CANADA JETLINES OPERATIONS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canada Jetlines Operations Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Canada Jetlines Operations Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company had a negative working capital of $5,069,741 and accumulated deficit of $20,453,348 as at December 31, 2022. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recognition of Passenger Revenue

As described in Note 15 to the consolidated financial statements, passenger revenue for the year ended December 31, 2022 was $828,321. As more fully described in Note 3, passenger revenues are recognized when the transportation is provided.

The principal considerations for our determination that the recognition of passenger revenue is a key audit matter are the volume of low value transactions and the significant value of total revenue recognized. This in turn lead to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence for passenger revenue recognized.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the Company’s key controls associated with the Company’s revenue recognition process for passenger revenue.
- Performed substantive testing procedures over passenger revenue transactions including, obtaining monthly sales reports and verifying the accuracy of the associated journal entry, inspecting the consideration received, verifying the transportation was provided and performing cut-off testing.

Valuation of Maintenance Provision

As described in Note 7 to the consolidated financial statements, the Company recognized a maintenance provision related to the return conditions on aircraft leases of $406,508 as at December 31, 2022. As more fully described in Note 3 to the consolidated financial statements, 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.

The principal considerations for our determination that the valuation of the maintenance provision is a key audit matter are that there is an inherent level of complexity and subjectivity in the estimates utilized and judgements made by management to assess the variable factors and assumptions in order to quantify the provision amounts. This in turn lead to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the estimates made by management.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the Company’s processes and controls associated with determining the key estimates utilized in the maintenance provision calculation.
- Evaluating the model, methodology and key assumptions adopted by management in estimating the provisions including testing key assumptions using market available information.
- Assessing compliance with lease contract terms.
- Evaluating the inflation and discount rates applied to calculate the net present value of the provision.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 28, 2023

CANADA JETLINES OPERATIONS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Cash		$ 1,784,574	$ 3,579,709
Receivables	4, 9	1,000,562	159,987
Inventory		40,042	-
Prepaid expenses and deposits	5	322,424	434,854
Current Assets		3,147,602	4,174,550
Deposits	5	956,456	718,015
Property and equipment	6	1,956,080	130,123
Right-of-use assets	7	21,229,435	214,226
Total Assets		**$ 27,289,573**	**$ 5,236,914**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
LIABILITIES			
Accounts payable and accrued liabilities	8, 9	$ 2,968,475	$ 758,722
Deferred revenue		369,583	-
Current portion of lease liabilities	7	4,118,271	62,637
Current portion of loans payable	10	761,014	-
Current Liabilities		**8,217,343**	**821,359**
Lease liabilities	7	19,265,792	207,240
Loans payable	10	1,058,528	40,000
Maintenance provision	7	406,508	-
Total Liabilities		**28,948,171**	**1,068,599**
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	11	15,566,381	9,097,990
Obligation to issue shares	11	33,596	-
Reserves	11	3,194,773	2,085,552
Deficit		(20,453,348)	(7,015,227)
Total Shareholders Equity (Deficiency)		**(1,658,598)**	**4,168,315**
Total Liabilities and Shareholders' Equity (Deficiency)		**$ 27,289,573**	**$ 5,236,914**

Nature of operations and going concern (Note 1)
Commitments (Note 17)
Subsequent events (Note 18)

Approved on March 28, 2023 on behalf of the Board of Directors by:

Brigitte Goersch	*Shawn Klerer*
Chairman	Director and Chair, Audit & Risk Committee

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

CANADA JETLINES OPERATIONS LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	Note		2022		2021
OPERATING REVENUES	15	**$**	**3,326,824**	**$**	**-**
Aircraft fuel			1,168,193		-
Wages, salaries and benefits	9, 11		4,867,891		1,223,621
Depreciation	6, 7		1,572,053		6,046
Aircraft maintenance			1,258,506		112,410
Airport and navigation fees			499,288		-
Sales and marketing			745,752		159,019
Catering and onboard services			136,454		-
Communications and information technology			292,369		1,467
Professional fees	9		2,482,588		1,658,347
Aircraft insurance			527,689		-
Travel and entertainment			361,785		49,553
Office expenses			1,133,087		140,611
Employee training and development			526,894		30,606
Other overhead			367,962		10,790
TOTAL OPERATING EXPENSES			**15,940,511**		**3,392,470**
OPERATING LOSS			**(12,613,687)**		**(3,392,470)**
NON-OPERATING INCOME (EXPENSE)					
Foreign exchange gain (loss)			6,952		(12,941)
Interest income			25,022		15,182
Interest expense on loan payable	10		(35,526)		(14,059)
Interest accretion on lease liabilities	7		(850,651)		-
Gain on extinguishment of debt			29,769		303,571
TOTAL NON-OPERATING INCOME (EXPENSE)			**(824,434)**		**291,753**
NET LOSS		**$**	**(13,438,121)**	**$**	**(3,100,717)**
Basic and diluted loss per share		**$**	**(0.22)**	**$**	**(0.07)**
Weighted average number of shares outstanding - basic and diluted			**60,323,635**		**43,652,104**

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

CANADA JETLINES OPERATIONS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital					
	Number of Shares	Amount	Obligation to issue shares	Reserves	Deficit	Total
Balance – December 31, 2020	**33,403,145**	**$ 2,879,895**	**$ -**	**$ 10,932,488**	**$ (14,189,187)**	**$ (376,804)**
Private placements	17,060,329	6,767,865	-	-	-	6,767,865
Share issuance costs	-	(549,770)	-	99,639	-	(450,131)
Contributions from former parent company	-	-	-	121,375	-	121,375
Reclassification of investment by former parent company	-	-	-	(10,274,677)	10,274,677	-
Share-based payments	-	-	-	1,206,727	-	1,206,727
Loss for the year	-	-	-	-	(3,100,717)	(3,100,717)
Balance – December 31, 2021	**50,463,474**	**9,097,990**	**-**	**2,085,552**	**(7,015,227)**	**4,168,315**
Private placements	18,311,174	5,538,941	-	95,714	-	5,634,655
Share issuance costs	-	(14,887)	-	-	-	(14,887)
Exercise of restricted share units	2,393,497	944,337	6,596	(950,933)	-	-
Shares to be issued	-	-	27,000	-	-	27,000
Share-based payments	-	-	-	1,964,440	-	1,964,440
Loss for the year	-	-	-	-	(13,438,121)	(13,438,121)
Balance – December 31, 2022	**71,168,145**	**15,566,381**	**33,596**	**3,194,773**	**(20,453,348)**	**(1,658,598)**

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

CANADA JETLINES OPERATIONS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31
(Expressed in Canadian Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (13,438,121)	$ (3,100,717)
Items not affecting cash:		
Depreciation	1,572,053	6,046
Interest accretion on lease liabilities	850,651	-
Interest expense on loans payable	33,526	-
Share based payments	1,964,440	1,206,727
Gain on extinguishment of debt	-	(303,571)
Working capital item changes:		
Receivables	(503,191)	8,813
Inventory	(40,042)	-
Prepaid expenses and deposits	(126,011)	(1,141,469)
Accounts payable and accrued liabilities	2,209,753	656,698
Deferred revenue	369,583	-
Net cash used in operating activities	**(7,107,359)**	**(2,667,473)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,011,865)	(26,297)
Net cash used in investing activities	**(2,011,865)**	**(26,297)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	5,634,655	6,599,065
Share issuance costs	(14,887)	(450,131)
Contributions from (distributions to) former parent company	-	121,375
Proceeds from loans payable	2,000,000	-
Repayments of loans	(226,984)	
Lease payments	(1,109,919)	-
Reimbursements received from lessor	1,041,224	-
Net cash from financing activities	**7,324,089**	**6,270,309**
Net change in cash	(1,795,135)	3,576,539
Cash, beginning of the year	3,579,709	3,170
Cash, end of the year	**$ 1,784,574**	**$ 3,579,709**

Supplemental disclosures with respect to cash flows (Note 12).

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 principal business activity is operating a value-focused leisure airline and providing Canadians with an option when flying to domestic, United States or Caribbean destinations. In addition, 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 NEO Exchange (the "Exchange" or "NEO") under the symbol "CJET". Until June 28, 2021, the Company was a wholly owned subsidiary of Global Crossing Airlines Group Inc. ("GlobalX"), whose shares trade on the NEO under the symbols "JET" and "JET.B".

On May 19, 2021, the Company entered into a Second Amended and Restatement Agreement with GlobalX to complete a plan of arrangement under the CBCA (the "Plan of Arrangement"), which was finalized on June 28, 2021. Pursuant to the Plan of Arrangement, the Company subdivided its issued and outstanding voting shares on a 1 to 2.1877 basis (the "Share Split") and distributed 25,052,359 voting shares to GlobalX shareholders, with the remaining 8,350,786 voting shares being retained by GlobalX. Upon completion of the Plan of Arrangement, the Company had 11,070,675 common voting shares and 22,332,470 variable voting shares issued and outstanding. All share and per share information within these consolidated financial statements reflect the Share Split.

These consolidated financial statements have been prepared by management 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 operations for the foreseeable future. The continuing operations of the Company are dependent upon the Company's ability to raise adequate financing and to commence profitable operations in the future. The Company is evaluating financing its future requirements through a combination of debt, equity and/or other facilities. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

As at December 31, 2022, the Company had a negative working capital of $5,069,741 and accumulated deficit of $20,453,348. The Company will need additional financing without which the Company will be unable to fund general and administrative expenses and working capital requirements for the next twelve months. In addition, the Company does not have the required financing to complete the build-out of the airline and to secure additional aircrafts. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. Changes in future conditions or anticipated future conditions could require material write-downs to the carrying values of the Company's assets. These adjustments could be material.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements for the year ended December 31, 2022 were authorized by the Board of Directors for issuance on March 28, 2023.

2. BASIS OF PRESENTATION *(continued)*

Basis of presentation

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and have been prepared using the accrual basis of accounting, except for certain cash flow information.

Comparative information

Certain reclassifications have been made to prior year consolidated financial statement to conform to classifications used in the current year. These reclassifications had no impact on net loss, shareholders equity (deficiency) or cash flows as previously presented.

Basis of consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary, Canada Jetlines Vacations Ltd. ("CJV"). CJV was incorporated during the year ended December 31, 2021 under the Canada Business Corporations Act, with the purpose to act as a tour operator and travel agency. All intercompany transactions and balances have been eliminated on consolidation.

Significant accounting judgments and estimates

The preparation of these 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 year. Actual outcomes could differ from these estimates. These 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 accounting estimates

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 restricted share units was based on the fair value of the of the Company's shares on the date of grant. Prior to the closing of the Plan of Arrangement on May 19, 2021, the determination of the fair value of the Company's shares involved significant estimation as the Company's shares were not publicly traded.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. There are currently no critical accounting judgements.

Revenue

Passenger revenues are recognized when the transportation is provided. Operating revenue also includes charter and ACMI revenue where the company provides services to other airlines or customers. Revenues including certain fees and surcharges from passenger-related services such as seat selection and excess baggage are recognized when transportation is provided. Airline passenger advance sales are deferred and included in current liabilities as deferred revenue.

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company classifies its financial instruments as follows:

Financial assets/ liabilities	IFRS 9 Classification
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liabilities	Amortized cost
Loans payable	Amortized cost

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements operations and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations and comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no prior impairment loss been recognized for the asset.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

The Company has adopted a residual value method with respect to the measurement of shares and share purchase warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the shares issued in private placements is determined to be the more easily measurable component and are valued using the closing share price at the date of issuance. The remaining balance between the unit price and fair value of shares, if any, is allocated to the attached share purchase warrants.

In situations where shares are issued or received as non-monetary consideration and the fair value of the asset or services received or given up is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares issued or received is based on the trading price of those shares on the appropriate security exchange on the date of the agreement to issue or receive such shares.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

Where equity-settled compensation arrangements are awarded to employees, the fair value of the equity instruments at the date of grant is charged to profit or loss over the vesting period. Where equity instruments are awarded to employees, the fair value of the benefit (fair value of the equity instrument less consideration received) at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of equity instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the equity instruments granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of the equity instruments are modified before they vest, the increase in the fair value of the equity instruments, measured immediately before and after the modification, is also charged to the statements of operations and comprehensive loss over the remaining vesting period.

When equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received, unless the fair value of the goods and services received cannot be reasonably measured, in which case they are measured using the fair value of the equity instruments issued. Expenses are recorded in the statements of operations and comprehensive loss. Amounts related to the cost of issuing shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based compensation cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based compensation are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of equity-settled share-based compensation is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Restricted share units

The Company has established a restricted share plan under which restricted share units are granted to eligible directors, employees and contractors of the Company. The restricted share units are considered equity-settled and are measured using the quoted market price of the Company's common shares at the grant date and recognized as share-based payments over the vesting period, with a corresponding amount recognized as equity.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net income or loss applicable to shares of the Company by the weighted average number of shares outstanding for the relevant period.

For diluted per share computations, assumptions are made regarding potential shares outstanding during the period. The weighted average number of shares is increased to include the number of additional shares that would be outstanding if, at the beginning of the period, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's shares at their average market price during the period, thereby reducing the weighted average number of shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share. For the periods presented, the calculations provided to be anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

The Company maintains certain inventory items such as buy-on-board products. Inventory is measured at cost being determined using a weighted average formula, net of related obsolescence provision, as applicable. On a monthly basis inventory is reduced and expensed to the statements of operations and comprehensive loss based on actual usage of such items.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and impairment losses. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided for at the following rates using the straight-line method:

Assets	**Rate**
Computer equipment	3 years
Computer software	3 years
Office furniture and equipment	5 years
Automotive	5 years
Ground equipment	5 years
Leasehold improvements	Lease term
Aircraft interior and improvements	Lesser of useful life and lease term

The useful life of aircraft interior and improvements is defined to be the period over which the assets are expected to be available for use by the Company. An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

The residual values, useful lives, and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

Maintenance and repairs

Maintenance and repairs costs for leased aircrafts are charged to aircraft maintenance on the statements of operations and comprehensive loss as incurred, with the exception of maintenance and repair costs related to return conditions on aircraft under lease, which are accrued over the term of the lease. Any changes to the provision for end-of-lease conditions are recognized as an adjustment to the right-of-use asset and subsequently amortized to the statements of operations and comprehensive loss over the remaining term of the lease. Any difference in actual maintenance cost incurred and the amount of the provision are recorded in aircraft maintenance.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized using the asset and liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arises. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognized in profit or loss thereafter.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight line method as this most closely reflects the expected pattern consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is a function of the Company’s incremental borrowing rate, the nature of the underlying asset, the location of the asset and the length of the lease. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are recognized as expenses on a straight-line basis over the lease term.

Net accounting standards issued and not yet effective

Certain IFRS pronouncements that are mandatory for accounting years beginning on or after January 1, 2023 have been issued. The Company anticipates that the application of these new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

4. RECEIVABLES

	Note	December 31, 2022	December 31, 2021
Trade receivables		$ 262,436	$ -
Sales and other tax credits		101,758	32,029
Share subscriptions receivable	9	30,274	69,175
Aircraft modifications cost recovery		337,384	-
Leasehold improvements cost recovery		-	58,783
Merchant holdback		241,781	-
Other		26,929	-
		$ 1,000,562	**$ 159,987**

(Expressed in Canadian Dollars)

5. PREPAID EXPENSES AND DEPOSITS

	December 31, 2022	December 31, 2021
PREPAID EXPENSES AND DEPOSITS		
Aircraft related deposits	$ -	$ 190,183
Professional fees	39,896	47,600
Travel trade	20,000	-
Insurance	160,012	176,446
Software	67,553	-
Other	34,963	20,625
	$ 322,424	**$ 434,854**
DEPOSITS		
Aircraft related deposits	$ 775,047	$ 689,618
Professional fees	10,000	-
Travel trade	127,173	-
Software	7,131	-
Rent	37,105	28,397
	$ 956,456	**$ 718,015**

6. PROPERTY AND EQUIPMENT

	Computer Equipment	Computer Software	Office Furniture and Equipment	Ground Equipment	Automotive	Leasehold Improvements	Aircraft interior and improvements	Total
Cost								
Balance – December 31, 2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	62,633	38,000	-	-	-	29,534	2,371	132,538
Balance – December 31, 2021	62,633	38,000	-	-	-	29,534	2,371	132,538
Additions	198,852	36,175	9,492	10,450	36,398	3,621	1,716,877	2,011,865
Balance – December 31, 2022	$ 261,485	$ 74,175	$ 9,492	$ 10,450	$ 36,398	$ 33,155	$ 1,719,248	$ 2,144,403
Accumulated Depreciation								
Balance – December 31, 2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	2,068	-	-	-	-	347	-	2,415
Balance – December 31, 2021	2,068	-	-	-	-	347	-	2,415
Depreciation	59,063	6,181	1,004	1,219	1,213	6,474	110,754	185,908
Balance – December 31, 2022	$ 61,131	$ 6,181	$ 1,004	$ 1,219	$ 1,213	$ 6,821	$ 110,754	$ 188,323
Net Book Value								
Balance – December 31, 2021	$ 60,565	$ 38,000	$ -	$ -	$ -	$ 29,187	$ 2,371	$ 130,123
Balance – December 31, 2022	$ 200,354	$ 67,994	$ 8,488	$ 9,231	$ 35,185	$ 26,334	$ 1,608,494	$ 1,956,080

(Expressed in Canadian Dollars)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Office Lease

The Company has entered into two lease agreements with Airway Centre Inc., with respect to its office premises in Mississauga, Ontario. The leases commenced on December 1, 2021 and June 1, 2022 with monthly lease payments of $6,926 until November 30, 2026.

A continuity of the carrying amount of the **right-of-use assets** for the years ended December 31, 2022 and 2021 is as follows:

Balance – December 31, 2020	$	-
Additions		217,857
Depreciation		(3,631)
Balance – December 31, 2021		214,226
Additions		64,470
Depreciation		(51,868)
Balance – December 31, 2022	$	226,828

A reconciliation of the carrying amount of the **lease liabilities** for the years ended December 31, 2022 and 2021 is as follows:

Balance – December 31, 2020	$	-
Additions		269,877
Balance – December 31, 2021		269,877
Additions		64,480
Lease payments		(72,568)
Interest accretion		21,614
Balance – December 31, 2022	$	283,403
Less: current portion		83,111
Non-current portion	$	200,292

Future minimum lease payments are as follows:

		December 31, 2022
Less than 1 year	$	83,111
1 to 5 years		242,406
More than 5 years		-
Total	$	325,517

The right-of-use assets and corresponding lease liabilities were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 7% per annum.

(Expressed in Canadian Dollars)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Aircraft Lease

On December 15, 2021, the Company entered into a definitive aircraft lease agreement with a third party for one Airbus A320 aircraft which was delivered in fiscal 2022. The lease payments began February 28, 2022.

On October 14, 2022, the Company entered into a definitive aircraft lease agreement with a third party for one Airbus A320 aircraft which was delivered on November 28, 2022. The lease payments began November 28, 2022.

A continuity of the carrying amount of the **right-of-use assets** for the year ended December 31, 2022 is as follows:

Balance – December 31, 2021	$	-
Additions		22,336,884
Depreciation		(1,334,277)
Balance – December 31, 2022	$	21,002,607

A continuity of the carrying amount of the **lease liabilities** for the year ended December 31, 2022 is as follows:

Balance – December 31, 2021	$	-
Additions		23,324,174
Lease payments		(1,037,351)
Interest accretion		813,837
Balance – December 31, 2022	$	23,100,660
Less: current portion		4,035,160
Non-current portion	$	19,065,500

Future minimum lease payments are as follows:

		December 31, 2022
Less than 1 year	$	4,153,706
1 to 5 years		16,614,824
More than 5 years		10,622,094
Total	$	31,390,624

The right-of-use assets and corresponding lease liabilities were initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 7% per annum and 7.99% per annum.

Maintenance Provision

The maintenance provision relates to the provision for the costs to meet the contractual return conditions on the aircraft leases. The maintenance provision takes into account current costs of maintenance events, estimates of inflation surrounding these costs as well as assumptions surrounding utilizing of the related aircraft. The Company has utilized an inflation rate of 5.9% and measured the provision at the present value of the estimated costs using the Company's incremental borrowing rate of 7%.

(Expressed in Canadian Dollars)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

A continuity of the carrying amount of the **maintenance provision** for the year ended December 31, 2022 is as follows:

Balance – December 31, 2021	$	-
Additions		391,308
Interest Accretion		15,200
Balance – December 31, 2022	$	406,508

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2022		December 31, 2021
Trade payables	$	2,182,010	$	379,960
Salaries payable		344,639		-
Accrued liabilities		441,826		378,762
	$	2,968,475	$	758,722

9. 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 consists of members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, and Vice Presidents.

Remuneration attributed to key management personnel for the years ended December 31, 2022 and 2021 is summarized as follows:

		December 31, 2022		December 31, 2021
Consulting fees	$	494,249	$	529,452
Director fees		252,000		114,000
Salaries		338,333		-
Share-based payments		539,279		443,343
	$	1,623,861	$	1,086,795

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.

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

Receivables

As at December 31, 2022 and 2021, receivables include the following amounts due from related parties:

Related Party	Role	December 31, 2022	December 31, 2021
Eddy Doyle	CEO and President	$ -	$ 13,500
Barbara Syrek	Former CFO	-	4,000
Brad Warren	COO and VP Maintenance	-	13,500
Duncan Bureau	CCO	18,669	-
Victor Charlebois	Former VP Flight Operations	-	12,225
		$ 18,669	$ 43,225

The nature of these receivables relates to share subscriptions receivable as part of a share purchase plan for executives, for shares these related parties subscribed to.

Accounts payable and accrued liabilities

As at December 31, 2022 and 2021, accounts payable and accrued liabilities include the following amounts due to related parties:

		Remuneration		Payable	
Related Party	**Role**	**2022**	**2021**	**2022**	**2021**
Beth Horowitz	Director	$ 36,000	$ 18,000	$ 9,000	$ 9,000
Margaret Gilmour	Director	24,000	18,000	-	9,000
Ken McKenzie	Former Director and Chairman	27,000	18,000	18,000	9,000
David Kruschell	Director	36,000	18,000	9,000	9,000
Ravinder Minhas	Director	36,000	18,000	11,454	9,000
Jean Charest	Director	36,000	18,000	9,000	9,000
Ryan Goepel	Director	24,000	6,000	18,000	6,000
Reg Christian	Director	18,000	-	9,000	-
Brigitte Goersch	Director and Chairman	9,000	-	9,000	-
Shawn Klerer	Director	6,000	-	6,000	-
Sheila Paine	Corporate Secretary	37,749	18,990	3,575	-
Eddy Doyle	CEO and President	187,917	112,500	11,458	13,003
Duncan Bureau	CCO	185,833	105,000	10,417	15,000
Barbara Syrek	Former CFO	45,000	60,000	-	14,950
Percy Gyara	CFO	143,833	-	10,417	-
Brad Warren	COO and VP Maintenance	183,750	138,462	9,375	12,706
Victor Charlebois	Former VP Flight Operations	48,500	94,500	-	9,425
		$ 1,084,582	$ 643,452	$ 143,696	$ 125,084

The nature of these accounts payable and accrued liabilities relates to consulting fees, director fees and salaries payable as at December 31, 2022 and 2021. The amounts due to related parties are unsecured, non-interest bearing and have no stated terms of repayment.

Loans payable

During the year ended December 31, 2022, the Company received $2,000,000 (2021 - $nil) in loans from a company controlled by a director (Note 10).

(Expressed in Canadian Dollars)

10. LOANS PAYABLE

On May 28, 2020, the Company received an interest-free Canada Emergency Business Account ("CEBA") loan in the amount of $40,000 to help cover the Company's operating expenses, payroll and other non-deferrable expenses which are critical to sustain business continuity. The program has been implemented by the Government of Canada as part of the COVID-19 relief initiatives. If the Company repays 75% of the principal amount on or before December 31, 2023, the repayment of the remaining 25% of the principal amount will be forgiven. In the event that the Company does not repay the principal amount by December 31, 2023, the principal amount and all accrued and unpaid interest at the rate of 5% per annum from January 1, 2024 will be due and payable on December 31, 2025.

On August 22, 2022, the Company entered into a loan agreement for a $1,000,000 loan (the "Loan") from Roosheila Group Inc. (the "Lender"). The principal balance of the Loan and interest accrued is repayable monthly at a rate of $44,773 per month. The Loan has a maturity date of 24 months from the closing date and bears interest at the rate of 7% per annum. In connection with the Loan, the Company is required to issue the Lender 25,000 common shares 12 months from the closing date and 25,000 common shares 24 months from the closing date. The obligation to issue the shares have been recognized as a transaction fee valued at $14,000 based on the market price of the Company's shares on the closing date and will be amortized over the term of the loan.

On October 28, 2022, the Company entered into a loan agreement for a $1,000,000 loan (the "Second Loan") from the Lender. The principal balance of the Second Loan and interest accrued is repayable monthly at a rate of $23,946 per month. The Second Loan has a maturity date of 48 months from the closing date and bears interest at the rate of 7% per annum. In connection with the Loan, the Company is required to issue the Lender 25,000 common shares 12 months from the closing date and 25,000 common shares 24 months from the closing date. The obligation to issue the shares have been recognized as a transaction fee valued at $13,000 based on the market price of the Company's shares on the closing date and will be amortized over the term of the loan.

A reconciliation of the carrying amount of the loans payable for the years ended December 31, 2022 and 2021 is as follows:

Balance – December 31, 2020 and 2021	$	40,000
Additions		2,000,000
Transaction costs		(27,000)
Loan repayments		(226,984)
Interest accretion		33,526
Balance – December 31, 2022	$	1,819,542
Less: current portion		761,014
Non-current portion	$	1,058,528

Future minimum loan repayments are as follows:

		December 31, 2022
Less than 1 year		853,368
1 to 5 years		1,156,754
More than 5 years		-
Total	$	2,010,122

11. SHARE CAPITAL AND RESERVES

Authorized

The Company has authorized an unlimited number of common voting shares and variable voting shares without par value (the "Shares"). The common voting 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.

As at December 31, 2022, the Company had 43,199,069 (December 31, 2021 – 26,149,281) common voting shares and 27,969,076 (December 31, 2021 – 24,314,193) variable voting shares outstanding.

Common voting shares

A common voting share carries one vote per common voting 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.

Share issuances

The following share issuances occurred during the year ended December 31, 2022:

On April 26, 2022, the Company closed a non-brokered private placement to raise a total of $3.35 million (the "April 2022 Offering"). The April 2022 Offering consisted of 9,571,413 units issued at $0.35 per unit (each an "April 2022 Unit"). Each April 2022 Unit consists of one Share and one half of one warrant (each whole warrant an "April 2022 Warrant"). Each April 2022 Warrant entitles the holder thereof to purchase an additional Share for a period of 48 months after closing at a price of $0.50 per Share during the first two years after issuance of such April 2022 Warrant; and $0.65 per Share during the third and fourth years after issuance. The April 2022 Warrants expire on April 26, 2026.

On September 30, 2022, the Company closed a non-brokered private placement to raise a total of $1.89 million (the "September 2022 Offering") consisting of 8,151,525 units issued at $0.255 per unit (each a "September 2022 Unit"). In order to encourage share ownership by employees of the Company, the Company offered all of its employees the chance to participate in the September 2022 Offering with a bonus incentive. Employees that participated in the September 2022 Offering received one additional Unit (each a "Bonus Unit") for every six September 2022 Units subscribed for in the September 2022 Offering, without payment of additional consideration. A total of 8,151,525 September 2022 Units (including Bonus Units) were issued in the September 2022 Offering with employees participating for $1.134 million of the September 2022 Offering. Each September 2022 Unit consists of one Share and one half of one warrant (each whole

11. SHARE CAPITAL AND RESERVES *(continued)*

warrant a "September 2022 Warrant"). Each September 2022 Warrant entitles the holder thereof to purchase an additional Share for a period of 24 months after closing at a price of $0.40 per Share. The September 2022 Warrants expire on September 30, 2024.

On October 28, 2022, the Company closed a non-brokered private placement with a director of the Company to raise a total of $150,000 consisting of 588,236 units issued at $0.255 per unit (each an "October 2022 Unit"). Each October 2022 Unit consists of one Share and one half of one warrant (each whole warrant an "October 2022 Warrant"). Each October 2022 Warrant entitles the holder to purchase an additional Share for a period of 24 months after closing at a price of $0.40 per Share. The October 2022 Warrants expire on October 28, 2024.

During the year ended December 31, 2022, the Company issued 2,393,497 voting shares upon exercise of 2,393,497 restricted share units ("RSUs"), which had a fair value of $ 944,337.

In addition to the share transactions in Note 1, the following additional share issuances occurred during the year ended December 31, 2021:

On August 6, 2021, the Company closed a non-brokered private placement (the "August 2021 Offering"). The August 2021 Offering consisted of 16,497,662 units issued at $0.40 per unit (each an "August 2021 Unit") for total gross proceeds of $6,599,065. Each August 2021 Unit consists of one Share and one half of one warrant (each whole warrant an "August 2021 Warrant"). Each August 2021 Warrant entitles the holder thereof to purchase an additional Share for $0.70 until August 6, 2023. In connection with the August 2021 Offering, the Company paid $450,131 in cash and issued 1,125,328 August 2021 Warrants, with the same terms, as finder's fees for certain subscribers who participated in the Offering.

On September 10, 2021, the Company issued 487,667 Shares at $0.30 for gross proceeds of $146,300 as part of a share purchase plan for executives and consultants of the Company. As per terms of the plan, the security holders agreed to have the subscription amount deducted against their base fees payable. There were no proceeds received.

On October 7, 2021, the Company issued 75,000 Shares at $0.30 for gross proceeds of $22,500 as part of a share purchase plan for executives and consultants of the Company. As per terms of the plan, the security holders agreed to have the subscription amount deducted against their base fees payable. There were no proceeds received.

Obligation to issue shares

As at December 31, 2022, the Company had a $33,596 (2021 - $Nil) obligation to issue shares of which $27,000 related to 100,000 Shares issuable under the loan agreements (Note 10) and $6,596 related to 26,923 Shares issuable pursuant to the exercise of RSUs which were granted subsequent to year end.

Reserves

Net investment of former parent company

The net investment of former parent company represents the accumulated net contributions from GlobalX.

Upon the completion of the Plan of Arrangement, the accumulated net contributions by GlobalX was extinguished during the year ended December 31, 2021. Accordingly, the investment of former parent company of $10,274,677 was reclassified from reserves to accumulated deficit during the year ended December 31, 2021.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES *(continued)*

Warrants

The following is a summary of warrant activities during the years ended December 31, 2022 and 2021:

	Number of warrants		Weighted Average Exercise Price
Outstanding, December 31, 2020	**-**	**$**	**-**
Issued	9,374,159		0.70
Outstanding, December 31, 2021	**9,374,159**		**0.70**
Issued	9,213,964		0.45
Outstanding, December 31, 2022	**18,588,123**	**$**	**0.58**

As at December 31, 2022, the following warrants were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
9,374,159	9,374,159	$0.70	0.6	August 6, 2023
4,134,141	4,134,141	$0.40	1.75	September 30, 2024
294,118	294,118	$0.40	1.83	October 26, 2024
4,785,705	4,785,705	$0.50(1)	3.32	April 26, 2026
18,588,123	**18,588,123**			

(1) *Exercise price increases to $0.65 on April 26, 2024.*

The fair value of finder’s warrants is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company’s shares, forfeiture rate, and expected life of the agent warrants. The following weight average assumptions were used to estimate the fair value of finder’s warrants issued:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Risk-free interest rate	-	0.45%
Expected life (years)	-	2
Annualized volatility	-	70%
Dividend yield	-	0%
Weighted average fair value per warrant granted	-	$0.09

The fair value of finder’s warrants granted in the August 2021 Offering during the year ended December 31, 2021 of $99,639 was estimated at the issue date of the private placement and recorded in reserves.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES *(continued)*

Stock options

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Stock Option Plan (the "Stock Option Plan"). The maximum exercise price of stock options granted shall not be less than the closing price of the common shares on the last trading day preceding the date on which the grant of options is approved by the Board of Directors. Options have a maximum expiry period of ten years from the grant date. The maximum number of common shares issuable pursuant to the exercise of outstanding stock options granted is 12,000,000.

The following is a summary of stock option activities during the years ended December 31, 2022 and 2021:

	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2020	**-**	**$ -**
Issued	250,000	0.40
Outstanding, December 31, 2022 and 2021	**250,000**	**$ 0.40**

As at December 31, 2022, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
250,000	250,000	$0.40	1.67	August 31, 2024
250,000	**250,000**			

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options.

During the year ended December 31, 2022, the Company recognized a share-based payment expense which is included wages, salaries and benefits with respect to stock options in the amount of $28,642 (2021 – $24,253).

The following weighted average assumptions were used to estimate the weighted average grant date fair value of stock options granted during the years ended December 31, 2022 and 2021:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Risk-free interest rate	-	0.53%
Expected life (years)	-	3
Annualized volatility	-	121%
Dividend yield	-	0%
Weighted average fair value per stock option granted	-	$0.18

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES *(continued)*

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 year ended December 31, 2022, the Company granted 1,910,000 RSUs (2021 – 9,060,000) to various officers, directors, 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 year ended December 31, 2022, the Company granted 154,843 RSUs (2021 – nil) to various officers, directors, and consultants of the Company, whereby 33% of the RSUs vest every month following the grant date.

During the year ended December 31, 2022, the Company granted 125,000 (2021 – nil) to various officers, directors, and consultants of the Company, whereby 100% of the RSUs vest at the first anniversary of the grant date.

During the year ended December 31, 2022, the Company granted 349,000 RSUs (2021 – nil) to various employees of the Company, whereby 100% of the RSUs vest at the second anniversary of the grant date.

During the year ended December 31, 2022, the Company cancelled 655,500 RSUs (2021 – 100,000) related to individuals who left the Company during the year.

The following is a summary of RSU activities during the years ended December 31, 2022 and 2021:

	Number of RSUs	Weighted average grant date fair value per RSU
Outstanding, December 31, 2020	**-**	$0.00
Issued	9,060,000	0.40
Cancelled	(100,000)	0.40
Outstanding, December 31, 2021	**8,960,000**	**0.40**
Issued	2,538,843	0.30
Exercised	(2,393,497)	0.39
Forfeited	(655,500)	0.39
Outstanding, December 31, 2022	**8,449,846**	**$0.37**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES *(continued)*

As at December 31, 2022, the following RSUs were outstanding and exercisable:

Outstanding		Grant Date Fair Value	Exercisable	Final Vesting Date
2,075,000		$0.40	-	June 28, 2023
42,500		$0.40	-	September 24, 2023
4,000,000	**	$0.40	2,500,000 **	June 30, 2024
125,000		$0.34	-	January 1, 2023
88,000		$0.36	-	April 1, 2024
424,000		$0.34	-	May 31, 2024
75,000		$0.32	-	June 28, 2023
10,000		$0.27	-	June 30, 2024
142,000		$0.31	-	July 29, 2024
800,000		$0.32	-	September 2, 2024
95,000		$0.29	-	September 30, 2024
110,000		$0.27	-	October 31, 2024
53,846		$0.25	-	January 31, 2023
409,500		$0.22	-	December 30, 2024
8,449,846			**2,500,000 ****	

**Pursuant to a consulting agreement dated October 12, 2021 (the “Consulting Agreement”), 4,000,000 RSU’s had been granted to a related party, subject to the terms and conditions of such agreement and the RSU Plan. The Consulting Agreement was terminated effective January 25, 2022 and the Company is in discussion with the related party with respect to the appropriate number of RSU’s to be issued for services provided to the Company by the related party.

The value of the RSUs granted was based on the fair value of the Company’s common shares on the date of grant. Accordingly, RSUs were granted at a fair value between $0.22 and $0.40 each for a total value of $944,337 (2021 - $3,624,000), which is recognized within share-based payments expense as the RSUs vest.

During the year ended December 31, 2022, the Company recorded share-based payments expense which is included in wages, salaries and benefits with respect to RSUs of $ 1,935,798 (2021 - $1,182,474).

Performance share units

The Company may grant Performance Share Units (“PSUs”) to directors, officers, employees and consultants as compensation for services, pursuant to its Performance Share Unit Plan (“PSU Plan”). The number of PSUs awarded and underlying performance-based vesting conditions are determined by the Board of Directors in its discretion. PSUs are required to be settled by December 31 in the third year following the year of grant. The maximum number of common shares issuable pursuant to the exercise of outstanding PSUs together with all other security based compensation arrangements is 12,000,000. No PSUs shall be issuable to individuals or companies providing investor relations activities. At the election of the Board of Directors, upon each vesting date, participants receive (a) Shares equal to the number of PSUs that vested; (b) a cash payment equal to the number of vested PSUs multiplied by the fair market value of a Share; or (c) a combination of (a) and (b).

There were no PSUs granted during the years ended December 31, 2022 and 2021.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2022, the Company had the following non-cash investing and financing activities not disclosed elsewhere:

- Reimbursements from lessor included in receivables of $337,384.

During the year ended December 31, 2021, the Company had the following non-cash investing and financing activities not disclosed elsewhere:

- Property and equipment additions included in accounts payable and accrued liabilities of $54,221.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its strategic investments, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire assets or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Company currently is not subject to externally imposed capital requirements. There were no material changes in the Company's approach to capital management during the year ended December 31, 2022

14. 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 December 31 2022, 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.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

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:

	December 31,2022	**December 31,2021**
Cash	934,175	110,709
Amounts receivable	583,670	-
Total financial assets	1,517,845	110,709
Accounts payable and accrued liabilities	(713,763)	(210,326)
Lease liabilities	(23,100,660)	-
Net statement of financial position exposure	(22,296,578)	(99,617)

Based on the net US dollar and liability exposure as at December 31, 2022 a 10% fluctuation in the CAD/US exchange rates would impact the Company's earnings by approximately $2,230,000 (2021 - $10,000).

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

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 adjust 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.

15. SEGMENTED INFORMATION

The Company operates in one reportable segment, which is the development of a Canadian leisure and charter airline and its operations and head office are in Canada. As at December 31, 2022 and 2021, the Company's non-current assets and revenue is located in and earned in Canada.

The breakdown of operating revenue for the years ended December 31, 2022 and 2021 is as follows:

		2022		2021
Passenger revenues		828,321		-
Charter revenues		2,398,437		-
Other revenues		100,006		-
Total operating revenues	$	3,326,824	$	-

16. INCOMES TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2022 and 2021 is as follows:

		2022		2021
Income (loss) before income taxes	$	(13,438,121)	$	(3,100,717)
Expected income tax expense (recovery) at statutory rate		(3,628,000)		(837,000)
Change in statutory, foreign tax, foreign exchange rates and other		(62,000)		9,000
Permanent differences		530,000		327,000
Share issue costs		(11,000)		(122,000)
Adjustment to prior years provision versus statutory tax rates		(230,000)		(55,000)
Change in unrecognized deductible temporary differences		3,401,000		678,000
Total income tax expense (recovery)	$	-	$	-

No deferred tax asset has been recognized in respect of the losses and temporary differences as it is not considered probable that sufficient future taxable profits will allow for these deferred tax assets to be recovered.

(Expressed in Canadian Dollars)

16. INCOMES TAXES *(continued)*

The significant components of the Company's unrecognized temporary, unused tax credits and unused tax losses giving rise to the unrecognized tax assets are as follows:

		December 31, 2022	Expiry Date Range		December 31, 2021
Temporary Differences					
Non-capital losses available for future periods	$	23,701,000	2033 to 2042	$	12,955,000
Maintenance provision	$	407,000	No expiry date		-
Property and equipment	$	2,003,000	No expiry date	$	1,676,000
Right-of-use assets and lease liability	$	2,155,000			-
Share issue costs	$	363,000	2045	$	360,000

Tax attributes are subject to review and potential adjustment by tax authorities.

17. 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 system software, 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 December 31, 2022, the termination fee of the contract would be $284,952.

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 or 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.

18. SUBSEQUENT EVENTS

On February 9, 2023, the Company entered into a loan agreement for a $1,500,000 loan (the "Third Loan") from the Lender. 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 was subsequently assigned Square Financial Investment Corporation ("Squarefic") and proceeds were advanced on March 12, 2023. Squarefic is also wholly owned subsidiary of Regenold Christian, a director of the Company.

On March 15, 2023, the Company granted 75,000 RSUs to a director of the Company, whereby 100% of the RSUs vest at the first anniversary of the grant date.