



DISCOVERY AIR INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT PROXY CIRCULAR

May 18, 2012



May 18, 2012

Dear Shareholders,

On behalf of the directors, management and employees of Discovery Air Inc., we invite you to attend our 2012 annual meeting of shareholders to be held at the Fairmont Le Château Frontenac, 1 rue des Carrières, Québec, Québec, G1R 4P5 at 1:00 p.m. (Eastern Time) on Tuesday, June 12, 2012.

We appreciate your participation in the meeting and we urge you to exercise your right to vote. If you are unable to attend the meeting and vote in person, we encourage you to vote by completing and returning the enclosed form of proxy or voting instruction form, as may be applicable to you.

The enclosed Notice of Annual Meeting of Shareholders and Management Proxy Circular provide important information regarding the meeting, the Senior Management Team, the persons who have been nominated as directors, our compensation philosophy and our governance practices. We invite you to review this material.

Yours truly,

“Gilbert S. Bennett” (signed)

Gilbert S. Bennett
Chair of the Board

“Dave Jennings” (signed)

Dave Jennings
President and Chief Executive Officer



DISCOVERY AIR INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

When

Tuesday, June 12, 2012 at 1:00 p.m. (Eastern Time).

Where

Fairmont Le Château Frontenac, 1 rue des Carrières, Québec, Québec, G1R 4P5.

Business of the 2012 Annual Meeting of Shareholders (the “Meeting”)

The following matters will be dealt with at the Meeting:

1. receipt of the financial statements of Discovery Air Inc. (the “**Corporation**”) for the fiscal year ended January 31, 2012 and the report of the auditor thereon;
2. election of directors of the Corporation who will serve until the end of the next annual meeting of shareholders or until their successors are elected or appointed or they otherwise cease to be directors;
3. appointment of the auditor for the ensuing year and authorization of the directors of the Corporation to fix the auditor’s remuneration; and
4. consideration of such other business, if any, as may properly come before the Meeting or any adjournment thereof.

The Management Proxy Circular enclosed with this Notice of Annual Meeting of Shareholders (the “**Notice**”) provides specific details of the business to be considered at the Meeting.

Shareholders are encouraged to express their vote in advance by completing the form of proxy or voter instruction form, as applicable, enclosed with this Notice. The completed form of proxy or voter instruction form must be submitted by 1:00 p.m. (Eastern Time) on June 8, 2012 to be counted. Shareholders can also vote by telephone, internet or fax or mail using the instructions described in the enclosed form of proxy or voter instruction form. Further instructions are contained in the enclosed Management Proxy Circular.

DATED at the City of Toronto, this 18th day of May, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

“Dennis Lopes” (signed)

Dennis Lopes
Corporate Secretary



**MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL MEETING OF SHAREHOLDERS
to be held on Tuesday, June 12, 2012**

SECTION I: VOTING

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular (the “Circular”) is furnished to shareholders in connection with the solicitation of proxies by or on behalf of management for use at the 2012 annual meeting (the “Meeting”) of the holders of Class A common voting shares (the “Class A Shares”) and Class B common variable voting shares (the “Class B Shares”) of the Corporation (collectively, the “Voting Shares”). The information contained in this Circular is current as of April 20, 2012 unless otherwise indicated. The Meeting will be held at the Fairmont Le Château Frontenac, 1 rue des Carrières, Québec, Québec, G1R 4P5 on Tuesday, June 12, 2011 at 1:00 p.m. (Eastern Time) for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (the “Notice”). It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally or by telephone by officers and directors and other representatives of the Corporation. The cost of solicitation by or on behalf of management will be borne by the Corporation.

Any reference in this document to “shareholders”, “you” or “your” refers to shareholders of the Corporation. Any reference to “we”, “us”, “our”, the “Corporation” or “Discovery Air” refers to Discovery Air Inc. Any reference to “management” refers to the management of the Corporation. Any reference to “director” or “directors”, unless specified otherwise, refers to a director or the directors of the Corporation.

PRINCIPAL HOLDERS OF VOTING SECURITIES, RECORD DATE AND QUORUM

Principal Holders of Voting Securities

As of April 30, 2012, there were 14,510,851 Class A Shares and 44,760 Class B Shares issued and outstanding. Subject to the voting restrictions and adjustments outlined below under “Restrictions on Voting of Shares”, each such Voting Share carries the right to one vote.

To the best of the knowledge of the Corporation, no person beneficially owns or controls or directs, directly or indirectly, greater than 10% of the outstanding Voting Shares of the Corporation, other than: (i) Adam Bembridge, Group President, Northern Services of the Corporation, who, to the best of the knowledge of the Corporation, owns, controls or directs, directly or indirectly, 2,345,058 Class A Shares (being approximately

16.2% of such class); and (ii) Ian Campbell, who, to the best of the knowledge of the Corporation, owns, controls or directs, directly or indirectly 2,345,143 Class A Shares (being approximately 16.2% of such class).

Record Date

The board of directors of the Corporation (the “**Board**”) has fixed May 8, 2012 as the record date (the “**Record Date**”) for determining the holders of Voting Shares entitled to receive notice of and to vote at the Meeting. A person shown as a shareholder in the Corporation’s records on the Record Date is entitled to vote the Voting Shares registered in his, her or its name on the Record Date, except to the extent that the person has transferred the ownership of any of his, her or its Voting Shares after the Record Date and the recipient transferee of those Voting Shares produces properly endorsed share certificates or otherwise establishes that he, she or it owns such Voting Shares and demands, not later than 10 days before the Meeting, that his, her or its name be included in the list of shareholders entitled to receive notice of the Meeting, in which event the transferee shall be entitled to vote such Voting Shares at the Meeting.

Quorum

A quorum is present at the Meeting if holders of at least one per cent (1%) of the Voting Shares are present in person or represented by proxy. If a quorum is present at the opening of the Meeting, shareholders present may proceed with the business of the Meeting even if a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

PROXIES

Persons Making the Solicitation

This solicitation is made by or on behalf of the management of the Corporation. In addition to the solicitation of proxies by the mailing of this Circular, directors, officers and employees of the Corporation may solicit proxies personally, by telephone or by other means of communication. All costs of the solicitation made by or on behalf of the management of the Corporation, including any costs incurred in the preparation and mailing of the form of proxy (the “**Management Proxy**”) accompanying this Circular, the Notice and this Circular will be borne by the Corporation.

Appointment of Proxies

Those shareholders who desire to be represented at the Meeting by proxy must ensure that their proxies are received by Computershare Investor Services Inc. at the address shown on the enclosed envelope by 1:00 p.m. (Eastern Time) on **June 8, 2012**. Proxies must be executed by the shareholder or his, her or its attorney authorized in writing, and, if the shareholder is a corporation, under its corporate seal or by an authorized officer or attorney thereof.

The persons named as proxy holders in the enclosed Management Proxy are directors or officers of the Corporation. You have the right to appoint another person (who need not be a shareholder) to represent you at the Meeting. To do so, insert the name of that person in the space provided in the Management Proxy and strike out the other names, or complete and submit another appropriate form of proxy, and in either case deposit such proxy with the Corporation at the place and within the time specified below for the deposit of proxies. Please read and follow the instructions provided on the Management Proxy or voting instruction form to submit your completed proxy.

Revocability of Proxy

You may revoke a submitted proxy at any time prior to its use. In addition to revoking your proxy in any other manner permitted by law, you may revoke your proxy by instrument in writing executed by you or your authorized attorney and, if the Shareholder is a corporation, under its corporate seal or by an authorized officer or attorney thereof, and deposited either at the Corporation's head office located at P.O. Box 1530, 126 Bristol Avenue, Yellowknife, NT, X1A 2P2 (Attention: Corporate Secretary) at any time up to and including the last business day before the Meeting, or with the Chair of the Meeting prior to the commencement of the Meeting. If you are a non-registered shareholder, please contact your Intermediary (as defined below under "Beneficial Holders of Securities") for instructions on how to revoke your voting instructions.

Exercise of Discretion by Proxy

The persons named in the Management Proxy must vote or withhold from voting your Voting Shares in accordance with your instructions on the Management Proxy. **If you appoint a director or officer named in the Management Proxy as your proxy holder and you do not provide instructions in your Management Proxy, the persons named in the Management Proxy will vote your Voting Shares FOR the matters to be acted on at the Meeting. The persons named in a Management Proxy will have discretionary authority with respect to any amendments or variations of those matters or any other matters properly brought before the Meeting and the persons named in a Management Proxy will vote on such matters in accordance with their best judgment.** As at the time this Circular was printed, the Corporation did not know of any such amendment or variation to the matters to be acted upon at the Meeting or the existence of any other matter to be brought before the Meeting.

Shareholders registered on the records of the Corporation who plan to attend the Meeting and wish to vote their Voting Shares in person at the Meeting should not complete or return any form of proxy as their votes will be taken and counted at the Meeting. Such shareholders are to register with the scrutineer upon their arrival at the Meeting.

Beneficial Shareholders (as defined below) should review the section titled "Beneficial Holders of Securities."

Declaration

You must complete the declaration regarding whether or not the Voting Shares you own or represent are owned or controlled by a "Canadian" for purposes of the Corporation's voting control restrictions. This declaration is included on your Management Proxy or voter instruction form. The definition of "Canadian" can be found below under "Restrictions on Voting of Shares".

BENEFICIAL HOLDERS OF SECURITIES

The information in this section is applicable to shareholders who do not hold their Voting Shares in their own names but who hold their Voting Shares through "Intermediaries" (i.e. banks, trust companies, securities brokers, clearing agencies, trustees or other nominees). If shares are listed in an account statement provided to you by a broker, bank or other intermediary, then in almost all cases those shares will not be registered in your name on the records of the Corporation. Shareholders who do not hold their Voting Shares in their own names are referred to in this document as a "**Beneficial Shareholder**".

Voting Shares held in the name of Intermediaries can only be voted upon the instructions of the Beneficial Shareholders. Without specific instructions, Intermediaries are prohibited from voting Voting Shares on behalf of Beneficial Shareholders.

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of the Meeting. Every Intermediary has its own procedures which should be carefully followed by a Beneficial Shareholder in

order to ensure that their Voting Shares are voted at the Meeting. If you are a Beneficial Shareholder, please contact your Intermediary for instructions in this regard.

Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of the Voting Shares can be recognized and acted upon at the Meeting.

A Beneficial Shareholder will have received from an Intermediary a request for voting instructions that is similar to the Management Proxy provided to registered shareholders; however, the purpose of the proxy is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. **A BENEFICIAL SHAREHOLDER THAT RECEIVES A VOTING INSTRUCTION FORM FROM AN INTERMEDIARY CANNOT USE THE VOTING INSTRUCTION FORM TO VOTE THEIR VOTING SHARES DIRECTLY AT THE MEETING. The voting instruction form must be returned to the Intermediary well in advance of the Meeting in order to have the shares voted.**

A Beneficial Shareholder who wishes to vote in person at the Meeting or have its nominee vote in person at the Meeting may need to provide the Intermediary with documentation in addition to the voting instruction form in order to be appointed as proxy holder. If you are a Beneficial Shareholder, you should contact your Intermediary to determine what paperwork the Intermediary needs from you in order for you, or someone else appointed by you, to vote your Voting Shares at the Meeting. AS A BENEFICIAL SHAREHOLDER, ONLY AFTER YOUR INTERMEDIARY APPOINTS YOU OR YOUR NOMINEE AS A PROXYHOLDER CAN YOU OR YOUR NOMINEE VOTE YOUR VOTING SHARES DIRECTLY AT THE MEETING.

RESTRICTIONS ON VOTING OF SHARES

The *Canada Transportation Act* ("CTA") requires a holder of a license to operate a domestic air service to be Canadian within the meaning of the CTA. For this purpose, "Canadian" has the meaning set forth in Subsection 55(1) of the CTA, which in summary defines a "Canadian" as follows:

- (a) an individual who is a Canadian citizen or an individual who has not become a Canadian citizen but who has been granted lawful permission to come into Canada to establish permanent residency and who has not ceased to be a permanent resident;
- (b) a corporation or other entity that is incorporated or formed under the laws of Canada or a province that is controlled in fact by Canadians and of which at least 75% of the voting interests are owned and controlled by Canadians as defined in paragraph (a) or by corporations or entities that are also Canadian;
- (c) a government in Canada or an agent thereof;
- (d) a trust where the trustee and the holders of at least 75% of the beneficial interests in the trust are Canadians as defined in paragraphs (a), (b), (c) or (e); or
- (e) a partnership of which each partner is a Canadian as defined in paragraphs (a), (b), (c) or (d).

The Corporation's Articles of Continuance contain foreign voting control restrictions designed to ensure that the Corporation maintains its Canadian status under the CTA.

Specifically, Class A Shares may be beneficially owned and controlled, directly or indirectly, only by persons who are Canadians, and Class B Shares may be beneficially owned or controlled, directly or indirectly, only by persons who are not Canadians.

Further, each issued and outstanding Class A Share will be converted into one Class B Share, automatically and without any further act of the Corporation or the holder, if such Class A Share is or becomes beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian. Each issued and outstanding Class B Share will be automatically converted into one Class A Share without any further act on the part of the

Corporation or of the holder, if such Class B Share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian.

The Class B Shares carry one vote per share, unless (i) the number of issued and outstanding Class B Shares exceeds 25% (or any other percentage prescribed pursuant to the CTA) of the total of all issued and outstanding Voting Shares; or (ii) the total number of votes cast by holders of Class B Shares at any meeting of shareholders of the Corporation exceeds 25% (or any other percentage prescribed pursuant to the CTA) of the total number of votes that may be cast at such meeting.

If either of the above two thresholds is met at any time, the votes attached to the Class B Shares will decrease automatically to equal the maximum vote per Class B Share to ensure that the Class B Shares as a class do not carry more than 25% (or any other percentage prescribed pursuant to the CTA) of the aggregate votes attached to Voting Shares, or the votes that can be cast at the meeting, as applicable.

To the best of the knowledge of management of the Corporation, neither of the above thresholds has been met and therefore, to the best of management's knowledge, the votes attached to the Class B Shares will not be decreased for the purposes of the Meeting.

In the event that an offer is made to purchase Class A Shares (the "**Offer**"), and the Offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Class A Shares are then listed, to be made to all or substantially all of the holders of Class A Shares in a province of Canada to which the requirement applies, each Class B Share will become convertible at the option of the holder into one Class A Share at any time while the Offer is in effect until one day after the time prescribed or permitted by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer. Such conversion may be exercised only for the purpose of depositing the resulting Class A Shares pursuant to the Offer and the voting rights attached thereto are deemed to remain subject to the restrictions applicable to the Class B Shares, notwithstanding their conversion. In the event that any Class B Shares converted into Class A Shares are not taken up and paid for pursuant to the Offer, the Class A Shares resulting from such conversion will be re-converted into Class B Shares. The above conversion rights apply, *mutatis mutandis*, if an offer is made to purchase Class B Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Class B Shares are then listed, to be made to substantially all of the holders of Class B Shares. Further details are contained in the Corporation's Articles of Continuance.

The Corporation's Articles of Continuance also grant to the Board all powers necessary to give effect to the ownership restrictions. The Corporation may adopt various procedures and policies with respect to the transfer of Voting Shares of the Corporation to ensure that the 25% limitation on non-Canadian voting of Class B Shares is complied with. In addition, the Corporation may adopt policies and procedures to monitor the number of Voting Shares owned by Canadians to ensure that the provisions of the CTA are complied with. To that end, the Corporation currently requires all shareholders to declare whether or not they are Canadian before each meeting of shareholders in order to make any appropriate conversion of Class A Shares to Class B Shares if a shareholder is no longer Canadian and vice versa if a shareholder becomes a Canadian within the meaning of the CTA.

SECTION II: MATTERS TO BE ACTED UPON AT THE MEETING

The Meeting is being called to address the following matters. As of the date of this Circular, management is not aware of any changes to these matters or of any other business that may be brought forward at the Meeting.

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the fiscal year ended January 31, 2012 and the auditor's report thereon are included in the 2012 Annual Report of the Corporation available on SEDAR at sedar.com. Shareholders and proxy holders will have an opportunity to review and discuss the financial statements with management at the Meeting.

ELECTION OF DIRECTORS

Management's nominees for election as directors are set out below. If elected, each director will serve until the earlier of the Corporation's next annual meeting of shareholders or until his successor is elected or appointed (unless a director ceases to hold office pursuant to the provisions of the *Canada Business Corporations Act*).

Pursuant to the Corporation's Articles of Amendment, the Corporation is authorized to have between one and 15 directors. In accordance with the Corporation's by-laws, the Board has determined that nine directors will be elected at the Meeting.

The Management Proxy permits you to vote in favour of all of management's nominees, to vote in favour of some nominees and to withhold votes for other nominees, or to withhold votes for all nominees. If you appoint either a director or officer of the Corporation named in the Management Proxy as your proxy holder and do not instruct us otherwise, persons named in the Management Proxy will vote FOR the election of these nominees as directors.

Nominees for Election as Directors

The table below sets out information about the persons proposed to be nominated for election as directors at the Meeting. The information as to shares beneficially owned, directly or indirectly, or over which control or direction was exercised as set forth in the table below, has been furnished by the respective proposed nominees individually.

Each of Kenneth B. Rotman, G. John Krediet and Raymond R. Henault, General (Ret'd) are being nominated in accordance with the terms of the shareholders agreement dated September 23, 2011 (the "**Shareholders Agreement**") among the Corporation, the holders of the \$70,000,005 principal amount of secured convertible debentures issued by the Corporation on September 23, 2011 (the "**Secured Debentures**") and certain management shareholders. Among other things, the Shareholders Agreement provides the holders of the Secured Debentures with the right to nominate up to three directors for election or appointment to the Board.

NAME	INFORMATION ABOUT NOMINEE	HOLDINGS
<p>GILBERT S. BENNETT Guelph, Ontario, Canada</p> <p>Director since July 24, 2008 Chair of the Board</p> <p>Principal Occupation: Business Consultant and director of Samuel, Son & Co., Ltd.</p>	<p>From 2003 to February 2009, Mr. Bennett was the Chair of the Board of Fortis Ontario Inc.</p> <p>From August 1996 to March, 2007, Mr. Bennett was Chair of the Board of Canadian Tire Corporation, Limited.</p> <p>Mr. Bennett was a director and Chair of the Board of Bracknell Corporation, a company which, within the last 10 years and within one year of his ceasing to act in such capacities, had a receiver appointed to hold its assets.</p>	<p>Voting Shares - nil</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units – 61,915</p>
<p>JAMES GOODFELLOW Oakville, Ontario, Canada</p> <p>Director since October 24, 2008</p> <p>Chair of the Audit Committee</p> <p>Principal Occupation: Business Consultant</p>	<p>Since June 2008, Mr. Goodfellow has been a business consultant. Before that time, Mr. Goodfellow was a partner and Vice-Chairman of Deloitte & Touche LLP.</p> <p>He is a director of Canadian Tire Corporation, Limited.</p>	<p>Voting Shares - nil</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units – 41,763</p>
<p>ALAN HIBBEN Toronto, Ontario, Canada</p> <p>Director since August 7, 2008</p> <p>Member of the Audit Committee and the Governance Committee</p> <p>Principal Occupation: Managing Director, RBC Capital Markets</p>	<p>From 2009 to March 2011, Mr. Hibben was a Partner at Blair Franklin Capital Partners.</p> <p>From 2007 to 2009, Mr. Hibben was a Principal of Shakerhill Partners Ltd.</p> <p>From 2005 to 2007, he was Head, Strategy & Development at RBC Financial Group.</p> <p>From 2000 to 2007, Mr. Hibben was Chief Executive Officer of RBC Capital Partners.</p>	<p>Voting Shares – 7,400</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units - 35,660</p>
<p>RAYMOND R. HENAULT, GENERAL (RET'D) Orleans, Ontario, Canada</p> <p>General Henault is not currently a member of the Board.</p> <p>Principal Occupation: Executive Advisor to ADGA Group Consultants Inc. and Director of Eurocopter Canada Limited</p>	<p>General Henault (Ret'd) is currently a strategic executive advisor to ADGA Group Consultants Inc. He is also on the board of directors of Eurocopter Canada Limited.</p> <p>General Henault (Ret'd) was also General Officer in the Canadian Forces until 2008.</p> <p>He was also Chairman of the NATO Military Committee and a senior military advisor to the North Atlantic Council from June 2005 to June 2008.</p> <p>Finally, from June 2001 to February 2005, General Henault (Ret'd) was Chief of the Defence Staff at the rank of General, Canadian Forces.</p>	<p>Voting Shares - nil</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units – nil</p>

NAME	INFORMATION ABOUT NOMINEE	HOLDINGS
<p>G. JOHN KREDIET London, England</p> <p>Director since October 14, 2011</p> <p>Principal Occupation: Director of Clairvest Group Inc.; Chairman of C.F. Capital Management LLC; Chairman of DS Waters; Chairman of Can-Eng Partners Ltd. & Can-Eng Furnaces International ⁽⁶⁾</p>	<p>Since 1987, Mr. Krediet has been the Chairman of C.F. Capital Management LLC.</p> <p>Mr. Krediet has been the Chairman of DS Waters since 2005 and the Chairman of Can-Eng Partners Ltd. & Can-Eng Furnaces International Ltd. since 2007.</p> <p>Mr. Krediet has been on the board of directors of Clairvest Group Inc. since 2004.</p> <p>From 2006 to 2007, he was the Chairman of TB Wood's, Incorporated; from 1993 to 2003, he was the Chairman and CEO of Sparkling Spring Water Holdings Ltd.; from 1986 to 1992, Mr. Krediet was the Chairman and CEO of independent Pepsi bottling companies named Maritime Beverages & EastCan Beverages.</p> <p>Prior to 1986, Mr. Krediet worked in roles in Europe and the United States at GE Credit Corp., Citibank and Amro Bank.</p>	<p>Voting Shares - nil</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units –3,100</p>
<p>JOSEPH RANDELL Wellington, Nova Scotia, Canada</p> <p>Director since August 7, 2008</p> <p>Chair of the Human Resources Committee and member of the Governance Committee</p> <p>Principal Occupation: President and Chief Executive Officer of Chorus Aviation Inc.</p>	<p>Mr. Randell is currently the President and CEO of Chorus Aviation Inc.</p> <p>Mr. Randell was a director of Air Canada Jazz when it made an application pursuant to the <i>Companies' Creditors Arrangement Act</i> ("CCAA").</p>	<p>Voting Shares - nil</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units – 43,693</p>

NAME	INFORMATION ABOUT NOMINEE	HOLDINGS
<p>KENNETH B. ROTMAN Toronto, Ontario, Canada</p> <p>Director since October 14, 2011</p> <p>Member of the Human Resources Committee and Member of the Governance Committee</p> <p>Principal Occupation: Co-Chief Executive Officer, Managing Director & a Director of Clairvest Group Inc., Director of Light Tower Rentals, Wellington Financial and Peer 1 Networks</p>	<p>Mr. Rotman joined Clairvest Group Inc. in 1993 and has been the Co-Chief Executive Officer, Managing Director and a Director of Clairvest since June 2000.</p> <p>Prior to joining Clairvest, Mr. Rotman was employed by E. M. Warburg, Pincus & Co. from 1991 to 1993. He is one of the founders of Wellington Financial and has been the Chairman since 2000.</p> <p>Mr. Rotman has been on the board of directors of Clairvest Group Inc. since 2000, on the board of directors of Light Tower Rentals, Inc. since 2008 and on the board of directors of PEER 1 since 2009. Previously, Mr. Rotman served on the boards of Allied International Credit from 2001 to 2007, Consoltex from 1997 to 1999, Hudson Valley Waste Holding from 2010 to 2011, Shepell-fgi from 2005 to 2008, Signature Security from 1997 to 2006, Sparkling Spring Water from 1996 to 2003, Van-Rob from 2002 to 2011, Voxcom, Western Co-Axial from 1994 to 1997 and Winters Bros. Waste Systems from 2006 to 2007, all of which are former Clairvest Group portfolio companies.</p> <p>Mr. Rotman has been a board member of the University Health Network since 2008 and Honest Reporting Canada since 2003, both of which are non-profit organizations.</p> <p>Mr. Rotman served as a director of NRI Industries Inc. when, on September 6, 2006, it and two of its subsidiaries (collectively, "NRI") filed for protection under CCAA. On April 26, 2007, NRI exited from CCAA protection and had a receiver appointed to hold and distribute its assets. On April 27, 2007, NRI filed assignments into bankruptcy.</p> <p>Further, Mr. Rotman served as directors of Integral Orthopedics Inc. ("IOI") until July 18, 2008 when a receiver was appointed under the <i>Bankruptcy and Insolvency Act</i> to sell the assets of IOI.</p> <p>Finally, Mr. Rotman served as director of Nexient Learning Inc. ("Nexient") until June 5, 2009. On June 26, 2009 Nexient applied for creditor protection under the CCAA.</p>	<p>Voting Shares - nil</p> <p>Options & Warrants - nil</p> <p>Deferred Share Units – 3,675</p>

NAME	INFORMATION ABOUT NOMINEE	HOLDINGS
WAYNE SALES Jupiter, Florida, United States of America Director since August 7, 2008 Chair of the Governance Committee and member of the Human Resources Committee Principal Occupation: Business Consultant	From March 2006 to June 2007, Mr. Sales was Vice Chairman, Canadian Tire Corporation, Limited. From August, 2000 to March, 2006, he was President and Chief Executive Officer of Canadian Tire Corporation, Limited.	Voting Shares - nil Options & Warrants - nil Deferred Share Units – 44,382
BRIAN SEMKOWSKI London, Ontario, Canada Director since June 17, 2008 Member of the Audit Committee and the Human Resources Committee Principal Occupation: President, Southwest Sun Group Inc.	Mr. Semkowski is a director and the past Chair of the London Economic Development Corporation, the President of Itinerant Software Inc., Pro-Tips Sports Corp. and London City Chrysler Inc. He is a director of Fowler Kennedy Sports Medicine advisory board and a director of Scalar Decisions Inc.	Voting Shares - 104,659 Options & Warrants - nil Deferred Share Units – 41,498

Material Interests of Directors in the Corporation

Kenneth B. Rotman is a director, the Co-Chief Executive Officer and Managing Director of Clairvest Group Inc. (“**Clairvest**”). Mr. Rotman, together with certain of his family members, controls approximately 50% of Clairvest’s voting shares. Clairvest’s affiliates and investors in certain of Clairvest’s funds (the “**Clairvest Parties**”) own or exercise control or direction over approximately \$55 million principal amount of Secured Debentures. Clairvest also exercises control or direction over a further \$13 million principal amount of Secured Debentures as general partner for a limited partnership.

G. John Krediet is also a director of Clairvest and holds approximately \$2 million principal amount of Secured Debentures.

The Secured Debentures are convertible into Voting Shares. The Voting Shares issuable on the conversion of the Secured Debentures held by Clairvest’s affiliates would, on an “as converted basis”, represent greater than 10% of the issued and outstanding Voting Shares.

Majority Voting for Directors

The Board has adopted a “Majority Voting Policy”, the effect of which is that a nominee for election as a director of the Corporation who receives a greater number of votes “withheld” than votes “for” shall be considered not to enjoy the confidence of the shareholders, even though duly elected as a matter of corporate law. In such circumstances, a person elected as a director who is considered under this test not to enjoy the confidence of the shareholders will forthwith submit to the Board his/her resignation as a director of the Corporation, to take effect upon acceptance by the Board. In the absence of unusual circumstances as determined by the Board, the Board will accept the resignation and will do so as soon as possible, consistent with an orderly transition.

Subject to any corporate law restrictions, the Board may (i) leave any resulting vacancy unfilled until the next annual general meeting, (ii) fill the vacancy through the appointment of a new director whom the Board

considers to merit the confidence of the shareholders, or (iii) call a special meeting of the shareholders at which there will be presented a management slate to fill the vacant position or positions.

This policy does not apply in any case where the election involves a proxy battle, that is, where proxy material is circulated in support of one or more nominees who are not part of the slate supported by management and the Board.

APPOINTMENT OF AUDITOR

The Board unanimously recommends that shareholders vote FOR the re-appointment of KPMG LLP as the Corporation's auditors, to hold office until the next annual meeting of shareholders. KPMG LLP has been the accountant, and later the auditor, of the Corporation since its incorporation in November 2004. Unless instructed otherwise, the persons named in a Management Proxy will vote FOR the resolution to re-appoint KPMG LLP as the Corporation's auditor.

Management proposes that the shareholders authorize the directors to fix the remuneration of the auditor. In the past, the directors have fixed the remuneration of the auditor of the Corporation. Such remuneration has been based upon the complexity of the matters dealt with and time spent by the auditor in providing services to the Corporation. Management feels that the remuneration negotiated in the past with the auditor of the Corporation has been reasonable under the circumstances and would be comparable to fees charged by another auditor providing similar services.

OTHER MATTERS

The Meeting may transact such further other business as may properly come before the Meeting or any adjournment thereof.

SECTION III: CORPORATE GOVERNANCE

BOARD PRACTICES AND STRUCTURES

Meetings

The Board holds quarterly scheduled meetings throughout the fiscal year and in addition thereto, a number of other in-person and telephone meetings to deal with specific issues as they arise. The Board and each committee of the Board holds regular *in-camera* meetings at which members of management are not in attendance. During the last fiscal year, the Board held eight *in-camera* meetings, the Audit Committee held four *in-camera* meetings, the Human Resources Committee held three *in-camera* meetings and the Governance Committee held two *in-camera* meetings.

Composition of the Board and Independence

According to the Corporation's Articles of Amendment and by-laws, the Board must be comprised of between one and 15 directors and the Board fixes the number of directors within that range. The Board has fixed the size of the Board at nine, and management proposes to nominate nine persons for election as directors at the Meeting. The Board considers a board size of nine members to be an appropriate number for the Corporation's size and the nature of its business, and sufficient to provide an appropriate mix of backgrounds and skills.

Gilbert S. Bennett, the Chair of the Board, is independent. The roles and responsibilities of the Chair are set out in the Position Description of the Chair of the Board, attached hereto as Exhibit “B.”

In addition to being directors of the Corporation, all of the directors sit on the boards of other companies. Gilbert S. Bennett is also a director of Samuel, Son & Co. Ltd. Alan Hibben is also a director of HudBay Minerals Inc. Raymond R. Renault, General (Ret’d) is also a director of Eurocopter Canada Limited. G. John Krediet is also a director of Clairvest. James Goodfellow is also a director of Canadian Tire Corporation, Limited. Kenneth B. Rotman is also a director of Clairvest, Light Tower Rentals, Inc., Wellington Financial, PEER 1 and two non-profit organizations. Wayne Sales is also a director of Tim Hortons Inc., SuperValu Inc. and Georgia Gulf Corporation. Brian Semkowski is also a director of Southwest Sun Group Inc., the London Economic Development Corporation and Scalar Decisions Inc.

The Board has determined that seven of the proposed directors are “independent” for the purposes of the Canadian Securities Administrators’ *National Policy 58-201 – Corporate Governance Guidelines* (“NP 58-201”).

NAME	INDEPENDENCE STATUS OF DIRECTOR NOMINEES			REASON FOR NON-INDEPENDENT STATUS
	MANAGEMENT	INDEPENDENT	NOT INDEPENDENT	
Gilbert S. Bennett		✓		
James Goodfellow		✓		
Alan Hibben		✓		
G. John Krediet			✓	Interest in Secured Debentures
Joseph Randell		✓		
Kenneth B. Rotman			✓	Interest in Secured Debentures
Wayne Sales		✓		
Brian Semkowski		✓		
Raymond R. Henault, General (Ret’d)		✓		

Non-Independent Directors

As described under “Material Interests of Directors in the Corporation”, Mr. Rotman and Mr. Krediet are considered to have an interest in material contracts with the Corporation, namely, the Secured Debentures.

Due to these interests, it is possible that, from time to time, Mr. Rotman or Mr. Krediet, or both, may be considered to have a potential or actual conflict of interest in relation to one or more matters to be voted upon by the Board. In such circumstances, Mr. Rotman or Mr. Krediet, or both, may choose or be required to abstain from participating in the Board’s decision.

Independent Directors

In determining that seven of the directors are independent, the Board decided that each such director has no material relationship with the Corporation, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation, and that each director did not receive any consulting, advisory or other compensatory fees from the Corporation, except in his capacity as a member of the Board or a committee of the Board. In addition, in determining independence, the Board found that (i) no director has been an employee (and no immediate family member of the director has been an executive officer of the Corporation within the past three years), (ii) each director has not received (and no immediate family member of the director has received) more than \$75,000 per year in direct compensation from the Corporation, other

than director and committee fees and other forms of deferred compensation for prior service, in any of the past three years, and (iii) each director is not a current partner or employee of KPMG LLP, the Corporation's external auditor, and within the past three years has not been a partner or employee of KPMG LLP (and no immediate family member of a director is a current partner or employee of KPMG LLP who participates in that firm's audit, assurance or tax compliance practice or within the past three years was a partner or employee of KPMG LLP who personally worked on the Corporation's audit).

In order to assist the Board in making its determination with respect to the independence of its members, each director annually completes a declaration which includes inquiries regarding any direct or indirect business relationships or interest in transactions between such director and the Corporation. This information is further supplemented by internal inquiries that are conducted concerning the details of any business relationships or transactions that may exist between the Corporation and other corporations or organizations in which our directors have a direct or indirect interest. This information is reviewed by the Board at least annually as well as on an on-going basis as appropriate in light of applicable factual circumstances in order to permit the Board to make its independence determinations.

In addition, either the Board or one of its committees regularly reviews a summary of the equity holdings of the insiders of the Corporation which includes the holdings of each director.

Finally, each year, all directors certify their compliance with the Corporation's Code of Conduct, which includes a requirement for the directors to declare any material relationships and any actual or potential conflict of interest.

Interlocking Directorships

Kenneth B. Rotman and G. John Krediet are both directors of the Corporation and directors of Clairvest.

Board and Committee Attendance

For the year ended January 31, 2012, the following number of Board and committee meetings were held:

Board of Directors	16
Audit Committee	7
Human Resources Committee	5
Governance Committee	3

For the year ended January 31, 2012, the following table sets out: (i) the number of Board meetings attended by each person who was a director during the year; and (ii) the number of Board committee meetings attended by each member of the respective Board committees.

Name	Number of meetings attended				Percentage
	Board (15 meetings)	Audit Committee (7 meetings)	Human Resources Committee (6 meetings)	Governance Committee (3 meetings)	
Gilbert S. Bennett	15 of 15				100%
James Goodfellow	15 of 15	7 of 7			100%
Alan Hibben	14 of 15	7 of 7		2 of 3	92%

Name	Number of meetings attended			Percentage	
	Board (15 meetings)	Audit Committee (7 meetings)	Human Resources Committee (6 meetings)		Governance Committee (3 meetings)
G. John Krediet	3 of 4			75%	
Joseph Randell	15 of 15		6 of 6	3 of 3	100%
Kenneth B. Rotman	4 of 4		1 of 1	1 of 1	100%
Wayne Sales	15 of 15		6 of 6	3 of 3	100%
Brian Semkowski	15 of 15	7 of 7	6 of 6		100%

Mr. Rotman and Mr. Krediet joined the Board on October 14, 2011; therefore, their attendance at each applicable meeting is based on the number of such meetings which took place after such time. As General Henault (Ret'd) was not a member of the Board in fiscal 2012, his attendance is not shown in the above table.

BOARD MATTERS

Board Mandate

A copy of the Mandate of the Board can be found attached hereto as Exhibit "A".

Position Descriptions

Position descriptions adopted by the Board can be found attached hereto as follows:

- Job Description of the Chair of the Board – Exhibit "B";
- Job Description of the Chair of the Audit Committee – Exhibit "C";
- Job Description of the Chair of the Human Resources Committee – Exhibit "D";
- Job Description of the Chair of the Governance Committee – Exhibit "E"; and
- Job Description of the Chief Executive Officer – Exhibit "F".

Board Orientation and Continuing Education

The Governance Committee is responsible for the orientation and continuing education of new directors. The expectations of a new director on the Board, including specific responsibilities, committee appointments, workload and time commitments, are discussed with potential candidates. New directors are provided with a package that contains, among other things, the Articles of Continuance, By-laws, Board mandate and committee charters, Code of Conduct, position descriptions for the Board Chair, committee chairs and the Chief Executive Officer ("CEO"), copies of the Corporation's policies and procedures, the strategic plan, budget and forecasts, financial statements, minutes of meetings of the Board and the committees and other information relating to the Corporation and its industry.

The continuing education of Board members is accomplished through the preparation and presentation of written material to the directors by management regarding various subject matters. In addition, members of management give presentations on emerging issues in order to keep the Board up-to-date with relevant matters. This process may be initiated at the request of the Board, a committee or an individual director, or it may be

initiated by management. In addition, the committees have the authority to engage independent advisors as determined necessary to permit them to carry out their duties.

Ethical Business Conduct

The Board has adopted a written Code of Conduct for the directors, officers and employees of the Corporation. Pursuant to regulatory requirements, the Code of Conduct is available with the Corporation's other publicly disclosed documents on SEDAR at www.sedar.com. A copy may also be requested by contacting the Corporate Secretary at P.O. Box 1530, 126 Bristol Avenue, Yellowknife, NT, X1A 2P2. The Board reviews the Code of Conduct each year and receives reports from management regarding compliance with various aspects of the code.

In addition to the Code of Conduct, the Board has adopted a Conflict of Interest Policy which applies to all directors, officers and employees. The policy defines conflicts and sets out the rules regarding conflicts within the Corporation. It further provides a mechanism whereby potential conflicts are to be identified and reported. The Board has also adopted a Confidential Submissions Policy. To assist with the implementation of the policy, the Corporation has established a confidential reporting service maintained by an independent outside service provider, EthicsPoint Inc. Employees may make a confidential submission with respect to any concern they may have by a toll-free telephone line or via a web-based reporting system. The Board receives quarterly reports from the Corporate Compliance Officer (currently the General Counsel) with respect to reports received and the disposition of thereof.

Nomination of Directors

From time to time it is both necessary and desirable for new candidates to be identified and appointed to the Board. The Governance Committee is, among other things, responsible for identifying and recommending candidates for election or appointment to the Board. Three of the four members of the Governance Committee are independent. Should it be necessary to identify and recommend new candidates for appointment to the Board (other than those nominated by Clairvest), the Board expects that the independent members of the Governance Committee will meet *in camera* (without the non-independent members present) to consider such candidates.

Board Assessments

It is a responsibility of the Governance Committee to regularly assess the Board, its committees and individual directors with respect to their effectiveness and contribution. Assessments were completed for the Board and its committees during fiscal 2012. Detailed questionnaires were used for this purpose, which were then reviewed by the Corporate Secretary, the Board Chair and the Chair of the Governance Committee. The results of the questionnaires were then reviewed by the Governance Committee and discussed with the Board.

Director Succession Planning

The Board, through the Governance Committee, has the responsibility to review the skills and experience represented on the Board in light of the Corporation's strategic direction, opportunities and risks, and the Board's most recent performance evaluations. With a view to succession planning and recruitment, the Governance Committee maintains a Board composition matrix which describes the current directors' experience, competencies and skills and identifies areas where additional skills would be helpful. The matrix assists the Board with respect to identifying and attracting new members that would assist the Board in identified areas. Key competencies and skills identified with respect to the current Board include experience as a board chair or committee chair, experience as a chief executive officer, financial competency, industry experience, human resource experience, government experience and risk assessment.

Enterprise Risk Management

The Board has oversight responsibility for risk. This includes taking reasonable steps to ensure that management has an effective risk management structure in place to identify, understand and appropriately manage the risks of the Corporation's business. In addition, the Board has the responsibility to understand the material risks of the Corporation's business and the related mitigation strategies and tactics.

The Board has identified risk management as an area where additional work is required on the part of management and has requested management to develop a formal risk management process which the Board can review and gain reasonable assurance that its obligations with respect to risk management are being met. To this end, the CEO has tasked an officer of the Corporation with leading the development of the Corporation's enterprise risk management program.

COMMITTEES OF THE BOARD

The Board has three standing committees: the Audit Committee, the Human Resources Committee and the Governance Committee. The following directors are members of the following Board committees:

AUDIT COMMITTEE	GOVERNANCE COMMITTEE	HUMAN RESOURCES COMMITTEE
James Goodfellow (Chair)	Wayne Sales (Chair)	Joseph Randell (Chair)
Alan Hibben	Alan Hibben	Wayne Sales
Brian Semkowski	Joseph Randell	Brian Semkowski
-	Kenneth B. Rotman	Kenneth B. Rotman

The Corporation has a Board approved position description for the Chair of the Board and for the Chairs of the Board committees (see Exhibits "B", "C", "D" and "E" to this Circular). The Board has also set out the authority levels and responsibilities of the CEO through a detailed Delegation of Authority resolution.

The Board has recently determined that it would be beneficial to establish a Finance and Investment Committee of the Board. The charter for that committee is currently under development and is expected to be considered, and if appropriate, approved by the Board during fiscal 2013.

Governance Committee Report

The Governance Committee met three times during fiscal 2012. In the course of the year, the Governance Committee, among other things:

- reviewed the appropriateness of the form and amount of the compensation payable to directors;
- reviewed the Mandate of the Board and the charters of the Board committees;
- conducted assessments of the Board and its committees;
- conducted an assessment of the current skills of the directors and the size of the Board;
- updated the job description for the CEO; and
- updated the delegation of authority to the CEO.

For further information about the roles and responsibilities of the Governance Committee, see the Governance Committee Charter attached hereto as Exhibit "G".

Human Resources Committee Report

The report of the Human Resources Committee can be found under the heading “Part IV: Executive Compensation - Compensation Governance.”

For further information about the roles and responsibilities of the HR Committee, see the HR Committee Charter attached hereto as Exhibit “H”.

Audit Committee Report

Information pertaining to the Audit Committee can be found in the Corporation’s Annual Information Form for the year ended January 31, 2012, which is available on SEDAR at www.sedar.com. Copies of the Annual Information Form can be obtained free of charge upon request in writing to the Corporate Secretary, Discovery Air Inc., P.O. Box 1530, 126 Bristol Avenue, Yellowknife, NT, X1A 2P2.

For further information about the roles and responsibilities of the Audit Committee, see the Audit Committee Charter attached hereto as Exhibit “I”.

DIRECTOR COMPENSATION

Director Compensation Program

The director compensation program is designed to appropriately compensate Board members for undertaking the responsibilities, commitments and risk associated with Board membership and to assist the Corporation in attracting and retaining individuals with necessary experience and abilities.

Director compensation is determined by the Board upon the recommendation of the Governance Committee. In formulating its recommendations, the Governance Committee considers publicly available reports regarding prevailing practices and trends in the area of director compensation.

Unlike compensation for named executive officers, the directors’ compensation is not designed to pay for performance. Rather, directors (other than the Chair of the Board) receive a combination of retainers, chair fees, meeting attendance fees and travel fees as shown in the chart below. For any Board or committee meeting of less than one hour’s duration, the Chair of the Board, in his discretion, determines the amount of the attendance fee to be paid, which amount cannot be less than 50% or more than 100% of the relevant attendance fee outlined in the chart below. The Chair of the Board receives an annual Chair retainer of \$130,000 but receives no other retainer or fees payable to directors. All directors (including the Chair of the Board) are reimbursed for reasonable travel and other expenses incurred when attending meetings.

A portion of the retainers and fees payable to directors (including the Chair of the Board) may be received in the form of deferred share units (“DSUs”). DSUs serve to align the directors’ interests with the interests of the Corporation, as the value of each DSU equates to the value of a Class A Share and cannot be accessed until the director ceases, or is deemed by law to have ceased, to serve as a director of the Corporation. To encourage that alignment, the Board has established share ownership guidelines for the directors which are set at four times the value of the annual Board retainer to be achieved within five years of becoming a director. The share ownership guidelines may be achieved through the holding of DSUs. The value of the DSUs received by the directors in relation to the fiscal year ended January 31, 2012 is provided in the chart below under the column entitled “Share-based Awards”.

DSUs are governed by the terms of an Amended and Restated Deferred Share Unit Plan for Directors (the “**Amended and Restated DSU Plan**”). The Amended and Restated DSU Plan was approved by the Board on April 20, 2012 and amends and restates the Deferred Share Unit Plan for Directors previously approved by the Board to, among other things, explicitly permit eligible directors to elect the percentage of their compensation that they wish to receive in the form of DSUs (previously, that percentage was determined by resolution of the

Board). The Amended and Restated DSU Plan is unfunded, and DSUs may not be assigned or otherwise transferred by the directors. The Board has the authority to amend (subject to certain conditions) or terminate the Amended and Restated DSU Plan.

Summary of Fees for Fiscal Year Ended January 31, 2012

The compensation arrangements for directors in fiscal year 2012 were as follows:

TYPE OF FEE ⁽¹⁾		AMOUNT	
		FEB. 1 TO DEC. 9	AFTER DEC. 9 ⁽²⁾
ANNUAL RETAINER			
Chair of the Board Annual Retainer (inclusive of all other meeting fees) ⁽³⁾		\$100,000	\$130,000
Board Member Annual Retainer (except Board Chair)		\$30,000	\$37,500
Audit Committee Chair Annual Retainer		\$7,500	\$12,000
Governance Committee Chair Annual Retainer		\$5,000	\$9,000
Human Resources Committee Chair Annual Retainer		\$5,000	\$11,000
Audit Committee Member Retainer		\$0	\$4,000
Human Resource Committee Member Retainer		\$0	\$3,500
Governance Committee Member Retainer		\$0	\$3,000
ATTENDANCE FEES ⁽⁴⁾			
a)	Fees for In-Person Attendance (including committee Chairs)		
	Board Meetings	\$1,800	\$2,000
	Audit Committee Meetings	\$2,000	\$2,000
	Governance Committee Meetings	\$1,500	\$1,500
	Human Resources Committee Meeting	\$1,500	\$1,800
b)	Fees for Telephone Attendance (including committee Chairs)		
	Board Meetings	\$1,250	\$1,500
	Audit Committee Meetings	\$1,400	\$1,500
	Governance Committee Meetings	\$1,000	\$1,200
	Human Resources Committee Meeting	\$1,000	\$1,500
Travel Fee ⁽⁵⁾		\$1,000	\$1,000
Notes:			
(1)	Prior to February 1, 2012, 50% of all fees and retainers were earned in the form of DSUs. Effective February 1, 2012 directors were required to earn 50% of their Board Member Annual Retainer in DSUs (with the remainder paid in cash) and were permitted to elect to earn up to 100% of their fees and retainers in DSUs (with the remainder, if any, paid in cash).		
(2)	The new compensation was approved on December 9, 2011. However, since the retainers are paid to directors quarterly in advance, the retainers only started to be paid at the new rate on January 31, 2012.		
(3)	Chair of the Board attends all meetings of the Board and its committees but does not receive attendance fees.		
(4)	Any director (other than the Chair of the Board) who attends a Board committee meeting is paid for his attendance regardless of whether he is a member of that committee.		
(5)	If a director is required to travel for more than four hours (round trip) to attend a Board or committee meeting, the director receives a travel fee of \$1,000.		
(6)	(a) Mileage Expense - Directors who drive their cars to attend Board or committee meetings are entitled to receive a mileage charge at the same rate paid to employees of the Corporation. (b) Other Expenses – Director are reimbursed for other expenses reasonably incurred by them to attend Board or committee meetings (including economy airfare and overnight accommodation costs) based on submitted receipts.		

Summary of Director Compensation for the Fiscal Year Ended January 31, 2012

The following table sets out the compensation earned by members of the Board in fiscal year 2012.

Name	Fees Paid in Cash (\$)	Share-based Awards⁽¹⁾ (\$)	All Other Compensation (\$)	Total (\$)
Gilbert S. Bennett	50,000	50,000	Nil	100,000
James Goodfellow	41,450	41,450	Nil	82,900
Alan Hibben	35,000	35,000	Nil	70,000
G. John Krediet	8,150	8,150	Nil	16,300
Joseph Randell	42,825	42,825	Nil	85,650
Kenneth B. Rotman	10,400	10,400	Nil	20,800
Wayne Sales	42,825	42,825	Nil	85,650
Brian Semkowski	40,325	40,325	Nil	80,650
Raymond R. Henault, General (Ret'd) ⁽²⁾	-	-	-	-

Note 1: The value of share-based awards represents the value of DSUs earned by each director in the fiscal year ended January 31, 2012. All DSUs vest on the date of grant but are only accessible to the director upon ceasing (or being deemed to cease) to serve as a director of the Corporation. The value is calculated by multiplying the number of DSUs on the date of grant by the weighted average price at which Class A Shares traded on the TSX during the 10 day period prior to and including the last day before the date of grant.

Note 2: As General Henault (Ret'd) was not a member of the Board in fiscal 2012, he did not receive any compensation from the Corporation.

SECTION IV: EXECUTIVE COMPENSATION

COMPENSATION GOVERNANCE

Human Resources Committee Report

The Board has established a committee of the Board known as the Human Resources Committee (the “**HR Committee**”). The primary purpose of the HR Committee is to assist the Board in fulfilling its oversight responsibilities in the area of human resources. This oversight includes, but is not limited to:

- (a) the existence within the Corporation of effective policies and practices to enable the Corporation to attract, develop and retain the human resources required by the Corporation to meet the primary objective(s) which, with the approval of the Board, the President and CEO proposes to pursue in managing the business and affairs of the Corporation;
- (b) the appointment, performance evaluation and compensation of the CEO and other officers of the Corporation, and Presidents of the Corporation’s subsidiaries and business units (collectively, “**Senior Management**”);
- (c) the succession planning systems and processes relating to members of Senior Management;
- (d) the compensation structure for members of Senior Management, including salaries, annual and long-term incentive plans;
- (e) benefit plans for members of Senior Management;
- (f) the design of any profit sharing or other incentive programs for employees (other than members of Senior Management) of the Corporation and its subsidiaries and affiliates; and

(g) share ownership guidelines (if any) for members of Senior Management.

The HR Committee met five times during fiscal year 2012. At each meeting, the HR Committee met with management and held a portion of the meeting *in camera* with no members of management present. In the course of the year, the HR Committee:

- reviewed the charter of the HR Committee;
- reviewed the Corporation's compensation philosophy;
- reviewed and made recommendations to the Board for officer's compensation, incentive plan and equity based plans;
- reviewed and recommended to the Board an updated job description for the CEO;
- reviewed and made recommendations to the Board regarding incentive compensation plans and any amendments thereto;
- reviewed and approved appointments of officers of the Corporation and its subsidiaries; and
- reviewed and approved contingency plans in the event of the disability of key executives.

The following directors are members of the HR Committee:

Joseph Randell (Chair);
Kenneth B. Rotman;
Wayne Sales; and
Brian Semkowski.

As noted above, all members of the HR Committee are independent with the exception of Mr. Rotman, whom the Board has determined has a material relationship with the Corporation (see "Board Structures and Practices" above). To ensure an objective process for determining executive compensation, the HR Committee intends to meet *in camera* (without the non-independent member present) prior to making significant decisions relating to executive compensation.

The Board considers the members of the HR Committee to, collectively, have the knowledge, skills and experience to enable the committee to make decisions as to the suitability of the Corporation's compensation policies and practices.

For further information about the roles and responsibilities of the HR Committee, see the HR Committee Charter attached hereto as Exhibit "H".

COMPENSATION DISCUSSION & ANALYSIS

Background

The Corporation was created through the acquisition of several companies, including Discovery Air Fire Services Inc. (formerly Hicks & Lawrence Limited), Great Slave Helicopters Ltd., Air Tindi Ltd., Top Aces Inc., and Discovery Mining Services Ltd. More recently, the Corporation has established Discovery Air Technical Services Inc., and Discovery Air Innovations Inc. In certain instances, former owners of the acquired companies were retained in leadership roles in order to leverage their skills and entrepreneurial drive, generally on terms that reflected acquisition arrangements rather than prevailing market conditions respecting compensation. Current compensation for such executives reflects the value that they bring to the Corporation, legacy arrangements to which the Corporation remains contractually bound and the need to retain, motivate and develop those individuals. The description of the Corporation's compensation philosophy below (the

“**Compensation Philosophy**”) may not apply to all aspects of the compensation arrangements in place for those executives with legacy contracts.

Other executives and senior managers are recruited to bring particular competencies and skills to the Corporation. Compensation arrangements for these individuals generally reflect prevailing market conditions, the level of responsibility, and the need to retain, motivate and develop such individuals.

The Corporation’s strategic plan includes aggressive growth targets for profitability and cash flow and positioning its businesses for long-term, sustainable growth. The plan contemplates, and the Corporation’s management will be organized around, achieving this growth through a combination of organic growth, acquisitions and the development of new technologies and new markets. The Compensation Philosophy will be reviewed regularly and amended as necessary to ensure that Senior Management compensation is based on success in executing the Corporation’s strategic plan.

Compensation Philosophy

The Compensation Philosophy is designed to:

- (a) attract and retain senior managers with the skills and qualifications to assist the Corporation in achieving its strategic objectives;
- (b) motivate senior managers to drive the Corporation’s performance and position it for long-term success, for the benefit of its shareholders and stakeholders; and
- (c) appropriately reward the contribution of senior managers.

In line with the Corporation’s strong emphasis on the safety of its customers and its people, 100% of annual variable compensation of Senior Management is conditioned on compliance with the Corporation’s safety programs and on ensuring that no major deviations from the terms of those programs occur. Beyond that proviso, the Corporation believes that:

- (a) there should be a clear relationship between Senior Management compensation and the Corporation’s operating and financial performance; and
- (b) appropriate Senior Management behavior and decision-making can be encouraged by linking a significant amount of compensation to the achievement of common goals based on consolidated corporate and individual operating unit results.

In other words, the Corporation pays for performance achieved at an acceptable risk and without compromising safety. Furthermore, the Corporation’s compensation practices do not encourage:

- (a) deviations from the Corporation’s safety programs and practices;
- (b) the use of unrealistic planning assumptions to drive compensation outcomes; or
- (c) the manipulation of financial statements to achieve compensation outcomes.

Aside from the legacy compensation arrangements discussed above, the Corporation bases its Compensation Philosophy on:

- (a) compensation levels for positions of similar seniority at other Canadian public companies (the Corporation periodically reviews such “comparators” but acknowledges that compensation practices elsewhere are not always relevant to the Corporation’s operational requirements or strategic objectives);
- (b) a need to balance short-term and long-term objectives; and
- (c) a desire to achieve and maintain internal pay equity, such that a reasonable range exists between total compensation for the President and CEO, senior management and employees generally.

The Corporation’s ability to achieve pay equity may be limited by the legacy compensation arrangements discussed above.

Compensation Processes

In addition to designing and delivering compensation in a manner that is aligned with the Compensation Philosophy, the Corporation’s executive compensation arrangements are subject to the following annual processes:

- (a) review by the HR Committee and the Board to gain reasonable assurance that executive compensation is designed to support the Corporation’s strategy, and that legal and tax implications are identified and assessed;
- (b) monitoring by the HR Committee and the Board to gain reasonable assurance that all of the Corporation’s contractual arrangements with respect to compensation are identified, approved, recorded and controlled; and
- (c) review by the HR Committee and the Board to gain reasonable assurance that such contractual arrangements are subject to appropriate disclosure controls and procedures within the scope of the assertions on design and effectiveness made by the CEO and the Chief Financial Officer of the Corporation on the interim and annual certificates they are required to file under *National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings*.

Compensation Design

The Corporation’s Senior Management compensation arrangements comprise the following three elements, each of which is managed to achieve particular objectives:

OBJECTIVE	DESIGN ELEMENT	IMPLEMENTATION
Attract and retain the right people	Salaries, perquisites and benefits	Pay competitively
Motivate executives and managers to balance risk and reward in building shareholder value	Variable compensation	<ul style="list-style-type: none"> - Provide competitive incentive opportunities - Place significant compensation at risk based on annual operating and financial results

OBJECTIVE	DESIGN ELEMENT	IMPLEMENTATION
Align senior management's interests with those of the Corporation	Stock option and other long-term incentive awards	<ul style="list-style-type: none"> - Provide competitive opportunities to acquire equity positions - Award selectively, and with deferred and/or performance-based vesting, to encourage focus on strategic success and increased equity value

More broadly, the Corporation designs its management compensation plans around the following three distinct management groups:

- (a) corporate executives: this group comprises the President and CEO together with his direct reports and certain support staff;
- (b) operating unit management: this group comprises senior management at the Corporation's operating business units; and
- (c) other senior management: this group comprises senior management in dedicated business development roles who are specifically tasked with achieving the Corporation's non-organic growth objectives.

The discussion below highlights the Corporation's use of salary, variable compensation and stock option and other long-term incentive awards in developing compensation plans for each of these three groups. The Board will, on an exception basis consider adjusting individual compensation, whether by way of salary, variable compensation or long-term incentive awards, in recognition of extraordinary performance on behalf of the Corporation.

Design Element I - Annual Salary, Perquisite Allowances and Benefits

Annual salaries for corporate executives and operating unit management are designed to:

- (a) provide compensation that is competitive, based on the level of responsibility of each individual executive; and
- (b) where applicable, meet the legacy compensation commitments discussed above.

In lieu of customary automobile allowances, club memberships or local cost of living allowances, the Corporation pays certain executives a flat perquisite allowance as a supplement to their respective salaries. In addition, the Corporation maintains a group benefits plan in which executives may participate and which provides participants with:

- (a) pooled benefit arrangements, including basic and dependent life insurance, critical care illness insurance and short-term and long-term disability insurance; costs of these arrangements are for the account of the individual employee; and
- (b) extended health and dental care benefits as well as accidental death and dismemberment coverage; costs of these benefits are paid by the Corporation.

Salary adjustments are made as necessary to reflect changes in responsibility, the cost of retaining key individuals in certain locations and the need to remain competitive in sourcing managerial talent. In the case of management personnel at Discovery Air Innovations Inc., salaries and perquisites are set at lower levels than for comparable positions elsewhere in the Corporation; however, these lower salaries are in turn offset by

relatively higher upside opportunity through stock option plan or other long-term incentive plan participation (discussed below).

Design Element II - Variable Compensation

The Corporation's executives and operating unit management participate in annual incentive plans ("AIPs"), which are variable compensation plans comprising cash bonus payments based on annual progress against specific financial and operating goals derived from the Corporation's long-term strategic plan. The AIPs are designed to reward performance, ensuring that executives participate in the increase in value created as a result of their efforts, while at the same time leaving them with significant compensation at risk if such value is not created. As a general guideline:

- (a) corporate executives participate in the corporate AIP, and are eligible for bonus payouts calculated on annual consolidated results and progress toward meeting long-term corporate objectives;
- (b) operating unit management participate in an operating unit AIP, and are eligible for bonus payouts weighted on operating unit results; specific objectives may vary by individual and are modified annually based on the Corporation's and the operating units' respective annual and long-term plans; and
- (c) senior management tasked with achieving the Corporation's non-organic growth objectives forego participation in AIPs in favour of participation in the Corporation's stock option plan or other long-term incentive plans, as discussed below.

Fiscal Year 2011 AIP

In fiscal year 2011, the AIP used three measures: safety; consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), and average net working capital ("NWC") as a percentage of consolidated revenue.

Target payouts for executive officers under the fiscal year 2011 AIP were set at 25% of their respective base salaries, except for the CEO whose target payout was 75% of base salary.

Fiscal Year 2012 AIP

In fiscal year 2012, the EBITDA target was replaced with consolidated Net Income After Tax ("NIAT"). The fiscal year 2012 AIP also incorporated a safety override, which required material compliance with the Corporation's various safety programs as a condition precedent to any payout. These performance measures were selected to maintain executive focus on consolidated returns from operations and on consolidated liquidity. The AIP payout was calculated by reference to fiscal year 2012 performance against two performance measures, with 80% weighted to performance against a target level of NIAT, and 20% weighted to performance against a target level of average NWC as a percent of consolidated revenue, with payouts to be adjusted from the target payout levels based on over-performance or under-performance against the NIAT and NWC targets.

The actual payout for fiscal year 2012 reflected under-performance against the NIAT and NWC targets. For the executive officers, the fiscal 2012 payout averaged 3.15% of their respective base salaries, while the payout for the CEO was 9.45% of his fiscal 2012 base compensation. AIP bonuses were accrued for named executive officers in the amount of \$85,365 in respect of the fiscal year 2012 AIP, and were paid in fiscal year 2013 following receipt of the Board's approval.

Fiscal Year 2013 AIP

The Board has determined that a review of the short and long-term incentive compensation for the executive officers of the Corporation is necessary and intends to complete that review in fiscal year 2013. As such, the principal terms of the fiscal year 2013 AIP have not been settled yet.

Design Element III - Stock Option and Other Long-Term Incentive Arrangements

Those executives who were former owners of acquired companies generally accepted a significant portion of the purchase price for their companies in the form of Voting Shares. Each of them maintains a significant ownership interest, directly and indirectly, in Voting Shares and, as a result, their interests are considered to be well-aligned with those of the Corporation.

The Corporation views stock option and other long-term incentive arrangements as particularly critical elements of its compensation planning. Such awards are assessed and executed in respect of three categories of Senior Management:

- (a) those corporate executives who were recruited externally but did not generally own a material equity interest in the Corporation; the Corporation sought and received shareholder approval at its June 3, 2010 Annual and Special Meeting of Shareholders for a stock option plan to facilitate long-term option awards to key individuals; the Corporation utilizes option awards under this plan for the following purposes: to ensure that recipients' interests are aligned with those of the Corporation; to encourage recipients to balance long and short-term objectives and to seek an appropriate risk/reward balance in their decision-making; and to reward them for achieving results which benefit the Corporation and its shareholders;
- (b) certain operating unit management eligible to participate in the Corporation's stock option plan, with vesting based on the achievement of pre-set performance objectives; and
- (c) senior managers tasked with achieving the Corporation's growth objectives who will derive a substantial portion of their compensation from the performance-based vesting of stock option grants, grants under other long-term incentive programs, or cash bonuses; vesting of such grants or bonus awards will be strictly tied to success in sourcing and profitably commercializing new markets, businesses and technologies which expand the Corporation's product/service portfolio, addressable markets, revenues and profitability; should these growth objectives be achieved such that performance-based vesting occurs, such managers will benefit from compensation awards which will probably be significant and which will not necessarily align with compensation levels throughout the Corporation generally.

The combination of legacy share ownership positions and stock option/long-term incentive awards is designed to incentivize the Corporation's executives and managers to remain focused on achieving share appreciation through execution of the Corporation's long-term strategic plan and achievement of its growth objectives.

The Corporation's stock option plans are described below.

2006 Stock Option Plan

The 2006 Stock Option Plan (the "**2006 Plan**") was a stock option plan adopted by the Corporation in 2006 to provide all employees with compensation opportunities that included share ownership. Because the 2006 Plan did not have a fixed maximum number of shares issuable, the rules of the TSX required shareholder approval

of the unallocated shares under the 2006 Plan every three years. At the Corporation's 2008 annual meeting of shareholders, management sought the necessary shareholder approval. It became clear based on proxies submitted in advance of the 2008 annual meeting that the necessary approval would not be obtained and, therefore, the motion for approval was withdrawn at the meeting. No further options may be granted under the 2006 Plan.

Options that have been granted under the 2006 Plan have a term not greater than 10 years and become exercisable at such time or times after the option was granted as was determined by the Board or the HR Committee at the time of grant, provided that if no such times were specified, options vest one-third on the grant date, one-third on the first anniversary of the grant date and one-third on the second anniversary of the grant date. Options are not assignable and may not be transferred other than by will or the laws of succession and distribution.

2010 Stock Option Plan

In 2010, with the approvals required from the TSX and from the Corporation's shareholders, the Board adopted the 2010 Stock Option Plan (the "**2010 Plan**") in favour of select senior employees and executive officers of the Corporation and its subsidiaries. The 2010 Plan is similar to the 2006 Plan.

The 2010 Plan provides for the granting of non-transferable options to purchase Class A Shares and is a "rolling" 10% stock option plan. Any increase in the issued and outstanding Class A Shares or Class B Shares of the Corporation results in an increase in the available number of Class A Shares issuable under the 2010 Plan and any exercises of options make new grants available under the 2010 Plan, effectively resulting in a "re-loading" of the number of options available for grant under the 2010 Plan.

The Board or a committee of the Board selects the optionees and establishes the number of Class A Shares under each option. The exercise price per Class A Share in respect of any option granted under the 2010 Plan must be no less than the fair market value of such Class A Share which is deemed to be the closing price at which board lots of the Class A Shares were traded on the TSX on the day preceding the date on which the option was granted (or if no board lots are traded on such day, then the previous five-day weighted average board lot trading prices). The Corporation does not provide financial assistance to optionees under the 2010 Plan.

Each option may be exercised during a period determined by the Board or a committee of the Board up to a maximum of 10 years (the "**Option Period**"). If the expiry date of an option falls on, or within nine days immediately following, a date on which the optionee is prohibited from exercising such option due to a "black-out" period or other trading restriction imposed by the Corporation, the expiry date of the option is automatically extended to the 10th trading day following the date such restriction is no longer applicable.

Unless otherwise determined by the Board or a committee of the Board, each option vests in accordance with the following vesting schedule: (i) one-third vests immediately on the date of grant; (ii) one-third vests on the first anniversary of the date of grant; and (iii) one-third vests on the second anniversary of the date of grant. With respect to options granted under the 2010 Plan during fiscal years 2011 and 2012, the Board has exercised its discretion to set the vesting period at different periods ranging from three to five years from the effective date of those grants, and has included a provision whereby all options granted to an optionee immediately vest if such optionee's employment with the Corporation or a subsidiary of the Corporation, as the case may be, is terminated without cause within three months following a change of control of the Corporation (the "**Change of Control Provision**"). Subject to certain limited exceptions, a "change in control" of the Corporation includes, among other things, the acquisition by an individual, corporation or entity of shares of

the Corporation representing 20 percent or more of the issued and outstanding Voting Shares of the Corporation.

The 2010 Plan prohibits a reduction in the option exercise price or an extension to the applicable Option Period made for the benefit of an insider of the Corporation, unless such amendment is approved by the Corporation's shareholders (excluding the votes of any insiders benefiting from the amendment). The number of Class A Shares issuable upon the exercise of an option is subject to adjustment in the event of a subdivision or consolidation of the Class A Shares. In the event that the Corporation is reorganized, or it is merged, consolidated or amalgamated with another corporation, appropriate provisions will be made by the Board, in accordance with regulatory requirements, for the continuation of any outstanding options and to prevent their dilution or enlargement.

The 2010 Plan contains certain quantitative restrictions including that (i) the number of securities issuable to insiders at any time under all security-based compensation arrangements of the Corporation may not exceed 10% of the issued and outstanding securities of the Corporation; and (ii) the number of securities issuable to any optionee at any time under all security-based compensation arrangements of the Corporation may not exceed 5% of the issued and outstanding securities of the Corporation.

Should an optionee cease to be eligible to hold options under the 2010 Plan, any outstanding options held by such optionee expire on the earlier of the date that is 90 days after the date on which such optionee ceases to be eligible or the option expiry date, provided, however, that: (i) in the event that the optionee's employment is terminated by reason of retirement or death, the options remain exercisable by the optionee or his or her legal representative until the earlier of the third anniversary of the optionee's retirement or death or the option expiry date; (ii) in the event that the optionee's employment is terminated by reason of disability, the options remain exercisable until the earlier of the first anniversary of the termination or the option expiry date; (iii) in the event that the optionee's employment is terminated by reason of the optionee's breach of any contractual relationship or for just and sufficient cause, then the options terminate immediately. The Board may, subject to regulatory approval if required, exercise discretion with respect to the expiry of an option in the foregoing circumstances.

The Board may amend, suspend or terminate the 2010 Plan at any time, subject to applicable law (including, without limitation, the rules, regulations and policies of the TSX), if any, that require the approval of the Corporation's shareholders or any governmental or regulatory body. The Board's rights include the right to make the following amendments: (i) amendments which are of a "housekeeping nature"; (ii) a change to the vesting provisions of any option or the 2010 Plan; (iii) a change to the termination provisions of the 2010 Plan or any option, whether or not such option is held by an insider, so long as that change does not entail an extension beyond the original expiry date; (iv) the addition or modification of a cashless exercise feature, payable in cash or securities, which provides for a full deduction in the number of underlying securities from the 2010 Plan reserve; (v) the addition of a provision relating to financial assistance; (vi) a change to the financial assistance provision; (vii) amendments necessary to comply with the provisions of applicable law; and (viii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law. Shareholder approval is required for any amendment to the 2010 Plan which results in a change to the fixed maximum percentage of common shares issuable under the 2010 Plan. Any amendments to the 2010 Plan may not, without the consent of the optionee, adversely affect or impair any option previously granted to any optionee under the 2010 Plan.

Outstanding Options

As at the date of this Management Circular, there are outstanding 272,665 stock options granted under the 2006 Plan (with strike prices ranging from \$5.00 to \$18.50) and 144,500 stock options granted under the 2010

Plan (with a strike price ranging from \$2.55 to \$4.50). Stock options granted under the 2006 Plan continue under the 2010 Plan, and the 2006 Plan was terminated upon adoption of the 2010 Plan.

As described above, the 2010 Plan is a “rolling” 10% stock option plan. As of April 30, 2012, there were 14,510,851 Class A Shares and 44,760 Class B Shares outstanding, meaning 1,455,561 shares were available for option. The existing 272,665 stock options (stated on a post-consolidation basis) granted under the 2006 Plan represent the first 272,665 options notionally granted under the 2010 Plan, leaving 1,182,896 new options available for granting under the 2010 Plan, of which 144,500 stock options have been granted and are outstanding.

Pension Supplement

The Corporation does not have a formal pension plan. However, in order to ensure the overall competitiveness of executive compensation arrangements, certain executive officers are entitled to receive from the Corporation an annual cash amount as a Registered Retirement Savings Plan (“RRSP”) contribution equal to that executive’s maximum allowable RRSP contribution. In relation to the fiscal year ended January 31, 2012, the Corporation paid \$110,346.00 in total RRSP contributions on behalf of such executive officers.

Other Compensation and Perquisites

To reflect the requirements of their roles and to ensure the overall competitiveness of executive compensation arrangements, each named executive officer is entitled to a perquisite allowance, which is described in the compensation summary below. Messrs. Jennings, Bouchard and Toussaint are also entitled to life insurance paid for by Top Aces Inc.

Competitive Benchmarking

In order to attract and retain the general and specialized leadership talent necessary to achieve its business goals, the Corporation maintains a general understanding of the compensation practices among North American (predominantly Canadian) specialty aviation organizations. The pay practices of these organizations do not explicitly define the Corporation’s pay mix and levels but rather serve as an important point of reference for decision-making that also takes into consideration legacy arrangements, geographic considerations, business performance and uniqueness of skill set.

Securities Trading and Reporting Policy

The Corporation’s *Securities Trading and Reporting Policy* permits executive officers and other insiders of the Corporation to purchase securities of the Corporation for investment purposes only and prohibits them from engaging in any transactions in respect of the Corporation’s securities that could be perceived as speculative or influenced by positive or negative perceptions of the Corporation’s prospects, including through the use of puts, calls, collars, spread bets and contracts for difference.

COMPENSATION SUMMARY

The Corporation’s named executive officers (as such term is defined in Form 51-102F6) are Dave Jennings, (President and CEO of the Corporation), Andrien (Andy) Min (Vice President and Chief Financial Officer of the Corporation), Paul Bouchard (Executive Vice President, Business Development of the Corporation), Didier Toussaint (Group President, Government Services of the Corporation) and Adam Bembridge (Group President, Northern Services of the Corporation).

Each named executive officer, other than Mr. Min, was a vendor of an operating unit when the Corporation purchased that unit. Their compensation was, therefore, negotiated and settled with each of them during the acquisition process. It was important to the Corporation that the former owners, who were all key leaders of their respective companies, remained with the Corporation after the acquisition. The Corporation believed that continuity in the leadership of the acquired companies would allow for a more streamlined integration process, ensure the retention of other key employees in each acquired company and maximize the potential for continued positive performance by each acquired company.

Since each of the named executive officers other than Mr. Min received a significant part of the cash purchase price paid by the Corporation for the acquisition of his/her company, the Corporation's challenge was to negotiate an employment package for each of them that would give him/her incentive to remain with the Corporation post-acquisition. When negotiating these packages, the Corporation took into account a compensation package that included a combination of base salary, short-term incentive awards based on the performance of the executive's applicable business unit, long-term incentive awards based on the performance of the Corporation as a whole and termination rights and obligations. It was believed that the right combination of these elements would provide the desired incentive in the best interest of the shareholders at an acceptable risk to the Corporation.

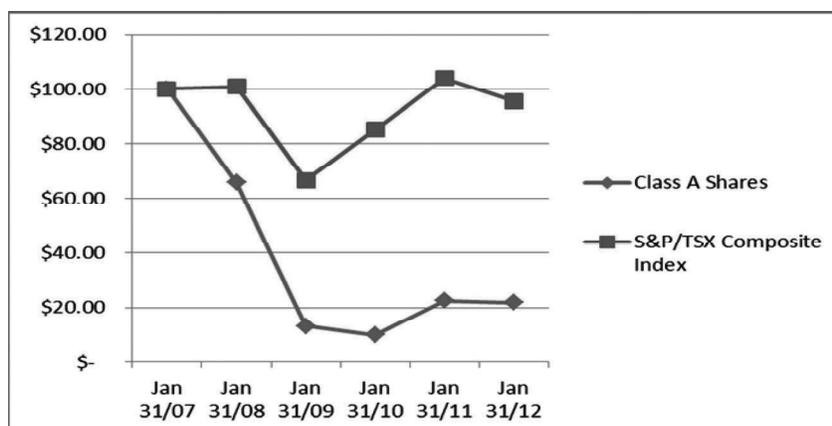
In fiscal year 2011, new contracts were established for Mr. Bembridge, Mr. Bouchard and Mr. Toussaint to replace the compensation arrangements that were negotiated upon the acquisitions of their respective companies. Mr. Jennings' compensation package did not change when he was appointed Interim President and CEO of the Corporation in September 2008 but was amended on March 3, 2009 to reflect his permanent appointment as President and CEO of the Corporation.

Prior to his appointment as Chief Financial Officer, Mr. Min was employed by the Corporation as its Assistant Vice President, Financial Reporting & Accounting, reporting to the Chief Financial Officer. Mr. Min's employment contract was replaced by a retention agreement which expired on May 31, 2010. The retention agreement was subsequently replaced by an employment contract extending his role as Chief Financial Officer to at least June 30, 2011, and was most recently replaced by an employment contract made as of January 1, 2012.

PERFORMANCE GRAPH

The following graph and table compares the total return of a \$100 investment in the Class A Shares of the Corporation made on January 31, 2007 with the cumulative return of the S&P/TSX Composite Index for the period ended January 31, 2012.

The compensation paid to the Corporation's named executive officers does not correlate with the trend in the graph shown below since, as explained under "*Compensation Discussion and Analysis - Background*" above, Messrs. Bembridge, Bouchard and Toussaint's compensation arrangements are affected by the compensation arrangements that were negotiated with them at the time their respective companies were acquired by the Corporation. Furthermore, Mr. Jennings' compensation arrangements changed upon his appointment as President and CEO in March 2009, and Mr. Min's compensation arrangements changed as a result of his appointment as Chief Financial Officer in November of 2009.



Time Periods	Jan 31/07	Jan 31/08	Jan 31/09	Jan 31/10	Jan 31/11	Jan 31/12
Class A Shares	\$100.00	\$65.76	\$13.04	\$9.78	\$22.55	\$21.90
S&P/TSX Composite	\$100.00	\$103.46	\$70.59	\$92.99	\$116.68	\$110.09

SUMMARY COMPENSATION TABLE AND NARRATIVE DISCUSSION

Summary Compensation Table

The table below sets out the compensation provided to each of the named executive officers.

Name and principal position	Fiscal Year	Salary	Share-based Awards	Option-based Awards	Non-Equity Incentive Plan Compensation		Pension Value	All other Compensation	Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans			
DAVE JENNINGS ⁽¹⁾ President & Chief Executive Officer Discovery Air Inc.	2012	\$412,500	Nil	Nil	\$40,778	Nil	Nil	\$170,050 ⁽²⁾	\$630,228
	2011	\$412,500	Nil	Nil	\$320,488	Nil	Nil	\$169,500	\$902,488
	2010	\$359,696	Nil	Nil	Nil	Nil	Nil	\$202,685	\$562,381
ANDRIEN (ANDY) MIN Vice President & Chief Financial Officer Discovery Air Inc. (effective November 4, 2009)	2012	\$200,000	Nil	Nil	\$6,300	Nil	Nil	\$51,996 ⁽³⁾	\$258,296
	2011	\$191,667	Nil	\$63,000	\$43,158	Nil	Nil	\$67,241	\$365,066
	2010	\$137,500	Nil	Nil	Nil	Nil	Nil	\$46,237	\$187,737
PAUL BOUCHARD Executive Vice President, Business Development Discovery Air Inc. (effective December 11, 2009).	2012	\$350,000	Nil	Nil	\$11,025	Nil	Nil	\$88,450 ⁽⁴⁾	\$449,475
	2011	\$350,000	Nil	Nil	\$75,527	Nil	Nil	\$87,800	\$513,327
	2010	\$371,699	Nil	Nil	Nil	Nil	Nil	\$158,501 ⁽⁵⁾	\$530,200

Name and principal position	Fiscal Year	Salary	Share-based Awards	Option-based Awards	Non-Equity Incentive Plan Compensation		Pension Value	All other Compensation	Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans			
DIDIER TOUSSAINT Group President, Government Services Discovery Air Inc. (effective December 11, 2009)	2012	\$350,000	Nil	Nil	\$11,025	Nil	Nil	\$88,450 ⁽⁶⁾	\$449,475
	2011	\$350,000	Nil	Nil	\$75,527	Nil	Nil	\$87,400	\$512,927
	2010	\$371,699	Nil	Nil	Nil	Nil	Nil	\$158,501 ⁽⁵⁾	\$530,200
ADAM BEMBRIDGE Group President, Northern Services Discovery Air Inc. (effective June 10, 2009)	2012	\$325,000	Nil	Nil	\$10,238	Nil	Nil	\$87,000 ⁽⁷⁾	\$422,238
	2011	\$325,000	Nil	Nil	\$70,132	Nil	Nil	\$87,000	\$482,132
	2010	\$265,399	Nil	Nil	Nil	Nil	Nil	\$82,728	\$347,677

Notes:

- (1) Mr. Jennings was appointed President and CEO of the Corporation on March 3, 2009. Prior thereto, he was Interim President and CEO of the Corporation from September 12, 2008 to March 3, 2009. Before being appointed on an interim basis, Mr. Jennings was co-Chief Executive Officer of Top Aces Inc., a subsidiary of the Corporation.
- (2) Of this amount, \$22,450 was a pension supplement (since the Corporation does not have a pension plan for any of its employees); \$82,500 was a deferred renegotiation fee payment and \$66,000 was a perquisite allowance.
- (3) Of this amount, \$21,996 was a pension supplement (since the Corporation does not have a pension plan for any of its employees) and \$30,000 was a perquisite allowance.
- (4) Of this amount, \$22,450 was a pension supplement (since the Corporation does not have a pension plan for any of its employees) and \$66,000 was a perquisite allowance.
- (5) Of this amount, \$65,000 was paid to each of Mr. Bouchard and Mr. Toussaint in connection with the renegotiation of their employment agreements.
- (6) Of this amount, \$22,450 was a pension supplement (since the Corporation does not have a pension plan for any of its employees) and \$66,000 was a perquisite allowance.
- (7) Of this amount, \$21,000 was a pension supplement (since the Corporation does not have a pension plan for any of its employees) and \$66,000 was a perquisite allowance.

Discussion of Named Executive Officer Compensation

The compensation of the named executive officers is principally made up of a base salary, an AIP award and stock option grants. Each of the named executive officers is also entitled to certain benefits and perquisites (in the amounts disclosed in the Summary Compensation Table above), including contributions which have been made on their behalf by the Corporation.

The AIP award payable to each named executed officer (other than Mr. Jennings) may range between 0% to 50% of base salary, with the target bonus being equal to 25% of base salary. The AIP award payable to Mr. Jennings may range between 0% and 150% of his base salary, with the target bonus being equal to 75% of base salary. All targets and awards under the AIP are determined by the Board in its discretion.

Mr. Jennings is also entitled to a special bonus of up to \$357,000 that is payable in annual increments equal to 20% of his base salary until such annual increments cumulatively reach \$357,000, at which time the special bonus is no longer applicable.

The Board has determined that a review of the short and long-term incentive compensation for the executive officers of the Corporation is necessary and intends to complete that review in fiscal year 2013.

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards and Option-based Awards

The following table sets out for each named executive officer the options outstanding at January 31, 2012. There are no share-based awards outstanding for named executive officers.

Name	Option-based Awards				Share-based Awards	
	No. of Securities underlying Unexercised Options (#) (Post Consolidation)	Option Exercise Price (\$/share) (Post Consolidation)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
Dave Jennings	45,000	15.60	June 20, 2017	Nil	Nil	Nil
Andrien (Andy) Min	6,000	17.50	March 11, 2017	Nil	Nil	Nil
	1,000	9.50	June 13, 2018	Nil	Nil	Nil
	30,000	2.55	September 15, 2017	Nil	\$30,000	\$44,400
Didier Toussaint	45,000	15.60	June 20, 2017	Nil	Nil	Nil
Paul Bouchard	45,000	15.60	June 20, 2017	Nil	Nil	Nil
Adam Bembridge	335	18.50	February 21, 2017	Nil	Nil	Nil

Note:

(1) The value of the unexercised in-the-money options is based on the closing price of the Corporation's Class A Shares on the TSX on January 31, 2012, being \$4.03.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below sets out the value of compensation under the Corporation's incentive plans (stock option plan and AIP) earned by or vested in the named executive officers for the year ended January 31, 2012. For a discussion of the Corporation's stock option plan, see the "Stock Option and Other Long-Term Incentive Arrangements" section above, and for a discussion of the AIP, see the "Variable Compensation" section above.

Name	Option-based awards – Value Vested during the Year ⁽¹⁾ (\$)	Share-based awards – Value vested during the Year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Dave Jennings	Nil	Nil	\$46,778
Andrien (Andy) Min	Nil	Nil	\$6,300
Didier Toussaint	Nil	Nil	\$11,025
Paul Bouchard	Nil	Nil	\$11,025

Name	Option-based awards – Value Vested during the Year⁽¹⁾ (\$)	Share-based awards – Value vested during the Year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Adam Bembridge	Nil	Nil	\$10,238

Note:

- (1) The value of vested options is determined by assuming the named executive officer exercised those options which vested during the fiscal year ending January 31, 2012 on their vesting date. The value provided is the difference between the market price of the Corporation's Class A Shares on the vesting date (based on their closing price on the TSX on such date) and the exercise price of the options on the vesting date. Since no options were "in-the-money" on their vesting dates, all values are nil.

Termination Benefits

Under each named executive officer's terms of employment, in the event of a termination with just cause, the executive is not entitled to any further or incremental compensation from the date of termination. Unless otherwise approved by the Board, all unvested stock options and unpaid cash incentive plan awards, as the case may be, are cancelled.

Set out below are the termination benefits payable to each named executive officer, in the event of a termination without just cause, as at the end of fiscal year 2012:

If Mr. Jennings is terminated without just cause, he will be entitled to: (i) the continuation of his base salary, perquisite allowance, RRSP contribution and AIP award for a period of 24 months; (ii) the continuation of his health and dental benefits for a period of 24 months to the extent permitted by the benefit carriers; (iii) the payment of any pro rata AIP for the year in which the termination occurs; (iv) any rights with respect to any long-term incentive plan which exists at the time of termination; (v) acceleration and payment within 60 days of any portion of his special bonus that remains outstanding at the time of termination; and (vi) a contribution of no more than \$10,000 toward Mr. Jennings' term life insurance policy. The foregoing termination benefits are contingent on compliance by Mr. Jennings with his post-employment non-competition, non-solicitation and confidentiality covenants. Furthermore, such termination benefits are subject to reduction by the amount of any compensation earned by Mr. Jennings from personal services provided during the period in which the termination benefits are paid or payable.

If either of Mr. Bouchard or Mr. Toussaint is terminated without just cause, he will be entitled to: (i) the continuation of his base salary, perquisite allowance and RRSP contribution on a regular payroll basis for a period of 24 months; (ii) the continuation of the health and dental benefits for a period of 24 months to the extent permitted by the benefit carriers; and (iii) the payment of any AIP award for the last fiscal year completed. The foregoing termination benefits are contingent on compliance by Messrs. Bouchard and Toussaint with their respective post-employment non-competition, non-solicitation and confidentiality covenants.

If Mr. Bembridge is terminated without just cause, he will be entitled to: (i) the continuation of his base salary, perquisite allowance and RRSP contribution on a regular payroll basis for a period of 24 months; (ii) the continuation of the health and dental benefits for a period of 24 months to the extent permitted by the benefit carriers; and (iii) payment of any AIP award for the last fiscal year that he completed prior to the fiscal year in which the termination occurs; for greater certainty, Mr. Bembridge will not be entitled to receive any AIP award for the fiscal year in which the termination occurs. The foregoing termination benefits are contingent on

compliance by Mr. Bembridge with his post-employment non-competition, non-solicitation and confidentiality covenants.

If Mr. Min is terminated without just cause, he will be entitled to: (i) the continuation of his base salary, perquisite allowance and RRSP contribution on a regular payroll basis for a period of 24 months; (ii) to the extent permitted by the benefit carriers, the continuation of the health and dental benefits for a period of 24 months; (iii) the payment of any AIP award for the last fiscal year that he completed prior to the fiscal year in which the termination occurs; and (iv) the vesting of that percentage of unvested stock options that is determined by dividing (A) the period of employment since the options were granted by (B) the period of time between the option grant and the vesting date. Mr. Min's options are also subject to the Change of Control Provision described under the heading "2010 Stock Option Plan". The foregoing termination benefits (with the exception of the early vesting of stock options) are contingent on compliance by Mr. Min with his post-employment non-competition, non-solicitation and confidentiality covenants. Furthermore, such termination benefits are subject to reduction by 50% of the amount of any compensation earned by Mr. Min from personal services provided to third parties during the period in which the termination benefits are paid or payable.

An estimate of the aggregate value of the compensation that each of the named executive officers would receive upon a termination without just cause as at the end of fiscal 2012 is set out in the table below.

Name	Entitlement
Dave Jennings	\$1,462,598
Andrien (Andy) Min	\$525,608 ⁽¹⁾
Didier Toussaint	\$883,900
Paul Bouchard	\$883,900
Adam Bembridge	\$831,000

Each of the named executive officers is subject to non-competition, non-solicitation and confidentiality provisions which, in the case of Mr. Min, continue to apply for a period of one year following the termination of his employment and, in the case of all other named executive officers, continue to apply for period of two years following the termination of their respective employments.

Note:

- (1) The entitlement for Mr. Min includes the value of the options that would vest (as of January 31, 2012) in accordance with the termination provisions of his employment contract.

SECTION V: OTHER MATTERS

EQUITY COMPENSATION PLAN INFORMATION

Securities Authorized For Issuance Under Equity Compensation Plan At April 30, 2012

The following table lists the number of securities to be issued upon the exercise of outstanding options granted under the 2006 Plan and 2010 Plan, and the weighted average exercise price under the outstanding options as at January 31, 2012.

Plan Category	Number of Securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
2010 Stock Option Plan	144,500	3.24	1,038,396
2006 Stock Option Plan	272,665	15.51	Nil
Total	422,165		1,038,396

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

As described above, Kenneth B. Rotman and G. John Krediet have been proposed by management to be directors of the Corporation.

Kenneth B. Rotman is a director, the Co-Chief Executive Officer and Managing Director of Clairvest. Mr. Rotman, together with certain of his family members, controls approximately 50% of Clairvest's voting shares. The Clairvest Parties own or exercise control or direction over approximately \$55 million principal amount of Secured Debentures. Clairvest also exercises control or direction over a further \$13 million principal amount of Secured Debentures as general partner for a limited partnership.

G. John Krediet is also a director of Clairvest and holds approximately \$2 million principal amount of Secured Debentures.

The Voting Shares currently held by affiliates of the Clairvest Parties, together with the Voting Shares issuable on conversion of the Secured Debentures held by the Clairvest Parties, would on an "as converted basis" represent approximately 26% of the Corporation's issued and outstanding Voting Shares.

As a result, Mr. Rotman and Mr. Krediet are considered to have a material interest in material contracts with the Corporation, namely, the Secured Debentures.

In addition, the Corporation has entered into a certain Letter Agreement dated September 23, 2011 with Clairvest whereby the Corporation has retained Clairvest for the purpose of providing certain advisory services (the "**Letter Agreement**"). The annual retainer payable to Clairvest for such services is equal to \$250,000. The Letter Agreement contemplates a term of up to 10 years, subject to earlier termination if (i) Clairvest and its affiliates, including investment funds managed by Clairvest and its affiliates, collectively hold less than 10% of the Voting Shares (on a fully-diluted and converted basis), or (ii) after September 23, 2013, the Corporation elects to terminate the Letter Agreement upon meeting certain conditions.

ADDITIONAL MATTERS

Additional Information Relating to the Corporation

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

Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited consolidated financial statements for the year ended January 31, 2012 and the related Management's Discussion and Analysis which are available on SEDAR at www.sedar.com.

Shareholder Proposals

Eligible shareholders should direct any proposals they plan to present at the 2013 annual meeting of shareholders to our Corporate Secretary. In order to be included in the 2013 Circular, the proposal must be received at P.O. Box 1530, 126 Bristol Avenue, Yellowknife, Northwest Territories, X1A 2P2 by February 18, 2013.

Other Matters

Management knows of no other matter to come before the Meeting other than the matters referred to in the Notice; however, if any other matter properly comes before the Meeting, the accompanying Management Proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the Management Proxy.

APPROVAL OF THIS CIRCULAR

The Board approved the contents of this Circular and authorized it to be sent to each shareholder who is eligible to receive notice of, and to vote his, her or its shares at, the 2012 annual meeting of shareholders of the Corporation, as well as to each director and to the auditor.

By Order of the Board

“Dennis Lopes” (signed)

Dennis Lopes
Corporate Secretary
May 18, 2012
Toronto, Ontario, Canada

Exhibit “A”
BOARD OF DIRECTORS MANDATE

Board Approved: April 20, 2012

1. PRIMARY ROLE OF THE BOARD

The directors (collectively the “Board”) of Discovery Air Inc. (the “Corporation”) are responsible for the stewardship of the Corporation. The *Canada Business Corporations Act* (the “CBCA”), the statute that governs the Corporation, provides that the stewardship responsibility of the Board consists primarily of the duty to manage or supervise the management of the business and affairs of the Corporation. The CBCA further authorizes the Board, subject to certain exceptions, to delegate to an officer or officers of the Corporation powers to manage the business and affairs of the Corporation. As authorized by the CBCA and for the purpose of effectively discharging the Board’s stewardship responsibility, (a) the Board has delegated to the chief executive officer of the Corporation (the “CEO”) many of the Board’s powers and much of the Board’s authority to manage the business and affairs of the Corporation, and (b) the Board has assumed the duty to supervise the CEO’s management of the business and affairs of the Corporation.

2. THE ROLE OF BOARD COMMITTEES

As authorized by the CBCA, the Board may appoint committees of Directors (“Board committees”) and, subject to certain limitations set out in the CBCA, may delegate to any Board committee any of the powers of the Board. The Board may also require any such Board committee to take specified actions for the purpose of assisting the Board to discharge the Board’s duties.

3. STANDARD OF CONDUCT

As required by the CBCA, every member of the Board (a “Director”) must, in discharging his or her duties,

- (a) act honestly and in good faith with a view to the best interests of the Corporation, and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Accordingly, the action which the Board or a Board committee must take to discharge each of its duties in any circumstances is the action (the “Diligent Action”) which could reasonably be expected to be taken in comparable circumstances by a person (1) acting honestly and in good faith with a view to the best interests of the Corporation, and (2) exercising the care, diligence and skill that a reasonably prudent person would exercise.

4. CATEGORIES OF BOARD DUTIES

The Board believes that the Board’s duties fall broadly into two categories: (1) the duties (the “Ordinary Course Duties”) which the Board must discharge in the ordinary course of acting as the steward of the Corporation and supervising the CEO’s management of the business and affairs of the Corporation; and (2) the duties (the “Extraordinary Duties”) which the Board must discharge when the Board, the CEO or the Corporation is confronted with unusual circumstances such as (but not limited to) consideration of a take-over bid, merger, significant acquisition or other significant transaction or event outside the ordinary course of the Corporation’s business.

5. THE BOARD'S ORDINARY COURSE DUTIES

The Board acknowledges and accepts the following Ordinary Course Duties:

Financial Reporting and Disclosure

- A. Governments, securities commissions, stock exchanges and other agencies and instrumentalities having jurisdiction over the Corporation (collectively the “Regulators”) have promulgated and will continue to promulgate laws, regulations, rules, policies and other requirements relating to financial reporting and disclosure by the Corporation (collectively the “Financial Reporting Rules”). The Board shall take, or require the appropriate Committee of the Board (the “Audit Committee”) to take, Diligent Action to gain and maintain reasonable assurance that the senior officers of the Corporation (“Management”), the Board and the Corporation meet all financial reporting and disclosure obligations (“Financial Reporting Obligations”) imposed on them by the Financial Reporting Rules. The Board recognizes that the most significant Financial Reporting Obligations are as follows:
- (a) Management must prepare (1) comparative financial statements of the Corporation relating separately to each financial year of the Corporation (the “Current Year”) and the financial year of the Corporation next preceding the Current Year (the “Preceding Year”), and (2) Management discussion and analysis (“MD&A”) relating to such financial statements;
 - (b) Management must prepare (1) comparative interim financial statements of the Corporation relating separately to each of the three-month, six-month and nine-month periods of the Current Year and the Preceding Year, and (2) MD&A relating to such financial statements;
 - (c) each comparative financial statement of the Corporation specified in subsection (a) above (a “Current Annual Statement”), each comparative interim financial statement of the Corporation specified in subsection (b) above (a “Current Quarterly Statement”) and the MD&A relating to each such financial statement must:
 - (i) in the case of each Current Annual Statement and each Current Quarterly Statement (a “Current Financial Statement”), present fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with International Financial Reporting Standards;
 - (ii) be made up and certified as required by the Financial Reporting Rules;
 - (iii) in the case of each Current Annual Statement, be accompanied by a report thereon (the “Required Report”) prepared in accordance with the Financial Reporting Rules by a firm of chartered accountants (the “external auditor”) which is objective and independent;
 - (iv) be approved by the Board and be filed with Regulators in compliance with the Financial Reporting Rules; and
 - (v) be sent to holders of the Corporation’s securities in compliance with the Financial Reporting Rules;
 - (d) in compliance with and subject to the Financial Reporting Rules, the Board must place

before each annual meeting of shareholders of the Corporation and send to each shareholder of the Corporation each Current Annual Statement;

- (e) subject to and in compliance with the Financial Reporting Rules, where a material change (as defined in the Financial Reporting Rules) occurs in the affairs of the Corporation, the Corporation must
 - (i) forthwith issue a news release authorized by a member of Management disclosing the nature and substance of the material change (a “Material Change News Release”), and
 - (ii) file a report of such material change (a “Material Change Report”) with Regulators as soon as practicable after (and in any event within ten days of) the date on which the material change occurs; and
- (f) all financial information concerning the Corporation which is disseminated to the public by or on behalf of the Corporation must be accurate, complete and fairly presented.

B. The Board shall also take Diligent Action to:

- (a) gain and maintain reasonable assurance that the composition, authority and responsibilities of the Audit Committee conform to and comply with the Financial Reporting Rules;
- (b) nominate a firm of objective and independent chartered accountants (the “proposed auditor”) for appointment as the external auditor by the holders of the Class A common voting shares and the Class B common variable voting shares (collectively the “Common Shares”) in the capital of the Corporation;
- (c) fix the compensation and the terms of engagement of the external auditor; and
- (d) gain and maintain reasonable assurance that the Corporation is in compliance with its obligations under tax, employment and similar laws and regulations (“Employment Obligations”).

C. The Board shall empower and require the Audit Committee to:

- (a) recommend to the Board
 - (i) the proposed auditor to be nominated by the Board for appointment as the external auditor by the holders of Common Shares of the Corporation; and
 - (ii) the compensation of the external auditor;
- (b) take Diligent Action to oversee the work of the external auditor in preparing and issuing a Required Report and performing other audit, review and attest services for the Corporation;
- (c) take Diligent Action to resolve disagreements between Management and the external auditor regarding financial reporting;

- (d) when it is appropriate to do so, pre-approve all non-audit services proposed to be provided to the Corporation or its subsidiary entities by the external auditor; for purposes of this mandate,
 - (i) “audit services” means the professional services rendered by the external auditor for the audit and review of the Corporation’s financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements, and
 - (ii) the term “non-audit services” means services other than audit services;
- (e) review the Corporation’s financial statements, related MD&A and related annual and interim news releases before the Corporation publicly discloses such information;
- (f) take Diligent Action to gain and maintain reasonable assurance that the Corporation has adequate procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements;
- (g) establish procedures for
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters (“Financial Complaints”),
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (“Financial Concerns”), and
 - (iii) the reporting to the Audit Committee of all such Financial Complaints and Financial Concerns;
- (h) review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor; and
- (i) review annually the expenses of the Chair of the Board and the CEO for the purpose of gaining reasonable assurance as to the reasonableness of such expenses.

D. Upon the demand of the external auditor, the Board shall:

- (a) furnish to the external auditor
 - (i) such information and explanations, and
 - (ii) such access to records, documents, books, accounts and vouchers of the Corporation and its subsidiaries, as the Board is reasonably able to furnish and as are, in the opinion of the external auditor, necessary to enable the external auditor to make the examination (the “Required Examination”) of the Corporation’s financial statements required by the Financial Reporting Rules and to make the Required Report; and
- (b) obtain from the present or former directors, officers, employees and agents of any subsidiary of the Corporation and furnish to the external auditor the information and explanations
 - (i) that such present or former directors, officers, employees and agents are reasonably

able to furnish, and

- (ii) that are, in the opinion of the external auditor, necessary to enable the external auditor to make the Required Examination and the Required Report.

E. The Board shall delegate to the Audit Committee the power and authority to communicate directly with the external auditor and the Corporation's internal auditor.

Strategic Planning

A. The Board shall require the CEO, in collaboration with the Board, to develop and to present to the Board:

- (a) the primary objective(s) which the CEO proposes to pursue in managing the business and affairs of the Corporation (the "Primary Objective(s)"), and
- (b) a plan which the CEO proposes to implement which is designed to enable the Corporation to achieve the Primary Objective(s) (the "Strategy") and which takes into account, amongst other things, the Corporation's strengths and weaknesses, the opportunities for and threats to the Corporation's business and the Board's risk tolerance level.

B. The Board shall take Diligent Action to gain reasonable assurance as to:

- (a) the appropriateness of the Primary Objective(s);
- (b) whether the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Primary Objective(s); and
- (c) whether the Strategy is reasonably capable of being executed by Management.

C. If the Board gains reasonable assurance as to the appropriateness of the Primary Objective(s), the Board may approve the Primary Objective(s) (the "Approved Primary Objective(s)").

D. If the Board gains reasonable assurance that (1) the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s), and (2) the Strategy is reasonably capable of being executed by Management, then the Board may approve the Strategy (the "Approved Strategy").

E. The Board shall take Diligent Action to monitor Management's implementation of the Approved Strategy and the Corporation's progress toward achieving the Approved Primary Objective(s).

F. If at any time the Board is of the opinion that

- (a) the Approved Primary Objective(s) is or are no longer appropriate,
- (b) an Approved Strategy is no longer reasonably capable of being executed by Management, or
- (c) an Approved Strategy is no longer reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s), the Board shall require the CEO to develop and present to the Board revised Primary Objective(s) and/or a revised Strategy, as the case may be, and the

Board must then deal with the revised Primary Objective(s) and/or revised Strategy in the manner specified in sections B, C, D and E above.

Risk Management

- A. The Board shall take, or require the appropriate Board committee (the “Risk Committee”) to take, Diligent Action to gain and maintain reasonable assurance that the strategic, operational, reporting and compliance risks of the Corporation’s business (“Risks”) are identified in a timely manner and are effectively assessed, monitored and managed. In particular, the Board shall take, or require the Risk Committee to take, Diligent Action to gain and maintain reasonable assurance that:
- (a) Management develops for the Corporation a formalized, disciplined and integrated enterprise risk management process (“ERM”) (1) which can reasonably be expected to enable Management to identify in a timely manner and to effectively assess, monitor and manage Risks, and (2) which is reasonably capable of being implemented and sustained by Management;
 - (b) Management develops a policy (the “ERM Policy”) which accurately sets out the risk philosophy of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring and managing Risks;
 - (c) Management fully implements and sustains the ERM in compliance with the ERM Policy;
 - (d) the ERM Policy continues to set out accurately the risk philosophy of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring and managing Risks;
 - (e) in a timely manner, Management identifies the most significant Risks (“Principal Risks”), including those Risks related to or arising from the Corporation’s weaknesses, the threats to the Corporation’s business and the assumptions underlying the Approved Strategy;
 - (f) the insurance coverages maintained by the Corporation relating to Principal Risks are adequate; and
 - (g) Management directly and effectively assesses, monitors and manages Principal Risks in compliance with the ERM Policy.

Human Resources

- A. The Board shall take, or require the appropriate Board committee (the “Human Resources Committee”) to take, Diligent Action to gain and maintain reasonable assurance that there exist within the Corporation effective policies and practices to enable the Corporation to attract, develop and retain the human resources required by the Corporation to meet the Primary Objective(s). In particular, the Board shall take, or require the Human Resources Committee to take, Diligent Action to gain and maintain reasonable assurance that:
- (a) the Corporation’s overall compensation philosophy for all employees balances the objectives (the “Compensation Objectives”) of
 - (i) attracting, developing and retaining highly competent employees,

- (ii) appropriately and fairly incenting and rewarding strong performance by employees and the Corporation in both the short term and the longer term, and
 - (iii) maintaining the Corporation's employee costs at a competitive level;
- (b) the compensation program for members of Management consists of an appropriate combination (an "Appropriate Compensation Combination") of base salary, a short term incentive plan, a longer term incentive plan and other benefits;
- (c) the Corporation establishes and maintains an appropriate succession plan (a "Succession Plan") which identifies the potential short-term and longer-term successors to the CEO and the holders of all other Management and senior manager's positions in the Corporation; and
- (d) the Corporation establishes and maintains effective policies and practices ("Training Policies and Practices") which, in conjunction with the Succession Plan, provide for training, monitoring and continuously improving the skills of senior managers and employees.

B. The Board shall also take, or require the Human Resources Committee to take, Diligent Action to:

- (a) establish and maintain a clear written position description for the CEO which reflects the Board's delegation to the CEO of powers and authority to manage the business and affairs of the Corporation and which delineates the CEO's responsibilities;
- (b) employ as the CEO a person whom the Board believes is capable of managing the business and affairs of the Corporation in a manner which will enable the Corporation to achieve the Primary Objective(s);
- (c) approve the terms and conditions of the CEO's employment by the Corporation, including any changes to such terms and conditions;
- (d) establish, maintain and implement a formal process for annually assessing the performance of the CEO, taking into account the CEO's position description and the goals and objectives of the Corporation which have been approved by the Board and which the CEO is responsible for meeting; and
- (e) after consultation with the CEO, appoint all other officers of the Corporation and approve the terms and conditions of each such officer's employment by the Corporation, including any changes to such terms and conditions.

C. The Board shall:

- (a) establish, maintain and communicate to the CEO a policy which defines the limits of the CEO's powers, authority and accountability to the Board in managing the business and affairs of the Corporation; and
- (b) require the Human Resources Committee to:
 - (i) recommend for Board approval comprehensive compensation and benefit programs for the CEO, for other members of Management and for other senior managers, including the criteria (which shall incorporate relevant corporate goals and

objectives) against which the performance of the Corporation, the CEO, other members of Management and other senior managers will be evaluated for purposes of any incentive plans (“Incentive Plans”) included in such compensation programs;

- (ii) advise the Board of the Human Resources Committee’s evaluation of the actual performance of the Corporation, the CEO, each other member of Management and each other senior manager against the criteria approved by the Board for purposes of the Incentive Plans, and make recommendations to the Board with respect to compensation levels (including the CEO’s compensation level) based on such evaluations; and
- (iii) review and make recommendations to the Board respecting any proposed public disclosure of executive compensation by the Corporation before the Corporation publicly discloses such information.

Governance Structures and Practices

A. The Board or the appropriate Board committee (the “Governance Committee”) shall take Diligent Action to gain and maintain reasonable assurance that

- (a) the composition and structures of the Board and Board committees (the “Governance Structures”), and
- (b) Board and Board committee practices (the “Governance Practices”) enable the Board to discharge the Board’s duties in a highly effective manner. To that end, the Board shall establish and maintain Governance Structures and Governance Practices which include, amongst other things, the following:
 - (i) a majority of the Directors shall be independent; for purposes of this mandate, a Director is independent if
 - a. the Director has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Director’s independent judgment; and
 - b. the Director is not an individual who is considered to have a material relationship with the Corporation under the terms of section 1.4 of Multilateral Instrument 52-110 Audit Committees;
 - (ii) the Chair of the Board shall be an independent Director and shall not be a member of Management;
 - (iii) every member of the Human Resources Committee and the Governance Committee shall be an independent Director and every member of the Audit Committee shall be “independent” within the meaning of sections 1.4 and 1.5 of Multilateral Instrument 52-110 Audit Committees;
 - (iv) the Board, as a whole, shall possess the competencies and skills required to enable the Board to discharge the Board’s duties;

- (v) the number of Directors constituting the Board shall facilitate effective decision-making by the Board;
- (vi) each new Director shall engage in a comprehensive orientation process (“Comprehensive Orientation Process”) directed to enabling the new Director to understand fully
 - a. the role of the Board and all Board committees,
 - b. the contribution that every Director is expected to make to governing the Corporation, including the commitment of time and energy expected of every Director, and
 - c. the nature and operation of the Corporation’s business and affairs;
- (vii) all Directors shall be provided with continuing education opportunities (“Continuing Education Opportunities”) to maintain and enhance Directors’ skills and abilities as directors and to permit Directors’ knowledge and understanding of the nature and operation of the Corporation’s business and affairs to remain current;
- (viii) the form and amount of the Directors’ compensation shall be appropriate;
- (ix) the Governance Committee shall be responsible for developing and recommending to the Board the Corporation’s approach to corporate governance, including a set of corporate governance principles and guidelines specifically applicable to the Corporation;
- (x) the Governance Committee shall be responsible for:
 - a. identifying individuals qualified to become new Directors; and
 - b. after considering the competencies and skills that (1) the Board believes to be necessary for the Board, as a whole, to possess, (2) the Board believes each existing Director to possess, and (3) any proposed new nominee will bring to the Board, recommending to the Board qualified individuals as nominees for election to the Board at a meeting of shareholders of the Corporation or for appointment by the Board to fill casual vacancies in the Board;
- (xi) as a part, or by means, of regularly scheduled meetings of the Board, the Board shall hold separate meetings of the Directors at which no member of Management is in attendance (“In-Camera Meetings”);
- (xii) the Board shall establish and maintain a written mandate for the Board and a written charter for each Board committee; the charter for each Board committee shall clearly establish the committee’s purpose and responsibilities, committee member qualifications, member appointment and removal processes, structure and operations (including any authority of the committee to delegate powers to individual members and subcommittees) and the manner in which the committee will report to the Board;

- (xiii) the Board shall establish and maintain clear written position descriptions for the Chair of the Board and the Chair of each Board committee;
- (xiv) the Board shall establish and maintain a clear written position description for an individual Director which shall set out the expectations and responsibilities of a Director, including basic duties and responsibilities with respect to attendance at Board and Board committee meetings and advance review of meeting materials;
- (xv) the Board shall establish, maintain and implement appropriate formal processes for regularly assessing (i) the effectiveness of the Board, taking into account the Board's mandate,
 - a. effectiveness of the Chair of the Board, taking into account the Chair of the Board's position description,
 - b. the effectiveness and contribution of each Board committee, taking into account such committee's charter, (iv) the effectiveness of the Chair of each Board committee, taking into account such committee Chair's position description, and
- (xvi) the effectiveness and contribution of each individual Director, taking into account the position description for an individual Director as well as the competencies and skills which such Director is expected to bring to the Board;
- (xvii) the Board shall keep the Governance Committee advised of the Board's views as to (i) the competencies and skills which the Board, as a whole, should possess, and (ii) the competencies and skills which each existing Director possesses;
- (xviii) the Board shall establish and maintain a process by which any Director may, at the expense of the Corporation, engage independent counsel or other advisors to provide advice to the Director with respect to the Director's discharge of his or her duties as a Director;
- (xix) the Board shall confer on each Board committee the authority (1) to engage independent counsel and other outside advisors as the committee deems necessary to carry out its duties, and (2) to set and (at the expense of the Corporation) pay the compensation for any independent counsel or other outside advisor engaged by the committee; and
- (xx) the Board shall impose on each Board committee the obligation to report promptly to the Board all conclusions and decisions reached by the committee as a result of taking the Diligent Action and discharging the other duties imposed on the committee by the Board.

Governance Culture

- A. The Board shall take Diligent Action to establish and sustain amongst all Directors a culture which incorporates the following attitudes, values, and convictions (the "Appropriate Culture"):
 - (a) acceptance of the Board's accountability for the Corporation's performance;

- (b) the conviction that Directors owe each other their best efforts in carrying out their duties and exercising their authority;
- (c) insistence on the highest level of honesty and integrity in all actions of the Board, Management and other senior managers and employees of the Corporation;
- (d) trust and respect amongst Directors;
- (e) open sharing of all relevant information amongst Directors and amongst Directors and Management; and
- (f) the acceptance and respect of differing opinions.

Miscellaneous Duties

A. The Board shall also take, or require a Board committee to take, Diligent Action to:

- (a) establish, maintain and monitor compliance with a written code of business conduct and ethics (the “Code of Business Conduct”) applicable to Directors, officers and employees of the Corporation; the Code of Business Conduct must constitute standards reasonably designed to promote integrity and to deter wrongdoing and must address the following issues:
 - (i) conflicts of interest, including transactions and agreements in respect of which a Director or member of Management has a material interest;
 - (ii) protection and proper use and exploitation of the Corporation’s assets and opportunities;
 - (iii) confidentiality of private information relating to the business and affairs of the Corporation;
 - (iv) fair and ethical dealing with the Corporation’s security holders, customers, suppliers, competitors and employees;
 - (iv) compliance with applicable laws, rules and regulations; and
 - (vi) reporting of any illegal or unethical behavior or other breaches of the Code of Business Conduct;
- (b) require waivers of compliance with the Code of Business Conduct granted for the benefit of any Director or member of Management to be granted only by the Board or an appropriately empowered Board committee;
- (c) gain and maintain reasonable assurance as to the integrity, comprehensiveness and effectiveness of those elements of the Corporation (including its resources, management information systems, processes, culture, structure and tasks) which, taken together (the “Internal Controls”), support the Corporation’s personnel in meeting the Corporation’s objectives and obligations, including the Financial Reporting Obligations;
- (d) establish, maintain and monitor compliance with a written communications policy for the

Corporation (the “Communications Policy”); the Communications Policy must, amongst other things, establish and assign accountability for monitoring Internal Controls relating to the issuance of Material Change News Releases and the filing with Regulators of Material Change Reports;

- (e) to the extent feasible, gain and maintain reasonable assurance (i) as to the integrity of the CEO and the other members of Management, and (ii) that the CEO and the other members of Management create and maintain a culture of integrity throughout the Corporation;
- (f) gain and maintain reasonable assurance that appropriate policies and processes relating to protection of the environment and to the health and safety of the Corporation’s employees, customers and other stakeholders (“E, H&S Policies”) exist and are implemented throughout the Corporation;
- (g) require the CEO to develop, and to present to the Board for assessment and approval, a statement of the philanthropic activities in which the Corporation will engage;
- (h) gain and maintain reasonable assurance that appropriate policies and processes governing the Corporation’s philanthropic activities (“Charitable Policies”) exist and are implemented; and
- (i) gain and maintain reasonable assurance that Management, the Board and the Corporation comply with the applicable laws, regulations, rules, policies and other requirements promulgated by Regulators relating to the following matters (the “Corporate Rules”):
 - (i) the composition of the Board;
 - (ii) calling and holding of meetings of the Board;
 - (iii) the composition of Board committees;
 - (iv) the disclosure of conflicts of interest by Directors and members of Management;
 - (v) securities registers and registers of transfers of securities;
 - (vi) the calling and holding of meetings of shareholders;
 - (vii) soliciting proxies, including providing shareholders with forms of proxy, information circulars and notices of meetings;
 - (viii) filing forms of proxy, information circulars and notices of meetings with Regulators; and
 - (ix) filing annual information forms and material contracts with Regulators.

6. THE BOARD’S EXTRAORDINARY DUTIES

A. When the Board, the CEO or the Corporation is confronted with unusual circumstances which give rise to Extraordinary Duties, the Board or a Board committee shall:

- (a) seek expert advice as to (1) the nature of the Extraordinary Duties arising from such unusual circumstances, and (2) the Diligent Action which the Board or the Board committee must take

to discharge those Extraordinary Duties; and

- (b) where appropriate, take the Diligent Action specified by such expert advice.

Exhibit “B”
CHAIR OF THE BOARD OF DIRECTORS JOB DESCRIPTION

Approved: December 10, 2008

Section 1. The Chair of the Board’s Job Description, Broadly Stated

The Chair of the Board (“Chair”) of Discovery Air Inc. (the “Corporation”) is responsible for facilitating highly effective performance by the Board of Directors (“Board”) of the Corporation. The Chair is not an executive of the Corporation in the sense that the Chair is not responsible for the management of any aspect of the Corporation’s business.

In discharging his/her responsibility, the Chair will, from time to time, (i) provide leadership to the Board on specific issues, (ii) assist the Board in performing its duties and meeting its obligations, including the duties and obligations of the Board specified in the mandate of the Board relating to strategic planning, (iii) at and in accordance with the direction of the Board, act as the spokesperson for the Board, (iv) at the request of the Board and/or the chief executive officer of the Corporation (the “CEO”), act as an intermediary between the Board and the CEO, and (v) at the request of the Board and/or the CEO, provide advice and counsel to the CEO.

Section 2. Specific Responsibilities of the Chair

Without limiting the generality of the responsibility of the Chair as described in Section 1 above, the Chair shall:

Pre-Board Meeting Mechanics

- a) schedule the number and timing of Board meetings each calendar year so as to enable the Board to deal on a timely basis with all matters for which the Board is responsible and with which the Board as a whole chooses or is obliged to deal;
- b) in consultation with the chairs of the Board committees, the CEO and other members of management (as appropriate), establish the agenda for each Board meeting with a view to bringing before the Board (i) matters in respect of which the chairs of Board committees, the CEO or other members of management require or want Board direction or approval, and (ii) matters with which the Board wishes or is obliged to deal;
- c) use his/her best efforts to provide or to cause to be provided to the Board a reasonable time in advance of each Board meeting all reasonably required and available information relating to each matter to be dealt with by the Board at that meeting;
- d) where, in the Chair’s opinion, the subject matter and expected duration of a Board meeting or the particular circumstances of a member of the Board (a “Director”) would so warrant, encourage a Director or Directors to participate in the meeting by means of telephone, teleconference, videoconference or other methodology by which Directors participating in the meeting are able to speak to and be heard by each other;

- e) approve the general nature and length of all presentations to be made at each Board meeting and review every written presentation to be made to the Board or to any committee of the Board before such written presentation is provided to Directors;
- f) prior to any Board meeting, confer with one or more Directors on any matter to be discussed at the Board meeting, if in the Chair's opinion, the discussion of that matter at the Board meeting would probably be thereby enhanced;

Conduct of Board Meetings

- g) act as the chair of each Board meeting;
- h) conduct the business of each Board meeting in a manner which will normally result in all matters on the meeting's agenda being dealt with effectively;
- i) propose the termination of discussion on any matter at a Board meeting when he/she is of the opinion that the matter has been thoroughly canvassed and that no new points of view or information are being presented (with the understanding that the Chair's discretion in such cases will be exercised so as to err on the side of allowing excessive discussion rather than insufficient discussion);
- j) attempt to achieve a consensus of Directors on any matter discussed at a Board meeting in respect of which (i) the Board's decision, views or advice has been requested or is required, and (ii) Directors express conflicting positions, views or advice;
- k) ensure that all Directors who wish to address a matter at a Board meeting are afforded a reasonable opportunity to do so;
- l) in any case where a Director (the "conflicted Director") has an interest or potential conflict in or in respect of a matter to be discussed at a Board meeting, attempt to arrange for the conflicted Director to excuse himself/herself from all or a portion of the Board discussion of that matter if the Chair is of the opinion that the Board discussion of that matter would probably be enhanced by the absence of the conflicted Director;

Board Culture

- m) use reasonable efforts to promote and support a Board culture characterized by
 - i. the Board's acceptance of its accountability for the performance of the Corporation;
 - ii. the acceptance by each Director of his/her responsibility to use his/her best efforts in carrying out his/her duties as a Director;
 - iii. the Board's insistence on the highest level of integrity and honesty in the actions of the Board and management;
 - iv. respect and trust amongst Directors;
 - v. the open and timely sharing of all relevant information amongst all Directors;
 - vi. acceptance by all Directors of the right of every Director to hold and express dissenting opinions;
 - vii. a genuine commitment by Directors to good governance practices; and
 - viii. a willingness on the part of Directors to function in a collaborative manner;

Board Composition, Education and Compensation

- n) in co-operation with the Governance Committee of the Board,
 - i. assist in the identification of appropriate Board candidates to be nominated for election by the shareholders of the Corporation;
 - ii. communicate on behalf of the Board with all proposed nominees for election by the shareholders of the Corporation;
 - iii. arrange for management of the Corporation to provide new Directors with a comprehensive orientation and education program with respect to the Corporation and its businesses;
 - iv. design and implement processes for evaluating the performances of the Board and individual Directors;
 - v. use reasonable efforts to cause the Board to be made aware on a timely basis of changes in the law and/or best practice respecting the duties of the Board and Directors; and
 - vi. provide the Board with information and recommendations regarding the amount and nature of Directors' compensation;

Board Committee Matters

- o) assist the Governance Committee in developing recommendations to the Board with respect to the composition and chairs of the committees of the Board;
- p) assist the Governance Committee and the other committees of the Board in regularly reviewing the mandates of all committees of the Board with a view to recommending to the Board appropriate amendments to the committees' mandates;
- q) assist the Governance Committee in regularly reviewing the mandate of the Board with a view to recommending to the Board appropriate amendments to the Board's mandate;
- r) attend all meetings of all committees of the Board as an observer for the purpose of assisting the committees to meet their obligations under their mandates;

Miscellaneous Matters

- s) assist the Board, each committee of the Board and management in understanding and respecting the boundaries between the responsibilities of the Board and Board committees and the responsibilities of management;
- t) at the request of any Director, meet or be available for discussion with that Director between meetings of the Board;
- u) following each meeting of the Board, settle with the secretary of the meeting draft minutes of the meeting for approval by the Directors;
- v) advise management of each decision made by the Board which requires implementation by management and monitor management's implementation of that decision;
- w) act as chair at all meetings of shareholders of the Corporation;

- x) oversee the corporate secretarial activities of the person who from time to time performs the function of the Corporate Secretary of the Corporation;
- y) where the Chair deems it appropriate to do so, authorize any Director to retain legal counsel or other person(s) possessed of relevant expertise to advise the Director in connection with the Director's discharge of his/her duties as a Director of the Corporation; and
- z) perform such other functions as the Board may reasonably specify from time to time.

Exhibit “C”
AUDIT COMMITTEE CHAIR JOB DESCRIPTION

Board Approved: December 9, 2010

Section 1. The Committee Chair’s Job Description, Broadly Stated

The Chair (the “Chair”) of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Discovery Air Inc. (the “Corporation”) is responsible for facilitating highly effective performance by the Committee in the discharge of its duties as set out in the Committee’s charter. The Chair is not an executive of the Corporation in the sense that the Chair is not responsible for the management of any aspect of the Corporation’s business.

In discharging his/her responsibility, the Chair will, from time to time, (i) provide leadership to the Committee on specific issues, (ii) act as a servant to the Committee by using his/her best efforts to meet Committee requirements, (iii) at and in accordance with the direction of the Committee, act as the spokesperson for the Committee (iv) at the request of the Committee and/or the chief executive officer of the Corporation (the “CEO”), act as an intermediary between the Committee and the CEO, and (v) at the request of the Committee and/or the CEO, provide advice and counsel to the CEO or other officers of the Corporation (the “Officers”).

Section 2. Specific Responsibilities of the Chair

Without limiting the generality of the responsibility of the Chair as described in Section 1 above, the Chair shall:

Pre-Committee Meeting Mechanics

- a) schedule the number and timing of Committee meetings each calendar year so as to enable the Committee to deal on a timely basis with all matters for which the Committee is responsible;
- b) in consultation with the Chair of the Board, the CEO or other Officer (as appropriate), establish the agenda for each Committee meeting with a view to bringing before the Committee (i) matters in respect of which the Chair of the Board, the CEO or an Officer requires or wants Committee direction or approval, and (ii) matters with which the Committee is obliged to deal;
- c) use his/her best efforts to provide or to cause to be provided to the Committee a reasonable time in advance of each Committee meeting all reasonably required and available information relating to each matter to be dealt with by the Committee at that meeting;
- d) where, in the Chair’s opinion, the subject matter and expected duration of a Committee meeting or the particular circumstances of a member of the Committee (a “Member”) would so warrant, encourage a Member or Members to participate in the meeting by means of telephone, teleconference, videoconference or other methodology by which Members participating in the meeting are able to speak to and be heard by each other;
- e) approve the general nature and length of all presentations to be made at each Committee meeting and review every written presentation to be made to the Committee before such written presentation is provided to Members;

- f) prior to any Committee meeting, confer with one or more Members on any matter to be discussed at the Committee meeting if, in the Chair's opinion, the discussion of that matter at the Committee meeting would probably be thereby enhanced;

Conduct of Committee Meetings

- g) act as the chair of each Committee meeting;
- h) conduct the business of each Committee meeting in a manner which will normally result in all matters on the meeting's agenda being dealt with effectively;
- i) propose the termination of discussion on any matter at a Committee meeting when he/she is of the opinion that the matter has been thoroughly canvassed and that no new points of view or information are being presented (with the understanding that the Chair's discretion in such cases will be exercised so as to err on the side of allowing excessive discussion rather than insufficient discussion);
- j) attempt to achieve a consensus of Members on any matter discussed at a Committee meeting in respect of which (i) the Committee's decision, views or advice has been requested or is required, and (ii) Members express conflicting positions, views or advice;
- k) use his/her best efforts to provide all Members who wish to address a matter at a Committee meeting a reasonable opportunity to do so;
- l) in any case where a Member (the "conflicted Member") has an interest or potential conflict in or in respect of a matter to be discussed at a Committee meeting, attempt to arrange for the conflicted Member to excuse himself/herself from all or a portion of the Committee discussion of that matter if the Chair is of the opinion that the Committee discussion of that matter would probably be enhanced by the absence of the conflicted Member;

Committee Culture

- m) use reasonable efforts to promote and support a Committee culture characterized by
 - (i) the acceptance by each Member of his/her responsibility to use his/her best efforts in carrying out his/her duties as a Member;
 - (ii) the Committee's insistence on the highest level of integrity and honesty in the actions of the Committee and of the CEO and Officers (the "Management");
 - (iii) respect and trust amongst Members;
 - (iv) the open and timely sharing of all relevant information amongst all Members;
 - (v) acceptance by all Members of the right of every Member to hold and express dissenting opinions;
 - (vi) a genuine commitment by Members to good governance practices; and
 - (vii) a willingness on the part of Members to function as a team;

Miscellaneous Matters

- n) assist the Committee and Management in understanding and respecting the boundaries between the responsibilities of the Committee and the responsibilities of Management;
- o) at the request of any Member, meet or be available for discussion with that Member between meetings of the Committee;
- p) following each meeting of the Committee, settle with the secretary of the meeting draft minutes of the meeting for approval by Members;
- q) whenever necessary or desirable to facilitate highly effective performance by the Committee, attend meetings of other Board committees;
- r) arrange and co-ordinate regular assessments of the effectiveness of the Committee's performance;
- s) advise Management of each decision made by the Committee (or by the Board on the advice or recommendation of the Committee) which requires implementation by Management and, together with the Chair of the Board, monitor Management's implementation of that decision; and
- t) perform such other functions as the Board may reasonably specify from time to time.

Exhibit “D”
HUMAN RESOURCES COMMITTEE CHAIR JOB DESCRIPTION

Board Approved: December 9, 2010

Section 1. The Committee Chair’s Job Description, Broadly Stated

The Chair (the “Chair”) of the Human Resources Committee (the “Committee”) of the Board of Directors (the “Board”) of Discovery Air Inc. (the “Corporation”) is responsible for facilitating highly effective performance by the Committee in the discharge of its duties as set out in the Committee’s charter. The Chair is not an executive of the Corporation in the sense that the Chair is not responsible for the management of any aspect of the Corporation’s business.

In discharging his/her responsibility, the Chair will, from time to time, (i) provide leadership to the Committee on specific issues, (ii) act as a servant to the Committee by using his/her best efforts to meet Committee requirements, (iii) at and in accordance with the direction of the Committee, act as the spokesperson for the Committee (iv) at the request of the Committee and/or the chief executive officer of the Corporation (the “CEO”), act as an intermediary between the Committee and the CEO, and (v) at the request of the Committee and/or the CEO, provide advice and counsel to the CEO or other officers of the Corporation (the “Officers”).

Section 2. Specific Responsibilities of the Chair

Without limiting the generality of the responsibility of the Chair as described in Section 1 above, the Chair shall:

Pre-Committee Meeting Mechanics

- a) schedule the number and timing of Committee meetings each calendar year so as to enable the Committee to deal on a timely basis with all matters for which the Committee is responsible;
- b) in consultation with the Chair of the Board, the CEO or other Officer (as appropriate), establish the agenda for each Committee meeting with a view to bringing before the Committee (i) matters in respect of which the Chair of the Board, the CEO or an Officer requires or wants Committee direction or approval, and (ii) matters with which the Committee is obliged to deal;
- c) use his/her best efforts to provide or to cause to be provided to the Committee a reasonable time in advance of each Committee meeting all reasonably required and available information relating to each matter to be dealt with by the Committee at that meeting;
- d) where, in the Chair’s opinion, the subject matter and expected duration of a Committee meeting or the particular circumstances of a member of the Committee (a “Member”) would so warrant, encourage a Member or Members to participate in the meeting by means of telephone, teleconference, videoconference or other methodology by which Members participating in the meeting are able to speak to and be heard by each other;
- e) approve the general nature and length of all presentations to be made at each Committee meeting and review every written presentation to be made to the Committee before such written presentation is provided to Members;

- f) prior to any Committee meeting, confer with one or more Members on any matter to be discussed at the Committee meeting if, in the Chair's opinion, the discussion of that matter at the Committee meeting would probably be thereby enhanced;

Conduct of Committee Meetings

- g) act as the chair of each Committee meeting;
- h) conduct the business of each Committee meeting in a manner which will normally result in all matters on the meeting's agenda being dealt with effectively;
- i) propose the termination of discussion on any matter at a Committee meeting when he/she is of the opinion that the matter has been thoroughly canvassed and that no new points of view or information are being presented (with the understanding that the Chair's discretion in such cases will be exercised so as to err on the side of allowing excessive discussion rather than insufficient discussion);
- j) attempt to achieve a consensus of Members on any matter discussed at a Committee meeting in respect of which (i) the Committee's decision, views or advice has been requested or is required, and (ii) Members express conflicting positions, views or advice;
- k) use his/her best efforts to provide all Members who wish to address a matter at a Committee meeting a reasonable opportunity to do so;
- l) in any case where a Member (the "conflicted Member") has an interest or potential conflict in or in respect of a matter to be discussed at a Committee meeting, attempt to arrange for the conflicted Member to excuse himself/herself from all or a portion of the Committee discussion of that matter if the Chair is of the opinion that the Committee discussion of that matter would probably be enhanced by the absence of the conflicted Member;

Committee Culture

- m) use reasonable efforts to promote and support a Committee culture characterized by
 - (i) the acceptance by each Member of his/her responsibility to use his/her best efforts in carrying out his/her duties as a Member;
 - (ii) the Committee's insistence on the highest level of integrity and honesty in the actions of the Committee and of the CEO and Officers (the "Management");
 - (iii) respect and trust amongst Members;
 - (iv) the open and timely sharing of all relevant information amongst all Members;
 - (v) acceptance by all Members of the right of every Member to hold and express dissenting opinions;
 - (vi) a genuine commitment by Members to good governance practices; and
 - (vii) a willingness on the part of Members to function as a team;

Miscellaneous Matters

- n) assist the Committee and Management in understanding and respecting the boundaries between the responsibilities of the Committee and the responsibilities of Management;

- o) at the request of any Member, meet or be available for discussion with that Member between meetings of the Committee;
- p) following each meeting of the Committee, settle with the secretary of the meeting draft minutes of the meeting for approval by Members;
- q) whenever necessary or desirable to facilitate highly effective performance by the Committee, attend meetings of other Board committees;
- r) arrange and co-ordinate regular assessments of the effectiveness of the Committee's performance;
- s) advise Management of each decision made by the Committee (or by the Board on the advice or recommendation of the Committee) which requires implementation by Management and, together with the Chair of the Board, monitor Management's implementation of that decision; and
- t) perform such other functions as the Board may reasonably specify from time to time.

Exhibit “E”
GOVERNANCE COMMITTEE CHAIR JOB DESCRIPTION

Board Approved: December 9, 2010

Section 1. The Committee Chair’s Job Description, Broadly Stated

The Chair (the “Chair”) of the Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Discovery Air Inc. (the “Corporation”) is responsible for facilitating highly effective performance by the Committee in the discharge of its duties as set out in the Committee’s charter. The Chair is not an executive of the Corporation in the sense that the Chair is not responsible for the management of any aspect of the Corporation’s business.

In discharging his/her responsibility, the Chair will, from time to time, (i) provide leadership to the Committee on specific issues, (ii) act as a servant to the Committee by using his/her best efforts to meet Committee requirements, (iii) at and in accordance with the direction of the Committee, act as the spokesperson for the Committee (iv) at the request of the Committee and/or the chief executive officer of the Corporation (the “CEO”), act as an intermediary between the Committee and the CEO, and (v) at the request of the Committee and/or the CEO, provide advice and counsel to the CEO or other officers of the Corporation (the “Officers”).

Section 2. Specific Responsibilities of the Chair

Without limiting the generality of the responsibility of the Chair as described in Section 1 above, the Chair shall:

Pre-Committee Meeting Mechanics

- a) schedule the number and timing of Committee meetings each calendar year so as to enable the Committee to deal on a timely basis with all matters for which the Committee is responsible;
- b) in consultation with the Chair of the Board, the CEO or other Officer (as appropriate), establish the agenda for each Committee meeting with a view to bringing before the Committee (i) matters in respect of which the Chair of the Board, the CEO or an Officer requires or wants Committee direction or approval, and (ii) matters with which the Committee is obliged to deal;
- c) use his/her best efforts to provide or to cause to be provided to the Committee a reasonable time in advance of each Committee meeting all reasonably required and available information relating to each matter to be dealt with by the Committee at that meeting;
- d) where, in the Chair’s opinion, the subject matter and expected duration of a Committee meeting or the particular circumstances of a member of the Committee (a “Member”) would so warrant, encourage a Member or Members to participate in the meeting by means of telephone, teleconference, videoconference or other methodology by which Members participating in the meeting are able to speak to and be heard by each other;
- e) approve the general nature and length of all presentations to be made at each Committee meeting and review every written presentation to be made to the Committee before such written presentation is provided to Members;

- f) prior to any Committee meeting, confer with one or more Members on any matter to be discussed at the Committee meeting if, in the Chair's opinion, the discussion of that matter at the Committee meeting would probably be thereby enhanced;

Conduct of Committee Meetings

- g) act as the chair of each Committee meeting;
- h) conduct the business of each Committee meeting in a manner which will normally result in all matters on the meeting's agenda being dealt with effectively;
- i) propose the termination of discussion on any matter at a Committee meeting when he/she is of the opinion that the matter has been thoroughly canvassed and that no new points of view or information are being presented (with the understanding that the Chair's discretion in such cases will be exercised so as to err on the side of allowing excessive discussion rather than insufficient discussion);
- j) attempt to achieve a consensus of Members on any matter discussed at a Committee meeting in respect of which (i) the Committee's decision, views or advice has been requested or is required, and (ii) Members express conflicting positions, views or advice;
- k) use his/her best efforts to provide all Members who wish to address a matter at a Committee meeting a reasonable opportunity to do so;
- l) in any case where a Member (the "conflicted Member") has an interest or potential conflict in or in respect of a matter to be discussed at a Committee meeting, attempt to arrange for the conflicted Member to excuse himself/herself from all or a portion of the Committee discussion of that matter if the Chair is of the opinion that the Committee discussion of that matter would probably be enhanced by the absence of the conflicted Member;

Committee Culture

- m) use reasonable efforts to promote and support a Committee culture characterized by
 - (i) the acceptance by each Member of his/her responsibility to use his/her best efforts in carrying out his/her duties as a Member;
 - (ii) the Committee's insistence on the highest level of integrity and honesty in the actions of the Committee and of the CEO and Officers (the "Management");
 - (iii) respect and trust amongst Members;
 - (iv) the open and timely sharing of all relevant information amongst all Members;
 - (v) acceptance by all Members of the right of every Member to hold and express dissenting opinions;
 - (vi) a genuine commitment by Members to good governance practices; and
 - (vii) a willingness on the part of Members to function as a team;

Miscellaneous Matters

- n) assist the Committee and Management in understanding and respecting the boundaries between the responsibilities of the Committee and the responsibilities of Management;
- o) at the request of any Member, meet or be available for discussion with that Member between meetings of the Committee;
- p) following each meeting of the Committee, settle with the secretary of the meeting draft minutes of the meeting for approval by Members;
- q) whenever necessary or desirable to facilitate highly effective performance by the Committee, attend meetings of other Board committees;
- r) arrange and co-ordinate regular assessments of the effectiveness of the Committee's performance;
- s) advise Management of each decision made by the Committee (or by the Board on the advice or recommendation of the Committee) which requires implementation by Management and, together with the Chair of the Board, monitor Management's implementation of that decision; and
- t) perform such other functions as the Board may reasonably specify from time to time.

Exhibit “F”
CHIEF EXECUTIVE OFFICER’S JOB DESCRIPTION

Board Approved: December 9, 2010
Amended: December 8, 2011

Section 1. The Job Description, Broadly Stated

By an Executive Agreement made as of the 3rd day of March, 2009 between Discovery Air Inc. (the “Corporation”) and Dave Jennings (the “Executive”), the Corporation agreed to employ the Executive as the Chief Executive Officer of the Corporation (the “CEO”) and the Executive agreed to be so employed, all on the terms and conditions contained in such Executive Agreement (the “Executive Agreement”).

By a resolution passed by the board of directors of the Corporation (the “Board”) on March 3, 2009, the Board delegated to the CEO all of the powers and authority required by the CEO to manage the business and affairs of the Corporation and its subsidiaries in the ordinary course of business, subject to the limitations specified in that resolution (the “Delegation Resolution”).

The CEO has accepted that delegation of powers and authority and has acknowledged that, in exercising those powers and that authority,

- (i) he is responsible and accountable to the Board,
- (ii) he is subject to the direction and control of the Board and to the terms of any policies established by the Board, and
- (iii) he is responsible for the reputation of the Corporation, the establishment and enforcement of ethical standards for the Corporation and the ethical conduct of business.

The Executive Agreement and the Delegation Resolution provide a broad and partial statement of the CEO’s job description.

Section 2. Additional Specific Duties of the CEO

Without limiting the CEO’s powers, authority, duties, responsibilities, accountability and limitations referred to in Section 1 above, the CEO shall:

- (a) in conjunction with the Board, establish and communicate (i) the Corporation’s overarching strategic objective, and (ii) the Corporation’s values;
- (b) in conjunction with the Board, develop and maintain a strategic plan directed to realizing the Corporation’s overarching strategic objective;
- (c) establish and maintain the Corporation’s operating plans, policies, procedures and tactics for implementing the Corporation’s strategic plan; be responsible for the day to day operation of the Corporation’s business;
- (d) obtain the approval of the Board for all major decisions outside the normal course of business;

- (e) monitor and evaluate the Corporation's performance and take corrective action to ensure that the Corporation is operating in a manner consistent with the Corporation's overarching strategic objective, the Corporation's strategic plan, operating plans and capital budget at an acceptable risk;
- (f) develop and maintain an effective management group, creating an organizational structure and management processes that enable the management group to function as a team;
- (g) develop and maintain open and candid communication between and among (i) members of the management group, and (ii) the CEO, members of the management group and the Board;
- (h) develop and maintain a viable succession plan covering all significant management positions;
- (i) lead the development and maintenance of healthy, positive relationships with customers, suppliers, shareholders, the Board, agents and others whose goodwill is important to the success of the Corporation;
- (j) create and foster a strong culture of safety in the Corporation and its subsidiaries;
- (k) create an environment which stimulates the morale and productivity of employees of the Corporation;
- (l) recognize and meet the Corporation's social responsibilities;
- (m) serve effectively as the chief spokesperson for the Corporation, the chief liaison with the markets, and develop and maintain appropriate communication policies and procedures for the Corporation;
- (n) develop and maintain a keen insight into, and a detailed knowledge of, the social, economic, political and environmental climates in which the Corporation operates;
- (o) understand and respect the role of the Board, facilitating the Board's performance of its duties and keeping the Board fully informed in a timely and candid manner of all events that could reasonably be expected to significantly affect the Corporation or the Corporation's performance or prospects; and
- (p) provide the Chair of the Board and the chair of each committee of the Board with the assistance necessary to enable them to discharge their duties.

Exhibit “G”
GOVERNANCE COMMITTEE CHARTER

Board Approved: October 14, 2011

1. PURPOSE

The Board of Directors (the “Board”) is responsible for the stewardship of Discovery Air Inc. (the “Corporation”). That stewardship consists primarily of the duty to supervise the management of the business and affairs of the Corporation and its subsidiaries and affiliates. To discharge that duty, the Board must supervise all significant aspects of the management of the business and affairs of the Corporation and its subsidiaries and affiliates.

A. Appropriate Governance Structures and Practices. The Board believes that the governance of the Corporation is a significant aspect of the management of the business and affairs of the Corporation and its subsidiaries and affiliates. Further, the Board believes that for its stewardship of the Corporation to be highly effective, the Board must satisfy itself that, with respect to the governance of the Corporation,

- (a) the Board, all Board committees, the Chair of the Board (the “Board Chair”), the chair of each Board committee, each member of the Board (a “Director”) and each member of a Board committee engages in appropriate governance practices (“Appropriate Governance Practices”), and
- (b) the Board has adopted and maintains appropriate structures for the Board, all Board committees, the position of Board Chair, the position of chair of each Board committee, the position of Director and the position of member of a Board committee (“Appropriate Governance Structures”).

B. Authority. The fundamental duty of the Board in requiring Appropriate Governance Practices and adopting and maintaining Appropriate Governance Structures (the “Governance Obligations”) is to gain and maintain reasonable assurance that the Governance Obligations are being met. The Board believes its duty in this regard will be most effectively discharged if the Board is assisted by a committee of the Board which is empowered and required:

- (a) to take all action (“Diligent Action”) which, in the opinion of the Board or the committee, is necessary or desirable for the committee to gain and maintain reasonable assurance that the Governance Obligations are being met, and
- (b) to report to the Board the conclusions reached by the committee as a result of taking Diligent Action.

2. ESTABLISHMENT/CONTINUATION OF GOVERNANCE COMMITTEE

The Board has established and hereby continues the existence of a committee of the Board known as the Governance Committee (the “Committee”). The Committee is hereby empowered and required to take Diligent Action and to report to the Board the conclusions reached by the Committee as a result of taking Diligent Action.

3. COMPOSITION

- A. Composition.** The Committee shall consist of at least three Directors (collectively, the “Members”), one of whom shall serve as the chair of the Committee (the “Committee Chair”). A majority of the Members shall be “independent” (as that term is defined herein). All Members shall have or develop an understanding of corporate governance issues or shall commit to understanding such issues in a timely manner.
- B. Appointment and Removal.** The Board shall appoint, and may remove, any of the Members and the Committee Chair at any time and from time to time.
- C. Definitions.** For the purposes of this Charter, a person is “independent” if
- (a) the person has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the person’s independent judgment; and
 - (b) the person is not an individual who is considered to have a material relationship with the Corporation under the terms of section 1.4 of the *Canadian Securities Administrators’ Multilateral Instrument 52-110-Audit Committees* (“Instrument 52-110”).

4. RELIANCE ON EXPERTS

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be entitled to rely in good faith upon:

- (a) a report or the advice of an officer or employee of the Corporation, where it is reasonable in the circumstances to rely on such report or advice, and
- (b) a report of a lawyer, human resources specialist or other person whose profession lends credibility to a statement made by such a person.

5. STANDARD OF CARE

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Directors are subject. The essence of a Member’s duties is supervising and taking Diligent Action to gain and maintain reasonable assurance that the Governance Obligations are being met and to enable the Committee to report thereon to the Board.

6. OPERATING PROCEDURES

- A. Frequency of Meetings.** The Committee shall meet four times annually or more frequently as circumstances dictate. Regular meetings of the Committee shall be held in accordance with a schedule prepared by the Corporate Secretary in consultation with the Board Chair and the Committee Chair. Additional meetings of the Committee may be called at any time by the Board Chair or by the Committee Chair, upon the request of any Member.
- B. Notice of Meetings.** Notice of the time and place of each meeting of the Committee shall be given to each Member not less than forty-eight hours before the time when the meeting is to be held. Notwithstanding the foregoing, if the Board or the Committee fixes by resolution the time and place of one or more meetings of the Committee and a copy of such resolution is sent to each Member, no

notice shall be required to be given to the Members for the meeting(s) whose times and places are so fixed.

- C. Meeting Agendas.** Committee meeting agendas shall be prepared by the Corporate Secretary in consultation with the Board Chair, the Committee Chair and the Corporation's President and Chief Executive Officer (the "CEO"), in all cases having regard to the matters required to be considered by the Committee under this Charter and/or pursuant to a request of the Board or the Committee.
- D. Transaction of Business.** The powers of the Committee may be exercised at a meeting of the Committee at which a quorum is present or by resolution in writing signed by all of the Members who would have been entitled to vote on that resolution at a meeting of the Committee.
- E. Meetings by Telephone or Electronic Means.** If all of the Members present at or participating in a meeting consent, then any Member may participate in such meeting by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate simultaneously and instantaneously.
- F. Quorum.** A majority of the Members shall constitute a quorum for the transaction of business at all meetings of the Committee.
- G. Votes to Govern.** At all meetings of the Committee, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote. Any question at a meeting of the Committee shall be decided by a show of hands unless a ballot is required or demanded.
- H. Attendance by Other Directors.** Any Director who is not a Member shall be entitled to be present at and to participate in all meetings of the Committee as a non-voting participant.
- I. Secretary of Meetings.** Unless the Committee otherwise specifies, the Corporate Secretary or Assistant Corporate Secretary shall act as secretary of all meetings of the Committee.
- J. Chair of Meetings.** The Committee Chair shall act as chair of all meetings of the Committee at which the Committee Chair is present. In the absence of the Committee Chair at any meeting of the Committee, the Members shall appoint a Member to serve as acting chair at the meeting.
- K. In Camera Sessions.** At each meeting of the Committee, the Committee shall meet in a separate in camera session with the CEO. The Committee shall also be entitled to meet in private session or, at the option of the Committee, with one or more other officers or employees of the Corporation or its subsidiaries.
- L. Circulation of Minutes.** A copy of the minutes of each meeting of the Committee shall be provided to the Members in a timely fashion and shall be provided to any Director upon request.
- M. Reports to the Board.** The chair of each meeting of the Committee shall report on the matters considered at that meeting to the next-following regularly-scheduled meeting of the Board.
- N. Retention of External Advisors.** To assist the Committee in discharging its responsibilities, the Committee is authorized to:
 - (a) engage any advisors (including independent counsel) as it determines necessary to carry out its duties,

- (b) set and pay, at the expense of the Corporation, the compensation for any advisor engaged by the Committee, and
- (c) communicate directly and privately with any advisor engaged by the Committee.

O. Annual Evaluation of this Charter, the Committee and its Compliance with this Charter.

Annually, or more frequently at the request of the Corporate Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- (a) review and assess the adequacy of this Charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators and stock exchanges with which the Corporation has reporting relationships (collectively “Mandated Governance Practices”) and, if appropriate, recommend changes to the Charter to the Board for its approval, except for minor technical amendments to this Charter, authority for which is delegated to the Corporate Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting; and
- (b) conduct a review and evaluation of the Committee’s performance including its ability to meet the requirements to this Charter, in accordance with an evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

P. Miscellaneous. To assist the Committee in discharging its responsibilities, the Committee may conduct any investigation and have access to any officer, employee or agent of the Corporation.

7. DILIGENT ACTION

Without limiting the nature or scope of Diligent Action, the Committee shall:

A. General. for the purpose of assisting the Board and the Committee to gain and maintain reasonable assurance that the Governance Obligations are met,

- (a) require Management (with the assistance of the Corporation’s general legal counsel) to provide to the Committee
 - (i) a written report listing all Mandated Governance Practices,
 - (ii) prompt written updates to the report referred to in paragraph (i) above describing any proposed or actual change to the Mandated Governance Practices, and
 - (iii) at each meeting of the Committee, written assurance that since the last preceding meeting of the Committee, the Mandated Governance Practices have been met;
- (b) gain and maintain reasonable assurance that
 - (i) a majority of the Directors are independent;
 - (ii) the Board Chair is an independent Director and is not a member of management;
 - (iii) a majority of the members of the Human Resources Committee and a majority of the Members are independent Directors and every member of the Audit Committee is “independent” within the meaning of sections 1.4 and 1.5 of Instrument 52-110;

- (c) for the purpose of gaining and maintaining reasonable assurance that a majority of the Directors, the Board Chair, every member of the Audit Committee, a majority of the members of the Human Resources Committee and a majority of the Members are “independent”,
- (i) obtain annually from each Director a written declaration (a “Declaration”) containing:
1. a description of every direct or indirect relationship (an “Actual Relationship”) which such Director has with the Corporation;
 2. a statement as to whether such Director is an individual who is considered to have a material relationship (a “Considered Relationship”) with the Corporation under the terms of *National Instrument 58-10-1 - Disclosure of Corporate Governance Practices*;
 3. if such Director has a Considered Relationship or Considered Relationships with the Corporation, a description of each such Considered Relationship; and
 4. an undertaking by such Director to advise the Committee promptly of (1) any changes to any Actual Relationship or Considered Relationship described in the Declaration, and (2) any Actual Relationship or Considered Relationship which such Director has with the Corporation which comes into existence subsequent to the time the Declaration is obtained by the Committee from such Director;
- (ii) determine whether any Actual Relationship which a Director has with the Corporation could reasonably be expected to interfere with the exercise of such Director’s independent judgment; and
- (iii) advise the Board to promptly make changes to the composition of the Board, the Audit Committee, the Human Resources Committee or the Committee and to the Board Chair required as a result of any Director or Directors having Actual Relationships or Considered Relationships with the Corporation,
- (d) gain and maintain reasonable assurance that the Board, as a whole, possesses the competencies and skills required to enable the Board to discharge the Board’s duties (the “Requisite Competencies and Skills”);
- (e) for the purpose of maintaining reasonable assurance that the Board, as a whole, possesses the Requisite Competencies and Skills
- (i) at least annually, identify the competencies and skills which, in the opinion of the Committee, constitute the Requisite Competencies and Skills;
 - (ii) in conjunction with each such identification of competencies and skills, determine whether the existing Directors individually or collectively possess the Requisite Competencies and Skills; and
 - (iii) if the Board determines that the Board, as a whole, does not possess all of the Requisite Competencies and Skills, then advise the Board to either (1) take appropriate steps to enable one or more existing Directors to develop those Requisite Competencies and Skills which the Board does not possess, or (2) take appropriate

steps to have elected or appointed to the Board one or more individuals who have those Requisite Competencies and Skills which the Board does not possess;

- (f) gain and maintain reasonable assurance that the number of Directors constituting the Board facilitates effective decision-making by the Board;
- (g) for the purpose of gaining and maintaining reasonable assurance that the number of Directors constituting the Board facilitates effective decision-making by the Board, review the results of each assessment of the effectiveness of the Board with a view to determining whether the assessed effectiveness of the Board's decision-making could reasonably be expected to have been meaningfully improved if the number of Directors constituting the Board had been larger or smaller;
- (h) gain and maintain reasonable assurance that each new Director engages in a comprehensive orientation process ("Comprehensive Orientation Process") directed to enabling the new Director to understand fully (i) the role of the Board and all Board committees, (ii) the contribution that every Director is expected to make to governing the Corporation, including the commitment of time and energy expected of every Director, and (iii) the nature and operation of the Corporation's business and affairs;
- (i) gain and maintain reasonable assurance that all Directors are provided with continuing education opportunities ("Continuing Education Opportunities") to maintain and enhance Directors' skills and abilities as directors and to permit Directors' knowledge and understanding of the nature and operation of the Corporation's business and affairs to remain current;
- (j) for the purpose of gaining and maintaining reasonable assurance that each new Director engages in a Comprehensive Orientation Process and that all Directors are provided with Continuing Education Opportunities,
 - (i) require Management to provide to each new Director:
 1. copies of the articles of incorporation and by-laws of the Corporation;
 2. copies of the mandate of the Board and the charter of each Board committee;
 3. copies of the position descriptions for an individual Director, the Board Chair and the chair of each Board committee;
 4. copies of the agendas and minutes for all Board and Board committee meetings held in the twelve-month period immediately preceding such new Director's election or appointment to the Board;
 5. a copy of the Corporation's current strategic plan;
 6. copies of the Corporation's annual reports, related MD&A and management information circulars for the last two financial years of the Corporation immediately preceding such new Director's election or appointment to the Board;
 7. copies of the Corporation's interim financial statements and related MD&As for the twelve-month period immediately preceding such new Director's election or appointment to the Board;

8. a copy of the Corporation's current annual information form;
 9. a copy of the Corporation's Code of Business Code;
 10. a copy of the Corporation's Communications Policy;
 11. a description of (1) the amount, form and timing of remuneration payments made to each Director by the Corporation, and (2) the Corporation's equity ownership requirement for Directors, if any;
 12. a copy of the Corporation's insider trading policies, including the 'black-out' periods for the current financial year;
 13. opportunities to meet with the senior officers of all of the Corporation's business units for the purpose of discussing the nature and operation of the Corporation's business and affairs;
 14. opportunities to visit the Corporation's principal operating locations and to discuss the operation of the locations with the managers of those locations;
 15. a copy of the Corporation's current Directors and Officers insurance policy;
 16. a copy of the Corporation's current Directors and Officers indemnification agreement;
 17. copies of each of the Board's policies; and
 18. a listing of those shareholders of the Corporation who own or control individually more than 2% of the issued and outstanding shares of the Corporation;
- (ii) request the Board Chair to meet with each proposed new Director and to explain to such proposed new Director the culture of the Board, the commitment of time and energy expected of every Director and the competencies and skills which such proposed new Director is expected to bring to the Board; and
- (iii) make available to every Director the opportunity, at the expense of the Corporation,
1. to attend any conference, seminar, course or other educational experience (A) which is intended to expand corporate directors' knowledge and skills, and (B) which is approved by the Board Chair; and
 2. to visit any of the Corporation's principal operating locations and to discuss the operation of those locations with the managers of those locations;
- (k) gain and maintain reasonable assurance of the appropriateness of the form and amount of compensation being paid by the Corporation to a Director, the Board Chair, the chair of each Board committee and a member of each Board committee;
- (l) for the purpose of gaining and maintaining reasonable assurance as to the appropriateness of the form and amount of compensation being paid by the Corporation to a Director, the Board Chair the chair of each Board committee and a member of each Board committee, annually review and report to the Board on the form and amount of such compensation being paid by

other companies selected by the Committee each of which carries on a business comparable in terms of size and complexity to the Corporation's business;

- (m) gain and maintain reasonable assurance that the Board establishes, maintains and implements appropriate formal processes for regularly assessing (i) the effectiveness of the Board, taking into account the Board's mandate, (ii) the effectiveness of the Board Chair, taking into account the Board Chair's position description, (iii) the effectiveness and contribution of each Board committee, taking into account such committee's charter, (iv) the effectiveness of the chair of each Board committee, taking into account such committee chair's position description, and (v) the effectiveness and contribution of each individual Director, taking into account the position description for an individual Director as well as the competencies and skills which such Director is expected to bring to the Board;
- (n) in designing appropriate formal processes for assessing (1) the effectiveness of the Board, the Board Chair and the chair of each Board committee, and (2) the effectiveness and contribution of each Board committee and each individual Director,
 - (i) utilize processes which enable Directors (1) to make the required assessments and, (2) in the case of assessments of the effectiveness and contribution of each individual Director, to make the assessments anonymously;
 - (ii) require the Board Chair and/or the Committee Chair and/or an independent consultant (as the Board deems appropriate) to consolidate the results of each assessment into a single composite assessment report (a "Composite Report");
 - (iii) provide to all Directors copies of all Composite Reports other than Composite Reports of the assessments of individual Director's effectiveness and contribution; and
 - (iv) provide to each Director a copy of the Composite Report of the assessments of that Director's effectiveness and contribution;
- (o) on an ongoing basis, conduct reviews and evaluations of the governance practices and structures adopted, maintained and required by the Board and report back to the Board the Committee's conclusions from such reviews and evaluations;
- (p) prior to each annual meeting of shareholders of the Corporation, recommend to the Board
 - (i) the composition of each Board committee,
 - (ii) the chair of each Board committee, and
 - (iii) a Director or proposed Director to be appointed as the Board Chair,in each case for the period following such annual meeting of shareholders;
- (q) annually, or more frequently at the request of the Corporate Secretary of the Corporation as a result of legislative or regulatory changes, review and assess the adequacy of (and, if appropriate, recommend to the Board changes to) (1) the mandate of the Board, and (2) the position descriptions of the Board Chair, a Director and the chair of each Board committee; and

- (r) determine at least annually, as a separate and supplementary contingency plan to any formal succession plan, the identity of immediate replacements for the Board Chair in the event of an emergency; and

B. Other Diligent Action. undertake such other Diligent Action as the Board may reasonably specify from time to time.

Exhibit “H”
HUMAN RESOURCES COMMITTEE CHARTER

Board Approved: October 14, 2011

1. PURPOSE

The Board of Directors (the “Board”) is responsible for the stewardship of Discovery Air Inc. (the “Corporation”). That stewardship consists primarily of the duty to supervise the management of the business and affairs of the Corporation. To discharge that duty, the Board must supervise all significant aspects of the management of the business and affairs of the Corporation and its subsidiaries.

A. Corporate Obligations to Be Supervised. The following obligations of the officers of the Corporation and Presidents of the Corporation’s subsidiaries and business units (“Management”), the Board and the Corporation (the “Human Resources Obligations”) are, amongst others, significant aspects of the management of the business and affairs of the Corporation:

- (a) the existence within the Corporation of effective policies and practices to enable the Corporation to attract, develop and retain the human resources required by the Corporation to meet the primary objective(s) (the “Approved Primary Objective(s)”) which, with the approval of the Board, the President and Chief Executive Officer of the Corporation (the “CEO”) proposes to pursue in managing the business and affairs of the Corporation;
- (b) the appointment, performance evaluation and compensation of the CEO and other members of Management;
- (c) the succession planning systems and processes relating to members of Management;
- (d) the compensation structure for members of Management including salaries, annual and long-term incentive plans;
- (e) benefit plans for members of Management;
- (f) the design of any profit sharing or other incentive programs for employees (other than members of Management) of the Corporation and its subsidiaries and affiliates; and
- (g) the share ownership guidelines (if any) for members of Management.

B. Authority. The fundamental duty of the Board in supervising efforts to meet the Human Resources Obligations is to gain and maintain reasonable assurance that the Human Resources Obligations are being met. The Board believes its duty in this regard will be most effectively discharged if the Board is assisted by a committee of the Board which is empowered and required

- (a) to take all action (“Diligent Action”) which, in the opinion of the Board or the committee, is necessary or desirable for the committee to gain and maintain reasonable assurance that the Human Resources Obligations are being met, and
- (b) to report to the Board the conclusions reached by the committee as a result of taking Diligent Action.

2. ESTABLISHMENT/CONTINUATION OF HUMAN RESOURCES COMMITTEE

The Board has established and hereby continues the existence of a committee of the Board known as the Human Resources Committee (the “Committee”). The Committee is hereby empowered and required to take Diligent Action and to report to the Board the conclusions reached by the Committee as a result of taking Diligent Action.

3. COMPOSITION

- A. **Composition.** The Committee shall consist of at least three directors of the Corporation (collectively, the “Members”), one of whom shall serve as the Chair of the Committee (the “Committee Chair”). A majority of the Members shall be independent (as that term is defined herein). All Members shall have or develop an understanding of management resources and compensation principles and practices.
- B. **Appointment and Removal.** The Board shall appoint, and may remove, any of the Members and the Committee Chair at any time and from time to time.
- C. **Definitions.** For the purpose of this Charter, a Member is “independent” if (a) the Member has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Member’s independent judgement, and (b) the Member is not an individual who is considered to have a material relationship with the Corporation under the terms of section 1.4 of the *Canadian Securities Administrators’ Multilateral Instrument 52-110 - Audit Committees* (“Instrument 52-110”).

4. RELIANCE ON EXPERTS

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be entitled to rely in good faith upon:

- (a) a report or the advice of an officer or employee of the Corporation, where it is reasonable in the circumstances to rely on such report or advice, and
- (b) a report of a lawyer, human resources specialist or other person whose profession lends credibility to a statement made by such a person.

5. STANDARD OF CARE

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of a Member’s duties is supervising and taking Diligent Action to gain and maintain reasonable assurance that the Human Resources Obligations are being met and to enable the Committee to report thereon to the Board.

6. OPERATING PROCEDURES

- A. **Frequency of Meetings.** The Committee shall meet four times annually or more frequently as circumstances dictate. Regular meetings of the Committee shall be held in accordance with a schedule prepared by the Corporate Secretary in consultation with the Chair of the Board of Directors of the Corporation (the “Board Chair”) and the Committee Chair. Additional meetings of the Committee

may be called at any time by the Board Chair or by the Committee Chair, upon the request of any Member.

- B. Notice of Meetings.** Notice of the time and place of each meeting of the Committee shall be given to each Member not less than 48 hours before the time when the meeting is to be held. Notwithstanding the foregoing, if the Board or the Committee fixes by resolution the time and place of one or more meetings of the Committee and a copy of such resolution is sent to each Member, no notice shall be required to be given to the Members for the meeting(s) whose times and places are so fixed.
- C. Meeting Agendas.** Committee meeting agendas shall be prepared by the Corporate Secretary in consultation with the Board Chair, the Committee Chair and the CEO, in all cases having regard to the matters required to be considered by the Committee under this Charter and/or pursuant to a request of the Board or the Committee.
- D. Transaction of Business.** The powers of the Committee may be exercised at a meeting of the Committee at which a quorum is present or by resolution in writing signed by all of the Members who would have been entitled to vote on that resolution at a meeting of the Committee.
- E. Meetings by Telephone or Electronic Means.** If all of the Members present at or participating in a meeting consent, then any Member may participate in such meeting by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate simultaneously and instantaneously.
- F. Quorum.** A majority of the Members shall constitute a quorum for the transaction of business at all meetings of the Committee.
- G. Votes to Govern.** At all meetings of the Committee, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote. Any question at a meeting of the Committee shall be decided by a show of hands unless a ballot is required or demanded.
- H. Attendance by Other Directors.** Any director of the Corporation (a "Director") who is not a Member shall be entitled to be present at and to participate in all meetings of the Committee as a non-voting participant.
- I. Secretary of Meetings.** Unless the Committee otherwise specifies, the Corporate Secretary or Assistant Corporate Secretary shall act as secretary of all meetings of the Committee.
- J. Chair of Meetings.** The Committee Chair shall act as chair of all meetings of the Committee at which the Committee Chair is present. In the absence of the Committee Chair at any meeting of the Committee, the Members shall appoint a Member to serve as acting chair at the meeting.
- K. In Camera Sessions.** At each meeting of the Committee, the Committee shall meet in a separate in camera session with the CEO. The Committee shall also be entitled to meet in private session or, at the option of the Committee, with one or more other officers or employees of the Corporation or its subsidiaries or affiliates.
- L. Circulation of Minutes.** A copy of the minutes of each meeting of the Committee shall be provided to the Members in a timely fashion and shall be provided to any Director upon request.
- M. Reports to the Board.** The chair of each meeting of the Committee shall report on the matters considered at that meeting to the next-following regularly-scheduled meeting of the Board.

N. Retention of External Advisors. To assist the Committee in discharging its responsibilities, the Committee is authorized to

- (a) engage any advisors (including independent counsel) as it determines necessary to carry out its duties,
- (b) set and pay, at the expense of the Corporation, the compensation for any advisors engaged by the Committee, and
- (c) communicate directly and privately with any advisor engaged by the Committee.

O. Annual Evaluation of this Charter, the Committee and its Compliance with this Charter.

Annually, or more frequently at the request of the Corporate Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- (a) review and assess the adequacy of this Charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Charter to the Board for its approval, except for minor technical amendments to this Charter, authority for which is delegated to the Corporate Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting; and
- (b) conduct a review and evaluation of the Committee's performance including its ability to meet the requirements to this Charter, in accordance with an evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

P. Miscellaneous. To assist the Committee in discharging its responsibilities, the Committee may conduct any investigation and have access to any officer, employee or agent of the Corporation.

7. DILIGENT ACTION

A. For the purpose of gaining and maintaining reasonable assurance that Management, the Board and the Corporation meet the Human Resources Obligations, the Committee shall take Diligent Action to satisfy itself that:

- (a) the Corporation's overall compensation philosophy for all employees balances the objectives (the "Compensation Objectives") of (i) attracting, developing and retaining highly competent employees, (ii) appropriately and fairly incenting and rewarding strong performance by employees and the Corporation in both the short term and the longer term, and (iii) maintaining the Corporation's employee costs at a competitive level;
- (b) the compensation program for members of Management consists of an appropriate combination (an "Appropriate Compensation Combination") of base salary, a short term incentive plan, a longer term incentive plan and other benefits;
- (c) the Corporation establishes and maintains an appropriate succession plan (a "Succession Plan") which identifies the potential short-term and longer-term successors to the CEO and the holders of all other Management positions in the Corporation; and

- (d) the Corporation establishes and maintains effective policies and practices (“Training Policies and Practices”) which, in connection with the Succession Plan, provide for training, monitoring and continuously improving the skills of members of Management.

B. The Committee shall also take Diligent Action to:

- (a) review and recommend for Board approval a clear written position description for the CEO which reflects the Board’s delegation to the CEO of powers and authority to manage the business and affairs of the Corporation and which delineates the CEO’s responsibilities;
- (b) review and recommend for Board approval as the CEO a person whom the Committee believes is capable of managing the business and affairs of the Corporation in a manner which will enable the Corporation to achieve the Approved Primary Objective(s);
- (c) review and recommend for Board approval the terms and conditions (including any severance provisions) of the CEO’s employment by the Corporation, as well as any changes to such terms and conditions;
- (d) establish, maintain and implement a formal process for annually assessing the performance of the CEO, taking into account the CEO’s position description and the Approved Primary Objectives(s) which the CEO is responsible for meeting;
- (e) after consultation with the CEO, recommend to the Board the appointment of all other members of Management and review and recommend for Board approval the terms and conditions (including any severance provisions) of each such person’s employment by the Corporation, as well as any changes to such terms and conditions;
- (f) review and recommend for Board approval comprehensive compensation and benefits programs for the CEO and for other members of Management, including the criteria (which shall incorporate the Approved Primary Objective(s)) against which the performance of the Corporation, the CEO and other members of Management will be evaluated for purposes of any incentive plans (“Incentive Plans”) included in such compensation programs;
- (g) advise the Board of the Committee’s evaluation of the actual performance of the Corporation, the CEO and each other member of Management against the criteria approved by the Board for purposes of the Incentive Plans, and make recommendations to the Board with respect to compensation levels (including the CEO’s compensation level) based on such evaluations;
- (h) review and recommend to the Board for approval any proposed public disclosure of executive compensation by the Corporation before the Corporation publically discloses such information;
- (i) determine at least annually, as a separate and supplementary contingency plan to the Succession Plan, the identity of immediate replacements in the event of an emergency for the CEO, the Chief Financial Officer and all other members of Management;
- (j) review with the CEO any proposed major changes in organization or personnel of the Corporation and its subsidiaries and affiliates and, if advisable, recommend approval to the Board;
- (k) establish the terms and conditions, and approve in each instance, the participation of the CEO on the board of directors of any other corporation, commercial or not-for-profit, not directly related to the interests of the Corporation (an “Outside Board”), and review and approve

participation by any other member of Management, as approved by the CEO, on any Outside Board;

- (l) review and approve annually share ownership guidelines for members of Management, if any, and review as required (i) the actual ownership position of all members of Management relative to ownership guidelines, and (ii) transactions in the Corporation's securities by members of Management, if any; and

- (m) review the results of periodic employee opinion surveys.

C. For the purpose of satisfying itself that (1) the Corporation's overall compensation philosophy for all employees balances the Compensation Objectives, and (2) the compensation program for members of Management consists of an Appropriate Compensation Combination, the Committee shall

- (a) in assessing each existing or proposed component (the "Component") of a compensation program ("Program") for a member of Management,

- (i) consider the Component in the context of the total Program for such member of Management,

- (ii) compare the Component and the Program against the components and total compensation programs provided to officers or employees of similar rank and responsibility (1) by the Corporation, and (2) by other companies selected by the Committee with which the Corporation competes for employees,

- (iii) obtain the advice of an unconflicted compensation consultant as to whether the Component and the Program (1) reflect a compensation philosophy for all employees of the Corporation which balances the Compensation Objectives, and (2) contribute effectively to an Appropriate Compensation Combination; for purposes of this Charter, a compensation consultant is unconflicted if the compensation consultant has no direct or indirect relationship with the Corporation which, in the view of the Committee, could reasonably be expected to interfere with the compensation consultant's provision of objective, independent and unbiased opinions and advice to the Committee; and

- (iv) review any Incentive Plan comprising or included in the Component and/or the Program with a view to satisfying itself (1) that the Incentive Plan could not reasonably be expected to create or constitute an incentive for such member of Management to engage in unethical behaviour, or (2) that the Corporation has in place internal controls which could reasonably be expected to prevent unethical behaviour which might be incented by the Incentive Plan; and

- (b) obtain the opinion of the CEO as to whether the Component and the Program are consistent with maintaining the Corporation's employee costs at a competitive level.

D. For the purpose of satisfying itself that the Corporation has established and maintains an appropriate Succession Plan and effective Training Policies and Practices, the Committee shall:

- (a) annually review the Succession Plan with the CEO;

- (b) annually review with the CEO the performance of the other members of Management;

- (c) annually review with the CEO and/or with other members of Management selected by the Committee the Training Policies and Practices; and
 - (d) annually review with the CEO and/or with other members of Management selected by the Committee the time periods within which the CEO and/or such other members of Management believes that each high-potential manager will be qualified for promotion.
- E. In establishing, maintaining and implementing a formal process for annually assessing the performance of the CEO, the Committee shall:
 - (a) utilize a process which enables all Directors and all of the CEO's direct reports to assess the CEO's performance anonymously;
 - (b) require the CEO to assess his or her own performance using the same criteria as are used by each Director;
 - (c) require the Board Chair, the Committee Chair or an independent consultant to consolidate the results of the assessments of the CEO's performance made by Directors, the CEO and the CEO's direct reports into a single composite assessment (a "Composite Assessment");
 - (d) provide a copy of the Composite Assessment to each Director and the CEO; and
 - (e) provide an opportunity for the Board and the CEO to discuss the Composite Assessment.
- F. Prior to appointing any officer of the Corporation, the Committee shall gain reasonable assurance that the person proposed to be so appointed is not an inappropriate person to hold the officership to which such person is proposed to be appointed.
- G. The Committee shall perform such other Diligent Action as the Board may reasonably specify from time to time.

8. UNUSUAL COMPENSATION PROGRAMS

The Board acknowledges

- (a) that in connection with the acquisition by the Corporation of business units, the Board has in the past established and may in the future establish compensation programs for members of Management which (i) may not meet the requirements of this Charter and/or (ii) may not enjoy the support of the Committee; and
- (b) that notwithstanding anything contained in this Charter, the Committee is not required or entitled to address, consider or otherwise deal with such compensation programs in any way.

Exhibit “I”
AUDIT COMMITTEE CHARTER

Board Approved: April 20, 2012

1. PURPOSE

The Board of Directors (the “Board”) is responsible for the stewardship of Discovery Air Inc. (the “Corporation”). That stewardship consists primarily of the duty to supervise the management of the business and affairs of the Corporation. To discharge that duty, the Board must supervise all significant aspects of the management of the business and affairs of the Corporation and its subsidiaries.

A. Corporate Obligations to Be Supervised. The following obligations of the senior officers of the Corporation (“Management”), the Board and the Corporation (the “Financial Obligations”) are, amongst others, significant aspects of the management of the business and affairs of the Corporation:

- (a) financial reporting and disclosure in compliance with applicable law;
- (b) the appointment by the shareholders of the Corporation of a firm of chartered accountants as the external auditor of the Corporation (the “External Auditor”);
- (c) monitoring the work of the External Auditor;
- (d) maintenance by Management of effective controls over the Corporation’s financial reporting and disclosure;
- (e) maintenance by Management of effective policies and guidelines related to the management of the risks (the “Financial Risks”) associated with Management, the Board and the Corporation meeting the Financial Obligations; and
- (f) effective management of the Corporation’s financial resources, assets and obligations.

B. Authority. The fundamental duty of the Board in supervising efforts to meet the Financial Obligations is to gain and maintain reasonable assurance that the Financial Obligations are being met. The Board believes its duty in this regard will be most effectively discharged if the Board is assisted by a committee of the Board which is empowered and required:

- (a) to take all actions (the “Diligent Actions”) which, in the opinion of the Board or the committee, are necessary or desirable for the committee to gain and maintain reasonable assurance that the Financial Obligations are being met, and
- (b) to report to the Board the conclusions reached by the committee as a result of taking the Diligent Actions.

2. ESTABLISHMENT/CONTINUATION OF AUDIT COMMITTEE

The Board has established and hereby continues the existence of a committee of the Board known as the Audit Committee (the “Committee”). The Committee is hereby empowered and required to take the Diligent Actions and to report to the Board the conclusions reached by the Committee as a result of taking the Diligent Actions.

3. COMPOSITION

- D. Composition.** The Committee shall consist of at least three directors of the Corporation (collectively, the “Members”), one of whom shall serve as the Chair of the Committee (the “Committee Chair”). All members shall be Independent (as that term is defined herein) and Financially Literate (as that term is defined herein).
- E. Appointment and Removal.** The Board shall appoint, and may remove, any of the Members and the Committee Chair at any time and from time to time.
- F. Definitions.** For the purpose of this Charter
- (a) a member is “Independent” if
 - (i) the Member has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Member’s independent judgment; and
 - (ii) the Member is not an individual who is considered to have a material relationship with the Corporation under the terms of section 1.4 of the Canadian Securities Administrators’ Multilateral Instrument 52-110 - Audit Committees (“Instrument 52-110”), and
 - (b) the term “Financially Literate” means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be presented by the financial statements of the Corporation.

4. RELIANCE ON EXPERTS

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation, or any other report of the Corporation represented to him or her by an officer of the Corporation or in a written report of the External Auditor to present fairly the financial position of the Corporation in accordance with International Financial Reporting Standards (“IFRS”),
- (b) a report or advice of an officer or employee of the Corporation, where it is reasonable in the circumstances to rely on the report or advice, and
- (c) a report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by such a person.

5. STANDARD OF CARE

In contributing to the Committee’s discharge of its duties under this Charter, each Member shall be obliged to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended, or may be construed, to impose on any Member a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of a Member’s duties is supervising and taking

Diligent Actions to gain and maintain reasonable assurance that the Financial Obligations are being met by the Corporation and to enable the Committee to report thereon to the Board.

6. OPERATING PROCEDURES

- A. Frequency of Meetings.** The Committee shall meet four times annually or more frequently as circumstances dictate. Regular meetings of the Committee shall be held in accordance with a schedule prepared by the Corporate Secretary in consultation with the Chair of the Board of Directors of the Corporation (the “Board Chair”) and the Committee Chair. Additional meetings of the Committee may be called at any time by the Board Chair or by the Committee Chair, upon the request of any Member or at the request of the External Auditor.
- B. Notice of Meetings.** Notice of the time and place of each meeting of the Committee shall be given to each Member not less than 48 hours before the time when the meeting is to be held. Notwithstanding the foregoing, in the event that the Board or the Committee fixes by resolution the time and place of one or more meetings of the Committee and a copy of such resolution is sent to each Member, no notice shall be required to be given to the Members for the meeting(s) whose times and places are so fixed.
- C. Meeting Agendas.** Committee meeting agendas shall be prepared by the Corporate Secretary in consultation with the Board Chair, the Committee Chair, the Corporation’s President and Chief Executive Officer (the “CEO”), the Corporation’s Chief Financial Officer (the “CFO”) and the External Auditor, in all cases having regard to the matters required to be considered by the Committee under this Charter and/or pursuant to a request of the Board, the Committee or the External Auditor.
- D. Transaction of Business.** The powers of the Committee may be exercised at a meeting of the Committee at which a quorum is present or by resolution in writing signed by all of the Members who would have been entitled to vote on that resolution at a meeting of the Committee.
- E. Meetings by Telephone or Electronic Means.** If all of the Members present at or participating in a meeting consent, then any Member may participate in such meeting by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate simultaneously and instantaneously.
- F. Quorum.** A majority of the Members shall constitute a quorum for the transaction of business at all meetings of the Committee.
- G. Votes to Govern.** At all meetings of the Committee, any question shall be decided by a majority of the votes cast on the question and in the case of an equality of votes, the chair of the meeting shall be entitled to a second or casting vote. Any question at a meeting of the Committee shall be decided by a show of hands unless a ballot is required or demanded.
- H. Attendance by Other Directors.** Any director of the Corporation (a “Director”), whether or not he or she is a Member, shall be entitled to be present at and to participate in all meetings of the Committee as a non-voting participant.
- I. Secretary of Meetings.** Unless the Committee otherwise specifies, the Corporate Secretary or Assistant Corporate Secretary shall act as secretary of all meetings of the Committee.

- J. Chair of Meetings.** The Committee Chair shall act as chair of all meetings of the Committee at which the Committee Chair is present. In the absence of the Committee Chair at any meeting of the Committee, the Members shall appoint a Member to serve as acting chair at the meeting.
- K. In Camera Sessions.** At each meeting of the Committee, the Committee shall meet in separate in camera sessions with each of the External Auditor, the CEO and the CFO. The Committee shall also be entitled to meet in private session or, at the option of the Committee, with one or more other officers or employees of the Corporation or its subsidiaries.
- L. Circulation of Minutes.** A copy of the minutes of each meeting of the Committee shall be provided to the Members in a timely fashion and shall be provided to any Director upon request.
- M. Reports to the Board.** The chair of each meeting of the Committee shall report on the matters considered at that meeting to the next-following regularly-scheduled meeting of the Board.
- N. Retention of External Advisors.** To assist the Committee in discharging its responsibilities, the Committee is authorized to:
 - (a) engage any advisors (including independent counsel) as it determines necessary to carry out its duties,
 - (b) set and pay, at the expense of the Corporation, the compensation for any advisors engaged by the Committee, and
 - (c) communicate directly and privately with the External Auditor and any other advisor engaged by the Committee.

7. DILIGENT ACTIONS

Without limiting the nature or scope of the Diligent Actions, the Committee shall, as part of the Diligent Actions:

- A. General.** For the purpose of gaining and maintaining reasonable assurance that Management, the Board and the Corporation meet the Financial Obligations,
 - (a) require Management (with the assistance of the Corporation's general legal counsel and the External Auditor) to provide to the Committee
 - (i) a written report listing the Financial Obligations,
 - (ii) prompt written updates to the report referred to in paragraph (i) above describing any proposed or actual change to the Obligations, and
 - (iii) at each meeting of the Committee, written assurance that Management and the Corporation have, since the last preceding meeting of the Committee, complied fully with the Financial Obligations;
 - (b) make regular assessments of the integrity, comprehensiveness and effectiveness of internal controls which support Management, the Board and the Corporation in meeting the Financial Obligations ("Internal Financial Controls"), including (1) the

Corporation's disclosure controls and procedures ("Disclosure Controls"), and (2) the Corporation's internal controls over financial reporting ("Reporting Controls"), as those terms are defined in the Canadian Securities Administrators' Multilateral Instrument 52-109-Certification of Disclosure in Issuers' Annual and Interim Filings ("Instrument 52-109"); in making each such assessment, the Committee shall obtain from the CEO and the CFO a report setting out:

- (i) the overall approach taken by the CEO and the CFO to the process by which they provide certification as required by Instrument 52-109,
 - (ii) the issues that were raised by such overall approach,
 - (iii) the approach taken by the CEO and the CFO to the evaluation of the Disclosure Controls and the Reporting Controls,
 - (iv) the results of the evaluation of the Disclosure Controls and the Reporting Controls made by the CEO and the CFO, and
 - (v) the conclusions reached by the CEO and the CFO as to the effectiveness of the Disclosure Controls and the Reporting Controls;
- (c) annually assess the quality and sufficiency of the Corporation's accounting and financial personnel;
 - (d) review the effectiveness of the Corporation's policies that require significant new actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
 - (e) review reports to Management by the External Auditor with respect to weaknesses or deficiencies in Internal Financial Controls, and review the adequacy and appropriateness of Management's responses to recommendations relating to such weaknesses or deficiencies made by the External Auditor, including the implementation thereof;
 - (f) oversee and regularly assess the quality of the work of the External Auditor in preparing or issuing an audit or other report in respect of the Corporation's financial statements and performing other audit, review or attest services for the Corporation;
 - (g) use its best efforts to resolve disagreements between Management and the External Auditor regarding financial reporting;
 - (h) receive at least annually reports from each of Management and the External Auditor with respect to the effectiveness of the records and procedures established by Management to initiate, record, process and report the Corporation's transactions;
 - (i) review the plans of Management and the External Auditor to gain reasonable assurance that the combined evaluation and testing of Internal Financial Controls is comprehensive, coordinated and effective;
 - (j) receive timely reports from Management, the External Auditor and the Corporation's legal department on any indication or detection of fraud and the corrective activity undertaken in respect thereto;

- (k) before the Committee recommends a proposed External Auditor for nomination by the Board, be reasonably assured that any such proposed External Auditor of the Corporation possesses and will make available to the Corporation the personnel required to efficiently, cost-effectively and expertly prepare or issue an audit or other report in respect of the Corporation's financial statements or perform other audit, review or attest services for the Corporation;
- (l) in advance of the External Auditor's commencement of each audit of the Corporation's financial statements, review with the External Auditor the proposed scope of the audit, the proposed areas of special emphasis to be addressed in the audit and the materiality levels which the External Auditor proposes to employ;
- (m) satisfy itself that Management has placed no restrictions on the scope or extent of the External Auditor's audit examinations or reviews or the External Auditor's reporting of its findings to the Board or the Committee;
- (n) review and approve in advance any proposed appointment of a member of Management whose duties relate significantly to Financial Obligations;
- (o) review quarterly a progress report by the External Auditor on the status of its annual audit of the Corporation's annual financial statements, including the External Auditor's findings and the implications of those findings; and
- (p) discuss with the External Auditor (i) whether its reports to Management on errors detected by the External Auditor in the course of an audit or other audit findings suggest weaknesses or deficiencies in Internal Financial Controls, and (ii) whether, in the opinion of the External Auditor, Management has appropriately addressed any such errors or other audit findings;

B. Audited Financial Statements. For the purpose of gaining reasonable assurance as to whether each audited financial statement of the Corporation presents fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with IFRS,

- (a) review with Management and the External Auditor the comparative financial statements of the Corporation relating separately to each financial year of the Corporation (the "Current Year") and the financial year of the Corporation next preceding the Current Year (the "Preceding Year");
- (b) assess the reasonableness, and the effect upon the Corporation's financial position and the results of the Corporation's operations, of
 - (i) each significant estimate, accrual, reserve and provision employed by Management in preparing the comparative financial statements of the Corporation for the Current Year (the "Current Annual Statement"), as well as all changes to each significant estimate, accrual, reserve and provision made since the end of the third quarter of the Current Year, and
 - (ii) the aggregate amount of all estimates, accruals, reserves and provisions employed by Management in preparing the Current Annual Statement, as well as the change (if any) in such aggregate amount made since the end of the third quarter of the Current Year;

- (c) review all unresolved items identified by the External Auditor in conducting its audit of the Current Annual Statement;
- (d) obtain the written opinion of the External Auditor as to whether:
 - (i) any of the accounting principles, policies, practices or methods employed by Management in preparing the Corporation's financial statements for the Preceding Year were significantly changed or augmented in preparing the Current Annual Statement,
 - (ii) the Current Annual Statement is materially different from that which the External Auditor would have expected from reviewing the Corporation's quarterly financial statements for the Current Year,
 - (iii) the accounting principles, policies and disclosure practices employed in preparing the Current Annual Statement are materially different from the accounting principles, policies and disclosure practices generally employed by others engaged in the industries or businesses in which the Corporation is engaged,
 - (iv) any of the accounting policies, practices, estimates, judgments or disclosure practices employed in preparing the Current Annual Statement could be described as "aggressive", "inadequate" or "not the most appropriate",
 - (v) in the Current Annual Statement, any immaterial items are treated in a manner which would have to be changed if such items became material in future years, or
 - (vi) there is any accounting principle, policy, practice, estimate, judgment or disclosure practice employed in preparing the Current Annual Statement which is not in accordance with IFRS but the use of which is justified on the basis of immateriality;
- (e) obtain a written report from the External Auditor comparing (i) the extent of the External Auditor's reliance on Internal Financial Controls in auditing the Current Annual Statement to (ii) the extent of the External Auditor's reliance on Internal Financial Controls in auditing the Preceding Year's financial statements;
- (f) review at least annually with Management, the External Auditor and the Corporation's legal counsel all legal claims or other contingencies affecting the Corporation to gain reasonable assurance that all such claims and contingencies which could have a material effect on the financial position or results of operations of the Corporation have been disclosed (if appropriate) in the Current Annual Statement;
- (g) review with Management and the External Auditor the annual financial statements of the Corporation's significant subsidiaries; and
- (h) obtain from Management a representation letter addressed to the Committee relating to the Current Annual Statement comparable in content to the representation letter provided by Management to the External Auditor relating to the Current Annual Statement;

- C. Interim Financial Statements.** For the purpose for gaining reasonable assurance as to whether each interim financial statement of the Corporation presents fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with IFRS,
- (a) review with Management and the External Auditor the comparative interim financial statement of the Corporation relating separately to each of the three-month, six-month and nine-month periods of the Current Year and the Preceding Year;
 - (b) assess the reasonableness, and the effect upon the Corporation's financial position and the results of the Corporation's operations, of
 - (i) each significant estimate, accrual, reserve and provision employed by Management in preparing each comparative interim financial statement specified in subparagraph (a) above (the "Current Quarterly Statement"), as well as all changes to each significant estimate, accrual, reserve and provision made at or since the beginning of the period to which the Current Quarterly Statement relates (the "Current Quarter"), and
 - (ii) the aggregate amount of all estimates, accruals, reserves and provisions employed by Management in preparing the Current Quarterly Statement, as well as the change (if any) in such aggregate amount made at or since the beginning of the Current Quarter;
 - (c) review all unresolved items identified by the External Auditor in preparing its report on the Current Quarterly Statement;
 - (d) obtain a written report from the External Auditor as to whether it is aware of any material modification that needs to be made for the Current Quarterly Statement to be in accordance with IFRS; and
 - (e) obtain a written report of the External Auditor as to whether the External Auditor, in the course of reviewing the Current Quarterly Statement, became aware that
 - (i) any of the accounting principles, policies, practices or methods employed by Management in preparing the Corporation's financial statements for the financial accounting period ended immediately prior to the beginning of the Current Quarter were significantly changed or augmented in preparing the Current Quarterly Statement,
 - (ii) the Current Quarterly Statement is materially different from that which the External Auditor would have expected from reviewing the Corporations' financial statements for the earlier financial quarters (if any) falling within the financial year of the Corporation encompassing the Current Quarter,
 - (iii) the accounting principles, policies, and disclosure practices employed in preparing the Current Quarterly Statement are materially different from the accounting principles, policies and disclosure practices generally employed by others engaged in the industries or businesses in which the Corporation is engaged,

- (iv) any of the accounting principles, policies, practices, estimates, judgments or disclosure practices employed in preparing the Current Quarterly Statement could be described as “aggressive”, “inadequate” or “not the most appropriate”,
- (v) in the Current Quarterly Statement, any immaterial items are treated in a manner which would have to be changed if such items became material in a future financial accounting period, or
- (vi) there is any accounting principle, policy, practice, estimate, judgment or disclosure practice employed in preparing the Current Quarterly Statement which is not in accordance with IFRS but the use of which is justified on the basis of immateriality;

G. Financial Statements and MD&A. For the purpose of gaining reasonable assurance that each Current Annual Statement and each Current Quarterly Statement (a “Current Financial Statement”), the related Management’s Discussion & Analysis (as defined in the Canadian Securities Administrators’ National Instrument 51-102 – Continuous Disclosure Obligations) (“MD&A”) and any related press releases have been made up and certified as required by the laws, regulations, rules, policies and other requirements relating to financial reporting and disclosure (collectively the “Financial Reporting Rules”) promulgated by governments, securities commissions, stock exchanges and other agencies and instrumentalities having jurisdiction over the Corporation (collectively the “Regulators”),

- (a) require Management (with the assistance of the Corporation’s general legal counsel and the External Auditor) to provide to the Committee (1) a written report setting out the applicable Financial Reporting Rules, and (2) prompt written updates to that report describing any proposed or actual change to the applicable Financial Reporting Rules;
- (b) before the Corporation publicly discloses such information, review each Current Financial Statement, the related MD&A and any related press releases with Management and the External Auditor in light of the written report (as updated from time to time) referred to in subsection (a) above;
- (c) review each MD&A to gain reasonable assurance that the statements and disclosures made therein are consistent with the Committee’s knowledge of the Corporation’s operations, financial condition and performance;
- (d) obtain from the External Auditor a report on (i) whether the financial information included in each MD&A is consistent with the related Current Financial Statement, and (ii) whether the selection or presentation of that financial information in such MD&A could reasonably be expected to cause a reader to misinterpret the Corporation’s financial condition or performance;
- (e) obtain from Management at least annually a list of the most important performance measures or indicators that Management uses to manage the Corporation’s business and assess the Corporation’s performance; and
- (f) gain reasonable assurance that such performance measures and indicators are presented fairly in each MD&A;

- H. External Auditor’s Report.** For the purpose of gaining reasonable assurance that each Current Annual Statement is accompanied by a report thereon prepared by the External Auditor in accordance with the Financial Reporting Rules (the “Required Report”),
- (a) require Management (with the assistance of the Corporation’s general legal counsel and the External Auditor) to provide to the Committee (1) a written report specifying all of the contents and characteristics of a Required Report, and (2) prompt written updates to that report describing any proposed or actual changes to the content or characteristics of a Required Report; and
 - (b) review each Required Report with Management and the External Auditor in light of the written report (as updated from time to time) referred to in subsection (a) above;
- I. Independence of External Auditor.** For the purpose of gaining and maintaining reasonable assurance that an existing or proposed External Auditor (an “Auditor”) is objective and independent,
- (a) obtain annually from the Auditor a written opinion of the Auditor that it is objective within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario;
 - (b) obtain annually from the Auditor a written report of the Auditor listing in detail
 - (i) all fees paid by the Corporation or any affiliate of the Corporation to the Auditor or any affiliate of the Auditor in the last financial year of the Corporation ended prior to the date of such report, and
 - (ii) all relationships of any kind which existed between the Auditor or any affiliate of the Auditor and the Corporation or any affiliate of the Corporation at any time in the last financial year of the Corporation ended prior to the date of such report; and
 - (c) obtain annually from the External Auditor an acknowledgement in writing that the Board and the Committee, and not Management, are the External Auditor’s clients;
- J. Filing and Sending Financial Statement and MD&A.** For the purpose of gaining reasonable assurance that each Current Financial Statement and the related MD&A are filed with all Regulators and sent to holders of the Corporation’s securities (including each shareholder of the Corporation) in compliance with the Financial Reporting Rules, prior to the date specified by the Financial Reporting Rules by which the Current Financial Statement and the related MD&A must be so filed and sent, obtain from Management written assurance that the Current Financial Statement and the related MD&A have been so filed and sent;
- K. Dissemination of Financial Information.** For the purpose of gaining reasonable assurance (1) that where a material change (as defined in the Financial Reporting Rules) occurs in the affairs of the Corporation, the Corporation (A) forthwith issues a news release authorized by a member of Management disclosing the nature and substance of the material change (a “Material Change News Release”) and (B) files a report of such material change (a “Material Change Report”) as soon as practicable (and in any event within ten days of the date on which the material change occurs), all in compliance with the Financial Reporting Rules, and (2) that all financial information concerning the Corporation which is disseminated to the public by or on behalf of the Corporation is accurate, complete and fairly presented,

- (a) prior to the date specified by the Financial Reporting Rules by which any such Material Change News Release and any such Material Change Report must be issued and filed, obtain from Management written assurance that such Material Change News Release and Material Change Report have been so issued and filed;
- (b) review with Management and, if the Committee so desires, with the External Auditor, all news releases and reports proposed to be issued or filed by the Corporation which contain significant financial information concerning the Corporation, including all news releases and reports concerning a Current Financial Statement; in circumstances where events render it impractical for the Committee to review such news releases or reports with Management prior to issuing or filing such news releases or reports, authority to review and approve such news releases or reports may be exercised by the Committee Chair and the Board Chair, acting together;
- (c) review with Management and, if the Committee so desires, with the External Auditor, all prospectuses, Material Change News Releases, Material Change Reports, MD&A, annual information forms and similar disclosure documents; and
- (d) periodically assess the adequacy of the Corporation's procedures, resources, systems and tasks for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements;

L. Rules Applicable to the Committee. For the purpose of gaining and maintaining reasonable assurance that the composition, authority and responsibilities of the Committee conform to and comply with the Financial Reporting Rules, require Management (with the assistance of the Corporations' general legal counsel and the External Auditor) to provide to the Committee.

- (a) a written report listing the applicable Financial Reporting Rules; and
- (b) prompt written updates to the report referred to in subsection (a) above describing any proposed or actual changes to the applicable Financial Reporting Rules;

M. Employment Obligations. For the purpose of gaining and maintaining reasonable assurance that the Corporation is in compliance with its obligations under tax, employment and similar laws and regulations, obtain quarterly reports from Management as to such compliance;

N. Non-Audit Services. Pre-approve all non-audit services proposed to be provided to the Corporation or to any of its subsidiaries by the External Auditor; prior to the Committee pre-approving any non-audit services proposed to be provided to the Corporation or to any of its subsidiaries by the External Auditor, gain reasonable assurance that the provision of such services by the External Auditor could not reasonably be expected to impair the objectivity or independence of the External Auditor; for purposes of this Charter,

- (a) "audit services" means the professional services rendered by the External Auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the External Auditor in connection with statutory and regulatory filings or engagements, and
- (b) "non-audit services" means services other than audit services;

- O. Hiring from External Auditor.** Review and approve the Corporation's hiring policies regarding partners, employees, former partners and former employees of the present and former External Auditor;
- P. Complaint Processes.** Establish procedures for
- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, Internal Financial Controls, Disclosure Controls, Financial Reporting Rules or auditing matters,
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, and
 - (c) the reporting to the Committee of all such complaints and submissions;
- Q. Recommendation of Auditor.** Recommend to the Board
- (a) a proposed External Auditor to be nominated by the Board for appointment as the External Auditor by the holders of common shares of the Corporation, and
 - (b) the compensation of the External Auditor ;
- R. Oversight of Financial Risks.** For the purpose of gaining and maintaining reasonable assurance that Management is directly and effectively assessing, monitoring and managing Financial Risks,
- (a) prior to the Board's approval of each MD&A, obtain from Management a report containing Management's assessment of the principal risks to the Corporation's business and identifying which of such risks are principal Financial Risks;
 - (b) at least semi-annually, obtain from Management a report specifying the process by which Management is assessing, monitoring and managing Financial Risks;
 - (c) review all reports of the External Auditor with respect to any weaknesses or deficiencies in Internal Controls relating to Financial Risks, and review the adequacy and appropriateness of Management's responses to recommendations relating to any such weaknesses or deficiencies made by the External Auditor, including Management's implementation of such recommendations;
 - (d) gain reasonable assurance that the principal Financial Risks are fairly presented in each MD&A and in the Corporation's Annual Information Form; and
 - (e) prepare and present annually to the Board a report of the Committee setting out the Committee's conclusions resulting from the Committee's oversight of Management's assessment, monitoring and management of Financial Risks;

- S. **Financial Resources, Assets and Obligations.** For the purpose of gaining and maintaining reasonable assurance that Management is effectively managing the financial resources, assets and obligations of the Corporation,
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- (a) at least annually review the Corporation's financing strategy, capital structure, annual cash flow targets and operating plans;
 - (b) obtain quarterly from Management reports on the Corporation's cash flow and working capital management, compliance with debt covenants and other matters that could impact the financial condition of the Corporation, and gain reasonable assurance that such matters are fairly and appropriately disclosed in the Current Financial Statements and/or the related MD&A; and
 - (c) satisfy itself that the safeguarding of financial assets and the proper recording of financial assets and obligations are effectively addressed in the certification of Internal Financial Controls by the CEO and the CFO; and
- U. **Other Diligent Actions.** Perform such other Diligent Actions as the Board may reasonably specify from time to time.