



DISCOVERY AIR INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS
AND
MANAGEMENT PROXY CIRCULAR**

May 3, 2011



May 3, 2011

Dear Shareholders,

On behalf of the Directors, management and employees of Discovery Air Inc., we invite you to attend our 2011 Annual and Special Meeting of Shareholders to be held in the Hochelaga 4 Room, located on the Convention Floor (Level “C”) at the Fairmont Queen Elizabeth Hotel, 900 Rene Levesque Boulevard West, Montreal, Quebec, H3B 4A5 at 1:00 p.m. (Montreal time) on Tuesday, June 7, 2011.

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 instrument of proxy or voting instruction form.

The Notice of Meeting and Management Proxy Circular provides important information regarding the meeting, the proposals to be voted upon, 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
Chair of the Board

Dave Jennings
President and Chief Executive Officer



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DISCOVERY AIR INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

When

Tuesday, June 7, 2011 at 1:00 p.m. (Montreal time)

Where

Fairmont Queen Elizabeth Hotel, 900 Rene Levesque Blvd. W, Montreal, Quebec, H3B 4A5, Hochelaga 4 Room, Convention Floor (Level "C").

Business of the 2011 Annual and Special 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, 2011 and the report of the auditor thereon;
2. election of directors who will serve until the end of the next annual meeting of shareholders or until their successors are elected or appointed;
3. appointment of the auditor for the ensuing year and authorization of the directors of the Corporation to fix the auditor's remuneration;
4. pursuant to section 173 of the *Canada Business Corporations Act*, amendment of the Articles of Continuance of the Corporation to consolidate the common shares of the Corporation on the basis of one new consolidated share for every 10 common shares now issued and outstanding; and
5. consideration of such other business, if any, as may properly come before the Meeting or any adjournment thereof.

The Management Proxy Circular accompanying this Notice provides specific details of the business to be considered at the Meeting.

Record Date:

Registered holders ("Shareholders") of Discovery Air Inc.'s Class A Common shares and Class B common shares (collectively "Shares") at the close of trading on the Toronto Stock Exchange on May 3, 2011 (the "Record Date") will be entitled to receive notice of and vote at the Meeting. If you acquired your Shares after the Record Date and wish to vote at the Meeting, you must establish that you own the Shares and demand not

later than 10 days before the Meeting that your name be included in the list of Shareholders entitled to vote at the Meeting.

Your vote is important

As a Shareholder of the Corporation, it is very important that you read this material carefully and vote your shares, either by proxy or in person at the Meeting.

The following pages tell you more about how to exercise your right to vote your Shares and provide additional information relating to the matters to be dealt with at the Meeting.

DATED at the City of Yellowknife, in the Northwest Territories this 3rd day of May, 2011.

BY ORDER OF THE BOARD OF DIRECTORS



Geoffrey P. Wiest
Corporate Secretary

SUBMIT YOUR PROXY. You are encouraged to submit the form of Proxy enclosed with this Notice, whether or not you plan to attend the Meeting. Your Proxy must be received by 10:00 a.m. (Montreal time) on June 3, 2011 to be counted. Most Shareholders can vote by telephone, internet, fax or mail. Please review carefully the proxy material included with this Notice. Your vote may not be counted if you fail to submit your Proxy correctly.



**MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on Tuesday, June 7, 2011**

SECTION ONE: VOTING

SOLICITATION OF PROXIES BY MANAGEMENT

This management proxy circular (the “Circular”) is furnished to shareholders of Discovery Air Inc. (the “Corporation”) in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the 2011 annual and special meeting (the “Meeting”) of the holders of Class A common shares and Class B common shares of the Corporation (collectively, the “shares” or “common shares”) of the Corporation. The information contained in this Circular is current as of May 3, 2011, unless otherwise indicated. The Meeting will be held in the Hochelaga 4 Room located on the Convention Floor (Level “C”) at the Fairmont Queen Elizabeth Hotel, 900 Rene Levesque Boulevard West, Montreal, Quebec on Tuesday, June 7, 2011 at 1:00 p.m. (Montreal time) for the purposes set forth in the accompanying Notice of Annual and Special 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 “you” or “your” refers to shareholders of Discovery Air. Any reference to “we”, “us”, “the Corporation” or “Discovery Air” refers to Discovery Air Inc.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of May 3, 2011, there were **144,813,555 Class A common shares and 742,604 Class B common shares** issued and outstanding. Subject to the voting restrictions and adjustments outlined below under “Restrictions on Voting of Shares”, each common share carries the right to one vote.

The Board has fixed May 3, 2011 as the record date (the “Record Date”) for determining the holders of common shares (“Shareholders”) 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 common shares registered in his or her name on the Record Date, except to the extent that the person has transferred the ownership of any of his, her or its common shares after the Record Date and the recipient transferee of those common shares produces properly endorsed share certificates or otherwise establishes that he or she owns such common 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 common shares at the Meeting.

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 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 23,451,427 Class A common shares (being approximately 16.1 % of such class) and Ian Campbell, Vice-President of Great Slave Helicopters Ltd., who, to the best of the knowledge of the Corporation, owns, controls or directs, directly or indirectly 23,450,582 Class A common shares (being approximately 16.1% of such class).

Quorum

A quorum is present at the Meeting if holders of at least one (1%) per cent of the common 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 on behalf of the management of the Corporation. As well as 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 and 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 us.

Solicitation 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 accompanying envelope not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting. 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 form of 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 above for the deposit of proxies. Please read and follow the instructions provided on the form of 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 “Advice to Beneficial Holders of Securities”) for instructions on how to revoke your voting instructions.

Exercise of Discretion by Proxy

The persons named in the proxy must vote or withhold from voting your common shares in accordance with your instructions on the proxy. **If you do not provide instructions in your Management Proxy, the persons named in a Management Proxy will vote your 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, variation or other matter.** If, however, amendments, variations or other matters which are not now known to management of the Corporation should properly come before the Meeting, the shares represented by Management Proxies will be voted by the persons named in the Management Proxies in accordance with their best judgment.

For details concerning the Corporation’s “Majority Voting Policy” with respect to the election of its directors, please refer to the information under the heading “Election of Directors” at page 7 of this Circular.

Shareholders who plan to attend the Meeting and wish to vote their shares in person at the Meeting should not complete or return any form of proxy. Their votes will be taken and counted at the Meeting. Such Shareholders are to register with the scrutineer upon their arrival at the Meeting.

You must complete the declaration regarding whether or not the common 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 voting instruction form. The definition of “Canadian” can be found below under “Restrictions on Voting of Shares”.

Advice to Beneficial Holders of Securities

The information in this section is of significant importance to a substantial number of shareholders who do not hold their shares in their own names, but who hold their shares through Intermediaries (i.e. a banks, trust companies, securities brokers, clearing agencies, trustees or other nominees). Shareholders who do not hold their common shares in their own names are referred to in this document as a “Beneficial Shareholder”.

Common shares held in the name of nominees can only be voted upon the instructions of the Beneficial Shareholders. Without specific instructions, Intermediaries are prohibited from voting common 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 common 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 shares can be recognized and acted upon at the Meeting.

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. Such shares will likely be registered in the name of your Intermediary. Shares held by Intermediaries can be voted for or against resolutions only upon the instructions of the Beneficial Shareholders. Without specific instructions, intermediaries are prohibited from voting shares for their clients. The board of directors of the

Corporation (the “Board”) and the officers of the Corporation may not know for whose benefit the shares registered in the name of Intermediaries are held.

A Beneficial Shareholder may have received from an Intermediary either a request for voting instructions or a form of proxy 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 PROXY FROM AN INTERMEDIARY CANNOT USE THAT PROXY TO VOTE SHARES DIRECTLY AT THE MEETING. The proxy 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 must provide the Intermediary with the appropriate documentation 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 common 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 COMMON SHARES DIRECTLY AT THE MEETING.

RESTRICTIONS ON VOTING OF SHARES

The *Canada Transportation Act* (“CTA”) requires any 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 common shares may be beneficially owned and controlled, directly or indirectly, only by persons who are Canadians and Class B common shares may be beneficially owned or controlled, directly or indirectly, only by persons who are not Canadians.

Further, each issued and outstanding Class A common share will be converted into one Class B common share, automatically and without any further act of the Corporation or the holder, if such Class A common 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 common share will be automatically converted into one Class A common share without any further act on the part of the Corporation or of the holder, if such Class B common share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian.

The Class B common shares carry one vote per share, unless:

- (a) the number of issued and outstanding Class B common shares exceeds 25% (or any other percentage prescribed under the CTA) of the total of all issued and outstanding common shares; or
- (b) the total number of votes cast by holders of Class B common shares at any meeting of Shareholders of the Corporation exceeds 25% (or any other percentage prescribed under the CTA) of the total number of votes that may be cast at such meeting.

If either of the above 2 thresholds is met at any time, the votes attached to the Class B common shares will decrease automatically to equal the maximum vote per Class B common share to ensure that the Class B common shares as a class do not carry more than 25% (or any other percentage prescribed under the CTA) of the aggregate votes attached to common 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 common shares will not be decreased for the purposes of the Meeting.

The Corporation's Articles of Continuance also grant to the Board all powers necessary to give effect to the voting restrictions.

The Corporation requires that a residency declaration be signed in order to transfer Class B common shares. Further, it requires all Shareholders to declare whether or not they are Canadian before each meeting of shareholders. The Corporation may in the future adopt various additional procedures and policies with respect to the common shares to ensure compliance with the 25% limitation on non-Canadian voting of the Class B common shares.

SECTION TWO: 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, 2011 and the auditor's report thereon are included in the 2011 Annual Report, which has been mailed to all registered Shareholders and Intermediaries with this Circular. While no vote is required on this matter, Shareholders and proxy holders will have an opportunity to review and discuss the 2011 fiscal year results with management at the Meeting.

ELECTION OF DIRECTORS

Our nominees for election as directors are set out below. If elected, each will serve until the earlier of our 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, the Corporation is authorized to have between one and 15 directors. In accordance with the Corporation's bylaws, the Board has determined that six directors will be elected at the Meeting.

The Management Proxy permits you to vote in favour of all of our nominees, to vote in favour of some nominees and to withhold votes for other nominees, or to withhold votes for all nominees. Unless instructed otherwise, persons named in the Management Proxy will vote FOR the election of these nominees as directors.

Nominees

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, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

NAME	OFFICE HELD, DATE BECAME A DIRECTOR AND COMMITTEE MEMBERSHIP	PRINCIPAL OCCUPATION
<p>GILBERT BENNETT ⁽¹⁾ Guelph, Ontario, Canada <i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units – 519,934</i></p>	<p>Director since July 24, 2008 Chairman of the Board</p>	<p>Business Consultant and director of Samuel, Son & Co., Ltd. ⁽²⁾</p>
<p>JAMES GOODFELLOW Oakville, Ontario, Canada <i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units – 347,795</i></p>	<p>Director since October 24, 2008 Chair of the Audit Committee</p>	<p>Business Consultant ⁽³⁾</p>
<p>ALAN HIBBEN Toronto, Ontario, Canada <i>Common shareholdings – 35,000</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units – 297,958</i></p>	<p>Director since August 7, 2008 Member of the Audit Committee and the Governance Committee</p>	<p>Managing Director, RBC Capital Markets ⁽⁴⁾</p>
<p>JOSEPH RANDELL ⁽⁵⁾ Wellington, Nova Scotia, Canada <i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units – 364,479</i></p>	<p>Director since August 7, 2008 Chair of the Human Resources Committee and member of the Governance Committee</p>	<p>President and Chief Executive Officer of Chorus Aviation Inc.</p>
<p>WAYNE SALES Jupiter, Florida, United States of America <i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units – 371,369</i></p>	<p>Director since August 7, 2008 Chair of the Governance Committee and member of the Human Resources Committee</p>	<p>Business Consultant ⁽⁶⁾</p>
<p>BRIAN SEMKOWSKI London, Ontario, Canada <i>Common shareholdings - 1,046,590</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units – 345,376</i></p>	<p>Director since June 17, 2008 Member of the Audit Committee and the Human Resources Committee</p>	<p>President, Southwest Sun Group Inc. ⁽⁷⁾</p>

Notes:

- (1) Mr. Bennett was a director and Chair of the Board of Bracknell Corporation, a company which, within the last ten years and within one year of his ceasing to act in such capacities, had a receiver appointed to hold its assets.
- (2) From 2003 to February 2009, Mr. Bennett was the Chair of the Board of Fortis Ontario Inc. From August 1996 to March, 2007, Mr. Bennett was Chair of the Board of Canadian Tire Corporation, Limited.
- (3) Since June 2008, Mr. Goodfellow is a business consultant who acts as a corporate director and senior advisor to Deloitte & Touche LLP. Before that time, Mr. Goodfellow was a partner and Vice-Chairman of Deloitte & Touche LLP. He is a director of Canadian Tire Corporation, Limited.
- (4) From 2007 to 2009, Mr. Hibben was a Principal of Shakerhill Partners Ltd. From 2005 to 2007, he was Head, Strategy & Development at RBC Financial Group. From 2000 to 2007, Mr. Hibben was Chief Executive Officer of RBC Capital Partners. From 2009 to March 2011, Mr. Hibben was a Partner at Blair Franklin Capital Partners.
- (5) Mr. Randell was a director of Air Canada Jazz when it made an application pursuant to the *Companies' Creditors Arrangement Act*.
- (6) 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.
- (7) 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 Solutions Inc.

All of the persons proposed to be nominated are already directors of the Corporation.

The attendance of directors at Board and committee meetings, the compensation paid to directors, the Board composition (including independence of the directors), and director succession planning are disclosed below in *Section Three* under the headings *Board Members, Composition and Independence, Board and Committee Attendance, Director Succession Planning* and *2010 Director Compensation*.

Adoption of Majority Voting for Directors

On April 22, 2010, the Board 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.

Future nominees for election to the Board will be asked to subscribe to this statement before their names are put forward.

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 our next annual meeting of shareholders. Unless instructed otherwise, the persons named in a Management Proxy will vote FOR the resolution to re-appoint KPMG LLP as our auditor.

Management and the Board propose KPMG LLP for reappointment as auditor of the Corporation to hold office until the close of 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.

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.

CONSOLIDATION OF SHARE CAPITAL

General

At the Meeting, the Board intends to submit for approval by or on behalf of the shareholders a resolution (the “Special Resolution”) set out below. If the Special Resolution is approved by at least 2/3rds of the votes cast by or on behalf of the shareholders at the Meeting, the Board will be authorized (but not required) to apply at any time on behalf of the Corporation for Articles of Amendment

- (i) consolidating every ten of the issued and outstanding Class A common shares (“Class A shares”) into one Class A share, and
- (ii) consolidating every ten of the issued and outstanding Class B common shares (“Class B shares”) into one Class B share.

If the Special Resolution is approved at the Meeting as specified above, it is the Board’s present intention to apply for such Articles of Amendment as soon as reasonably practicable, subject to meeting any requirements of the Toronto Stock Exchange (the “TSX”) and other regulatory bodies. The TSX has conditionally approved the consolidations to be authorized by the Special Resolution (the “Consolidations”).

Notwithstanding approval of the Consolidations by or on behalf of the shareholders, the Board, in its sole discretion, may abandon the Consolidations without further approval or action by, or prior notice to, the shareholders.

Background and Reasons for the Consolidation

The Board believes that it is in the best interest of shareholders that the Board be given the authority to implement the Consolidations. The Consolidations will reduce the number of outstanding shares to a level comparable to the outstanding share levels at other Canadian aviation companies. It is expected that the Consolidations will increase the average daily volume and value of trading in the Corporation’s shares, thereby providing shareholders a more liquid market in the Corporation’s securities. It is also expected to reduce bid/ask spreads, resulting in more efficient pricing for both buyers and sellers of the Corporation’s shares. Finally, the Consolidations are expected to assist with possible future initiatives to raise additional capital by allowing certain institutional investors, precluded from investing at the Corporation’s current share price, to acquire shares of the Corporation.

The special resolution also authorizes the Board to elect not to proceed with, and abandon, the Consolidations at any time if it determines, in its sole discretion, to do so. The Board would exercise this right if it determines that the Consolidations are no longer in the best interests of the Corporation and its shareholders. No further approval or action by or prior notice to shareholders would be required in order for the Board to abandon the Consolidations.

Principal Effects of the Consolidation

If approved and implemented, the Consolidations will occur simultaneously for all of the Class A shares and Class B shares. The Consolidations will affect all Shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would result in any shareholder owning a fractional share (see "*Effect on Fractional Shares*"). No fractional Class A shares or Class B shares will be issued in connection with the Consolidations. In addition, the Consolidations will not affect any shareholder's proportionate voting rights (subject to the aforesaid treatment of fractional shares). Each Class A shares or Class B share outstanding after the Consolidations will be entitled to one vote and will be fully paid and non-assessable.

The principal effects of the Consolidations will be as follows:

- (i) the number of Class A shares issued and outstanding will be reduced from 144,813,555 Class A shares as of the date hereof to approximately 14,481,355 Class A shares;
- (ii) the number of Class B shares issued and outstanding will be reduced from 742,604 Class B shares as of the date hereof to approximately 74,260 Class B shares; and
- (iii) the exercise or conversion price and/or the number of Class A shares and/or Class B shares issuable under any of the Corporation's outstanding convertible securities, stock options, warrants and deferred share units ("DSUs") will be proportionally adjusted.

Effect on Fractional Shares

No fractional Class A shares or Class B shares will be issued if, as a result of the Consolidations, a shareholder would otherwise be entitled to a fractional share. Instead, if, as a result of the Consolidations, a shareholder is entitled to a fractional share, such fractional share that is less than $\frac{1}{2}$ of one post-Consolidation share will be cancelled and each fractional Common Share that is at least $\frac{1}{2}$ of a one post-Consolidation share will be rounded up to one whole post-Consolidation share of the appropriate class.

Effect on Non-Registered Holders

Non-registered shareholders holding Class A shares or Class B shares through intermediaries should note that such intermediaries may have different procedures for processing the Consolidations from those that will be put in place by the Corporation for registered Shareholders. If you are a non-registered shareholder and you have questions or concerns in this regard, you are encouraged to contact your Intermediary.

Effect on Convertible Securities and Stock Options

The exercise or conversion price and/or the number of Class A shares and/or Class B shares issuable under any outstanding convertible securities and outstanding stock options, warrants or DSUs will be proportionally adjusted upon the implementation of the Consolidation, in accordance with the terms of such securities.

Effect on Shares Held in Book-Entry Form

Certain non-registered shareholders may own Class A shares or Class B shares in book-entry form. Non-registered shareholders will not have share certificates evidencing their ownership of such shares and therefore do not need to take any additional actions to exchange any pre-Consolidations book-entry shares for post-Consolidations shares. Upon the effective date of the Consolidation, each then existing book-entry account will be adjusted to reflect the number of post-Consolidations shares to which the non-registered shareholders is entitled.

Effect on Share Certificates

If the proposed Consolidations are approved the shareholders and implemented, registered shareholders will be required to exchange their share certificates representing pre-consolidated shares for new share certificates representing post-consolidated shares. Following the announcement by the Corporation of the consolidation

and the effective date of the consolidation, registered shareholders will be sent a letter of transmittal from the Corporation's transfer agent, Computershare, as soon as practicable after the effective date of the Consolidations. The letter of transmittal will contain instruction on how to surrender your certificate(s) representing your pre-consolidated shares to the transfer agent. The transfer agent will forward to each registered shareholder who has sent the required documents a new share certificate representing the number of post-consolidation shares to which the shareholder is entitled.

Until surrendered, each share certificate representing pre-consolidation shares will be deemed for all purposes to represent the number of whole post-consolidation shares to which the holder is entitled as a result of the Consolidations.

Shareholders should not destroy any share certificate(s) and should not submit any share certificate(s) until requested to do so.

Procedure for Implementing the Consolidations

If the shareholders approve the special resolution and our Board decides to implement the Consolidations, the Corporation will promptly file articles of amendment with the Director under the *Canada Business Corporations Act* in the form prescribed by the *Canada Business Corporations Act* to amend the Corporation's articles of continuance. The Consolidations will become effective on the date shown in the certificate of amendment issued by the Director under the *Canada Business Corporations Act* or such other date indicated in the articles of amendment.

No Dissent Right

Under the *Canada Business Corporations Act*, shareholders do not have dissent or appraisal rights as a result of the Consolidations.

Resolution for Approving the Consolidations

The persons named in the Management Proxy intend to vote FOR the Special Resolution in the absence of directions to the contrary from the shareholders appointing them.

The following is the text of the Special Resolution required; to become effective, the Special Resolution must be approved by at least two-thirds of the votes cast at the Meeting.

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the Company is hereby authorized to consolidate all of the issued and outstanding Class A and Class B common shares in the capital of the Company (the "Common Shares") at the ratio of ten to one (i.e. one post-consolidation Common Share will be issued for every ten pre-consolidation Common Shares) (the "Consolidation");
2. in the event that the Consolidation would otherwise result in a fractional share, no fractional shall be issued. An adjustment will be made such that any fractional share that is less than $\frac{1}{2}$ of one post-Consolidation Common Share will be cancelled and each fractional share that is at least $\frac{1}{2}$ of one post-Consolidation Common Share will be rounded up to one whole post-Consolidation Common Share;
3. notwithstanding the foregoing, the directors of the Company are hereby authorized, without further approval of or notice to the shareholders of the Company, to revoke these resolutions at any time; and
4. any officer or director of the Company is hereby authorized for, on behalf of and in the name of the Company, to execute and deliver all documents and do and perform or cause to be done and performed all such things necessary or desirable to give effect to the foregoing resolutions, including, without limitation, the effective date of the Consolidation, the execution of any such documents,

instruments and any other agreements contemplated by, necessary or desirable in connection with the foregoing resolutions as may be required from time to time and contemplated and required in connection therewith, or as such officer or director in his or her discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purpose of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents, instruments shall be conclusive evidence that the same have been authorized, ratified, approved and confirmed.

OTHER MATTERS

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

SECTION THREE: CORPORATE GOVERNANCE

GOVERNANCE PRACTICES

Information pertaining to the Corporation's corporate governance practices is included in Exhibit A attached hereto.

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 4 *in-camera* meetings, the Audit Committee held 3 *in-camera* meetings, the Human Resources Committee held 4 *in-camera* meetings and the Governance Committee held 1 *in-camera* meeting.

Composition of the Board and Independence

According to the Corporation's Articles 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 six and management proposes to nominate six persons for election as directors at the Meeting. The Board considers a board size of six to eight 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 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 as Exhibit F to this Circular.

In addition to being a director of the Corporation, all the Corporation's directors sit on the boards of other companies. Gilbert Bennett is also a director of Samuel, Son & Co. Ltd. Alan Hibben is also a director of HudBay Minerals Inc. James Goodfellow is also a director of Canadian Tire Corporation, Limited. 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 Board has determined that all six proposed directors are "independent" for the purposes of the Canadian Securities Administrators' National Policy 58-201 – *Corporate Governance Guidelines*.

INDEPENDENCE STATUS OF DIRECTOR NOMINEES

<u>NAME</u>	<u>MANAGEMENT</u>	<u>INDEPENDENT</u>	<u>NOT INDEPENDENT</u>	<u>REASON FOR NON-INDEPENDENT STATUS</u>
Gilbert Bennett		✓		
James Goodfellow		✓		
Alan Hibben		✓		
Joseph Randell		✓		
Wayne Sales		✓		
Brian Semkowski		✓		

In determining that each director is independent, the Board decided that each 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 (1) 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, (2) 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 (3) each director is not a current partner or employee of KPMG LLP, our 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 detailed disclosure questionnaire which includes inquiries regarding any direct or indirect business relationships or interest in transactions between such director and the Corporation, as well as such director’s shareholdings and equity-based interests in 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.

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

The composition of the Board does not result in any interlocking directorships.

Board and Committee Attendance

For the year ended January 31, 2011, the following number of Board and Committee meetings were held:

Board	10
Audit Committee.....	5
Human Resources Committee.....	5
Governance Committee.....	4

For the year ended January 31, 2011, 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 (10 meetings)	Audit Committee (5 meetings)	Human Resources Committee (5 meetings)	Governance Committee (4 meetings)	
Gilbert Bennett	10 of 10				100%
James Goodfellow	10 of 10	5 of 5			100%
Alan Hibben	10 of 10	5 of 5		4 of 4	100%
Joseph Randell	10 of 10		5 of 5	4 of 4	100%
Wayne Sales	10 of 10		5 of 5	4 of 4	100%
Brian Semkowski	10 of 10	5 of 5	5 of 5		100%

BOARD MATTERS

Board Mandate

A copy of the Mandate of the Board can be found in Exhibit A.

Position Descriptions

Position descriptions adopted by the Board can be found in Schedule A as follows:

- Job Description of the Chair of the Board – Exhibit F;
- Job Description of the Chair of the Audit Committee – Exhibit G;
- Job Description of the Chair of the Human Resources Committee – Exhibit H;
- Job Description of the Chair of the Governance Committee – Exhibit I; and
- Job Description of the CEO – Exhibit J.

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 our Board, including specific responsibilities, committee appointments, workload and time commitments, are discussed with potential candidates. New directors will be 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, individual directors and the Chief Executive Officer, 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 the members of the Board 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 where 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. All members of the Governance Committee are independent. See the charter of the Governance Committee attached as Exhibit D.

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. See the charter of the Governance Committee attached as Exhibit D. Assessments were completed for the Board, the individual directors and committees during the third quarter of 2011. 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 discussed at the third quarter meeting of the Committee. The Governance Committee will be developing and recommending to the Board updated assessment processes which facilitate these evaluations during the current fiscal year.

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 developed 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.

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

The Corporation has a Board-approved Position Description for the Chair of the Board and for the Chairs of the Board committees (see Exhibits F, G, H and I to this Circular). The Board has also set out the authority levels and responsibilities of the Corporation's Chief Executive Officer through a detailed Resolution of Delegated Authority.

Governance Committee Report

The Governance Committee met four times during fiscal 2011. In the course of the year, the Governance Committee worked completed the following matters:

- developing new charters for the Governance Committee, the Human Resources Committee and the Disclosure Committee;
- developing an updated job descriptions for the chairs of each committee;
- developing a securities trading policy for the Corporation, its directors, officers and employees;
- updating the Corporation's Corporate Disclosure Policy and Disclosure Controls and Procedures Policy;
- conducting assessments of the Board and the committees; and
- conducting an assessment of the current skills of the directors and making recommendations to the Board as to additional skills which could be advantageous to the Board, along with a recommendation as to the appropriate size of the Board.

Human Resources Committee Report

The Human Resources Committee ("HRC") met five times during fiscal 2011. At each meeting, the HRC 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 HRC completed the following matters:

- developing a new charter for the HRC;

- developing a draft compensation philosophy;
- reviewing all current compensation arrangements for named executive officers;
- developing the job description for the CEO (Exhibit J of this Management Proxy Circular);
- reviewing stock option incentive plan and equity based incentive plan compensation options for the Corporation;
- reviewing the Corporation’s benefit plans;
- recommending appointments of officers of the Corporation and its operating units;
- reviewing the Corporation’s variable compensation structure for fiscal 2011; and
- developing of succession plans for key executive roles.

Audit Committee Report

Information pertaining to the Corporation’s Audit Committee can be found in the Corporation’s Annual Information Form for the year ended January 31, 2011 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.

In addition to the matters referred to in the Charter of the Committee, during fiscal 2011, the Audit Committee developed an updated anonymous employee reporting policy (whistle blower policy) known as the Confidential Submissions Policy.

DIRECTOR COMPENSATION

Director Compensation Program

The director compensation program was 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 consists of cash retainers and fees and deferred share units (“DSUs”). The DSUs received by the directors are governed by a Deferred Share Unit Plan (“DSU Plan”) approved by the Board. The DSU Plan is described below.

The cash compensation arrangements for directors in fiscal year 2011 were as follows:

TYPE OF FEE	AMOUNT
ANNUAL RETAINER	
Board Chair Annual Cash Retainer (inclusive of all meeting fees) ⁽¹⁾	\$50,000
Board Chair Annual DSU Retainer (grant value)	\$50,000
Board Members Annual Cash Retainer (except Board Chair)	\$15,000
Board Members Annual DSU Retainer (except Board Chair)	\$15,000
Audit Committee Chair Annual Cash Retainer	\$ 3,750
Audit Committee Chair Annual DSU Retainer	\$ 3,750
Governance Committee Chair Annual Cash Retainer	\$ 2,500
Governance Committee Chair Annual DSU Retainer	\$ 2,500
Human Resources Committee Chair Annual Cash Retainer	\$ 2,500
Human Resources Committee Chair Annual DSU Retainer	\$ 2,500

TYPE OF FEE		AMOUNT
ATTENDANCE FEES		
a)	Fees for In-Person Attendance (including committee Chairs)	
	Board Meetings.....	\$ 1,800
	Audit Committee Meetings.....	\$ 2,000
	Governance Committee Meetings.....	\$ 1,500
	Human Resources Committee Meeting.....	\$ 1,500
b)	Fees for Telephone Attendance (including committee Chairs)	
	Board Meetings.....	\$ 1,250
	Audit Committee Meetings.....	\$ 1,400
	Governance Committee Meetings.....	\$ 1,000
	Human Resources Committee Meeting.....	\$ 1,000
	Travel Allowance ⁽²⁾	\$ 1,000
Notes:		
(1)	The Board Chair does not receive meeting fees, but attends all Board and Committee meetings.	
(2)	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. Travel fees are paid quarterly in arrears. One-half of travel fees is paid in cash and the other half is paid in DSUs.	
(3)	(a) Mileage Expense- for directors who drive their cars to attend Board or committee meetings, mileage is paid at the same rate as is paid to employees of the Corporation; and (b) Other Expenses – other expenses reasonably incurred by directors to attend Board or committee meetings (including economy airfare and overnight accommodation costs) are reimbursed based on submitted receipts.	

Fiscal 2011 Summary of Director Compensation

The following table sets out the compensation provided to members of the Board for the year ended January 31, 2011.

Name	Fees Earned (\$)	Share-based Awards ^(Note) (\$)	All Other Compensation (\$)	Total (\$)
Gilbert Bennett	50,000	50,000	Nil	100,000
James Goodfellow	34,252	34,252	Nil	68,504
Alan Hibben	28,100	28,100	Nil	56,200
Joseph Randell	33,850	33,850	Nil	67,700
Wayne Sales	35,250	35,250	Nil	70,500
Brian Semkowski	33,750	33,750	Nil	67,500

Note: The value of Share-based Awards represents the value of DSUs granted to each director in relation to the fiscal year ended January 31, 2011. All DSUs vest on the date of grant. The value is calculated by multiplying the number of DSUs on the date of grant by the weighted average price at which the Corporation's Class A common shares traded on the TSX during the 10 business day period prior to and including the last business day before the date of grant.

Unlike compensation for named executive officers, the directors' compensation is not designed to pay for performance. Rather, directors receive a combination of retainers, chair fees and meeting attendance fees. One-half of the compensation is received in the form of DSUs. The DSUs serve to align the directors' interests with the interests of the Corporation, as the value of each DSU equates to the value of each share and cannot be accessed until the director resigns from the Board. The value of the DSUs received by the directors in relation to the fiscal year ended January 31, 2011 is provided in the chart above under the column entitled "Share-based Awards".

A director (other than the Chair of the Board) receives an annual retainer as outlined in the chart above payable quarterly in advance. The annual retainer fee is paid in cash and matched by a corresponding number

of DSUs. The Chair of the Board is not a member of any committee. 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 above. The meeting attendance fee is paid in cash and then matched by a corresponding number of DSUs.

As his total compensation, the Chair of the Board receives an annual Chair fee of \$100,000. The Chair of the Audit Committee receives an annual Chair fee of \$7,500 and the Chairs of the Governance Committee and the HRC each receive an annual Chair fee of \$5,000. One-half of Chair fees (including the Chair's annual fee) is paid in cash and the other half is paid in DSUs.

Directors are reimbursed for reasonable travel and other expenses incurred when attending meetings.

The DSU Plan governs the administration of the DSUs, as well as their settlement upon a director ceasing to be a director of the Corporation. Former directors who are not U.S. Persons (as defined in the DSU Plan) may elect to settle their DSUs over the period beginning with the date they cease being a director of the Corporation and ending on the last business day in December of the first calendar year following the year of such cessation date. Former directors who are U.S. Persons (as defined in the DSU Plan) automatically have all of their DSUs settled on the date they cease being a director of the Corporation. Each settlement payment is payable in a lump sum cash amount (less applicable taxes) equal to the number of DSUs to be settled multiplied by the weighted average price at which the Corporation's Class A common shares traded on the TSX during the 10 business day period prior to and including the last business day before the settlement date. Each settlement payment received by a retired director is taxed in its entirety as ordinary income; that is, no part of a settlement payment qualifies for capital gains tax treatment. The DSU Plan is unfunded and DSUs may not be assigned by the directors. The Board has the authority to amend or terminate the DSU Plan.

SECTION FOUR: EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION & ANALYSIS

Compensation Philosophy

1. Background

The Corporation was created through the acquisition of several predecessor companies, including Hicks & Lawrence, Great Slave Helicopters, Air Tindi, Top Aces, and Discovery Mining Services, and more recently, the start-up of Discovery Air Technical Services. 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. 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 corporate executives and senior managers were 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 a repositioning of 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.

2. 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. From a risk management perspective, the Corporation's compensation practices

- (a) confirms that safety of operations is paramount, and does not encourage any deviation from the Corporation's safety programs and practices,
- (b) does not encourage the use of unrealistic planning assumptions to drive compensation arrangements, and
- (c) does not encourage 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 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 Chief Executive Officer, senior management and employees generally.

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

3. 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

OBJECTIVE	DESIGN ELEMENT	IMPLEMENTATION
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
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 Chief Executive Officer 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.

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

- (i) 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
- (ii) 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).

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.

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 the Corporation's shares. Each of them maintains a significant ownership interest, directly and indirectly, in the Corporation's 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; in part to appropriately align their interests with those of the Corporation, the Corporation sought and received shareholder approval at its June 3, 2010 Annual General 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 non-organic 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 one-time 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 incent 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.

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:

- review by the HRC 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 fully identified and assessed;
- monitoring by the HRC 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
- review by the HRC and the Board to gain reasonable assurance that such arrangements are subject to appropriate disclosure controls and procedures within the scope of the assertions on design and effectiveness made by the Chief Executive Officer (the "CEO") and the Chief Financial Officer of the Corporation on the interim and annual certificates they are required to file under the Canadian Securities Administrators' Multilateral Instrument 52-109 – *Certification of Disclosure in issuers' Annual and Interim Filings*.

The HRC oversees the Corporation's human resources and compensation strategy, plans, policies, procedures and practices. The complete mandate of HRC is set out in Schedule A, Exhibit C. The Corporation's process for determining executive compensation relies solely on Board discussion based upon recommendations from the HRC, which committee in turn receives the advice and input of the CEO. The CEO works with the Chair of the HRC to plan the HRC meeting agendas and to prepare related presentation material. The CEO develops and presents to the HRC recommendations and supporting material relating to executive compensation. In addition, the CEO attends all regular meetings of the HRC. At each meeting, the HRC conducts an "in camera" session during which management is not present. From time to time, the Board or the HRC may retain the services of an independent compensation advisor. All work performed by the advisor is done under the direction of the Board or the HRC, including work occasionally done in conjunction with management. From time to time, management may retain the services of a compensation advisor. The HRC provides the necessary oversight to ensure that no conflicts exist between the Board, management and their respective advisors.

EXECUTIVE COMPENSATION PROGRAM

Components

(a) *Base Salary*

The Corporation pays each named executive officer a base salary that is appropriate to the executive's role, the level of responsibility within the Corporation and the potential impact of his/her position on the Corporation's performance. Each year, named executive officer salaries are reviewed but not necessarily adjusted. In fiscal 2010, adjustments were made as outlined in the summary Compensation Table below.

(b) *Short Term Incentive Plan*

See the discussion under the heading *Variable Compensation* above.

The Corporation has established an Annual Incentive Plan ("AIP") to define and administer variable compensation for its executive officers. AIP guidelines and targets are reviewed and amended as necessary at

the beginning of each fiscal year to ensure alignment with the priorities established in the Corporation's business and financial plans. No bonuses were or will be paid to any named executive officers in relation to the fiscal year ended January 31, 2010. The discussion below provides detail regarding the AIPs for the Corporation's fiscal 2011 and fiscal 2012.

Fiscal 2011 AIP

Target payouts for executive officers under the 2011 AIP were set at 25% of their respective base salaries, except for the President & Chief Executive Officer whose target payout was 75% of base salary. The fiscal 2011 AIP incorporated a safety override, which required substantial compliance with the Corporation's various safety guidelines as a precedent to any payout. As the safety override was met for fiscal 2011, payouts were calculated by reference to performance against two performance measures: consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), and average net working capital ("NWC") as a percentage of consolidated revenue. These performance measures were selected to maintain executive focus on consolidated returns from operations and on consolidated liquidity. The target payout as a percentage of base salary was weighted 80% to performance against the EBITDA target, with 20% weighted to performance against the NWC target, with payouts to be adjusted from the target payout levels based on over-performance or under-performance against the EBITDA and NWC targets.

The actual payout for fiscal 2011 reflected under-performance against the EBITDA target, and "meets performance" against the NWC target. For the executive officers, the fiscal 2011 payout averaged 22% of their respective base salaries, while the payout for the President and Chief Executive Officer was 65% of his fiscal 2011 base compensation. AIP bonuses were accrued for named executive officers in the amount of \$584,791 in respect of the fiscal 2011 AIP, and were paid in fiscal 2012 following receipt of the Board's approval.

Fiscal 2012 AIP

Target payouts for executive officers under the 2012 AIP have been maintained at 25% of base salaries, with the President & Chief Executive Officer's target maintained at 75% of base salary. The fiscal 2012 AIP includes the same safety override described above. Assuming the safety override is met, payouts under the fiscal 2012 AIP will be calculated by reference to fiscal 2012 performance against two performance measures, with 80% weighted to performance against a target level of consolidated net income after tax ("NIAT"), and 20% weighted to performance against a target level of average NWC as a percent of consolidated revenue. As was the case with the Fiscal 2011 AIP, payouts will be adjusted from the target payout levels based on over-performance or under-performance against the NIAT and NWC targets.

(c) *Long-Term Incentive Awards – 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, 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.

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.

As at the date of this Circular, there are outstanding 2,857,300 stock options granted under the 2006 Plan (with strike prices ranging from \$0.50 to \$1.85) and 1,500,000 stock options granted under the 2010 Plan (with a strike price of \$0.26). Stock options granted under the 2006 Plan continue under the 2010 Plan and the 2006 Plan was terminated upon adoption of the 2010 Plan.

The 2010 Plan is a “rolling” 10% stock option plan. The Corporation has reserved 14,481,355 shares; that is, 10% of the Corporation’s 144,813,555 Class A Common Shares outstanding as of April 30, 2011. Any increase in the issued and outstanding Class A Common Shares will result in an increase in the available number of Class A Common Shares issuable under the 2010 Plan, and any exercises of options will make new grants available under the 2010 Plan, effectively resulting in a “re-loading” of the number of options available to grant under the 2010 Plan. Accordingly, the existing 2,857,300 stock options granted under the 2006 Plan represent the first 2,857,300 options notionally granted under the 2010 Plan – leaving 11,624,055 new options available for granting under the 2010 Plan, of which 1,500,000 stock options have been granted.

The 2010 Plan provides for the granting of non-transferable options to purchase Class A Common Shares. The Board or a committee of the Board selects the optionees and establishes the number of Class A Common Shares under each option. The exercise price per Class A Common Share in respect of any option granted under the 2010 Plan is determined by reference to the closing price of a board lot of the Corporation’s Class A Common Shares on the TSX on the day preceding the date of grant (or if no board lots are traded on such day, then the previous five-day weighted average board lot trading prices). Unless otherwise determined by the Board, each option may be exercised for a period of ten (10) years (the “Option Period”). Unless otherwise determined by the Board, each option may be exercised during the Option Period in accordance with the following vesting requirement: (i) one-third of the optioned shares vest immediately on the date of grant; (ii) one-third of the optioned shares vest on the first anniversary of the date of grant; and (iii) one-third of the optioned shares vest on the second anniversary of the date of grant. The aforesaid vesting rules shall not apply to the options that were previously granted under the 2006 Plan. With respect to options granted during fiscal year 2011 pursuant to the 2010 Plan, the Board exercised its discretion and set the vesting period for all options granted at five years from the effective date of the grant. The 2010 Plan prohibits any modification of the option exercise price and of the number of unexercised options, except in the limited circumstances of a declaration of a stock dividend or a subdivision, consolidation, reclassification or other change or action affecting the Class A Common Shares. In these limited circumstances, the Board may make the modifications that it deems appropriate to the exercise price and to the number of unexercised options, subject always to the approval of the TSX.

The 2010 Plan includes the following quantitative restrictions: (i) the number of Class A Common Shares issuable to insiders at any time pursuant to options granted under the 2010 Plan and all other share compensation arrangements of the Corporation may not exceed 10% of the issued Class A Common Shares and (ii) within any one-year period, the number of Class A Common Shares issued to insiders pursuant to options granted under the 2010 Plan and all other share compensation arrangements of the Corporation may not exceed 5% of the issued Class A Common Shares.

If any optionee is granted a leave of absence for sickness or other reasons, the optionee will be entitled to exercise his/her options during his/her leave of absence according and subject to the provisions of the 2010 Plan, including the vesting rules described above. Similarly, if an optionee dies, is terminated or becomes disabled before the expiration of the applicable Option Period, his/her legal representatives will be entitled to exercise his/her options according and subject to such provisions.

The Corporation does not provide any financial assistance to optionees under the 2010 Plan.

Options 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 HRC 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.

Should an employee, insider or service provider cease to be an employee, insider or service provider, then any outstanding options held by such individual expire on the earlier of ninety days thereafter or the option expiry date, subject to the following provisions: (i) in the event that a director’s relationship is terminated by reason

of disability or retirement or death, the options remain outstanding for one year; (ii) in the event that an employee's or senior officer's relationship is terminated by reason of retirement or death, the options remain outstanding for three years; (iii) in the event that an employee's or senior officer's relationship is terminated by reason of disability, the options remain outstanding for one year, unless otherwise approved by the Board and subject to regulatory approval; (iv) in the event that a service provider's relationship is terminated by reason of disability, retirement or death, the options remain outstanding for one year, unless otherwise approved by the Board and subject to regulatory approval; and (v) in the event that an employee is terminated for breaching a contractual relationship or for cause, any outstanding options held by the employee terminate immediately. The Board, subject to regulatory approval, may extend the option expiration date as deemed appropriate.

The Board has the right to amend, suspend or terminate the 2010 Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX), if any, that require the approval of shareholders or any governmental or regulatory body. The Board's rights include the right of the Board 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. Amendments may not, without the consent of the optionee, adversely affect or impair any option previously granted to any optionee under the 2010 Plan.

The vesting date of all options granted to date under the 2010 Plan has been set by the Board at five years after the date of grant.

(d) *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, 2011, the Corporation paid \$99,121 in total RRSP contributions on behalf of such executive officers.

(e) *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 had been entitled to an automobile allowance which is generally paid by the Corporation to the leasing company from which the officer leases his/her vehicle. The maximum amount of the automobile allowance is set out in the named executive officer's employment contract. Each of David Jennings, Didier Toussaint, Paul Bouchard and Adam Bembridge were also entitled to an aircraft allowance which is payable in cash to the applicable named executive officer with the intent that it can be used for air travel. During fiscal 2011, each named executive officer's contract was amended to provide a single perquisites amount to cover these and other related benefits. Messrs. Jennings, Bouchard and Toussaint are entitled to life insurance paid for by Top Aces Inc. See *Executive Agreements* below for a description of other compensation and perquisites.

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) niche 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.

Compensation Summary

The Summary Compensation Table below sets out the compensation provided to each of the named executive officers as required by Form 51-102F6. Each named executive officer, other than Mr. Min, was a vendor of his 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 their companies after the acquisition by the Corporation. The Corporation believed that consistency in the leadership of the acquisitions 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 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 CEO established a new contract with Mr. Min extending his role as Chief Financial Officer to at least June 30, 2011. The CEO is currently developing a new executive agreement with Mr. Min for approval by the Board.

The Board has determined that a comprehensive review of the compensation packages for the executive officers of the Corporation and its subsidiaries is necessary. See Schedule A Corporate Governance Practices for a description of the charter of the HRC.

SUMMARY COMPENSATION TABLE

The following table provides a summary of all compensation paid to or earned by the President and CEO of the Corporation (David Jennings), the Vice President and Chief Financial Officer of the Corporation (Andrien (Andy) Min), the Executive Vice President, Business Development of the Corporation (Paul Bouchard), the Chief Executive Officer of Top Aces Inc. (Didier Toussaint) and the Group President of Northern Services (Adam Bembridge), together being the "named executive officers", during the fiscal year ended January 31, 2011.

Name and principal position	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.	2011	\$412,500	Nil	Nil	320,488	Nil	Nil	\$169,500 ⁽²⁾	\$902,488
ANDRIEN (ANDY) MIN Vice President & Chief Financial Officer Discovery Air Inc. (effective November 4, 2009)	2011	\$191,667	Nil	63,000	43,158	Nil	Nil	\$67,241 ⁽³⁾	\$365,066
PAUL BOUCHARD Executive Vice President Business Development Discovery Air Inc. (effective December 11, 2009).	2011	\$350,000	Nil	Nil	75,527	Nil	Nil	\$87,800 ⁽⁴⁾	\$513,327
DIDIER TOUSSAINT Group President, Government Services Discovery Air Inc. (effective December 11, 2009)	2011	\$350,000	Nil	Nil	75,527	Nil	Nil	\$87,400 ⁽⁵⁾	\$512,927
ADAM BEMBRIDGE Group President, Northern Services Discovery Air Inc. (effective June 10, 2009)	2011	\$325,000	Nil	Nil	70,132	Nil	Nil	\$87,000 ⁽⁶⁾	\$482,132

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. ("Top Aces"), a subsidiary of the Corporation.
- (2) Of this amount, \$ 21,000 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 which replaced allowances related to automobile and aircraft benefit payments for the period February 1, 2010 to January 31, 2011.
- (3) Of this amount, \$ 13,921 was a pension supplement (since the Corporation does not have a pension plan for any of its employees), \$ 4,748 was automobile lease payments and \$28,572 was retention pay. These payments were for the period February 1, 2010 to May 31, 2010. From June 1, 2010 to January 31, 2011, Mr. Min received a perquisite amount of \$20,000 which replaced auto benefit payments and other compensation benefit payments.
- (4) Of this amount, \$21,400 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 which replaced allowances related to automobile and aircraft benefit payments for the period February 1, 2010 to January 31, 2011.
- (5) Of this amount, \$21,800 was a pension supplement (since the Corporation does not have a pension plan for any of its employees), \$66,000 was a perquisite allowance, which replaced previous allowances related to automobile and aircraft benefit payments for the period February 1, 2010 to January 31, 2011.

- (6) 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 which replaced previous allowances related to automobile, aircraft and northern living allowances for the period February 1, 2010 to January 31, 2011.

EXECUTIVE AGREEMENTS

Mr. Jennings was co-Chief Executive Officer of Top Aces until September 12, 2008, when he was appointed Interim President and CEO of the Corporation. Mr. Jennings was appointed President and CEO of the Corporation on a permanent basis on March 3, 2009. Prior to March 3, 2009, Mr. Jennings had two agreements, each dated August 24, 2007 governing his services to Top Aces which were not amended when he was appointed as Interim President and CEO of the Corporation. An executive agreement between Mr. Jennings personally and Top Aces created an employment relationship and governed his co-Chief Executive Officer responsibilities. A consulting agreement between Mr. Jennings' executive trust and Top Aces created an independent contractor relationship and governed specifically listed services, including flying, management of operations, management of suppliers, management of legal services, management of administration and management of finance. Mr. Toussaint and Mr. Bouchard have substantially similar executive agreements and consulting agreements with Top Aces, Inc.

The key terms of the executive agreement between the Corporation and Mr. Jennings dated March 3, 2009 are as follows:

Executive Agreement – Dave Jennings	
Parties	Dave Jennings and the Corporation
Date and Term	March 3, 2009 for an indefinite term
Title and Responsibilities	President & Chief Executive Officer. Mr. Jennings shall devote his full time, attention and best efforts to further the interests of the Corporation, with responsibilities typically associated with the office of CEO of a public corporation. He reports directly to the Board.
Annual Base Salary	\$412,500 (subject to review annually, without reduction).
Special Bonus	Mr. Jennings is entitled to a special bonus (an "Additional Payment") in the gross amount of \$357,000 payable in annual increments equivalent to 20% of Mr. Jennings' then base salary plus his annual incentive plan payment, until such annual increments cumulatively reach \$357,000, at which time they cease.
Annual Incentive Plan ("AIP") Award	Mr. Jennings is entitled to an AIP award of between 0% and 150% of his base salary, based upon performance, with an award of 75% of base salary at target performance, as established by the Board, on recommendation from the HRC.
Long-Term Incentive Plan ("LTIP")	Mr. Jennings is eligible to participate in an LTIP, once developed, and is entitled to the highest target of all eligible participants, subject to annual review and approval by the HRC.
Parties	Dave Jennings and Discovery Air Inc.
Date and Term	March 3, 2009 for an indefinite term
Title and Responsibilities	President & Chief Executive Officer. Mr. Jennings shall devote his full time, attention and best efforts to further the interests of the Corporation, with responsibilities typically associated with the office of CEO of a public corporation. He reports directly to the Chair of the Board of Directors of the Corporation.
Annual Base Salary	\$412,500 (subject to review annually, without reduction).
Special Bonus	Mr. Jennings is entitled to an Additional Payment in the gross amount of \$357,000 payable in annual increments equivalent to 20% of Mr. Jennings' then base salary plus his annual incentive plan payment, until such annual increments cumulatively reach \$357,000, at which time they cease.
Annual Incentive Award ("AIP")	Mr. Jennings is entitled to an annual incentive award of between 0% and 150% of his base salary, based upon performance, with a payment of 75% of base salary at target performance, as established by the Board, on recommendation from the HRC.
Long-Term Incentive Plan ("LTIP")	Mr. Jennings is eligible to participate in a long-term incentive plan, once developed, and is entitled to the highest target of all eligible participants, subject to annual review and approval by the HRC.
Stock Options	Retain 450,000 stock options, previously granted on June 20, 2007 when Mr. Jennings became a consultant of the Corporation. The exercise price of the options is \$1.56.

Executive Agreement – Dave Jennings	
Benefits and Location	Mr. Jennings is entitled to the same benefits, including medical benefits, as are offered to other executive officers of the Corporation. He is entitled to take part in any pension plan program at the Corporation that may become available. Mr. Jennings is also entitled to an individual life insurance policy with a face value of \$1 million and 6 weeks' paid vacation annually. He agrees to be situated in Montreal, Quebec, unless he requests a transfer to another location from which he can carry out his duties and responsibilities, subject to the consent of the Corporation.
Resignation	Mr. Jennings must provide a minimum of 90 days' notice if he wishes to vacate his position. The Corporation may waive the notice, at which time his entitlements to remuneration and benefits cease on the date of waiver.
Termination for Just Cause	No amounts are due, other than those accruing up to the date of termination, if the Corporation terminates Mr. Jennings' employment for Just Cause. "Just Cause" is defined as: <ul style="list-style-type: none"> • theft, dishonesty or fraud, • conviction of an indictable offence, • gross incompetence, • personal conduct that brings material disrespect or that materially negatively affects the reputation of the Corporation , • bankruptcy or insolvency, • material failure and/or inability to fulfil the his duties; or • any other act or omission which would constitute just cause for termination at common law.
Termination without Just Cause	If Mr. Jennings is terminated without Just Cause, the Corporation will (i) continue to pay his base salary, perquisite allowance, RRSP contribution and AIP award for a period of 24 months from the date on which notice of termination was given; (ii) continue health and dental benefits for a period of 24 months from the date on which notice of termination was given; (iii) pay any pro rata AIP for the year in which the termination occurs; (iv) ensure any right Mr. Jennings may have with respect to any LTIP which exists at the time of termination; (v) ensure that any Additional Payment remaining outstanding at the time of termination without cause is accelerated and paid within 60 days; in no event shall the Additional Payment be part of Mr. Jennings' income continuance; and (vi) make a contribution of no more than \$10,000 toward Mr. Jennings term life insurance policy.
Non-competition, Confidentiality, and Non-solicitation	Mr. Jennings is prohibited from disclosing the Corporation's confidential information during or after his engagement with the Corporation and its affiliates and subsidiaries. He is also prohibited, during his engagement and for two years after its termination, from competing with the Corporation and its affiliates and subsidiaries in Canada, from soliciting its customers, suppliers or employees or from intentionally acting in any manner that is detrimental to the relations between the Corporation and its affiliates and subsidiaries and their respective suppliers, customers, employees or others.
Perquisites	Mr. Jennings is entitled to a monthly perquisite allowance of \$5,500 to be used at his discretion, but which will be utilized to offset the costs of automobile, airplane, health/club memberships, financial planning and an office at his home.

On February 1, 2010, the Corporation and Messrs. Bouchard and Toussaint executed executive agreements with Top Aces which replace their previous agreements with Top Aces in their entirety.

The key terms of the executive agreements between the Corporation and Messrs. Bouchard and Toussaint dated February 1, 2010 are as follows:

Executive Agreements – Didier Toussaint and Paul Bouchard	
Parties	Paul Bouchard and Top Aces Didier Toussaint and Top Aces
Date and Term	February 1, 2010 for an indefinite term
Title and Responsibilities	Mr. Bouchard: Executive Vice President of Business Development of Top Aces, the Corporation and their affiliates and subsidiaries. Mr. Toussaint: Group President Government Services of the Corporation and President and Chief Executive Officer of Top Aces. Messrs. Bouchard and Toussaint shall devote their full time, attention and best efforts to further the interests of Top Aces, the Corporation and their affiliates and subsidiaries with responsibilities typically associated with the offices of Executive Vice President and Group President Government Services, respectively, of a public corporation.

Executive Agreements – Didier Toussaint and Paul Bouchard	
	Mr. Bouchard reports directly to the Chief Executive Officer of the Corporation and agrees to a medical examination every 2 years, commencing in 2011 at the expense of the Corporation. Mr. Toussaint reports directly to the Chief Executive Officer of the Corporation and agrees to a medical examination every 2 years, commencing in 2011 at the expense of the Corporation.
Annual Base Salary	\$350,000 (subject to review annually, without reduction)
Annual Incentive Plan (“AIP”) Award	Each of Messrs. Bouchard and Toussaint is entitled to an AIP award of between 0% and 50% of his base salary, based upon performance, with a target award of 25% of base salary, based upon target performance. If performance exceeds targeted performance objectives significantly, the AIP award may be an amount up to, but not exceeding, twice the target bonus. The amount of the award is at the discretion of the Board.
Stock Options	Retain 450,000 stock options each, previously granted on June 20, 2007 when Messrs. Bouchard and Toussaint became consultants of the Corporation. The exercise price of the options is \$1.56.
Benefits and Location	Each of Messrs. Bouchard and Toussaint is entitled to: (i) the same benefits, including medical benefits, which are offered to other executive officers of Top Aces and the Corporation; (ii) receive an annual payment with an after-tax value equivalent to his maximum RRSP contributions to a maximum of \$21,000 ; (iii) be provided with an individual life insurance policy to the maximum amount allowed by the benefit carrier pursuant to the benefit plan; (iv) 6 weeks’ vacation annually; and (v) reimbursement of reasonable out-of-pocket expenses actually and reasonably incurred while performing his duties. They agree to be situate in Pointe Claire, Quebec.
Resignation	Messrs. Bouchard and Toussaint must provide a minimum of 90 days’ notice if they wish to vacate their position.
Termination for Just Cause	No amounts are due, other than those accruing up to the date of termination, if Top Aces or the Corporation terminates Mr. Bouchard or Mr. Toussaint for Just Cause. “Just Cause” is defined as: <ul style="list-style-type: none"> • theft, dishonesty or fraud, • conviction of an indictable offence, • gross incompetence, • personal conduct that brings material disrespect or that materially negatively affects the reputation of Top Aces or the Corporation; • bankruptcy or insolvency; • material failure and/or inability to fulfil their duties; or • any other act or omission which would constitute just cause.
Termination without Just Cause	If either of Mr. Bouchard or Mr. Toussaint is terminated without Just Cause, Top Aces will (i) continue to pay his base salary, perquisite allowance and RRSP contribution on a regular payroll basis for a period of 24 months; (ii) continue the health and dental benefits to the extent permitted by the benefit carriers; and (iii) pay any AIP award for the last fiscal year completed, provided that he executes and delivers to Top Aces a release of all claims against Top Aces.
Non-competition, Confidentiality, and Non-solicitation	Each of Messrs. Bouchard and Toussaint is prohibited from disclosing confidential information of Top Aces, the Corporation or any of their affiliates and subsidiaries during or after his engagement with Top Aces, the Corporation or any of their affiliates and subsidiaries. Each is also prohibited, during his engagement and for two years after its termination, from competing with Top Aces, the Corporation or any of their affiliates and subsidiaries in Canada, from soliciting their customers, suppliers or employees or from intentionally acting in any manner that is detrimental to the relations between Top Aces, the Corporation or its affiliates or subsidiaries and their respective suppliers, customers, employees or others.
Perquisites	Each of Messrs. Bouchard and Toussaint is entitled to a monthly perquisite allowance of \$5,500 to be used at his discretion, but which will be utilized to offset the costs of automobile, airplane, health/club memberships, professional dues, financial planning and an office at his home.

Mr. Min has an executive agreement with the Corporation, the key terms of which are as follows:

Employment Agreements – Andrien (Andy) Min	
Parties	Andrien (Andy) Min and the Corporation
Date and Term	June 1, 2010 to June 30, 2011
Title and Responsibilities	Vice President and Chief Financial Officer

Employment Agreements – Andrien (Andy) Min	
Annual Salary	Under the current terms of his executive agreement, Mr. Min’s salary is \$200,000 per annum. Mr. Min’s salary from November 2, 2009 to May 31, 2010 was \$175,000 per annum.
Benefits and Location	Mr. Min is entitled to the usual benefits provided by the Corporation to its executive employees and shall be situate in Yellowknife, Northwest Territories, unless otherwise agreed. Mr. Min was provided temporary housing in Yellowknife.
Annual Incentive Plan (“AIP”) Award	Mr. Min is entitled to an AIP award of between 0% and 50% of his base salary, based upon performance, with a target award of 25% of base salary, based upon target performance. If performance exceeds targeted performance objectives significantly, the AIP award may be an amount up to, but not exceeding, twice the target award. The amount of the award is at the discretion of the Board.
Retention Agreement Payment	Under his previous agreement with the Corporation, Mr. Min received a retention payment of \$7,143 per month from November 2009 to May 2010.
Pension Supplement	Mr. Min is entitled to a pension supplement payment of \$1,833 per month for the period June 1, 2010 to June 30, 2011. Under his previous agreement with the Corporation, Mr. Min was entitled to \$1,750 per month for the period November 2, 2009 to May 31, 2010.
Stock Options	As an incentive for joining the Corporation, Mr. Min was granted 60,000 stock options at an exercise price of \$1.75 on March 12, 2007 and on June 13, 2008, he was granted a further 10,000 stock options at \$0.95. On September 29, 2010, Mr. Min was granted a further 300,000 stock options at \$0.26.
Termination	If Mr. Min is terminated without Just Cause, he is entitled to a salary continuation and other employment benefits in place such as RRSP contributions and auto benefits for a one year period.
Perquisites	Effective June 1, 2010, Mr. Min is entitled to a monthly perquisite allowance of \$2,500 to be used at his discretion, but which will be utilized to offset the costs of automobile, health/club memberships expenses. Under the terms of his employment agreement dated November 2, 2010, for the period November 2, 2009 to May 31, 2010, Mr. Min was entitled to: (i) temporary housing in Yellowknife, NT; (ii) a vehicle and all related expenses; (iii) travel expenses to and from Yellowknife, NT; and (iv) emergency healthcare expenses and emergency travel. He is also entitled to a monthly automobile allowance of \$800 from November 2, 2009 to May 31, 2010.

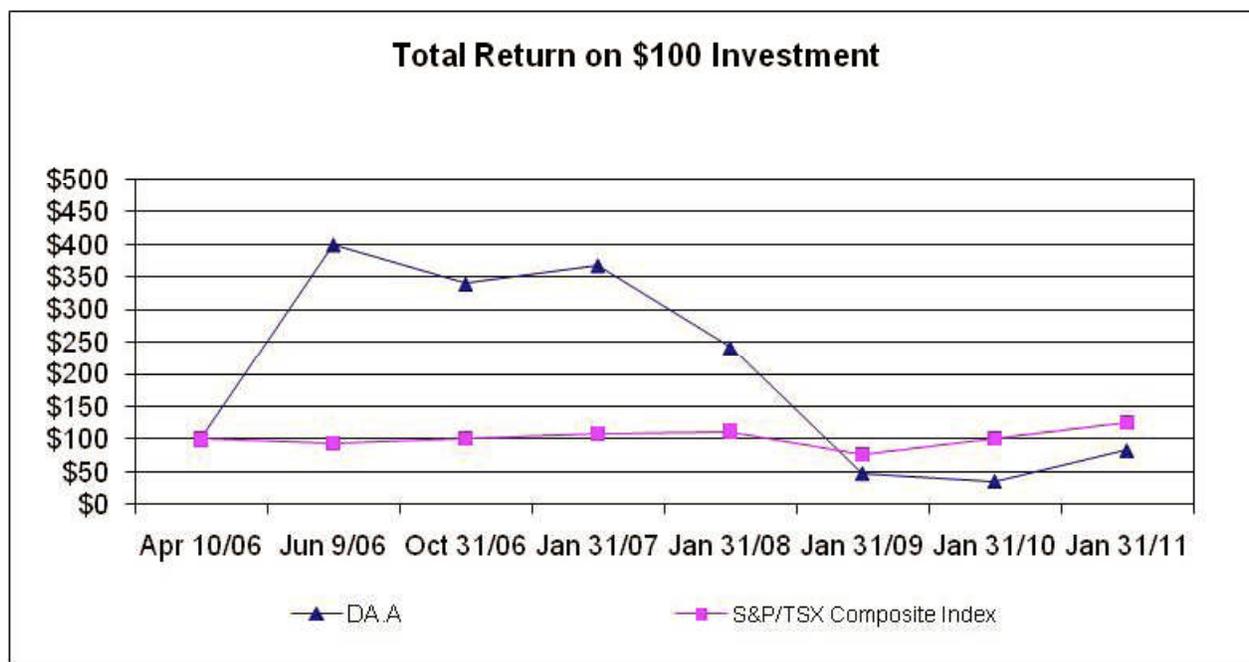
On February 1, 2010, Mr. Bembridge and Great Slave Helicopters Ltd. (“Great Slave”) executed an executive agreement which replaced his previous agreement with Great Slave in its entirety. The key terms of this executive agreement are as follows:

Adam Bembridge - Executive Agreement	
Parties	Adam Bembridge and Great Slave
Date and Term	February 1, 2010 for an indefinite term
Title and Responsibilities	Group President, Northern Services
Annual Salary	\$325,000 (subject to review annually)
RRSP Contribution	Paid annually, in an amount equal to Mr. Bembridge’s maximum annual contribution limit or \$21,000, whichever is less.
AIP Award	Mr. Bembridge is entitled to an AIP award of between 0% and 50% of his base salary, with a target award being 25% of the his base salary (“Target Award”), based upon target performance and the provisions of the AIP. If Mr. Bembridge’s performance exceeds targeted objectives significantly, the AIP award may be an amount up to, but not exceeding, twice the Target Award. Performance objectives are set annually in writing by the Board and at the discretion of the Board.
Benefits and Location	Mr. Bembridge is entitled to the usual benefits provided by the Corporation to its executive employees and shall be situate in Yellowknife, Northwest Territories, unless otherwise agreed.
Resignation	Mr. Bembridge must provide a minimum of 90 days’ notice if he wishes to terminate his employment.
Termination without Just Cause	If Mr. Bembridge is terminated without Just Cause, the Corporation will (i) continue to pay his base salary, perquisite allowance and RRSP contribution on a regular payroll basis for a period of 24 months; (ii) to the extent permitted, continue health and dental benefits for a period of 24 months from the date on which notice of termination was given; and (iii) pay to Mr. Bembridge any AIP award for the last fiscal year that he completed prior to the fiscal year in which termination occurs; for greater certainty, Mr. Bembridge will not be entitled to receive

Adam Bembridge - Executive Agreement	
	any AIP award for the fiscal year in which the termination occurs.
Termination for Just Cause	No amounts are due, other than those accruing up to the date of termination, if the Corporation terminates Mr. Bembridge's employment for Just Cause. "Just Cause" is defined as: <ul style="list-style-type: none"> • theft, dishonesty or fraud, • conviction of an indictable offence, • gross incompetence, • personal conduct that brings material disrespect or that materially negatively affects the reputation of the Corporation, • bankruptcy or insolvency, • material failure and/or inability to fulfil his duties; or • any other act or omission which would constitute just cause for termination at common law.
Non-competition, Confidentiality, and Non-solicitation	Mr. Bembridge is prohibited from disclosing the Corporation's confidential information during or after his engagement with the Corporation and its affiliates and subsidiaries for a period of 24 months. He is also prohibited, during his engagement and for two years after its termination: from competing with the Corporation and its affiliates and subsidiaries in Canada; from being engaged in any other similar business which may start up within Canada; and from intentionally acting in a manner that is detrimental to the relations between the Corporation and its affiliates and subsidiaries and their respective customers, suppliers or employees.
Perquisites	<ul style="list-style-type: none"> • Provided with a cellular phone and blackberry service at the expense of the Corporation; • Entitled to reimbursement of reasonable out-of-pocket expenses, including business travel and other expense actually and reasonably incurred by Mr. Bembridge in connection with the performance of his obligations, provided he provides statements and receipts; • Entitled to a monthly perquisite allowance of \$5,500 to be used at his discretion, but which will be utilized to offset the costs of automobile, airplane, health/business club memberships, financial planning and an office at his home. • Eligible to participate in any stock option plan, other share compensation arrangement or pension plan that may become available

Performance Graph

The following graph compares the total cumulative shareholder return of the Corporation's Class A common shares on the date that the Corporation's Class A common shares were listed on the TSX Venture Exchange, being April 10, 2006, on the date that the Corporation's common shares were listed on the TSX, being June 9, 2006, and on the fiscal year ends of October 31, 2006, January 31, 2007, January 31, 2008, January 31, 2009, January 31, 2010 and January 31, 2011 with the cumulative total return of the S&P/TSX Composite Index for the same periods, assuming reinvestment of all dividends.



For the time periods	June 9, 2006	October 31, 2006	January 31, 2007	January 31, 2008	January 31, 2009	January 31, 2010	January 31, 2011
DA.A	\$400.00	\$340.00	\$368.00	\$242.00	\$48.00	\$36.00	\$83.00
S&P/TSX Composite Index	\$93.21	\$101.84	\$108.24	\$111.98	\$76.41	\$100.65	\$126.29

Outstanding Option-Based Awards

The following table sets out for each named executive officer the options outstanding at January 31, 2011. There are no share-based awards outstanding for named executive officers.

Name	Option-based Awards				Share-based Awards	
	No. of Securities underlying Unexercised Options (#)	Option Exercise Price (\$/share)	Option Expiration Date	Value of Unexercised in-the-money Options ^{Note} (\$)	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	450,000	1.56	June 20, 2017	Nil	Nil	Nil
Andrien (Andy) Min	60,000	1.75	March 11, 2017	Nil	Nil	Nil
	10,000	0.95	June 13, 2018	Nil	Nil	Nil
	300,000	0.26	September 15, 2017	Nil	Nil	Nil
Didier Toussaint	450,000	1.56	June 20, 2017	Nil	Nil	Nil
Paul Bouchard	450,000	1.56	June 20, 2017	Nil	Nil	Nil
Adam Bembridge	3,350	1.85	February 21, 2017	Nil	Nil	Nil

Note:

The value of the unexercised in-the-money options is based on the closing price of the Corporation's Class A common shares on the TSX on January 31, 2011, being \$0.415.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below sets out the value of compensation under our two incentive plan awards (option plan and AIP) earned by or vested in the named executive officers for the year ended January 31, 2011. For a discussion of the Corporation's option plan see the *Long-Term Incentive Awards – Option Plans* section above and for a discussion of the AIP see the *Base Salary and Short Term Incentive Bonus* 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	320,488
Andrien (Andy) Min	Nil ⁽²⁾	Nil	43,158

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 (\$)
Didier Toussaint	Nil	Nil	75,527
Paul Bouchard	Nil	Nil	75,527
Adam Bembridge	Nil	Nil	70,132

Notes:

- (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, 2011 on their vesting date. The value provided is the difference between the market price of the Corporation's Class A common 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.
- (2) Mr. Min was awarded 300,000 options on September 29, 2010 with a vesting date of January 31, 2015 as outlined above under *Outstanding Option-Based Awards*.

Termination Benefits

See the section above entitled *Executive Agreements* for a description of the entitlements of the named executive officers upon termination. The table below sets out the estimated amount of potential payments to the named executive officers if their termination clauses were triggered without Just Cause on January 31, 2011.

Name	Entitlement
Dave Jennings	\$1,866,066
Andrien (Andy) Min	\$306,706
Didier Toussaint	\$956,527
Paul Bouchard	\$956,527
Adam Bembridge	\$900,532

Securities Authorized For Issuance Under Equity Compensation Plan At January 31, 2011

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, 2011.

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)
Equity compensation plans approved by shareholders	4,390,800	\$1.12	9,055,355
Equity compensation plans not approved by shareholders	Nil	Nil	
Total	4,390,800	\$1.12	9,055,355

SECTION FIVE: GENERAL INFORMATION

SHAREHOLDER ACTIONS

There were no shareholder proposals submitted for consideration at the Meeting as of the date of this Circular.

ADDITIONAL INFORMATION

Interest of Informed Persons in Material Transactions

To the best of the knowledge of the Corporation, there were no material interests, direct or indirect, of directors or executive officers of the Corporation, nor of any nominees for director, nor any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the shares of the Corporation, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure*).

To the best of the knowledge of the Corporation, there were no material interests, direct or indirect, of directors or executive officers of the Corporation, nor of any nominees for director, nor any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the shares of the Corporation, or any other Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Requirements*) or any known associate or affiliate of such persons in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or could materially affect the Corporation or any of its subsidiaries.

Interest of Certain Persons and Companies in Matters to be Acted Upon

Management of the Corporation is not aware of any material interest of any director or nominee for director, executive of the Corporation or anyone who has held office as such since the beginning of the Corporation's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

Additional Information Relating to the Corporation

Additional information relating to Discovery Air 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, 2011 and the related Management's Discussion and Analysis ("MD&A"). Copies of these documents can be obtained by contacting the Corporation as described below under the heading *Request of Documents*.

Other Matters

Management knows of no amendment, variation or 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.

Request of Documents

Financial information with respect to the Corporation is provided in its financial statements and Management's Discussion and Analysis for the year ended January 31, 2011. You can ask us for a copy of the following documents at no charge:

- annual report for the year ended January 31, 2011, which includes our consolidated financial statements together with the accompanying auditor's report;
- MD&A related to such annual consolidated financial statements;

- Annual Information Form for the year ended January 31, 2011;

Please submit your request in writing to the Corporate Secretary, Discovery Air Inc., P.O. Box 1530, 126 Bristol Avenue, Yellowknife, NT X1A 2P2.

These documents and additional information will also be available on our website at www.discoveryair.com and on SEDAR at www.sedar.com. All of our news releases are also available on our website.

Receiving Information Electronically

You can choose to receive electronically all of our disclosure documents, such as this circular, our financial statements, our MD&A and our annual report. We will send you an e-mail telling you when they are available on our website. If you do not sign up for this service, we will continue to send you these documents by email.

How to sign up – registered Shareholders

You are a registered shareholder if your name appears on your share certificate.

If you are not sure whether you are a registered shareholder, please contact Computershare at 1-800-564-6253 (toll free in Canada and the United States) between the hours of 8:30 a.m. and 8:00 p.m. Eastern Time or 514-982-7555 (international direct dial).

To sign up, go to the website <http://www.computershare.com> and follow the instructions under Investor Centre.

How to sign up - non registered Shareholders

You are a non-registered Shareholder if your bank, trust company, securities broker or other financial institution (your Intermediary) holds your shares for you. You should contact your Intermediary to determine your options for electronic delivery of documents.

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, our 2011 annual and special meeting of shareholders, as well as to each director and to the auditor.

By Order of the Board



Geoffrey P. Wiest
Corporate Secretary
May 3, 2011
Yellowknife, Northwest Territories

SCHEDULE A

CORPORATE GOVERNANCE PRACTICES

Discovery Air The Corporation is committed to the principles of good corporate governance and employs a variety of structures and practices to manage corporate governance and ensure compliance. This Schedule sets out the Corporation's corporate governance practices, required pursuant to National Instrument 58-101. Information with respect to the Corporation's Audit Committee, required pursuant to National Instrument 52-110, can be found below at Exhibit B.

Mandates, Position Descriptions and Board Committees

The Board has approved a written mandate to define the Board's responsibilities. The Board has also approved a written charter for each committee of the Board, being the Audit Committee, the Human Resources Committee, the Governance Committee and the Disclosure Committee, and job descriptions for the Board Chair, committee chairs and the CEO attached as follows:

- (i) Mandate of the Board – Exhibit A;
- (ii) Charter of the Audit Committee – Exhibit B;
- (iii) Charter of the Human Resources Committee – Exhibit C;
- (iv) Charter of the Governance Committee – Exhibit D;
- (v) Charter of the Disclosure Committee – Exhibit E;
- (vi) Job Description of the Chair of the Board – Exhibit F;
- (vii) Job Description of the Chair of the Audit Committee – Exhibit G;
- (viii) Job Description of the Chair of the Human Resources Committee – Exhibit H;
- (ix) Job Description of the Chair of the Governance Committee – Exhibit I; and
- (x) Job Description of the CEO – Exhibit J.

Compensation

The Corporation has a Human Resources Committee which, among other things, is responsible for advising the Board with respect to the appointment, performance, evaluation and compensation of the Chief Executive Officer and other officers of the Corporation and its subsidiaries. See the charter of the Human Resources Committee attached below as Exhibit C.

The Governance Committee is required, among other things, to review and recommend to the Board for approval the form and amount of the directors' compensation. See the charter of the Governance Committee attached below as Exhibit D.

EXHIBIT A

MANDATE OF THE BOARD

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 which 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:

- (c) 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;
- (d) 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;
- (e) 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 Canadian generally accepted accounting principles (“Canadian GAAP”);
 - (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;
- (f) 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;
- (g) 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
- (h) 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:
 - (iii) that such present or former directors, officers, employees and agents are reasonably able to furnish, and
 - (iv) 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

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:

- (i) the composition and structures of the Board and Board committees (the "Governance Structures"), and
- (ii) 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:

- (a) a majority of the Directors shall be independent; for purposes of this mandate, a Director is independent if
 - (i) 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
 - (ii) 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;
- (b) the Chair of the Board shall be an independent Director and shall not be a member of Management;
- (c) 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;
- (d) the Board, as a whole, shall possess the competencies and skills required to enable the Board to discharge the Board's duties;
- (e) the number of Directors constituting the Board shall facilitate effective decision-making by the Board;
- (f) each new Director shall engage 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;
- (g) 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;
- (h) the form and amount of the Directors' compensation shall be appropriate;
- (i) 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;
- (j) the Governance Committee shall be responsible for:
 - (i) identifying individuals qualified to become new Directors; and
 - (ii) 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;
- (k) 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");

- (l) 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;
- (m) the Board shall establish and maintain clear written position descriptions for the Chair of the Board and the Chair of each Board committee;
- (n) 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;
- (o) 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, (ii) the effectiveness of the Chair of the Board, taking into account the Chair of the Board'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;
- (p) 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;
- (q) 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;
- (r) 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
- (s) 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

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

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;
 - (v) 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

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

CHARTER OF THE AUDIT COMMITTEE

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.

1. 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.

2. 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”). All members shall be Independent (as that term is defined herein) and Financially Literate (as that term is defined herein).
- 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) 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.

3. 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 Canadian Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Standards as such are adopted by the Corporation,
- (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.

4. 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.

5. 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.

6. 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, co-ordinated 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 Canadian GAAP,
- (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 Canadian GAAP 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 of 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 Canadian GAAP,

- (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 Canadian GAAP; 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 Canadian GAAP but the use of which is justified on the basis of immateriality;

D. 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;
- E. 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;
- F. 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;
- G. 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;
- H. 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;
- I. 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;
- J. 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;
- K. 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;
- L. 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;
- M. 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;
- N. 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;
- O. 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;

P. 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;

- Q.**
- (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

R. Other Diligent Actions. perform such other Diligent Actions as the Board may reasonably specify from time to time.

EXHIBIT C

CHARTER OF THE HUMAN RESOURCES COMMITTEE

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”). All Members shall be independent (as that term is defined herein) and 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 judgment, 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 incited 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 D

CHARTER OF THE GOVERNANCE COMMITTEE

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.

C. 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”).

D. 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”). All Members shall be “independent” (as that term is defined herein) and 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) every member of the Human Resources Committee and the Committee is an independent Director 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 and every member of the Audit Committee, the Human Resources Committee and the Committee 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

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

EXHIBIT E

CHARTER OF THE DISCLOSURE COMMITTEE

PURPOSE

The stewardship of Discovery Air Inc. (the “Corporation”) is the responsibility of the board of directors of the Corporation (the “Board”). 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.

1.1 **Corporate Obligations to be Supervised.** The following obligations of the senior officers of the corporation (“management”), the board and the corporation (the “disclosure obligations”) are, amongst others, significant aspects of the management of the business and affairs of the corporation:

- (a) identifying the principles of disclosure of material information and public communication issues;
- (b) embracing good disclosure practices, which includes the accurate, complete, timely, orderly and broad-based voluntary disclosure of material information, thereby ensuring that all investors have equal access to all material information which may affect their investment decisions;
- (c) voluntarily disclosing any non-material information, disclosure of which has been determined by the Board or Management to be in the interest of stakeholders, shareholders, the investment community and the public and which is not the subject of a confidentiality agreement or prevented from being disclosed by applicable privacy laws;
- (d) regarding disclosure of material information, complying with all securities legislation, regulations, instruments, policy statements, orders, Toronto Stock Exchange timely disclosure requirements and corporate laws applicable to the Corporation (“Securities Laws”);
- (e) providing reasonable assurance that material information is communicated to the CEO and the CFO by others within the Corporation;
- (f) establishing a process to ensure that the communications from the Corporation to the public are broadly disseminated in accordance with all applicable Securities Laws; and
- (g) increasing investor understanding of the Corporation’s business and enhancing the Corporation’s corporate image by encouraging practices that reflect openness, accessibility and co-operation.

1.2 **Authority.** The fundamental duty of the board in supervising efforts to meet the disclosure obligations is to gain reasonable assurance that the disclosure 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 management which is empowered and required

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

2. ESTABLISHMENT OF DISCLOSURE COMMITTEE

The Board hereby establishes a committee of members of Management known as the Disclosure Committee (the “Committee”). The Committee is hereby empowered and required to take the Diligent Actions and to report to the Audit Committee the conclusions reached by the Committee as a result of taking the Diligent Actions.

3. COMPOSITION

- (a) **Composition.** The Committee shall consist of at least three members of Management (collectively the “Members”), one of whom shall serve as the Chair of the Committee (the “Committee chair”).

3.2 Appointment and removal. Subject to any direction given or action taken by the board, the CEO shall appoint and may remove any of the members and the committee chair at any time and from time to time.

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 (**other than a Member**) or in a written report of the External Auditor to present fairly the financial position of the Corporation in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"),
- (b) a report or advice of an officer or employee of the Corporation (other than a Member), 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 applicable to officers of a corporation incorporated or continued under the *Canada Business Corporations Act* (the "Act"). The essence of a Member's duties is supervising and taking Diligent Action to gain and maintain reasonable assurance that the Disclosure Obligations are being met and to enable the Committee to report thereon to the Audit Committee.

6. **OPERATING PROCEDURES**

- 6.1 **Frequency of meetings.** The committee shall meet four times annually prior to the board's approval of the quarterly and annual financial statements of the corporation or more frequently as circumstances dictate. Additional meetings of the committee may be called at any time by the chair of the audit committee or by the committee chair or upon the request of any member.
- 6.2 **Notice of meetings.** Notice of the time and place of each meeting of the committee shall be given to each member and to each director of the corporation (a "director") not less than 24 hours before the time when the meeting is to be held. Notwithstanding the foregoing, if 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 and to each director, no notice shall be required to be given to the members or any director for the meeting(s) whose times and places are so fixed.
- 6.3 **Meeting agendas.** Committee meeting agendas shall be prepared by the committee chair, in consultation with 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 chair of the audit committee, the board, the CEO or the committee.
- 6.4 **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.
- 6.5 **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.
- 6.6 **Quorum.** A majority of the members shall constitute a quorum for the transaction of business at all meetings of the committee.
- 6.7 **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.

- 6.8 **Attendance by directors.** Any director shall be entitled to be present at and to participate in all meetings of the committee as a non-voting participant.
- 6.9 **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.
- 6.10 **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.
- 6.11 **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.
- 6.12 **Reports to the audit committee.** 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 audit committee.
- 6.13 **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.
- 6.14 **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 Disclosure 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 Audit Committee, and provide the results of the performance evaluation to the Audit Committee.
- 6.15 **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

- 7.1 For the purpose of gaining and maintaining reasonable assurance that management, the board and the corporation meet the disclosure obligations, the committee shall take diligent action to satisfy itself that it:
- (a) identifies all Mandated Disclosure Practices and any changes to Mandated Disclosure Practices from time to time;
 - (b) reviews on an ongoing basis the Corporation’s Corporate Disclosure Policy, and report thereon to the Audit Committee on at least an annual basis;
 - (c) designs Appropriate Disclosure Practices and Appropriate Disclosure Structures¹ to provide reasonable assurance that material information relating to the Corporation is communicated to the CEO and CFO by others within the Corporation;

¹ “Appropriate Disclosure Structures” means controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by Corporation

- (d) reviews, prior to filing, or if required, prior to submission to the Audit Committee or Board, as applicable
 - (i) annual and interim filings, material change reports and management proxy circulars;
 - (ii) earnings press releases; and
 - (iii) other material reports filed or submitted under securities legislation;
- (e) ensures an annual evaluation of the effectiveness of the Corporation's disclosure controls and procedures is carried out, and that the conclusions about the effectiveness of the disclosure controls and procedures are disclosed in the annual Management's discussion and analysis;
- (f) considers whether information is material information and make recommendations to the CEO;
- (g) develops and implements a disclosure manual and ensures that the policies and procedures outlined therein are distributed, understood and effectively implemented;
- (h) reviews and discusses any other disclosure matters involving the Corporation as it considers appropriate, and provides advice with respect thereto to the CEO and the CFO;
- (i) makes recommendations to the CEO and the CFO as to how to meet their certification requirements under applicable securities laws; and
- (j) reviews concerns or complaints disclosed in accordance with the Confidential Submissions Policy.

7.2 **Other diligent action.** The committee shall undertake such other diligent action as the audit committee may reasonably specify from time to time.

in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

EXHIBIT F

JOB DESCRIPTION OF THE CHAIR OF THE BOARD

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 G

JOB DESCRIPTION OF THE CHAIR OF THE AUDIT COMMITTEE

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 H

JOB DESCRIPTION OF THE CHAIR OF THE HUMAN RESOURCES COMMITTEE

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

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;

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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

- (f) act as the chair of each Committee meeting;
- (g) 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;

- (h) 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);
- (i) 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;
- (j) 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;
- (k) 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

- (l) 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

- (m) assist the Committee and Management in understanding and respecting the boundaries between the responsibilities of the Committee and the responsibilities of Management;
- (n) at the request of any Member, meet or be available for discussion with that Member between meetings of the Committee;
- (o) following each meeting of the Committee, settle with the secretary of the meeting draft minutes of the meeting for approval by Members;
- (p) whenever necessary or desirable to facilitate highly effective performance by the Committee, attend meetings of other Board committees;
- (q) arrange and co-ordinate regular assessments of the effectiveness of the Committee's performance;
- (r) 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
- (s) perform such other functions as the Board may reasonably specify from time to time.

EXHIBIT I

JOB DESCRIPTION OF THE CHAIR OF THE GOVERNANCE COMMITTEE

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 J

JOB DESCRIPTION OF THE CEO

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;
- (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.