ANNUAL INFORMATION FORM
For the year ended January 31, 2009

April 30, 2009

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EXPLANATORY NOTES

Unless otherwise noted, all information is given as at January 31, 2009. Financial information is based on the audited consolidated financial statements of Discovery Air Inc. ("Discovery Air", the "Corporation", "us" or "we") for the year ended January 31, 2009 and information contained herein should be read in conjunction with such statements and their related notes. All monetary amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information form contains forward-looking statements about our objectives, operations and targeted financial results. Forward looking information is based on assumptions, estimates, analysis and opinions of management made in light of their experience and perception of trends, current conditions and expected developments, as well as other facts that management believes to be relevant and reasonable at the date that such statements are made. Although management believes that the assumptions underlying the forward-looking statements are reasonable, they could prove to be inaccurate and therefore there can be no assurance that expected results will be obtained. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. Actual results may vary from predictions. A number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the strength of the Canadian economy in general and the strength of local economies within Canada in which we operate; the effect of changes in interest rates; the effect of changes in foreign currency exchange rates; the effects of competition in the markets in which we operate; capital market fluctuations; resource and commodity price fluctuations; the effect of changing technology; the weather and weather patterns; and the impact of changes in laws and regulations. Other risk factors can be found in this Annual Information Form and in the Corporation's Management's Discussion and Analysis for the year ended January 31, 2009, which is available on SEDAR at www.sedar.com. Forward looking information is provided for the purposes of meeting legal disclosure requirements, and also to assist the public in understanding our business. Because of the inherent risk of inaccuracy in forward-looking information, the reader is cautioned that it may not be appropriate for the stated or other purposes. When relying on forward-looking statements to make decisions, investors and others should carefully consider these factors and other uncertainties or potential events. The Corporation makes no undertaking to update any forward-looking statements made from time to time, whether written or oral.

CORPORATE STRUCTURE & GENERAL DEVELOPMENT

Discovery Air Inc. was incorporated on November 12, 2004 pursuant to the Ontario *Business Corporations Act* and was continued under the *Canada Business Corporations Act* on March 27, 2006. The share structure of the Corporation was amended at the time of the continuance to restrict foreign voting control, in order to meet the requirement of the *Canada Transportation Act* ("CTA") that holders of licences to operate a domestic air service be Canadian. See "Description of Capital Structure - Constraints". In April of 2006, Discovery Air completed an initial public offering of Class A common shares and listed the Class A common shares on the TSX Venture Exchange. In June of 2006, the Class A common shares were listed on the Toronto Stock Exchange.

The head office of the Corporation is currently located at 1979 Otter Place, London, Ontario, N5V 0A3. The head office functions are scheduled to be relocated to Yellowknife, Northwest Territories during the fiscal year ending January 31, 2010.. The registered office of the Corporation is 106 Dickens Street, Yellowknife, Northwest Territories, X1A 2R3. Our Class A common shares are publicly traded on the Toronto Stock Exchange (symbol: DA.A). Our debentures are publicly traded on the Toronto Stock Exchange (symbol: DA.DB).

Discovery Air is the parent company to five wholly owned subsidiaries that are engaged exclusively in the provision of specialized aerial application services and air transport services, as well as logistics and remote operations management services. All of the subsidiary businesses were acquired by the Corporation over the course of a four year period beginning in December 2004 and ending in January 2008. The following chart sets out the material subsidiaries of Discovery Air, all of which are owned 100% by Discovery Air, along with their dates of acquisition and jurisdictions of incorporation.

Name of Subsidiary	Date of Acquisition by Discovery Air	Jurisdiction of Incorporation
Hicks & Lawrence Limited	2004 and 2005	Ontario
Great Slave Helicopters Ltd.	June 2006	Canada
Air Tindi Ltd.	December 2006	Canada
Top Aces Inc.	August 2007	Canada
Discovery Mining Services Ltd.	January 2008	Canada

BUSINESS DESCRIPTION

Operating decisions for Discovery Air's businesses are made by management of the operating subsidiaries. Discovery Air provides management services to the operating subsidiaries including legal, human resources, strategic management, corporate finance and accounting services in return for a fee.

The Corporation’s operations have been segregated into two operating segments: Northern Services and Government Services. These segments are differentiated by the geographic markets in which the various subsidiaries participate and the type of services offered.

The Northern Services segment is comprised of Great Slave Helicopters Ltd. (“Great Slave’), Air Tindi Ltd. (“Air Tindi”) and Discovery Mining Services Ltd. (“DMS”) and provides specialized air transport, logistics and remote operations management services to corporate customers as well as a variety of provincial and federal government agencies in support of mineral, base metal and precious metal exploration and production, natural resource management, oil & gas exploration, forest fire suppression, aerial survey operations, air ambulance operations, power line construction and maintenance, scheduled charter and tourism.

The government services segment is comprised of Top Aces Inc. (“Top Aces”) and Hicks & Lawrence Limited (“Hicks & Lawrence”) and provides specialized aerial application as well as air transport services primarily to provincial and federal government agencies. These services include the provision of airborne training services to the Department of National Defense (“DND”) as well as forest fire management and court related air transport services to the Government of Ontario.

Northern Services Segment

For the twelve month period ended January 31, 2009, the Northern Services segment's consolidated revenues were approximately $104.5 million. These revenues were derived from the following sectors:

Northern Services Segment Fiscal Year ended January 31, 2009		
Industry Category	**Revenue ($)**	**Percentage of Total Revenue (%)**
Mining (Producing)	14,188,000	13.6
Mining (Exploration)	42,554,000	40.7
Oil & Gas	3,586,000	3.4
Medevac	6,081,000	5.8
Utilities	3,063,000	2.9
Government (Non-Forestry)	7,961,000	7.6
Forestry	12,724,000	12.2
Tourism	1,912,000	1.8
Scheduled Passenger Services	3,515,000	3.4
Charter	4,550,000	4.4
Other	4,408,000	4.2

The Northern Services segment's twelve largest customers represented approximately 40.1% of the segment’s total revenues for the year ended January 31, 2009.

For the twelve month period ended January 31, 2008, the Northern Services segment's consolidated revenues were approximately $104.9 million. These revenues were derived from the following sectors:

Northern Services Segment Fiscal Year ended January 31, 2008		
Industry Category	**Revenue ($)**	**Percentage of Total Revenue (%)**
Mining (Producing)	12,502,000	11.9
Mining (Exploration)	43,863,000	41.8
Oil & Gas	8,639,000	8.2
Medevac	4,343,000	4.1
Utilities	2,363,000	2.3
Government (Non-Forestry)	6,215,000	5.9
Forestry	13,361,000	12.7
Tourism	2,012,000	1.9
Scheduled Passenger Services	3,027,000	2.9
Charter	3,729,000	3.6
Other	4,858,000	4.6

The Northern Services segment's twelve largest customers represented approximately 37.6% of the segment's total revenues for the year ended January 31, 2008.

<u>Great Slave Helicopters Ltd.</u>

Great Slave is a Northwest Territories headquartered helicopter company that provides helicopter services throughout Canada's north to private and public sector customers. Both alone and in partnership with northern Aboriginal groups, Great Slave is able to provide helicopter services on traditional lands covered by land claim settlement agreements. Great Slave conducts business and operates bases throughout the Canadian arctic as well as in Alberta, Saskatchewan, Manitoba and Ontario. Great Slave provides an essential service for its northern customers as access to, and movement at, the majority of its customers' locations are only possible with the assistance of aircraft. This includes the movement of people, and all required supplies and equipment.

Great Slave derives revenue from the following core business sectors:

- exploration support, including oil, gas, seismic, base mineral, and diamond exploration.
- forest fire suppression services.
- provision of support to government agencies, including environmental, law enforcement, geological and scientific support.
- other services, including environmental surveying, utilities-pipeline patrol, power line construction, telecommunications support, and operation of a flight training school.

Great Slave's predecessor company was founded in 1984 by two individuals. For the first year, the company operated one helicopter in Alberta and one in Yellowknife, Northwest Territories. By 1990, the fleet had expanded to 14 helicopters, most of which operated out of Yellowknife. In 1992, the company was sold to the then Chief Engineer and Chief Pilot who maintained their ownership in Great Slave until its acquisition by the Corporation on June 20, 2006. Following the change of ownership, the two former owners remain actively involved with Great Slave's operations, as President and Chief Executive Officer and Vice-President, respectively, and both have a significant ownership interest in Discovery Air.

Great Slave employs over 200 personnel and operates a fleet of over 70 helicopters, which equates to the second largest VFR helicopter fleet in Canada. The fleet is comprised of seven different aircraft types including; the Hughes 500 series, Bell 204, 205, & 206 series, the Bell 212 and the Eurocopter AS350 series. This diverse fleet of helicopters allows Great Slave to provide a broad spectrum of services to a variety of customers in various market segments.

Oil and gas exploration support augments Great Slave's non-peak months, from October to April, while mineral and diamond exploration support normally peaks in May and continues until September. Great Slave is a service provider for several large mineral exploration companies that utilize helicopter services for their exploration programs. Great Slave's network of bases and diverse fleet adds the benefit of providing timely back up equipment for added safety and reliability. Several of Great Slave's mining and exploration customers have long term contracts with Great Slave ranging from one to five years in length, while others have recurring seasonal contracts.

Great Slave provides services to the oil and gas sector through its five bases located within the MacKenzie Valley of the Northwest Territories and its base in Alberta. From its base in Norman Wells, located in the heart of the oil and gas production area of the Mackenzie Valley, as well as from bases in Inuvik, Fort Liard and Fort Simpson, Northwest Territories, and Calgary, Alberta, Great Slave provides local support for all of its customer's exploration needs.

Great Slave has also formed a number of partnerships with Aboriginal communities. These partnerships allow Aboriginal communities to participate in business ventures, and provide Aboriginal youth with access to specialized career training in the areas of flight operations, aircraft maintenance engineering and administration. These partnerships also allow Great Slave to secure the role as the primary supplier of helicopter support in and around these communities within the various land claim settlement areas. An important aspect of working in northern Canada is maintaining Aboriginal partnerships or affiliations. Great Slave has become a leader in maintaining such relationships, particularly throughout the Mackenzie Valley.

Great Slave also provides, in association with the forest fire management departments of provincial and territorial governments in central and western Canada, varying degrees of forest fire management, protection and suppression services. Fire suppression requires the use of intermediate and medium support helicopters for the purposes of initial attack and deployment of fire crews to fire sites.

Great Slave owns and operates an 18,000 square foot maintenance and administration facility at the Yellowknife Airport. Pilots, engineers and support staff are situated there, along with a large spare parts inventory and a complete aircraft overhaul and maintenance facility. Technicians and engineers have up-to-date maintenance and avionics equipment and full diagnostic equipment, as well as shops, to complete component breakdown and overhaul, avionics and structural repair. The facility is also available to clientele to prepare their equipment prior to departure to the job site. Great Slave's other bases also provide hangar and office space. Great Slave's 8,500 square foot facility in Calgary, Alberta, located at the Springbank Airport, serves as the company’s heavy maintenance facility for the medium helicopters in the fleet. This facility also houses the company’s flight school which provides Great Slave with access to new pilots and serves as a key component of the company’s recruitment strategy. Great Slave’s flight school is scheduled to be relocated to Yellowknife, Northwest Territories on or about the completion of the fiscal year ending January 31, 2010.

Great Slave faces competition from other large and medium sized companies that operate in the same geographic and commercial markets; however, Great Slave enjoys a strong competitive advantage in the majority of these markets as a function of its experienced and committed workforce, fleet diversity, aboriginal joint venture partnerships, excellent safety record, and impeccable quality assurance programs. For more information on the business of Great Slave, refer to Form 51-102F4 – Business Acquisition Report of the Corporation dated September 15, 2006. The business acquisition report is available on SEDAR at www.sedar.com.

Air Tindi Ltd.

Air Tindi is a commercial fixed wing charter company based in Yellowknife, Northwest Territories. The company operates a diversified fleet of 23 fixed wing aircraft and provides scheduled and chartered passenger and cargo services, as well as air ambulance services primarily in northern Canada. Its customers include, among others, major diamond and base metal exploration and mining companies as well as government entities.

Through its partnership with Tli Cho Air, Air Tindi is able to provide charter services to customers operating on or above traditional lands covered by land claim settlement agreements. Air Tindi's charter services are essential to its customers as access to, and movement at, the majority of its customers' locations are only possible with the assistance of aircraft. These services include the transport of people, supplies and equipment.

Air Tindi derives revenue from the following core business sectors:

- exploration and mining
- tourism industry (outfitters, lodges, hunting & fishing)
- medevac service in Northern Canada
- provision of support to the public sector, including environmental, law enforcement, geological and scientific support.
- scheduled Flights to northern communities
- other services, including private environmental surveying, utilities-pipeline patrol, power line construction, telecommunications support, and general miscellaneous charters.

Air Tindi was founded by members of the Arychuk family, who were all born and raised in the North. The company commenced operations in November 1988 with four aircraft and eight employees in Yellowknife, Northwest Territories. The name "Tindi" means Big Lake, or Great Slave Lake, in the local Dogrib language. Initial success was built on the transportation of people and freight to the communities, cabins and lodges in the remote areas north of Yellowknife, where there are no roads.

Air Tindi operates from two locations in Yellowknife. The facilities at the international airport include three hangars (being a 16,000 sq. foot hangar that houses the maintenance and sheet metal departments, a dedicated medevac hangar and an 18,000 sq. foot Dash 7 heavy maintenance hangar), a cargo warehouse and a private scheduled and charter passenger terminal. The float base location, a three-storey, 11,000 sq. foot building, is home to the float equipped aircraft in the summer and ski-equipped aircraft in the winter. The float base is also home to the dispatch, flight operations, finance and marketing departments.

Air Tindi operates the largest and most diversified fleet of fixed wing aircraft based in the Northwest Territories. The fleet is comprised of eight different types of aircraft, including the Dash 7 Combi Airliner, Twin Otter 300, King Air 200, Beech 99 Commuter, Cessna Caravan, Turbo Otter and Cessna

185. This fleet of aircraft can support a variety of air transport services, enabling Air Tindi to provide its customers with maximum flexibility. Air Tindi employs over 170 people.

Air Tindi faces competition from other large and medium sized companies providing fixed wing services in some of the same geographic locations and serving the same markets. Air Tindi's competitive advantage is a function of the company's experienced and committed workforce, a diverse aircraft fleet, 20 years experience operating in extreme environmental conditions and its aboriginal partnerships.

For more information on the business of Air Tindi, refer to Form 51-102F4 – Business Acquisition Report of the Corporation filed March 6, 2007. The Business Acquisition Report is available on SEDAR at www.sedar.com.

Discovery Mining Services Ltd.

DMS is a provider of remote exploration camps and expediting, logistics and staking services to a broad spectrum of gold, base metal, uranium and diamond exploration companies operating in the Northwest Territories, Nunavut, Northern Alberta, Northern Saskatchewan, and Northern Ontario.

DMS' customers typically operate in some of the most remote locations in the country and as a result DMS is a high volume user of both fixed-wing and helicopter air transportation services. Over the course of the fiscal period ended January 31, 2009, DMS moved over 15 million pounds of freight and goods via 1371 flights. Great Slave provided 99% of DMS' required helicopter support, while Air Tindi provided approximately 51% of DMS' required fixed-wing support.

DMS' competitive advantage is derived from its comprehensive understanding of mineral, base and precious metal mining exploration operations, the experience of its employees, and the company's ability to support a broad spectrum of services ranging from freight forwarding, to purchasing and expediting equipment on behalf of a customer, to providing turn-key remote camp construction and management in some of the harshest environmental conditions on the planet. During its peak season, from April to August each year, DMS employs over 35 people. Due to the cyclical nature of DMS' business, the average number of employees over the year is approximately 30.

Government Services Segment

For the twelve month period ended January 31, 2009, the Government Services segment's consolidated revenues were approximately $47.6 million. These revenues were derived from the following sectors:

Government Services Segment Fiscal Year ended January 31, 2009		
Industry Category	**Revenue ($)**	**Percentage of Total Revenue (%)**
Government (Non-Forestry)	40,545,000	85.2%
Forestry	6,325,000	13.3%
Charter	319,000	0.7%
Other	400,000	0.8%

The Government Services segment's twelve largest customers represented approximately 99.4% of the segment’s total revenues for the year ended January 31, 2009.

For the twelve month period ended January 31, 2008, the Government Services segment's consolidated revenues were approximately $19.1 million. These revenues were derived from the following sectors:

Government Services Segment Fiscal Year ended January 31, 2008		
Industry Category	**Revenue ($)**	**Percentage of Total Revenue (%)**
Government (Non-Forestry)	12,181,000	63.7%
Forestry	6,519,000	34.1%
Charter	285,000	1.5%
Other	135,000	0.7%

The Government Services segment's twelve largest customers represented approximately 96.6% of the segment’s total revenues for the year ended January 31, 2008.

<u>Top Aces Inc.</u>

Top Aces is an approved supplier of contracted airborne training services to the DND. Top Aces revenues are relatively predictable over a twelve month period but can vary from month to month depending on its customer’s training priorities. Top Aces’ revenue-generating opportunities are significantly higher in the time periods ranging from February to June and September to November.

Over the course of the fiscal year ended January 31, 2009, Top Aces added three additional Alpha Jet aircraft to its fleet, with an additional five Alpha Jets due to come online prior to the completion of the second quarter of the fiscal year ending January 31, 2010. This will increase Top Aces’ Alpha Jet fleet from eight to 16 aircraft. Top Aces also operates a fleet of 4 Westwind special mission aircraft. Top Aces’ aggregate fleet provides adversary support, forward air controller training and electronic warfare mission support to Canada’s air, land and naval forces. Top Aces supports Canadian military training at various locations in Canada and the United States. Top Aces has approximately 100 employees.

Top Aces derives its revenue through standing offer agreements with the Canadian Federal Government for the delivery of contracted airborne training services. Each of the original standing offers’ durations was a three year term with an option to extend for two years. The Government has executed option years on all standing offers extending the existing agreements until March, 2010. Prior to March, 2010, it is expected that the Government will either extend its current arrangement with Top Aces or alternatively issue a request for proposal for the provision of the same contracted airborne training services for a similar or longer term. Top Aces expects competitive bids to be submitted if a request for proposal is issued; however, neither Top Aces nor Discovery Air is aware of a current competitor in the market which is capable of offering the same level of safety, cost-efficiency and customer service as Top Aces. Top Aces’ competitive advantage in this unique market is derived from three primary sources:

- a low-cost, safe, fighter aircraft platform which possesses many of the sub-sonic performance capabilities of the Canadian Forces CF-18 Hornet fighter platform at a fraction of the operating cost,
- a complement of very experienced ex-Canadian Forces CF-18 pilots who have an intimate understanding of the Canadian Forces training environment, and

- a proven business model and flying operation optimized to deliver high quality, cost effective tactical airborne services to the Canadian forces.

For more information on the business of Top Aces, refer to Form 51-102F4 – Business Acquisition Report of the Corporation dated November 5, 2007. The Business Acquisition Report is available on SEDAR at www.sedar.com.

Hicks & Lawrence Limited

Hicks & Lawrence is a northern Ontario based aviation company that has been providing aerial fire surveillance ("Detection") and airspace and aircraft management ("Birddog") services in support of the Ontario government’s forest fire management program for over two decades. In addition, through the company’s charter division, Hicks & Lawrence provides court-related air transport services to a variety of provincial government agencies which operate in Northwestern Ontario. Although the charter division operates year round, the majority of Hicks & Lawrence’s revenues are generated during the forest fire season, which in Northern Ontario typically begins in late April and ends in late September.

As at January 31, 2009, Hicks & Lawrence owned and operated a fleet of 30 aircraft comprised of 19 Cessna 337’s, seven Twin Commander 500’s and four Beechcraft King Air’s. The Cessna 337 and Twin Commander aircraft are dedicated to the provision of Detection and Birddog services to the Ontario Ministry of Natural Resources in support of the Ontario Government’s forest fire management program. Detection services include, among other things, forest fire surveillance activities and the transmission of information about forest fires to fire management centers. Birddog services include, among other things, controlling and managing aircraft movements within the vicinity of a forest fire to ensure collision avoidance and to maximize the efficiency with which water and fire suppressants are delivered to the fire by water bomber aircraft.

The King Air fleet is operated by the company’s charter division and provides air transport services to various corporate and government agencies including the Ontario Ministry of Natural Resources. In addition, Hicks & Lawrence, through its charter division, is the exclusive supplier of air transport services to court parties in the Northwestern region of Northern Ontario. Hicks & Lawrence, and previously Walsten Air, (acquired by Hicks & Lawrence in March of 2007), has been the exclusive provider of this service for the last three decades.

Hicks & Lawrence’s primary flight operations base is located in Dryden, Ontario. Additionally, the company operates satellite operations bases located in Geraldton, Chapleau, Sudbury, Kenora and Timmins, Ontario. Hicks & Lawrence has established heavy and line maintenance bases in Dryden, Kenora, and Sudbury, Ontario. Over the course of the forest fire season, the company also supports satellite maintenance bases in Chapleau and Geraldton, Ontario. Hicks & Lawrence’s primary maintenance base is co-located with its primary flight operations base in Dryden, Ontario. The Dryden facility is owned by Hicks & Lawrence and is comprised of two aircraft hangars that provide over 21,000 square feet of workspace and aircraft/equipment storage space, as well as 2,400 square feet of administrative office space.

Hicks & Lawrence faces competition from other fixed-wing operators which provide corporate charter services in Northwestern Ontario; however, to the knowledge of the Corporation, no other Ontario based aviation company possesses the necessary resources to offer the Detection and/or the Birddog services currently provided by Hicks & Lawrence.

During its peak season, from May to September each year, Hicks & Lawrence employs over 60 people. Due to the cyclical nature of the Hicks & Lawrence business, the average number of employees over the year is approximately 45.

For more information on the business of Hicks & Lawrence, refer to pages 5 through 11 inclusive in the Prospectus of the Corporation dated March 30, 2006. The Prospectus is available on SEDAR at www.sedar.com.

REGULATORY ENVIRONMENT

The aviation industry in Canada is subject to a stringent and comprehensive regulatory environment.

Civil air transportation in Canada is regulated federally and is the responsibility of the Minister of Transport. The Canadian Transportation Agency is responsible for the licensing of air carriers that provide domestic or international publicly available air transportation services, and for the enforcement of the CTA and its related regulations. Transport Canada administers the *Aeronautics Act*, and all related regulations, orders and advisory materials, which contain the requirements for the issuance and maintenance of air operator certificates. No person may operate an air transport service or aerial work service unless that person holds and complies with the provisions of an air operator certificate that authorizes the person to operate that service.

As part of the certification process, the applicant must demonstrate that it has developed an operational control system and organizational structure in accordance with Transport Canada regulations. Transport Canada approval is required for key managerial personnel including the operations manager, chief pilot and director of maintenance. Transport Canada must also approve the applicant's operations manual, standard operating procedures, minimum equipment lists and other required documents.

Issuance of an air operator certificate designates the operator to which the certificate is assigned as adequately equipped and capable of conducting a safe operation. Air Tindi, Great Slave, Hicks & Lawrence and Top Aces have been issued all applicable air operator certificates to conduct their respective flight operations. As long as they comply with the conditions and operations specifications outlined in the respective certificates, the certificates will remain valid.

All operators participating in the civil air transportation business must also adhere to the aviation safety requirements as set out in the Canadian Aviation Regulations (CARs). The CARs are administered by Transport Canada and contain the policies and procedures for such areas as aircraft identification and registration, personnel licensing, general operating and flight rules, commercial air services and air navigation services.

The flight operations and maintenance procedures, policies and controls of Air Tindi, Great Slave, Hicks & Lawrence and Top Aces are Transport Canada approved. Top Aces is also subject to regulation by the DND.

See also "Description of Capital Structure – Constraints" regarding CTA imposed restrictions on foreign ownership.

RISK FACTORS

There are a number of risk factors which, if they materialize, could materially affect the business, financial condition, liquidity or results of operations of the Corporation. These risks may be found under the heading “Risk Factors” in the Corporation’s Management’s Discussion and Analysis for the year ended January 31, 2009, which is incorporated herein by reference and may be found on SEDAR at www.sedar.com. These risks and uncertainties are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation, or that the Corporation currently deems immaterial may also impair the operations of the Corporation.

DESCRIPTION OF CAPITAL STRUCTURE

General

The Corporation is authorized to issue an unlimited number of Class A Shares and an unlimited number of Class B common variable voting shares (the "Class B Shares") (the Class B Shares together with the Class A Shares are sometimes collectively referred to herein as the "Voting Shares").

Class A Shares may be beneficially owned or controlled, directly or indirectly, only by persons who are Canadians and Class B Shares may be beneficially owned or controlled, directly or indirectly, only by persons who are not Canadians. See "Description of Capital Structure – Constraints" below.

As of January 31, 2009, there were 134,461,555 Class A Shares and 742,604 Class B Shares issued and outstanding.

The holders of the Corporation's Class A Shares are entitled to vote at all meetings of the shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote, and are entitled to one vote for each Class A Share held.

The holders of the Corporation's Class B Shares are entitled to vote at all meetings of the shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote, and are entitled to one vote for each Class B Share held, provided that the Class B Shares as a class are entitled to exercise no greater than 25% of all votes attached to the Class A Shares and the Class B Shares, collectively.

The holders of the Class A Shares and the holders of the Class B Shares are entitled to:

(a) receive equally, subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation, any dividends declared by the Corporation; and

(b) receive equally, subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Corporation, the remaining property of the Corporation upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary.

The Corporation issued $28,750,000 principal amount of 8.75% convertible unsecured subordinated debentures (the “Debentures”) on December 19, 2006 pursuant to a private placement. The maturity date of the Debentures is December 31, 2011 and they accrue interest at the rate of 8.75% per annum payable in arrears on a semi-annual basis. The debentures are convertible into Class A Shares at the holder's option at any time prior to the close of business on the earlier of the maturity date and the last business day prior to the date specified for redemption. The conversion price is $2.05 for each Class A Share, subject to adjustment in certain circumstances. The Debentures are not redeemable before December 31, 2009. On or after December 31, 2009 and prior to December 31, 2010, the Debentures are redeemable by the Corporation at par plus accrued and unpaid interest, provided the weighted average trading price of the Class A Shares during the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after December 31, 2010 and prior to the maturity date, the Debentures are redeemable by the Corporation at par plus accrued and unpaid interest. The Debentures are governed by a Trust Indenture between the Corporation and Computershare Trust Company of Canada dated December 19, 2006 which sets out details regarding conversion, redemption, interest payments, meetings of debentureholders and other matters. A copy of the Trust Indenture is available on SEDAR at www.sedar.com.

Constraints

The CTA requires holders of licences to operate a domestic air service to be Canadian within the meaning of the CTA. The Corporation's Articles of Continuance contain foreign ownership restrictions designed to ensure that the Corporation maintains its Canadian status under the CTA.

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

For this purpose, Canadian has the meaning set forth in Subsection 55(1) of the CTA, which can be summarized 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).

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

The Corporation's Articles of Continuance also grant to its board of directors all powers necessary to give effect to the ownership restrictions. The Corporation may in the future adopt various procedures and policies with respect to the transfer of Voting Shares of the Corporation to ensure that the 25% limitation on non-Canadian ownership of voting shares of the Corporation is complied with. In addition, the Corporation may in the future adopt policies and procedures to monitor the number of Voting Shares owned by Canadians to ensure that the provisions of the CTA are complied with.

DIVIDENDS AND DISTRIBUTIONS

To date, the Corporation has not paid any dividends on its Class A Shares or its Class B Shares. The future payment of dividends will be dependent upon the financial requirements of the Corporation to fund future growth, the financial condition of the Corporation, and other factors which the board of directors may consider appropriate in the circumstances. It is unlikely that dividends will be paid in the foreseeable future.

The Corporation has paid interest on the Debentures in accordance with its obligations set out in the Trust Indenture relating to such Debentures. See “Description of Capital Structure – General” above.

MARKET FOR SECURITIES

Trading Price and Volume

The Corporation's Class A Shares are listed and posted for trading on the Toronto Stock Exchange. The trading symbol is DA.A.

The following table shows the range of high and low closing market prices and trading volume of the Class A Shares from February 1, 2008 to January 31, 2009.

CLASS A SHARES			
Month	**High**	**Low**	**Trading Volume**
February 2008	$1.24	$1.07	837,197
March 2008	$1.19	$.97	955,685
April 2008	$1.24	$.91	847,913
May 2008	$1.05	$.92	575,194
June 2008	$1.01	$.78	669,632
July 2008	$.99	$.75	439,766
August 2008	$.88	$.45	919,341
September 2008	$.70	$.40	1,489,780
October 2008	$.57	$.24	678,063
November 2008	$.37	$.155	613,474
December 2008	$.23	$.10	1,427,363
January 2009	$.41	$0.21	872,279

Discovery Air's Debentures are listed and posted for trading on the Toronto Stock Exchange under the trading symbol DA.DB.

The following table shows the range of high and low closing market prices and trading volume of the Debentures from February 1, 2008 to January 31, 2009.

DEBENTURES ($100 principal amount)			
Month	**High**	**Low**	**Trading Volume**
February 2008	$98.00	$98.00	100
March 2008	$99.00	$92.00	570
April 2008	$100.00	$95.00	420
May 2008	$101.99	$95.00	6,610
June 2008	$105.00	$95.50	1,460
July 2008	$95.00	$93.50	400
August 2008	$95.00	$90.00	400
September 2008	$92.00	$75.00	480
October 2008	$75.26	$60.00	700
November 2008	$54.01	$50.00	90
December 2008	$50.01	$49.99	540
January 2009	$79.75	$47.00	1,917

Prior Sales

The Corporation's Class B Shares are not listed or posted for trading on any exchange or market. As of January 31, 2009, there were 742,604 Class B Shares outstanding. Of that amount, 684,354 were issued on August 24, 2007 in relation to the acquisition of Top Aces Inc. Each Class B Share was valued at $1.587 by the Corporation. The remaining 58,250 Class B Shares resulted from a conversion from Class A Shares when Class A Shares were transferred from a Canadian to a non-Canadian. See above under "Description of Capital Structure - Constraints" for an explanation of this conversion feature.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table sets forth the number of securities of the Corporation, to its knowledge, that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class, as at January 31, 2009.

Designation of Class	Number of Securities With Transfer Restrictions	Percentage of Class
Class A Shares	2,741,850[(1)]	2%

NOTES:

(1) Of this amount, 685,462 shares are restricted until January 4, 2010; 685,462 shares are restricted until January 4, 2011; 685,462 shares are restricted until January 4, 2012; and 685,464 shares are restricted until January 4, 2013.

DIRECTORS AND OFFICERS

The following table sets forth the names, municipalities of residence, positions held with the Corporation and principal occupations of Discovery Air's directors as at January 31, 2009. The term of office of each director expires at the next annual shareholders meeting.

DIRECTORS		
Name	**Office Held, Date Became a Director and Committee Membership**	**Principal Occupation**
GILBERT BENNETT Guelph, Ontario, Canada	Director since July 24, 2008 Chair of the Board	Business Consultant, Chair of the Board of Purolator Courier Ltd. and director of Samuel, Son & Co. Ltd. [(1)]
JAMES GOODFELLOW Oakville, Ontario, Canada	Director since October 24, 2008 Chair of the Audit Committee	Business Consultant [(2)]
ALAN HIBBEN Toronto, Ontario, Canada	Director since August 7, 2008 Member of the Audit Committee and Governance Committee	Partner, Blair Franklin Capital Partners [(3)]
JOSEPH RANDELL Waverley, Nova Scotia, Canada	Director since August 7, 2008 Chair of the Human Resources Committee and Member of the Governance Committee	President and Chief Executive Officer, Jazz Air LP

DIRECTORS		
Name	**Office Held, Date Became a Director and Committee Membership**	**Principal Occupation**
WAYNE SALES Rochester, Michigan, United States	Director since August 7, 2008 Chair of the Governance Committee and member of the Human Resources	Business Consultant (4)
BRIAN SEMKOWSKI London, Ontario, Canada	Director since June 17, 2008 Member of the Audit Committee and the Human Resources Committee	President, Southwest Sun Group Inc.

NOTES:

(1) 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.

(2) 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.

(3) 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.

(4) 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 that Corporation.

The following table sets out the names, municipalities of residence, positions and principal occupations over the last five years of the officers of Discovery Air, as at January 31, 2009.

OFFICERS		
Name	**Office Held & Current Principal Occupation**	**Principal Occupation Last 5 Years**
DAVID JENNINGS Pointe Claire, Quebec, Canada	Interim President & Chief Executive Officer (1)	September 12, 2008: appointed Interim President & CEO of the Corporation Prior to September 12, 2008: Co-Chief Executive Officer of Top Aces Inc., a wholly owned subsidiary of Discovery Air Inc.

OFFICERS		
Name	**Office Held & Current Principal Occupation**	**Principal Occupation Last 5 Years**
RICHARD JANKURA London, Ontario, Canada	Chief Financial Officer	November 28, 2006: appointed CFO of the Corporation May 31, 2006 to October 31, 2008: also held the office of Senior Vice President of the Corporation Prior to November 28, 2006: Senior Vice-President of Pacific & Western Bank of Canada
SHAWN CLARKE **Ilderton, Ontario, Canada**	Chief Operating Officer	August 31, 2005: appointed COO of the Corporation Prior to August 31, 2005: Account Manager at Pacific & Western Bank of Canada, Chief Pilot at Hicks & Lawrence Limited (now a subsidiary of Discovery Air) and First Officer for Voyageur Airways.
CHARLES PARKER Yellowknife, Northwest Territories, Canada	Executive Vice President	October 22, 2007: appointed Executive Vice President of the Corporation Prior to October 22, 2007: Deputy Minister for the Government of the Northwest Territories.
TAMMIE ASHTON London, Ontario, Canada	Vice President and Corporate Secretary	November 14, 2006: appointed Vice-President and Corporate Secretary of the Corporation Prior to November 14, 2006: lawyer at Harrison Pensa LLP and previously at Lockyer Spence LLP.

NOTES:

(1) Mr. Jennings was appointed the President and Chief Executive officer of the Corporation on a permanent basis on March 3, 2009.

At January 31, 2009, there were 134,461,555 Class A Shares and 742,604 Class B Shares issued and outstanding. As a group, at that date, the directors and executive officers of the Corporation listed above beneficially owned, or controlled or directed, directly or indirectly, 3,732,648 Class A Shares of the Corporation, representing approximately 2.8% of the total number of Class A Shares outstanding. The group did not own any Class B Shares on such date.

AUDIT COMMITTEE INFORMATION

The Mandate of the Audit Committee of the Corporation is attached to this Annual Information Form as Exhibit "A".

The members of the Audit Committee are: James Goodfellow (Chair), Alan Hibben and Brian Semkowski. Each member of the Audit Committee is both independent and financially literate, as such terms are defined in Canadian securities legislation.

James Goodfellow is the Chair of the Audit Committee. He has over 40 years experience in public accounting and providing assurance and advisory services, primarily to large public companies. Mr. Goodfellow was a Vice-Chairman of Deloitte & Touche LLP prior to his retirement in May 2008 and was a member of that firm's Board of Directors. He is a frequent speaker on issues related to financial reporting, corporate governance, securities regulation and audit committees. Mr. Goodfellow is a past chairman of the Canadian Institute of Chartered Accountant's (CICA) Accounting Standards Board and is a co-author of several publications relating to audit committees and CEO/CFO certification. Mr. Goodfellow is a Chartered Accountant and was made a Fellow of the Ontario Institute of Chartered Accountants in 1986 for distinguished service to the profession.

Alan Hibben is a member of the Audit Committee. He is a Partner with Blair Franklin Capital Partners, a financial advisory and investment management firm. He has had a wide-ranging career in financial services with significant experience in merger and acquisition advisory services. Mr. Hibben previously held the position of Head, Strategy & Development at RBC Financial Group. In this role, he was responsible for corporate strategy as well as merger, acquisition and development activities for the corporation. He was also Chief Executive Officer, RBC Capital Partners, the private equity investment arm of RBC Financial Group. He has held several positions with RBC Capital Markets in the past, including responsibility for senior client M&A coverage in the financial services and telecommunications sectors. He was previously a member of the Executive Committee of RBC Capital Markets. Mr. Hibben holds a Bachelor of Commerce degree from the University of Toronto, is a Chartered Accountant and a Chartered Financial Analyst. He is an Institute certified director (ICD.D) of the Institute of Corporate Directors.

Brian Semkowski is a member of the Audit Committee. He is the President of Southwest Sun Group Inc. In addition, Mr. Semkowski is the President of Itinerant Software Inc., Pro-Tips Sports Corp. and London City Chrysler Inc. He is Chairman of the Board of London Economic Development Corp., a director of London Health Sciences Corporation and a former director of Clublink Corporation. Mr. Semkowski holds an Honours Degree in Business Administration from the Ivey Business School at the University of Western Ontario.

The Corporation's board of directors has approved an Audit Services Policy which provides that the Audit Committee shall pre-approve non-audit services and audit and non-audit related fees to be provided by the external auditor on a case-by-case basis.

Audit Fees

Fees billed by KMPG LLP for audit services in the 12 month period ended January 31, 2009 were $220,000 (2008 - $150,000).

Audit-Related Fees

Fees billed by KPMG LLP for audit-related services in the 12 month period ended January 31, 2009 were $88,500 (2008 - $58,000). These services included review of interim statements and review of accounting issues.

Tax Fees

Fees billed by KPMG LLP for tax services in the 12 month period ended January 31, 2009 were $75,000 (2008 - $50,000).

All Other Fees

Fees billed by KPMG LLP for all other services in the 12 month period ended January 31, 2009 were $18,984 (2008 - $50,500). These services related to acquisition issues.

MATERIAL CONTRACTS

The following are contracts, other than contracts entered into in the ordinary course of business, material to the Corporation and entered into within the fiscal period ended January 31, 2008 or entered into prior to that period and still in effect. The wholly owned subsidiaries of the Corporation are parties to additional material contracts which have been determined by the Corporation to have been entered into in the ordinary course of business and which are therefore not listed below.

1. The trust indenture dated December 19, 2006 between Computershare Trust Company of Canada and the Corporation in relation to the Convertible Debentures offered by the Corporation. See “Description of Capital Structure”.

2. The transfer agent agreement with Computershare Investor Services Inc. dated March 30, 2006. See "Transfer Agent and Registrar" on page 36 in the Prospectus of the Corporation dated March 30, 2006, which section is incorporated herein by reference. The Prospectus is available on SEDAR at www.sedar.com.

3. The Share Purchase Agreements between the Corporation and the vendors of the shares of Top Aces Inc. dated August 24, 2007, which Agreements are available on SEDAR at www.sedar.com. The Corporation’s President and Chief Executive Officer was a party to one of those Share Purchase Agreements as he was a significant shareholder of Top Aces Inc. before it was acquired by Discovery Air.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, no director or executive officer of the Corporation or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued and outstanding Class A Shares , or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any transaction with the Corporation within the three years immediately preceding the date of this Annual Information Form or during the current financial year which has materially affected or would materially affect the Corporation or any of its subsidiaries

TRANSFER AGENT

The Corporation's registrar and transfer agent is Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario M5J 2Y1.

INTERESTS OF EXPERTS

The Corporation's auditors are KPMG LLP, Suite 600, 128 4th Avenue South, Saskatoon, Saskatchewan S7K 1M8. KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

ADDITIONAL INFORMATION

Additional information regarding the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans are contained in the Corporation's Management Proxy Circular, available on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's financial statements and MD&A for the year ended January 31, 2009 filed on SEDAR at www.sedar.com.

EXHIBIT "A"

MANDATE OF THE AUDIT COMMITTEE OF DISCOVERY AIR INC.

1. The Audit Committee shall consist of not less than three directors, each of whom must be independent. [1 3]

2. Each member of the Audit Committee must be financially literate.[2 3]

3. The Audit Committee shall meet at least once a quarter, and otherwise as required.

4. The members of the Audit Committee are charged with the following duties, to:

   a) review such filings as needed to comply with regulatory requirements, and report to the Board of Directors where approval of the filings by the Board is required;

   b) require management to implement and maintain appropriate internal control procedures;

   c) review, evaluate and approve the internal control procedures;

   d) review such investments and transactions that could adversely affect the well being of Discovery Air as the auditor or auditors or any officer may bring to the attention of the Committee;

   e) concur with the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services before recommending them to the Board of Directors;

   f) meet with the external auditor to review the Audit Planning Memorandum;

   g) concur with the compensation of the external auditor before recommending it to the Board of Directors for approval;

   h) pre-approve services and expenditures to the external auditor, in accordance with the Audit Services Policy;

   i) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditor regarding financial reporting;

   j) meet with the external auditor or auditors to discuss the annual financial statements and the returns and

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[1] Independence means having no direct or indirect material relationship with Discovery Air. A material relationship means a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the member's independent judgement. Notwithstanding the above, an individual is considered to have a material relationship with Discovery Air in a number of situations enumerated in MI52-110, including if the individual accepts directly or indirectly any consulting, advisory or other compensatory fee from Discovery Air or any subsidiary entity of Discovery Air other than as remuneration for acting in his or her capacity as a member of the Board or any Committee or as a part-time Chair or Vice-Chair of the Board or any Committee.

[2] Financially literate means 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 accounting issues that can reasonably be expected to be raised by the financial statements.
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[3] If the death, disability or resignation of a member has resulted in a vacancy on the Committee that the Board is required to fill, a Committee member appointed to fill such vacancy is exempt from the requirement for a period ending on the later of the next annual meeting and the date that is six months from the day the vacancy was created, so long as the Board has determined that a reliance on this exemption will not materially adversely affect the ability of the Committee to act independently and to satisfy its other requirements.

transactions referred to in this Mandate;

k) annually review all amounts paid to the external auditor and other accounting firms in the previous year;

l) identify, evaluate and, where appropriate, recommend to the shareholder(s), replacement of the external auditor;

m) concur with hiring policies regarding partners, employees and former partners and employees of the present and former external auditor before recommending them to the Board of Directors for approval;

n) concur with the hiring of a partner, employee or former partner or employee of the present or former external auditor before recommending it to the Board of Directors for approval;

o) review the Corporate Disclosure Policy and all amendments thereto before recommending it to the Board of Directors for approval;

p) concur with the Mandate of the Disclosure Committee before recommending it to the Board of Directors for approval;

q) review the Disclosure Controls and Procedures;

r) review new accounting policies and amendments to existing accounting policies before recommending them to the Board of Directors for approval;

s) establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters;

t) establish procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

u) approve the interim quarterly financial statements and MD&A of Discovery Air;

v) concur with the annual financial statements and the annual MD&A before recommending them to the Board of Directors for approval;

w) review the interim and annual earnings press releases before public disclosure; and

x) review the Annual Information Form, if any, before recommending it to the Board of Directors for approval.

5. The Audit Committee has the authority to:

a) communicate directly with the external auditors;

b) engage independent counsel and other advisors as determined necessary; and

c) set and pay the compensation for any advisors employed by the Audit Committee, provided such compensation does not exceed $10,000 in any fiscal year. Should the compensation of outside counsel or other advisor exceed $10,000 in any fiscal year, the prior approval of the full Board of Directors will be required.