The loan is secured with a subordinate security interest against the Company's credit card processor holdback funds. The Third Loan proceeds were advanced on March 12, 2023.

Roosheila and Squarefic are each related parties owned by Regenold Christian, a Director of the Company. Interest paid on the loans to related party for three month period ended March 31, 2024 was $45,695 (2023 - $31,388).

The May 2024 Loan, disclosed above, is also a related party transaction as the lender is an affiliate of Regenold Christian, a Director of the Company.

GOING CONCERN

The accompanying consolidated financial statements of the Company have been prepared using IFRS on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon the Company's ability to continue to raise adequate financing and to achieve profitable operations in the future. The Company is evaluating financing its future requirements through a combination of debt, equity and/or other facilities.

As at March 31, 2024, the Company had a negative working capital of $ (14,945,021) and accumulated deficit of $38,303,832.

As at December 31, 2023, the Company completed private placements of $6,608,316, (2022: $5,538,941) to support the ongoing growth of the airline operations. Without additional financing, the Company will be unable to fund general and administrative expenses and working capital requirements for the next twelve months and anticipated needing additional financing during the current quarter. In addition, the Company requires additional financing to complete the growth of the airline's operations and to secure additional aircraft. On October 3, 2023 the Company has secured additional equity financing of $13.5 million, of which $6,033,313 was received as of December 31, 2023. The balance amount of $7,466,688 was received on January 24, 2024.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the accompanying consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The accompanying consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Going Concern

The preparation of the accompanying consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1 of the consolidated financial statements.

Key Sources of Estimation Uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

Valuation of restricted share units

The value of the RSUs was based on the fair value of the Company's shares on the date of grant. For any RSUs granted prior to October 13, 2021 (the date the Company's shares became publicly traded) the determination of the fair value of the Company's shares involved significant estimate as the Company's shares were not publicly traded on the date the RSUs were granted.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Depreciation period for property and equipment

The Company makes estimates about the expected useful lives of long-lived assets. Changes in these estimates could be caused by a variety of factors, including but not limited to, changes in operating costs, utilization of the aircrafts and changing market prices.

Maintenance Provision

The recording of maintenance provisions related to return conditions on aircraft leases requires management to make estimates of the future costs associated with the maintenance events required under the lease return condition and estimates of the expected future maintenance condition of the aircraft at the time of lease expiry. These estimates take in account current costs of these maintenance events, estimates of inflation surrounding these costs as well as assumptions surrounding utilization of the related aircraft. Any differences in actual maintenance cost incurred at the end of the lease and the amount of provision is recorded in aircraft maintenance expenses on the statements of operations and comprehensive loss in the period. The effect of any changes in estimates, including changes in discount rates, inflation assumptions, cost estimates or lease expiries is recognized as an adjustment to the right-of-use asset.

ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the accompanying consolidated interim financial statements for the three month period ended March 31, 2024 and 2023.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2024, the Company's financial instruments are comprised of cash, receivables, accounts payable and accrued liabilities, loans payable and lease liabilities. Cash is carried at fair value using level 1 fair value measurement. The carrying value of receivables, accounts payable and accrued liabilities approximates their fair values due to the relatively short periods to maturity of these financial instruments. The long-term portion of lease liabilities and loans payable is accreted over the lease terms at market interest rate using the effective interest rate method. The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management and the Board of Directors monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held with a major financial institution in Canada and management believes the exposure to credit risk with respect to such institutions is not significant. The Company actively monitors its amounts receivable and believes the exposure to credit risk is insignificant.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no debt subject to variable interest rates. Accordingly, the Company has limited exposure to interest rate movements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it projects the funds required to support its operations.

Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

Foreign exchange rate risk

The Company's functional currency is the Canadian dollar. The Company funds certain operations and administrative expenses by using US Dollars converted from its Canadian bank accounts. Management is aware of the possibility of foreign exchange risk derived from currency conversions. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reporting results of the Company, and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

The Company is exposed to foreign currency risk through the following financial assets and liabilities held in the following Canadian dollar equivalents:

	March 31, 2024	**December 31,2023**
Cash	1,074,191	354,677
Amounts receivable	662,515	133,178
Total financial assets	1,736,706	487,856
Accounts payable and accrued liabilities	(3,426,856)	(2,613,375)
Lease liabilities	(26,809,433)	(28,295,060)
Net statement of financial position exposure	(28,499,583)	(30,420,580)

Based on the net US dollar and liability exposure as at March 31, 2024 a 10% fluctuation in the CAD/US exchange rates would impact the Company's earnings by approximately $2,849,958 (2023 - $3,042,058).

Fuel price

Fuel price risk is the risk that future cash flows will fluctuate because of changes in jet fuel prices. The Company currently is exposed to fuel risk and regularly reviews and adjusts its strategy in light of market conditions. To manage its exposure, it may elect to enter into derivative contract with financial intermediaries. There has been no fuel hedging activity to date.

RISK FACTORS

The development and ultimate operation of a Canadian scheduled and charter airline involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are listed hereunder. Reference should also be made to the section entitled "Risk Factors" in the Company's Annual Information Form.

Ability to Obtain Additional Capital

The ability of the Company to continue operations, execute its build-out strategy and grow its operations will depend on acquiring additional financing through debt financing, equity financing, a strategic corporate transaction or other means. There are no assurances that such financing will be available, or if available, available upon terms acceptable to the Company. Failure to obtain such financing will impact the ability of the Company to continue as a going concern.

If additional financing is raised by the Company through the issuance of securities from treasury, control of the Company may change and shareholders may suffer dilution, provided that the Company will remain under majority Canadian control per the terms of its Articles and regulatory requirements. If additional financing is not available, or if available, not available on satisfactory terms, this could result in a material adverse effect or could require the Company to reduce, delay, scale back or eliminate portions of its actual or proposed operations at the applicable time or could prevent the Company from continuing as a going concern.

The Company may also need to raise capital by incurring long-term or short-term indebtedness in order to fund its business objectives. This could result increased interest expense or decreased net income. Securityholders are cautioned that there can be no assurance as to the terms of such financing and whether such financing will be available. The level of the Company's indebtedness could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

A Localized Epidemic or Global Pandemic

A widespread outbreak of influenza or any other similarly communicable illness, occurring in the United States or Canada, or a World Health Organization travel advisory primarily relating to North American cities or regions could affect the Company's ability to continue full operations and could materially adversely affect customer demand for air travel.

During the year ended December 31, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. COVID-19 continues as a virus and while some jurisdictions have eased restrictions recently, various governments have previously enacted restrictions on the movement of people and goods during periods of increasing positive infection rates. Although multiple vaccines have been released and are being administered to the public, there have been coincidental mutations to the virus known as COVID-19 and which have been reported to be more virulent. At present, air travel demand has resumed, and most public health orders have been rescinded. Should vaccines prove less effective against the new virus strains resulting in a resurgence of COVID-19, it is possible that additional governments would issue additional public health orders which might include restricting the movement of people and goods and thereby reduce the demand for air travel.

The Company began operating as an airline in Q3, 2022. The primary implications of COVID-19 at the time were the potential to reduce demand for travel and the potential to disrupt the Company's ability to obtain additional financing to fund ongoing operations. As the Company has negative cash flows from operations, it is reliant on additional financing to fund ongoing operations. Future disruptions from COVID-19 will impact the Company's financial position, results of operations and cash flows in future periods.

Even if the COVID-19 pandemic remains in its current state, any other outbreak of influenza or any other similarly communicable illness, occurring in the United States or Canada, or a World Health Organization travel advisory primarily relating to North American cities or regions could affect the Company's ability to continue full operations and could materially adversely affect the Company's customer demand for air travel. The Company cannot predict the likelihood of such a public health emergency nor the effect it may have on the Company's business or the value or market price of the Shares. However, any significant reduction in passenger traffic on the Company's flights could result in a material adverse effect.

Accuracy of Business Model

The accuracy of the Company's business model and the Company's ability to implement its business model is dependent on a number of inputs and assumptions, including:

- the timing, receipt of and compliance with all regulatory approvals required or desirable for operations by the Company and their impact upon expectations as to future operations of the Company;
- the expected operations and performance of the Company's business as compared to the existing operators;
- the anticipated competitive response from existing operators as well as potential new market entrants which may compete with the Company;
- impact of governmental regulation on the Company;
- future development and growth prospects;
- expected operating costs, general administrative costs, costs of services and other costs and expenses;
- the anticipated increase in the size of the airline passenger market in Canada;
- ability to meet current and future obligations;
- treatment under governmental regulatory regimes;
- projections of market prices and costs;
- ability to obtain equipment, services and supplies in a timely manner, including the ability to lease or purchase aircraft; and
- ability to obtain financing on acceptable terms.

Should one or more of these inputs and assumptions not be correct or fail to occur as anticipated then there is a risk that the Company's business model may not be implemented as anticipated and the Company may suffer a material adverse effect.

Lack of Operational History

The Company has only recently begun airline operations and continues to be in the build-out stage of the airline and as a result, investors are unable to review and consider any significant operational history to evaluate future viability or profitability. The Company will be subject to the risks, difficulties and uncertainties associated with an early stage airline. The Company's future performance will depend upon a number of factors, including its ability to: maintain the safety and security of operations; capitalize on its business strategy; implement its growth strategy; provide the intended products and services at the prices anticipated; maintain adequate control of expenses; attract, retain and motivate qualified personnel; react to customer and market demands; and ability to generate operating revenue.

Regulatory Approvals

The Company has received its Canadian airline license and its AOC. However, it must strictly comply with the terms of its Canadian airline license and AOC in order to continue to operate as an airline. In the event that the Company's Canadian airline license or AOC are revoked, the Company will be unable to operate in accordance with its business plan.

In addition, in order to fulfill its objective to fly to destinations in the United States, Mexico, the Caribbean and elsewhere, the Company required approval from regulatory authorities in those jurisdictions and as such approval has been received, it be required to comply with the terms of such regulatory approval. To date, the Company has received international regulatory approval to operate into the United States, Mexico, Jamaica and certain Caribbean destinations. In the event that regulatory approvals are not received or are delayed, the Company may not be able to fulfill its business plan in a timely fashion or in its entirety and the Company may be limited to operating in Canada, the United States, Mexico, Jamaica and certain Caribbean destinations only, which could have a material adverse effect.

Access to Aircraft and Capital Requirements

In order to operate in accordance with its business plan, the Company will need to acquire or lease aircraft. The Company intends to enter into leasing arrangements for additional aircraft in order to grow the airline. While the Company does not anticipate any difficulties in entering into satisfactory leasing arrangements, there is no guarantee that the Company will be able to enter into leases for aircraft on terms satisfactory to it, or at all. The terms of the Company's leasing arrangements will impact upon the potential profitability of the Company's business. In the event that the Company is unable to acquire or lease aircraft on satisfactory terms, the Company will be unable to operate in accordance with its business plan. The Company's ability to pay any fixed costs associated with aircraft lease or purchase contractual obligations will depend on the Company's operating performance, cash flow, its ability to secure adequate financing, whether fuel prices continue at current price levels and/or further increase or decrease, further weakening or improving in the Canadian economy, as well as general economic and political conditions and other factors that are, to some extent, beyond the Company's control.

Price and Availability of Fuel

The Company will be dependent on fuel to operate its business, and therefore, will be exposed to the risk of volatile fuel prices. Fuel prices are impacted by a host of factors outside of the Company's control, such as significant weather events, market speculation, geopolitical tensions, refinery capacity, government taxes and levies, and global demand and supply. The Company's fuel costs are expected to make up one

of the largest anticipated expenses of the Company. A significant change in the price of fuel would materially affect the Company's projected operating results and growth strategy. A fuel supply shortage or significantly higher fuel prices could result in a curtailment of the Company's planned scheduled service. There can be no assurance that increases in the price of fuel can be off-set by fuel surcharges.

The Company does not plan to implement a fuel hedging program, although it may do so in the future. There can be no assurance that any fuel hedging program implemented by the Company will be sufficient to protect it against increases in the price of fuel due to inadequate fuel supplies or otherwise. Hedging programs also have inherent risks, including counterparty failure risk, which may deprive the Company of the benefit of "in the money" hedges and the financial exposure to post security for "out of the money" hedges.

The Company may be subject to cyber security risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Cyberattacks could result in unauthorized access to the Company's computer systems or its third-party IT service provider's systems and, if successful, misappropriate personal or confidential information. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company is required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

In recent years there has been an increase in the volume and sophistication of targeted cyber-attacks. Pandemic-adjusted operations, such as work from home arrangements and remote access to the Company's systems, may pose heightened risk of cyber security and privacy breaches and may put additional stress on the Company's IT infrastructure. A failure of such infrastructure could severely limit the Company's ability to conduct ordinary operations or expose the Company to liability. To date, the Company's systems have functioned capably, and it has not experienced a material impact to its operations as a result of an IT infrastructure issue. In addition, the outbreak of hostilities between Russia and Ukraine and the response of the global community to such aggression is widely seen as increasing the risk of state-sponsored cyberattacks.

Even the most well-protected IT networks, systems and facilities remain potentially vulnerable because the techniques used in attempted security breaches are continually evolving and generally are not recognized until launched against a target or, in some cases, are designed not to be detected and, in fact, may not be detected. Any such compromise of the Company's or its third party's IT service providers' data security and access, public disclosure, or loss of personal or confidential business information, could result in legal claims and proceedings, liability under laws to protect privacy of personal information, and regulatory penalties, and could disrupt our operations, require significant management attention and resources to remedy any damages that result, and damage our reputation and customers willingness to transact business with us, any of which could adversely affect our business.

The Company may be a party to litigation in the normal course of business or otherwise, which could affect its financial position and liquidity.

From time to time, the Company is a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside Canada, arising in the ordinary course of our business or otherwise. The Company may become involved in legal

proceedings in the future. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. Although the Company will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. For these and other reasons, the Company may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding is resolved against the Company, it could result in significant compensatory damages, and in certain circumstances punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief imposed on us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of the legal proceeding were to restrain the Company's ability to operate or market our services, our consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to the Company's reputation, which could adversely impact its business.

General economic conditions may adversely affect the Company's growth, future profitability, ability to finance and operations

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in metals prices and fuel and energy costs. Many industries have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on investor confidence and general financial market liquidity, all of which may adversely affect our business and the market price of our securities. Global economic conditions are also affected by COVID-19 which is discussed above under the heading "A Localized Epidemic or Global Pandemic."

The Company has a history of losses and expects to incur losses for the foreseeable future

The Company has incurred losses since its inception and expects to incur losses for the foreseeable future. The Company expects to continue to incur losses unless and until such time as airline operations generate sufficient revenues to fund continuing operations. The operation and growth of the Company's airline operations will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the results of consultant analysis and recommendations, the rate at which operating losses are incurred, and the execution of agreements with strategic partners and service providers. Some of these factors are beyond the Company's control. There can be no assurance that the Company will ever achieve profitability.

The Company's securities are subject to price volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations that have not been necessarily related to the operating performance, underlying asset values

or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur. It may be anticipated that any quoted market for our common shares will be subject to market trends generally, notwithstanding any potential success in creating revenues, cash flows or earnings. The value of the Company's common shares will be affected by such volatility.

Failure to attract and retain executive officers and other key personnel could materially adversely affect our financial performance

The Company's success depends upon its ability to attract, motivate and retain a highly trained and engaged workforce, including key executives, pilots, flight attendants, maintenance staff, human resources, financial and administrative personnel. In addition, currently turnover rates are relatively high in the industry, and there is an ongoing need to recruit and train employees. Factors that affect its ability to maintain sufficient numbers of qualified employees include employee morale, our reputation, unemployment rates, competition from other employers and our ability to offer appropriate compensation packages. The Company's inability to recruit a sufficient number of qualified individuals or its failure to retain key executive officers and other employees in the future may have a negative impact on our business and results of operations.

COMMITMENTS

Flight Booking System

On November 12, 2021, the Company entered into a five year license agreement with a vendor to license a flight booking software system, which expires on November 11, 2026. The Company may terminate the agreement for convenience by providing ninety days written notice and paying a termination fee calculated as the number of months remaining on the contract by the minimum monthly fee. As at March 31, 2024, the termination fee of the contract would be $197,539.

Supplier Agreement

On November 23, 2021, the Company entered into a ten year agreement with a vendor to be its sole supplier of main wheel and carbon brakes for its A319/A320 aircraft fleet. Under the terms of the agreement, if at any time the Company operates an aircraft with wheels and brakes other than the Seller's or the Company uses assemblies, subassemblies, or parts not manufactured by the vendor for one or more of its aircrafts the Company agrees to pay the vendor US$200,000 for each aircraft.

Merchant Agreement

On May 11, 2022, the Company entered into a five year agreement with a vendor to receive credit card services. Under the terms of the agreement, if the Company terminates the agreement for any reason prior the end of the initial term, resulting fees will be charged to the Company for each month remaining unfulfilled on the term of the agreement.

CONTRACTUAL OBLIGATIONS

The Company has the following contractual obligations as of March 31, 2024:

Payments Due By Period

Contractual Obligations	Total	Less than 1 year	1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 10,164,342	$ 10,164,342	$ -	$ -
Lease liabilities	50,458,732	6,993,646	28,691,859	14,773,226
Long-term loan payable	2,588,153	809,785	1,778,368	-
Total Contractual Obligations	$ 63,211,227	$ 17,967,774	$ 30,470,227	$ 14,773,226

OFF BALANCE SHEET ARRANGEMENTS

The company has a line of credit from CIBC guaranteed by Export Development Corporation in the amount of C$1,800,000. This line is being used to issue letters of credit to vendors.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and the Chief Financial Officer, are responsible for the design of the Company's disclosure controls and procedures in order to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

The Chief Executive Officer and Chief Financial Officer have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them by others within those entities as of March 31, 2024.

Internal Control Over Financial Reporting

The Company maintains a system of internal controls over financial reporting, as defined by National Instrument 52- 109 - Certification of Disclosure in Issuers' Annual and Interim Filings in order to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable and in accordance with IFRS.

Management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2024, based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of March 31, 2024, the Company's internal control over financial reporting is effective.

During the three month period ended March 31, 2024, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitation of Controls and Procedures

Our management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of the Company has approved the disclosures contained in this MD&A.