



DISCOVERY AIR INC.

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

APRIL 29, 2010

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DISCOVERY AIR INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
JUNE 3, 2010**

TAKE NOTICE that the Annual and Special Meeting of the shareholders of Discovery Air Inc. (the "Corporation") will be held at the Explorer Hotel, Katimavik C Room, 4825-49th Avenue, Yellowknife, Northwest Territories on Thursday, June 3, 2010 at 11:00 a.m. (local time) for the following purposes:

1. to receive the financial statements of the Corporation for the fiscal year ended January 31, 2010 and the report of the auditor thereon;
2. to elect directors for the ensuing year;
3. to appoint the auditor for the ensuing year and to authorize the directors of the Corporation to fix the auditor's remuneration;
4. to adopt a stock option incentive plan;
5. to change the Articles of Continuance of the Corporation to amend the jurisdiction in which the registered office of the Corporation is situated to the Northwest Territories;
6. pursuant to section 38 of the *Canada Business Corporations Act*, to reduce the stated capital of the common shares of the Corporation by the sum of \$119,401,000 for the purpose of reducing the Corporation's accumulated deficit; and
7. to transact such further other business as may properly come before the meeting or any adjournment thereof.

Particulars of the matters referred to above are set forth in the accompanying Management Proxy Circular.

DATED at the City of Yellowknife, in the Northwest Territories this 29th day of April, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

Geoffrey P. Wiest
Corporate Secretary

YOUR VOTE IS IMPORTANT. You are encouraged to submit the form of Proxy enclosed with this Notice, whether or not you plan to attend the Annual and Special Meeting. Your Proxy must be received by 10:00 a.m. (Eastern) on Monday, June 1, 2010 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 count if you fail to submit your Proxy correctly.



**MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on Thursday, June 3, 2010**

SOLICITATION OF PROXIES BY MANAGEMENT

This 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 2010 annual and special meeting (the "Meeting") of the holders of Class A common shares and Class B common shares (collectively, the "shares" or "common shares") of the Corporation. The information contained in this Proxy Circular is current as of April 29, 2010, unless otherwise indicated. The Meeting will be held at the Explorer Hotel, in the Katimavik C Room, 4825-49th Avenue, Yellowknife, Northwest Territories, on Thursday, June 3, 2010 at 11:00 a.m. (local time) for the purposes set forth in the accompanying Notice of Annual and Special Meeting (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.

APPOINTMENT OF PROXIES

The persons named as proxyholders in the enclosed form of proxy are directors or officers of the Corporation. **YOU HAVE THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, AS YOUR NOMINEE TO ATTEND AND ACT ON YOUR BEHALF AT THE MEETING, OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY OR VOTING INSTRUCTION FORM.** You may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form that accompanies this Circular. Please read and follow the instructions provided on the form of Proxy or voting instruction form to submit your completed proxy.

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

You must complete the declaration regarding whether or not the Voting Shares you represent are owned or controlled by a “Canadian” for purposes of our voting control restrictions. This declaration is included on your form of proxy or voting instruction form. The definition of “Canadian” can be found below under “Restrictions on Voting of Shares”.

ADVICE TO NON-REGISTERED HOLDERS

The information in this section is of significant importance to a substantial number of shareholders who do not hold their shares in their own name, but who hold their shares through an intermediary (i.e. a bank, trust company, securities broker, trustee or other). Shareholders who do not hold their common shares in their own name are referred to in this document as **Non-Registered Holders**.

Non-Registered Holders 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 Non-Registered Holder. 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.

Intermediaries are required to seek instructions from Non-Registered Holders in advance of shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which Non-Registered Holders should follow closely in order to ensure that their common shares are voted at the Meeting. A Non-Registered Holder may have received from the intermediary either a request for voting instructions or a form of proxy that is identical to the form of proxy provided to registered shareholders; however, the purpose of the proxy is limited to instructing the intermediary how to vote on behalf of the Non-Registered Holder. **A NON-REGISTERED HOLDER 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 Non-Registered Holder 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 proxyholder. If you are a Non-Registered Holder, 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 NON-REGISTERED HOLDER, ONLY AFTER YOUR INTERMEDIARY APPOINTS YOU OR YOUR NOMINEE AS A PROXYHOLDER CAN YOU OR YOUR NOMINEE VOTE COMMON SHARES DIRECTLY AT THE MEETING.

REVOCATION OF PROXIES

A proxy is valid only at the Meeting in respect of which it is given or any adjournment thereof. A registered shareholder may revoke a proxy:

- (a) by an instrument in writing executed by the shareholder or by an attorney in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited:
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; or
 - (ii) with the Chair of the Meeting on June 3, 2010 or any adjournment of the Meeting; or
- (b) in any other manner permitted by law.

If a Non-Registered Holder wants to revoke their proxy, they should contact their intermediary to determine the procedure to follow.

EXERCISE OF DISCRETION WITH RESPECT TO PROXIES

The common shares represented by proxies will be voted or withheld from voting by the persons designated in the proxies in accordance with the direction of the shareholders appointing them. **In the event that no directions are provided in a proxy, the shares represented by the proxy will be voted by the proxy nominee designated by management FOR the election of the directors set forth in this Circular, FOR the appointment of KPMG LLP as auditors and authorization for the directors to fix their remuneration, FOR approving the stock option incentive plan. FOR approving the amendment to the Corporation's Articles of Continuance and FOR approving the resolution pursuant to section 38 of the *Canada Business Corporations Act* to reduce the stated capital of the common shares.**

The enclosed form of proxy grants to the named proxyholder authority with respect to amendments and variations to matters identified in the Notice, and with respect to other matters that may properly come before the Meeting. At the time of the preparation of this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. If, however, amendments, variations or other matters which are not now known to management should properly come before the Meeting, the shares represented by proxies will be voted by the persons named in the proxy in accordance with their best judgement.

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.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of April 22, 2010, there were 134,461,555 Class A common shares and 742,604 Class B common shares of the Corporation 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 April 29, 2010 as the record date for determining shareholders entitled to receive notice of the Meeting. A person shown as a shareholder of record on April 29, 2010 is entitled to vote the common shares of the Corporation registered in his or her name on that date, except to the extent that the person has transferred the ownership of any of his or her common shares after April 29, 2010 and the recipient 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 or her 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 Discovery Air, who, to the best of the knowledge of the Corporation, owns, controls or directs, directly or indirectly 18,274,582 Class A common shares (being approximately 13.6% 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 18,275,427 Class A common shares (being approximately 13.6% of such class).

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. The Corporation's Articles of Continuance therefore 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.

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).

The Corporation's Articles of Continuance also grant to the Board all powers necessary to give effect to the ownership 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 of the Corporation to ensure that the 25% limitation on non-Canadian ownership is complied with.

BUSINESS TO BE TRANSACTED AT THE MEETING

The Meeting is being called to address the following seven matters:

1. to receive the financial statements of the Corporation for the fiscal year ended January 31, 2010 and the report of the auditor thereon;
2. to elect directors for the ensuing year;
3. to appoint the auditor for the ensuing year and to authorize the directors of the Corporation to fix the auditor's remuneration;
4. to adopt a stock option incentive plan;

5. to change the Articles of Continuance of the Corporation to amend the jurisdiction in which the registered office of the Corporation is situated to the Northwest Territories;
6. pursuant to section 38 of the *Canada Business Corporations Act*, to reduce the stated capital of the common shares of the Corporation by the sum of \$119,401,000 for the purpose of reducing the Corporation's accumulated deficit; and
7. to transact such further other business as may properly come before the Meeting or any adjournment thereof.

As of the date of this Management Proxy Circular, management is not aware of any changes to these matters or of any other business that may be brought forward at the Meeting.

1. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the fiscal year ended January 31, 2010 and the auditor's report thereon are included in the 2010 Annual Report, which has been mailed to all registered shareholders and intermediaries with this Management Proxy Circular. While no vote is required on this matter, shareholders and proxyholders will have an opportunity to review and discuss the 2010 fiscal year results with management at the Meeting.

2. ELECTION OF DIRECTORS

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. Proxies solicited by management will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present). Each of those elected will, subject to the bylaws of the Corporation and applicable corporate law, hold office until the next annual meeting or until his successor is duly elected or appointed. The proposed nominees for election as directors of the Corporation are:

Gilbert Bennett
James Goodfellow
Alan Hibben
Joseph Randell
Wayne Sales
Brian Semkowski.

All of the proposed nominated directors are already directors of the Corporation. See "*The Board of Directors*" below for information about these directors.

Adoption of Majority Voting for Directors

On April 22, 2010, the Board adopted a "Majority Voting Policy" to the effect that a nominee for election as a director of the Corporation who receives a greater number of votes "withheld" than votes "for" with respect to the election of directors by shareholders 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, i.e., where proxy material is circulated in support of one or more nominees who are not part of the slate supported by the Board.

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

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election of the following persons as directors of the Corporation (or for substitute nominees in the event of contingencies not known at present): Gilbert Bennett, James Goodfellow, Alan Hibben, Joseph Randell, Wayne Sales and Brian Semkowski.

3. APPOINTMENT OF 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.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the appointment of KPMG LLP as auditor of the Corporation and authorize the directors to fix the auditor's remuneration.

4. STOCK OPTION INCENTIVE PLAN

Approval of the 2010 Stock Option Plan

On April 22, 2010, subject to the approval required from the Toronto Stock Exchange (“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 Stock Option Plan (the “**2006 Plan**”). As required by the policies of the TSX, the Corporation was required to seek shareholder approval, within three (3) years of the 2006 Plan first being implemented, for all unallocated shares under the 2006 Plan. In this regard, the Corporation sought such approval of its shareholders at its annual and special meeting of shareholders held on June 17, 2008; however, at such meeting, the Corporation withdrew the motion to obtain the required shareholder approval. Accordingly, such shareholder approval was not obtained at the June 17, 2008 meeting.

As at the date of this Management Proxy Circular, the Corporation has 3,129,900 stock options outstanding under the 2006 Plan, with strike prices ranging from \$0.50 to \$1.85. Assuming the 2010 Plan is approved by the shareholders at the Meeting, the existing 3,129,900 stock options will continue under the 2010 Plan and the 2006 Plan will be immediately terminated.

Under the 2010 Plan, which is a “rolling” 10% stock option plan, the Corporation plans to reserve 13,446,155 shares, i.e., 10% of the Corporation’s 134,461,555 Class A Common Shares currently outstanding. 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 3,129,900 stock options granted under the 2006 Plan will represent the first 3,129,000 options notionally granted under the 2010 Plan – thereby leaving 10,316,255 new options available for issuance under the 2010 Plan.

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 will select the optionees and will establish 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 will be 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 immediately on the date of grant; (ii) one-third on the first anniversary of the date of grant; and (iii) one-third on the second anniversary of the date of grant; provided the above vesting rules shall not apply to the 3,129,000 options that were previously granted under the 2006 Plan. 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 or 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 authorized 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 to the provisions of the 2010 Plan. 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 to such provisions.

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

The 2010 Plan includes an amendment procedure pursuant to which the Board may amend any of the provisions of the 2010 Plan or amend the terms of any then outstanding award of options under the 2010 Plan, provided, however, that the Corporation shall obtain shareholder approval for, among other things:

- (a) any amendment to the number of Class A Common Shares issuable under the 2010 Plan, except for adjustments in the case of a declaration of dividend, a subdivision, consolidation, reclassification, issue of rights or changes affecting the Common Shares (“**Share Adjustment**”);
- (b) any amendment which would permit any option granted under the 2010 Plan to be transferable or assignable other than by will or pursuant to the laws of succession;

- (c) the addition of deferred or restricted share unit provisions or any other provisions which results in employees receiving Class A Common Shares while no cash consideration is received by the Corporation;
- (d) any reduction in the exercise price of an option after the option has been granted or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price, except in the case of a Share Adjustment;
- (e) any increase to the number of Class A Common Shares that may be granted to (i) insiders under the 2010 Plan and other share compensation arrangements of the Corporation or (ii) any one insider and such insider's associates in any one-year period, except in the case of a Share Adjustment;

Hence, the Board may, subject to receipt of requisite regulatory approval, (where required) in its sole discretion make certain other amendments to the 2010 Plan that are not contemplated above, including, without limitation, the following:

- (f) amendments of a "housekeeping" or clerical nature as well as any amendment clarifying any provision of the 2010 Plan;
- (g) a change to the vesting provisions of an option or of the 2010 Plan;
- (h) the addition of a cashless exercise feature, payable in cash or Class A Shares;
- (i) the addition of a provision relating to financial assistance;
- (j) a change to the termination provisions of an option or the 2010 Plan which does not entail an extension beyond the relevant Option Period;
- (k) any Share Adjustment; and
- (l) suspending or terminating the 2010 Plan.

No amendment, suspension or termination shall, except with the written consent of the optionee(s) concerned, affect the terms and conditions of options previously granted under the 2010 Plan, to the extent that such options have not then been exercised, unless the rights of the optionees shall then have terminated in accordance with the 2010 Plan.

Before the 2010 Plan comes into force, the TSX requires shareholder approval. A resolution to adopt the 2010 Plan must be approved by not less than a majority of votes cast in its favour by the shareholders in person or represented by proxy at the Meeting.

The text of such resolution is set forth below:

"RESOLVED:

THAT the Corporation be and it is hereby authorized to adopt the 2010 Stock Option Plan (the "2010 Plan") of the Corporation, which plan is described in the Management Proxy Circular of the Corporation dated April 22, 2010; and

THAT any officer of the Corporation be, and each is hereby authorized and directed, for and on behalf of the Corporation, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution and to the 2010 Plan."

The Board of Directors recommends that the shareholders vote in favour of the approval of the resolution. **Unless contrary instructions are indicated on the form of proxy or the voting instruction form, the**

persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the adoption of the 2010 Plan.

5. AMENDMENT TO ARTICLES

Section 2 of the Articles of Continuance of the Corporation currently provides that the jurisdiction in which the registered office of the Corporation is situated is the Province of Ontario. As the Corporation has changed the location of its head office to Yellowknife, Northwest Territories, management and the Board propose the following resolution:

“RESOLVED:

That the Articles of Continuance of the Corporation be amended by changing section 2 to state:

The province or territory in Canada where the registered office is to be located: Northwest Territories.

That any officer of the Corporation be, and each is hereby authorized and directed, for and on behalf of the Corporation, to sign and execute all documents and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution.”

The Board of Directors recommends that the shareholders vote in favour of the approval of the resolution. **In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the proposed amendment to the Articles of Continuance.**

6. REDUCTION IN STATED CAPITAL

In fiscal year 2009, the Corporation incurred a charge to income of approximately \$133,000,000 related to the write-off of goodwill and intangible assets. This write - off has resulted in an accumulated deficit of \$119,401,000 as at January 31, 2010, which Management believes is not representative of the Corporation’s operating results. Therefore, Management and the Board propose to reduce the stated capital of the common shares, pursuant to section 38 of the *Canada Business Corporations Act*, by \$119,401,000 for the purpose of reducing the Corporation’s accumulated deficit.

Management and the Board propose the following resolution:

“RESOLVED:

That the stated capital of the common shares of the Corporation be reduced by the sum of \$119,401,000.

That any officer of the Corporation be, and each is hereby authorized and directed, for and on behalf of the Corporation, to sign and execute all documents and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution.”

The Board of Directors recommends that the shareholders vote in favour of the approval of the resolution. **In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the proposed reduction in stated capital.**

THE BOARD OF DIRECTORS

The table below sets out information about the persons proposed to be nominated for election as directors at the Meeting. Each director elected at the Meeting holds office until the next annual meeting of shareholders or

until his successor is elected or appointed. 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.

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 the following six persons for election as directors at the Meeting.

Name	Office Held, Date Became a Director and Committee Membership	Principal Occupation
<p>GILBERT BENNETT ⁽¹⁾ Guelph, Ontario, Canada</p> <p><i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units - 311,332</i></p>	<p>Director since July 24, 2008</p> <p>Chairman of the Board</p>	<p>Business Consultant and director of Samuel, Son & Co., Ltd. ⁽²⁾</p>
<p>JAMES GOODFELLOW Oakville, Ontario, Canada</p> <p><i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units - 197,380</i></p>	<p>Director since October 24, 2008</p> <p>Chair of the Audit Committee</p>	<p>Business Consultant ⁽³⁾</p>
<p>ALAN HIBBEN Toronto, Ontario, Canada</p> <p><i>Common shareholdings - 35,000</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units - 173,791</i></p>	<p>Director since August 7, 2008</p> <p>Member of the Audit Committee and Governance Committee</p>	<p>Partner, Blair Franklin Capital Partners ⁽⁴⁾</p>
<p>JOSEPH RANDELL ⁽⁵⁾ Wellington, Nova Scotia, Canada</p> <p><i>Common shareholdings - nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Share Units - 210,311</i></p>	<p>Director since August 7, 2008</p> <p>Chair of the Human Resources Committee and Member of the Governance Committee</p>	<p>President and Chief Executive Officer, Jazz Air LP</p>

Name	Office Held, Date Became a Director and Committee Membership	Principal Occupation
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 - 215,798</i>	Director since August 7, 2008 Chair of the Governance Committee and member of the Human Resources Committee	Business Consultant ⁽⁶⁾
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 - 200,166</i>	Director since June 17, 2008 Member of the Audit Committee and the Human Resources Committee	President, Southwest Sun Group Inc.

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.
- (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.
- (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.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion & Analysis

Compensation Philosophy and Processes

The Corporation's executive compensation policies and practices are designed to:

1. facilitate the recruitment and retention of a highly-qualified management team with the necessary skills and attributes;
2. ensure that the Corporation remains competitive with those companies and organizations against which it competes, and with which it competes for a limited pool of executive talent;
3. promote alignment between the Corporation's strategic plan and business behavior, ensuring an appropriate balance is maintained between short-term and long-term objectives;

4. reward performance, ensuring that management team members participate in the increase in value which is created as a result of their efforts, while at the same time having a significant element of their variable compensation at risk in the event that such value is not created; as a general guideline,
 - (a) management team members will be entitled to bonus payouts calculated primarily on the basis of the Corporation's progress toward meeting its long-term objectives, with proportionately less calculated based on the annual results of the Corporation, and
 - (b) business unit executives will be entitled to bonus payouts calculated primarily on the basis of the annual results of their business units and the Corporation, with proportionately less calculated based on the Corporation's progress toward meeting its long-term objectives,
5. strike the right relationship between executive and organization-wide compensation levels,
6. take account, where appropriate, of special circumstances which impact the level of executive compensation, including, but not limited to,
 - (a) certain legacy contractual arrangements negotiated with specific executives, by which the Corporation remains bound, and
 - (b) additional compensation costs which are incurred as a result of the head office being located in Yellowknife, including the costs of the relocation of the Corporation's head office to Yellowknife, NT and the cost of attracting and retaining executives in Yellowknife, NT. , and
7. be fully and reasonably defensible to the Corporation's shareholders and employees.

Compensation Processes

In addition to designing and delivering pay in a manner that is aligned with the above-stated philosophy, the Corporation's executive compensation arrangements are subject to the following annual processes:

- reviewed by the Human Resources Committee of the Board 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;
- monitored to gain reasonable assurance that all of the Corporation's contractual arrangements with respect to compensation are identified, approved, recorded and controlled; and
- Reviewed 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.

The Role of the Human Resources Committee, Management, and Independent Advisors

The Human Resources Committee oversees the Corporation's human resources and compensation strategy, plans, policies, procedures and practices. The complete mandate of the committee is set out in Exhibit D. The Corporation's process for determining executive compensation relies solely on Board discussion based upon recommendations from its Human Resources Committee (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 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.

Components of the Corporation's Executive Compensation Program

a) Base Salary

The Corporation pays each named executive officer base salary that is relative to the executive's role, level of responsibility within Discovery Air and potential impact of his 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

In 2009, the HRC initiated a process to develop an annual incentive plan for executive officers of the Corporation, with the intention of recommending such plan to the Board for adoption. The intent of the Committee is to develop an annual incentive plan which rewards executive officers on the basis of achievement of financial and other objectives. That process was not completed in 2009. It is anticipated that the plan will be finalized in mid-2010.

No bonuses were or will be paid to any named executive officers in relation to the fiscal year ended January 31, 2010.

c) Long-Term Incentive Awards – Option Plan

The 2006 Plan (a stock option plan adopted by the Corporation in 2006) was established to provide all employees with compensation opportunities that encourage 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. It continues to exist solely to administer those options granted prior to the 2008 annual meeting. The Board has determined it is appropriate to reinstate the option plan as outlined above under the heading *Business to be Transacted at the Meeting*, item 4. The Corporation will obtain the necessary regulatory approvals to the new plan, as required.

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 has rights to amend, suspend or terminate the 2006 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. These 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 2006 Plan; iii) a change to the termination provisions of the 2006 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 2006 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 2006 Plan.

Shareholder approval is required for any amendments to the 2006 Plan which result in a change to the fixed maximum percentage of Common Shares issuable under the 2006 Plan. Further, shareholder approval, excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment, is required for: i) a reduction in the exercise price or purchase price of the Common Shares; or ii) an extension of the term under the 2006 Plan which is of benefit to an insider of the Corporation.

At the date of this Management Proxy Circular, there are 3,129,900 options outstanding under the 2006 Plan.

d) Pension Supplement

The Corporation does not have a formal pension plan. However, in order to ensure the overall competitiveness of executive compensation arrangements, named executive officers are entitled to receive from the Corporation an annual cash amount as a Registered Retirement Savings Plan contribution equal to that executive’s maximum allowable RSP contribution. In relation to the fiscal year ended January 31, 2010, the Corporation paid \$138,619 in total retirement plan contributions on behalf of named 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 is entitled to an automobile allowance which is generally paid by the Corporation to the leasing company from which the officer leases their 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 are 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. Mr. Jennings, Mr. Bouchard and Mr. 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 (the "named executive officers"). Each named executive officer, other than Mr. Jankura and 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. Jankura and Mr. Min received a significant part of the cash purchase price paid by the Corporation for the acquisition of their company, the Corporation's challenge was to negotiate an employment package for each of them that would give them incentive to stay on 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.

The compensation arrangements for Mr. Bembridge, Mr. Bouchard and Mr. Toussaint have not changed since they were negotiated upon the acquisitions of their respective companies. Mr. Bembridge's compensation package was negotiated and settled in June 2006 when the Corporation purchased Great Slave Helicopters Ltd. and is documented in an employment agreement between him and Great Slave Helicopters Ltd. Mr. Jennings', Mr. Bouchard's and Mr. Toussaint's compensation packages were negotiated and settled in August 2007 when the Corporation purchased Top Aces Inc. and are documented in an employment agreement and a consulting agreement between each of them and Top Aces Inc. These compensation arrangements were determined by the Chief Executive Officer of the Corporation at the time of the relevant acquisitions. 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.

Mr. Jankura continued his employment with the Corporation during the current fiscal year under the terms of a Key Employee Termination Benefits Agreement ("Termination Agreement") dated July 24, 2008. Mr. Jankura was entitled to resign from the Corporation with full entitlement to the benefits due under the Termination Agreement provided he remained employed with the Corporation for a period of 6 months following the date of the Termination Agreement. Mr. Jankura determined that he would not relocate to Yellowknife upon the transfer of the Corporation's head office to Yellowknife but, in order to allow for an orderly transition of his Chief Financial Officer duties, agreed to continue his employment with the Corporation under the terms of agreements, both oral and written, that extended and revised the terms of the

Termination Agreement. Mr. Jankura resigned as Chief Financial Officer on November 4, 2009 concurrent with the appointment by the Board of Andrien (Andy) Min as Chief Financial Officer.

Prior to his appointment as Chief Financial Officer, Andy 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 expires on May 31, 2010. The CEO is currently developing a new Executive Agreement with Mr. Min for approval by the Board.

The current members of the Board have determined that a comprehensive review of the compensation packages for the executive officers of the Corporation and its subsidiaries is necessary. See *Exhibit "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 (Andy Min), the past Chief Financial Officer of the Corporation (Richard Jankura), the Co-Chief Executive Officers of Top Aces Inc. (Paul Bouchard and Didier Toussaint) and the Group President of Northern Services (Adam Bembridge), together being the "named executive officers", during the fiscal year ended January 31, 2010.

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			
DAVID JENNINGS ⁽¹⁾⁽²⁾ President & Chief Executive Officer Discovery Air Inc.	2010	359,696	Nil	Nil	Nil	Nil	Nil	202,685 ⁽³⁾	562,381
ANDRIEN MIN Vice President & Chief Financial Officer Discovery Air Inc. (effective November 4, 2009)	2010	137,500	Nil	Nil	Nil	Nil	Nil	46,237 ⁽⁴⁾	183,737
PAUL BOUCHARD ⁽²⁾ Executive Vice President Business Development Discovery Air Inc. (effective December 11, 2009).	2010	371,699	Nil	Nil	Nil	Nil	Nil	90,441 ⁽⁵⁾	462,140
DIDIER TOUSSAINT ⁽²⁾ Group President, Government Services Discovery Air Inc. (effective December 11, 2009)	2010	371,699	Nil	Nil	Nil	Nil	Nil	93,501 ⁽⁶⁾	465,200

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			
ADAM BEMBRIDGE Group President, Northern Services Discovery Air Inc. (effective June 10, 2009)	2010	265,399	Nil	Nil	Nil	Nil	Nil	82,278 ⁽⁷⁾	347,677
RICHARD JANKURA ⁽⁸⁾ Former Chief Financial Officer (until Nov 4, 2009)	2010	209,250	Nil	Nil	Nil	Nil	NIL	760,2845	969,534

Notes:

- (1) Mr. Jennings was appointed President and CEO of the Corporation on March 3, 2009. Prior thereto, he was Interim President and CEO of the Corporation from September 12, 2008 to March 3, 2009. Before being appointed on an interim basis, Mr. Jennings was co-Chief Executive Officer of Top Aces Inc., a subsidiary of the Corporation. Mr. Jennings' compensation for the 2010 fiscal year is therefore comprised of compensation for his services as both Interim and permanent President and CEO of the Corporation from September 12, 2008 to March 3, 2009.
- (2) Each of Mr. Toussaint and Mr. Bouchard has two agreements with Top Aces that govern his services to Top Aces Inc. Each first has an Executive Agreement between himself personally and Top Aces which creates an employment relationship and governs his Co-CEO/President responsibilities. Secondly, each has a Consulting Agreement between his personal executive trust and Top Aces which creates an independent contractor relationship and governs specifically listed services, including flying, management of operations, management of suppliers, management of legal services, management of administration and management of finance. Total compensation under both agreements is included in the disclosure in this table, whether paid or earned pursuant to the Executive Agreements or the Consulting Agreements. Mr. Jennings had similar arrangements until March 3, 2009 when his Executive Agreement and Consulting Agreement were superseded by the terms laid out in a new executive agreement pursuant to his permanent appointment as President and CEO of the Corporation.
- (3) Of this amount, \$20,400 was a pension supplement paid in February 2010 for the year ended January 31, 2010 (since the Corporation does not have a pension plan for any of its employees); \$68,750 was a renegotiation fee; \$15,366 was an automobile benefit payment; \$51,000 was an aircraft allowance paid in February 2010 relating to the period February 1, 2009 to January 31, 2010 and \$47,169 was a perquisite allowance.
- (4) Of this amount, \$12,420 is a pension supplement (since the Corporation does not have a pension plan for any of its employees), \$12,388 was automobile lease payments and \$21,429 was retention pay.
- (5) Of this amount, \$20,400 was a pension supplement paid in February 2010 for the year ended January 31, 2010 (since the Corporation does not have a pension plan for any of its employees); \$19,041 were automobile benefit payments and \$51,000 was an aircraft allowance paid in February 2010 relating to the period February 1, 2009 to January 31, 2010.
- (6) Of this amount, \$20,400 was a pension supplement paid in February 2010 for the year ended January 31, 2010 (since the Corporation does not have a pension plan for any of its employees); \$22,101 were automobile benefit payments and \$51,000 was an aircraft allowance paid in February 2010 relating to the period February 1, 2009 to January 31, 2010.
- (7) Of this amount, \$21,000 is a pension supplement (since the Corporation does not have a pension plan for any of its employees); \$17,940 is an automobile allowance; \$24,000 is an aircraft allowance; and \$19,338 is a northern living allowance relating to the period February 2009 to January 31, 2010.
- (8) Mr. Jankura was entitled to a \$700,000 termination benefit under the terms of a Key Employee Termination Benefits Agreement dated July 24, 2008. The balance of other compensation consists of \$43,999 as a pension supplement (since the Corporation does not have a pension plan for any of its employees) and \$16,285 as an auto allowance.

Executive Agreements

Mr. Jennings was co-Chief Executive Officer of Top Aces Inc. 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 Inc. 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 Inc. created an employment relationship and governed his Co-Chief Executive Officer responsibilities. A Consulting Agreement between Mr. Jennings' executive trust and Top Aces Inc. 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. in relation to their services to Top Aces Inc.

On March 3, 2009, the Corporation and Mr. Jennings executed a new Executive Agreement which replaces the Top Aces Inc. agreements in their entirety.

On February 1, 2010, the Corporation and Messrs. Bouchard and Toussaint executed new Executive Agreements with Top Aces Inc. which replace the old Top Aces Inc. agreements in their entirety.

The key terms of the Executive Agreements dated August 24, 2007 of Mr. Jennings, Mr. Bouchard and Mr. Toussaint (now superseded by the new March 3, 2009 Executive Agreement for Mr. Jennings and the new Executive Agreements dated February 1, 2010 for Messrs. Bouchard and Toussaint) are as follows:

Former Executive Agreements – Jennings, Toussaint and Bouchard	
Parties	David Jennings and Top Aces Inc. Paul Bouchard and Top Aces Inc. Didier Toussaint and Top Aces Inc.
Date and Term	August 24, 2007 for an indefinite term
Title and Responsibilities	Mr. Jennings and Mr. Bouchard: Co-Chief Executive Officer Mr. Toussaint: President Their responsibilities include acting as a director of Top Aces Inc. and a director or officer of subsidiaries or affiliates of Top Aces Inc. if requested, providing strategic management and guidance, representing Top Aces as CEO or President, as applicable, and acting as an accountable executive for Transport Canada
Annual Fee	\$50,000 (subject to review annually, without reduction)
Special Bonus	\$19,000 per year, or such greater amount as agreed between the parties, payable February 28 each year
Annual Incentive Award	They are each entitled to an annual incentive award of up to 100% of their Annual Fee, as determined and approved by the board of Top Aces. The amount of the award will be determined relative to Top Aces meeting certain EBITDA margins determined by the board of Top Aces.
Stock Options	Retain 450,000 stock options each, previously granted on June 20, 2007 when Mr. Jennings, Mr. Toussaint and Mr. Bouchard became consultants of the Corporation. . The exercise price of the options is \$1.56.
Benefits and Location	Mr. Jennings, Mr. Bouchard and Mr. Toussaint are entitled to the same benefits, including medical benefits, which are offered to other executive officers of the Corporation. They are entitled to take part in any pension plan program at Top Aces that may become available. They agree to be situate in Montreal, Quebec, unless they request to move and can properly carry out their duties from the new location, subject to the agreement of Top Aces, not to be unreasonably withheld.
Resignation	Mr. Jennings, Mr. Bouchard and Mr. Toussaint must provide a minimum of 90 days' notice if they wish to vacate their position. Top Aces may waive the notice, at which time their

Former Executive Agreements – Jennings, Toussaint and Bouchard	
	entitlements to remuneration and benefits cease on the date of waiver.
Termination for Cause	No amounts are due, other than those accruing up to the date of termination, if Top Aces terminates Mr. Jennings, 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, or • personal conduct that brings material disrespect or that materially negatively affects the reputation of Top Aces.
Termination without Cause or Upon Change of Control	If (a) any of them is terminated without Just Cause, (b) Top Aces is sold, subject to a direct or indirect acquisition of control, is merged, is liquidated or otherwise wound up, or sells substantially all its assets and within 60 days of any of such event Mr. Jennings, Mr. Toussaint or Mr. Bouchard terminates his agreement with Top Aces agreement, or (c) Top Aces has a change in normal operations such that their role is eliminated, then each of Mr. Jennings, Mr. Bouchard and Mr. Toussaint is entitled to receive an amount equal to his last two years’ total compensation (including fees, bonuses and taxable benefits). If less than two years have elapsed, then there is a mechanism for calculating the entitlement based on the time that has elapsed. If any one of the three of Mr. Toussaint, Mr. Jennings or Mr. Bouchard ceases to be an executive of Top Aces, the others’ engagements are deemed to have been terminated without Just Cause. Termination of an Executive Agreement by Top Aces constitutes termination of the Consulting Agreement (summarized below).
Non-competition, Confidentiality, and Non-solicitation	Each of Mr. Jennings, Mr. Toussaint and Mr. Bouchard is prohibited from disclosing Top Aces’ confidential information during or after his engagement with Top Aces. They are also prohibited, during their engagement and for two years after its termination, from competing with Top Aces in Canada, from soliciting its customers, suppliers or employees or from intentionally acting in any manner that is detrimental to the relations between Top Aces or its affiliates or subsidiaries and their respective suppliers, customers, employees or others.
Perquisites	<ul style="list-style-type: none"> • automobile allowance or benefit of \$1,350 per month (subject to review annually, without reduction) • aircraft allowance or benefit of \$3,000 per month (subject to review annually, without reduction) • home office computer, fax and phone, as well as a cellular phone and blackberry service • business or executive class travel for all flights having a duration of greater than two hours • two life insurance policies, one in the amount of two to four years’ annual fee and one in the amount of \$500,000, both with a beneficiary designated by Mr. Jennings, Mr. Bouchard or Mr. Toussaint, as applicable. • reimbursement of reasonable out-of-pocket expenses necessary to carry out his duties.

The key terms of the Consulting Agreements dated August 24, 2007 of Messrs. Jennings, Bouchard and Toussaint (now superseded by the new Executive Agreements) are as follows:

Former Consulting Agreements – Jennings, Toussaint and Bouchard
The Consulting Agreements relating to Mr. Jennings’, Mr. Bouchard’s and Mr. Toussaint’s roles create independent contractor relationships between each of their executive trusts and Top Aces. A number of the terms of each Consulting Agreement are substantially similar to those contained in each Executive Agreement set out above. This table sets out only those items which are different from those set out above.

Former Consulting Agreements – Jennings, Toussaint and Bouchard	
Parties	The DJ Executive Trust and Top Aces Inc. The PVB Executive Trust and Top Aces Inc. The DT Executive Trust and Top Aces Inc. (collectively, the “Trusts” or individually a “Trust”)
Date	August 24, 2007
Title and Responsibilities	Manager, providing certain listed services: flying, management of operations, management of engineering and maintenance, management of finances and administration, management of CATS PMO and CATS II campaign, management of business development process and projects, management of Department of National Defence relations (including public relations), management of employees, management of legal services, management of suppliers and sub-contractors and management of consulting division. David Jennings is the designated person by the DJ Executive Trust to provide services to Top Aces. Paul Bouchard is the designated person by the PVB Executive Trust to provide services to Top Aces. Didier Toussaint is the designated person by the DT Executive Trust to provide services to Top Aces.
Fee	\$22,916 per month (subject to review annually, without reduction)
Annual Incentive Award	The Trusts are entitled to an annual incentive award of up to 100% of their Fee, as determined and approved by the board of Top Aces. The amount of the award will be determined relative to Top Aces meeting certain EBITDA margins determined by the board of Top Aces.
Termination by Trust	The Trusts must provide a minimum of 90 days’ notice if they wish to terminate the agreement. Top Aces may waive the notice, at which time a Trust’s entitlement to remuneration ceases on the date of waiver.
Termination by Top Aces with Just Cause	Top Aces may terminate the agreement without notice. If terminated for Just Cause, or because Mr. Jennings ceases to be the trustee of the DJ Executive Trust, Mr. Bouchard ceases to be the trustee of the PVB Executive Trust or Mr. Toussaint ceases to be the trustee of the DT Executive Trust, there is no severance payment or other cost to Top Aces. “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, • bankruptcy, insolvency or winding up of the Trust or the trustee, or • material failure and/or inability to fulfil duties or obligations, including the performance of the services under the agreement, determined by the board of directors of Top Aces, acting reasonably.
Termination without Cause or Upon Change of Control	If (a) the engagement of the Trust is terminated without Just Cause, (b) Top Aces is sold, subject to a direct or indirect acquisition of control, is merged, is liquidated or otherwise wound up or sells substantially all its assets and within 60 days the Trust terminates this agreement, or (c) Top Aces has a change in normal operations as to eliminate this engagement, then the Trust is entitled to receive an amount equal to the last two years’ total remuneration (including fees and annual incentive award). If less than two years have elapsed, then there is a mechanism for calculating the entitlement based on the time that has elapsed. If any of the Trusts cease to be engaged by Top Aces, the other’s engagements are deemed to have been terminated without Just Cause. Termination of the Consulting Agreement by Top Aces constitutes termination of the Executive Agreement with the applicable trustee (summarized above).
Non-competition, Confidentiality, and Non-solicitation	Each Trust and its trustee, employees, contractors, beneficiaries and representatives are prohibited from disclosing Top Aces’ confidential information during the term of the agreement or after. The Trusts are also prohibited, during this engagement and for two years after its termination, from competing with Top Aces in Canada, from soliciting its customers, suppliers or employees or from intentionally acting in any manner that is detrimental to the relations between Top Aces or its affiliates or subsidiaries and their respective suppliers, customers, employees or others.
Perquisites	Reimbursement of reasonable out-of-pocket expenses necessary to carry out its duties, including automobile insurance and fuel.

Termination Agreement – Jennings	
Parties	David Jennings, The DJ Executive Trust and Top Aces Inc.
Date and Term	March 1, 2009
Purpose	Terminates the Top Aces Executive Agreement and Consulting Agreement

Termination Agreements – Bouchard and Toussaint	
Parties	Paul Bouchard, The PVB Executive Trust and Top Aces Inc. Didier Toussaint, The DT Executive Trust and Top Aces Inc.
Date and Term	February 1, 2010
Termination Fee	Each of Messrs. Bouchard and Toussaint received a termination fee in the amount of \$65,000
Purpose	Terminates the Top Aces Executive Agreement and Consulting Agreement

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

New Executive Agreement – Jennings	
Parties	David 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 and agrees to a medical examination every 2 years, commencing in 2010 at the expense 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.
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 situate 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 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

New Executive Agreement – Jennings	
	<ul style="list-style-type: none"> any other act or omission which would constitute just cause for termination at common law.
Termination without Cause or Upon Change of Control	If Mr. Jennings is terminated without Just Cause, the Corporation will (i) continue to pay his base salary, perquisite allowance, RRSP contribution and AIP 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 for himself.
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.

The key terms of the new Executive Agreements between the Corporation and Messrs. Bouchard and Toussaint dated March 3, 2009 are as follows:

New Executive Agreements – Toussaint and Bouchard	
Parties	Paul Bouchard and Top Aces Inc. Didier Toussaint and Top Aces Inc.
Date and Term	February 1, 2010
Title and Responsibilities	<p>Mr. Bouchard: Executive Vice President of Business Development of Top Aces, the Corporation and their affiliates and subsidiaries.</p> <p>Mr. Toussaint: Group President Government Services of the Corporation and President and Chief Executive Officer of Top Aces.</p> <p>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.</p> <p>Mr. Bouchard reports directly to the President of Top Aces and Chief Executive Officer of the Corporation and agrees to a medical examination every 2 years, commencing in 2011 at the expense of the Corporation.</p> <p>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.</p>
Annual Base Salary	\$350,000 (subject to review annually, without reduction)
Annual Incentive Award ("AIP")	Messrs. Bouchard and Toussaint are entitled to an annual incentive award of between 0% and 50% of their base salary, based upon performance, with a target bonus of 25% of base salary, based upon target performance. If performance exceeds targeted performance objectives significantly, the AIP payment 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.

New Executive Agreements – Toussaint and Bouchard	
Benefits and Location	Messrs. Bouchard and Toussaint are 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 their 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 their 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 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 Cause or Upon Change of Control	If (a) either of them is terminated without Just Cause, Top Aces will (i) continue to pay their 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 they execute and deliver 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. They are also prohibited, during their 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 employment agreement with the Corporation. The key terms of this agreement are as follows:

Employment Agreements – Andy Min	
Parties	Andy Min and Discovery Air Inc.
Date and Term	Employment contract from March 1, 2007 to November 1, 2009 Retention agreement dated November 2, 2009 to May 31, 2010.
Title and Responsibilities	Vice President and Chief Financial Officer (Mr. Min acted as Assistant Vice President, Financial Reporting & Accounting until he replaced Mr. Jankura as Chief Financial Officer on November 4, 2009)
Annual Salary	Under the terms of his employment agreement, Mr. Min's salary is \$175,000 per annum.
Retention Agreement Payment	\$7,143 per month for the period November 2, 2009 to May 31, 2010
Pension Supplement	Mr. Min is entitled to a pension supplement payment of \$1,750 per month for the period November 2, 2009 to May 31, 2010 (2009 RRSP limited was \$21,000)
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. On June 13, 2008, he was granted a further 10,000 stock options at \$0.95.

Employment Agreements – Andy Min	
Other Recoverable Expenses	Under the terms of his employment agreement dated November 2, 2010, for the period November 2, 2009 to May 31, 2010, Mr. Min is 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 \$800.00 from November 2, 2009 to May 31, 2010.
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. If Mr. Min leaves the employ of Discovery Air prior to May 31, 2010, he is not entitled to salary continuance.

Adam Bembridge had an Executive Agreement with Great Slave Helicopters Ltd. dated June 20, 2006. The key terms of that agreement were as follows:

Former Adam Bembridge - Executive Agreement	
Parties	Adam Bembridge and Great Slave Helicopters Ltd.
Date and Term	June 20, 2006 for an indefinite term
Title	President and Chief Executive Officer
Annual Salary	\$325,000 (subject to review annually)
RRSP Contribution	Paid annually, in an amount equal to Mr. Bembridge's maximum annual contribution limit.
Annual Incentive Award ("AIP")	Up to 100% of annual salary, as determined and approved by the board of directors of Great Slave Helicopters. The amount of the award will be determined relative to Great Slave Helicopters meeting certain EBITDA margins determined by the board of directors of Great Slave Helicopters.
Benefits and Location	Mr. Bembridge is entitled to the usual benefits provided by Great Slave Helicopters 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. Great Slave Helicopters may waive the notice, at which time his entitlements to remuneration and benefits cease on the date of waiver.
Termination without Cause or Upon Change of Control	If (a) Mr. Bembridge is terminated without cause, (b) Great Slave Helicopters is sold, subject to a change of control, is merged, liquidated or otherwise wound-up, and Mr. Bembridge is not retained, or (c) Great Slave Helicopters' business operations are changed in such a manner as to terminate Mr. Bembridge's employment or his position, then Mr. Bembridge is entitled to receive an amount equal to his two most recent year's annual salary.
Non-competition, Confidentiality, and Non-solicitation	Mr. Bembridge is prohibited from disclosing Great Slave Helicopters' confidential information during or after his employment with Great Slave Helicopters. Mr. Bembridge is also prohibited, during his employment with Great Slave Helicopters and for two years thereafter, from competing in the helicopter charter business and from soliciting Great Slave Helicopters' customers, suppliers or employees or from intentionally acting in any manner that is detrimental to the relations between Great Slave Helicopters or its subsidiaries and their respective suppliers, customers, employees or others.
Perquisites	<ul style="list-style-type: none"> • automobile benefit of \$1,350 per month • helicopter allowance of \$3,000 per month • eligible to participate in any stock option plan, other share compensation arrangement or pension plan that may become available • reimbursement of reasonable out-of-pocket expenses necessary to carry out his duties • home office computer, fax and phone, as well as a cellular phone and blackberry service

On February 1, 2010, Mr. Bembridge and Great Slave Helicopters Ltd. executed a new Executive Agreement which replaces the former agreement in its entirety. The key terms of this new agreement are as follows:

New Adam Bembridge - Executive Agreement	
Parties	Adam Bembridge and Discovery Air Inc.
Date and Term	February 1, 2010 for an indefinite term

New Adam Bembridge - Executive Agreement	
Title	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.
Annual Incentive Award ("AIP")	Mr. Bembridge is entitled to an annual incentive award of between 0% and 50% of his base salary, with a target bonus being 25% of the base salary ("Target Bonus"), based upon target performance and the provisions of the AIP. If Mr. Bembridge's performance exceeds targeted objectives significantly, the AIP payment may be an amount up to, but not exceeding, twice the Target Bonus. 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 situated 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 Cause or Upon Change of Control	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 any AIP award for the fiscal year in which the termination occurs.
Termination for 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; 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

Mr. Min replaced Mr. Jankura as Chief Financial Officer on November 4, 2009.

Mr. Jankura had an Executive Agreement with the Corporation, the terms of which were amended by a Key Employee Termination Benefits Agreement with the Corporation, whose terms were further amended to allow for an orderly transition of his Chief Financial Officer duties. The key terms of those agreements are as follows:

Executive Agreement - Richard Jankura	
Parties	Richard Jankura and Discovery Air Inc.
Date and Term	November 28, 2006 for an indefinite term
Title	Chief Financial Officer and Senior Vice President (Mr. Jankura resigned as Senior Vice President on October 31, 2007)
Annual Salary	\$175,000 (which was increased to \$220,000) (subject to review annually)
Pension Supplement	Paid annually, as approved by the President and CEO
Annual Incentive Award ("AIP")	Discretionary bonus at the completion of each fiscal year, as approved by the President & CEO.
Benefits	Mr. Jankura was entitled to the usual additional benefits provided by the Corporation in accordance with its current benefits program.
Termination without Cause or Upon Change of Control	If (a) Mr. Jankura was terminated without cause, or (b) the Corporation was sold, subject to a change of control, was merged or liquidated or its business operations were changed, in such a manner as to terminate Mr. Jankura's employment or his position, then Mr. Jankura was entitled to receive an amount equal to his last 24 months' total compensation (including salary, AIP, benefits and all allowances). On such termination, all of Mr. Jankura's outstanding stock options vested and survived for two years, or, at Mr. Jankura's option, were redeemed for the difference between the option price and the 4-day average share price on termination. Mr. Jankura had no duty to mitigate his damages if he was terminated without cause.
Non-competition, Confidentiality, and Non-solicitation	Mr. Jankura was prohibited from disclosing the Corporation's confidential information during or after his employment with the Corporation. Mr. Jankura was also prohibited, during his employment and for the period during which he was being paid for his termination without cause, from competing with the Corporation in any area in Canada where the Corporation or any of its subsidiaries operated, and from soliciting any employees of the Corporation or its subsidiaries.
Perquisites	<ul style="list-style-type: none"> • automobile benefit of \$950 per month • reimbursement for a complete medical exam every 24 months • golf club membership, as approved by the President and CEO • reimbursement of reasonable out-of-pocket expenses necessary to carry out his duties and professional fees and courses necessary to maintain his professional qualification, as approved by the President and CEO • entitled to participate in the Corporation's employee share purchase program, if any.

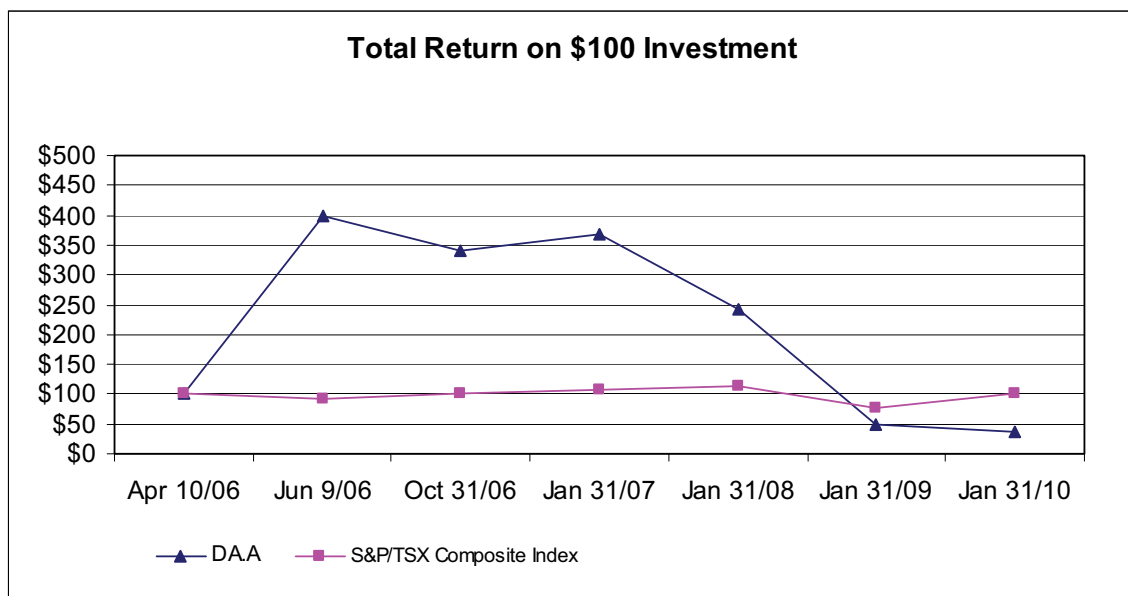
Richard Jankura - Key Employee Termination Benefits Agreement	
Parties	Richard Jankura and Discovery Air Inc.
Date	July 24, 2008
Purpose of Agreement	Mr. Jankura was a key executive of the Corporation and the then-Board asserted that a material change in the Board might result in his departure or distraction to the detriment of the Corporation and its shareholders. This agreement was stated to be to reinforce and encourage Mr. Jankura to continue his attention and dedication to the Corporation.
Obligation to Remain Employed	If there was a material change in the then-Board (defined as a change of at least four directors then sitting), Mr. Jankura would not voluntarily leave his employment for a maximum period of six months, during which time he could not be terminated unless for Cause. "Cause" was defined as an act of gross negligence or wilful misconduct which was materially harmful to the Corporation, monetarily or otherwise, or the commission of a criminal act.

Richard Jankura - Key Employee Termination Benefits Agreement

Resignation or Termination without Cause	If a material change in the then-Board occurred and (a) Mr. Jankura met his obligation to remain employed, and within 6 months thereafter left his employment (whether voluntarily or not), or (b) Mr. Jankura’s employment was involuntarily terminated, then Mr. Jankura was entitled to the amounts to which he was entitled under his Executive Agreement upon a termination without Cause, along with amounts due to him up to the date of the end of his employment. An “involuntary termination” of Mr. Jankura’s employment was defined as (a) a termination after a material change in the then-Board which was not for cause, due to Mr. Jankura’s normal retirement, death or permanent disability, (b) a relocation of Mr. Jankura’s work outside of London, Ontario, (c) a material reduction in Mr. Jankura’s title, reporting relationship, responsibilities or authority, or (d) reduction in salary or perquisites. Mr. Jankura had no obligation to mitigate his damages due to an involuntary termination.
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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 and January 31, 2010 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	April 10, 2006	June 9, 2006	October 31, 2006	January 31, 2007	January 31, 2008	January 31, 2009	January 31, 2010
DA.A	\$100.00	\$400.00	\$340.00	\$368.00	\$242.00	\$48.00	\$36.00
S&P/TSX Composite Index	\$100.00	\$93.21	\$101.84	\$108.24	\$111.98	\$76.41	\$100.65

As can be seen by the performance graph above, the Corporation's shareholder return as at January 31, 2010 fell below the S&P/TSX Composite Index return. This can, in part, be attributed to the performance of the Corporation during fiscal 2010. As is described above under *Compensation Discussion and Analysis - Base Salary and Short-term Incentive Bonus*, no bonuses were or will be awarded to any named executive officers in relation to the fiscal 2010 year.

Outstanding Option-Based Awards

The following table sets out for each named executive officer the options outstanding at January 31, 2009. There are no share-based awards outstanding for named executive officers.

Name	No. of Securities underlying Unexercised Options (#)	Option Exercise Price (\$/share)	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)
David Jennings	450,000	1.56	June 20, 2017	Nil
Richard Jankura	30,000	0.50	January 13, 2016	Nil
	100,000	1.64	May 31, 2016	Nil
	170,000	1.70	November 28, 2016	Nil
	25,000	1.51	June 11, 2017	Nil
Andy Min	60,000	1.75	March 11, 2017	Nil
	10,000	.95	June 13, 2018	Nil
Didier Toussaint	450,000	1.56	June 20, 2017	Nil
Paul Bouchard	450,000	1.56	June 20, 2017	Nil
Adam Bembridge	3,350	1.85	February 21, 2017	Nil

Notes:

(1) The value of the unexercised in-the-money options is based on the closing price of the Discovery Air Class A common shares on the TSX on January 31, 2010, being \$0.18.

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 annual incentive cash bonus plan) earned by or vested in the named executive Officers for the year ended January 31, 2010. For a discussion of Discovery Air's option plan see the *Long-Term Incentive Awards –*

Option Plan section above and for a discussion of the annual incentive cash bonus plan see the *Base Salary and Short Term Incentive Bonus* section above.

Name	Option Plan – Value Vested during the Year ⁽¹⁾ (\$)	Annual Incentive Cash Bonus Plan (\$)
David Jennings	Nil	Nil
Richard Jankura	Nil	Nil
Andrien Min	Nil	Nil
Didier Toussaint	Nil	Nil
Paul Bouchard	Nil	Nil
Adam Bembridge	Nil	Nil

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, 2010 on their vesting date. The value provided is the difference between the market price of the Discovery Air Class A common shares on the vesting date (based on their close 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.

The table below sets out the relevant market price and exercise price on each vesting date:

Name	Vesting Date	Market Value (\$/share)	Exercise Price (\$/share)
David Jennings	June 20, 2009	.19	1.56
Richard Jankura	May 31, 2009	.18	1.64
	June 11, 2009	.19	1.51
	November 28, 2009	.165	1.70
Andy Min	March 12, 2009	.15	1.75
	June 13, 2009	.155	0.95
Didier Toussaint	June 20, 2009	.19	1.56
Paul Bouchard	June 20, 2009	.19	1.56
Adam Bembridge	February 21, 2009	.1725	1.85

Termination and Change of Control Benefits

See the section above entitled *Executive Agreements* for a description of the entitlements of the named executive officers upon a change of control or termination. The table below sets out the estimated amount of potential payments to the named executive officers if their termination/change of control clauses were triggered on January 31, 2010.

Name	Entitlement
David Jennings	\$800,440
Andy Min	\$210,000
Didier Toussaint	\$807,428
Paul Bouchard	\$795,780

Name	Entitlement
Adam Bembridge	\$625,184

Compensation of Directors

The following table sets out the compensation provided to members of the Board for the year ended January 31, 2010.

Name	Fees Earned (\$)	Share-based Awards ⁽⁵⁾ (\$)	All Other Compensation (\$)	Total (\$)
Gilbert Bennett ⁽¹⁾	50,000	50,000	Nil	100,000
James Goodfellow ⁽²⁾	34,150	34,150	Nil	68,300
Alan Hibben ⁽³⁾	29,125	29,125	Nil	58,250
Joseph Randell ⁽³⁾	37,275	37,275	Nil	73,050
Wayne Sales ⁽³⁾	37,150	37,150	Nil	74,300
Brian Semkowski ⁽⁴⁾	34,650	34,650	Nil	70,800

Notes:

- (1) Mr. Bennett joined the Board on July 24, 2008.
- (2) Mr. Goodfellow joined the Board on October 24, 2008.
- (3) Mr. Hibben, Mr. Randell and Mr. Sales joined the Board on August 7, 2008.
- (4) Mr. Semkowski joined the Board on June 17, 2008.
- (5) The value of Share-based Awards represents the value of deferred share units (“DSUs”) granted to each director in relation to the fiscal year ended January 31, 2009. 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.

The compensation program for directors of the Corporation was amended during the fiscal year ended January 31, 2009. Unlike compensation for named executive officers, the directors’ compensation is not designed to pay for performance. Rather, directors receive a combination of retainer fees, chair fees and meeting attendance fees in order to help ensure unbiased decision-making. One-half of the compensation is received in the form of deferred share units (“DSUs”). The DSUs serve to align the directors’ interests with the interests of the Corporation’s shareholders, as the monetary benefit parallels that of the shareholders 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, 2010 is provided in the chart above under the column entitled “Share-based Awards”.

Directors (other than the Chair of the Board) receive an annual retainer fee of \$30,000 payable quarterly in advance. One-half of the annual retainer fee is paid in cash and the other half is paid in DSUs. Directors (other than the Chair of the Board) are paid \$1,800 for attending a Board meeting (\$1,250 if by conference call). Committee members are paid \$2,000 for attending an Audit Committee meeting (\$1,400 if by conference call) and \$1,500 for attending a Governance Committee meeting or an HRC meeting (\$1,000 if by conference call). 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 will, in his discretion, determine the amount of the attendance fee to be paid, which amount will not be less than 50% or more than 100% of the relevant attendance fee specified above. One-half of the meeting attendance fees is paid in cash and the other half is paid in 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 DSUs received by the directors are governed by a Deferred Share Unit Plan ("DSU Plan") approved by the Board. 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 ceased 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. Settlement payments are payable in a lump sum cash amount 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. 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.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY
COMPENSATION PLAN AT JANUARY 31, 2010**

The Corporation's only equity compensation plan is the 2006 Plan. The following table lists the number of securities to be issued upon the exercise of outstanding options granted under the 2006 Plan and the weighted average exercise price under the outstanding options as at January 31, 2010. As described above under *Key Elements of the Corporation's Stock Option Incentive Plan*, no new securities remain available for future issuances.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options
Equity compensation plans approved by shareholders	3,129,900	\$1.57
Equity compensation plans not approved by shareholders	Nil	Nil
Total	3,129,900	\$1.54

REPORT OF THE GOVERNANCE COMMITTEE

In the first part of 2010, the Governance Committee conducted a thorough review of the governance practices and policies of the Corporation. This led to the following actions being taken by the Governance Committee, and subsequently by the Board:

- a revised and updated charter for the Audit Committee; and
- the adoption of a policy effectively requiring majority voting for directors at shareholders meetings.

In the coming year, the Committee will update the charters of the other two Committees to ensure that they remain relevant and appropriate for the Corporation. The Committee also intends to continue and complete the work it started with respect to developing job descriptions for Board members and Committee members and undertaking reviews of the effectiveness of the Board, the Committees, Board members and Committee members.

REPORT OF THE HUMAN RESOURCES COMMITTEE

The HRC met four times during fiscal 2010. 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 worked on the following matters:

- drafting a new charter;
- developing a draft compensation philosophy;
- reviewing all current compensation arrangements for named executive officers;
- recommending revised CEO employment terms which were subsequently approved by the Board (details of which are laid on page 25 of this Management Proxy Circular;
- developing standard contract terms for executive contracts and beginning the process of adopting new executive contracts starting with new contracts for Adam Bembridge, Paul Bouchard and Didier Toussaint as laid out on pages 29, 30, 31 & 32 of this Management Proxy Circular;
- executive talent planning activities with a focus on the key executive roles (General Counsel and CFO) transitioning to the new head office in Yellowknife;
- executive search for the transition of the head office functions to Yellowknife, including Chief Financial Officer and Chief Administrative Officer succession planning;
- review of stock option incentive plan and equity based incentive plan compensation options for the Corporation;
- review of the Corporation's benefit plans;
- reviewing and approving a new organizational structure of the Corporation;
- recommendations for appointments of officers for the Corporation and its operating units;
- reviewing the Corporation's variable compensation structure for fiscal 2010; and
- the development of succession plans for key executive roles.

AUDIT COMMITTEE INFORMATION

Information pertaining to the Corporation's Audit Committee can be found in the Corporation's Annual Information Form for the year ended January 31, 2010 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.

CORPORATE GOVERNANCE PRACTICES

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

SHAREHOLDER PROPOSALS

There were no shareholder proposals submitted for consideration at the Meeting.

ADDITIONAL INFORMATION

The Corporation's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended January 31, 2010 contain financial information about the Corporation. These documents, and other additional information about the Corporation, are available on SEDAR at www.sedar.com.

Copies of the information referred to above can be obtained upon request in writing to the Corporate Secretary, Discovery Air Inc., P.O. Box 1530, 126 Bristol Avenue, Yellowknife, NT X1A 2P2.

DIRECTORS' APPROVAL

The contents and the sending of this Management Proxy Circular have been approved by the Board.

By Order of the Board



Geoffrey P. Wiest
Corporate Secretary
DISCOVERY AIR INC.
April 22, 2010
Yellowknife, Northwest Territories

EXHIBIT A

CORPORATE GOVERNANCE PRACTICES

Discovery Air is committed to the principles of good corporate governance and employs a variety of policies, mandates and practices to manage corporate governance and ensure compliance. This Exhibit sets out the Corporation's corporate governance practices, required pursuant to National Instrument 58-101. Information with respect to Discovery Air's audit committee, required pursuant to National Instrument 52-110, can be found in the Corporation's annual information form for the year ended January 31, 2010 which is available on SEDAR at www.sedar.com or in Exhibit F.

Board of Directors

All six of the current directors of the Corporation, all of whom management proposes to nominate for re-election at the Meeting, are independent as that term is defined by securities laws. 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.

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 below as Exhibit B.

In addition to being a director of the Corporation, a number of Discovery Air's directors sit on the Boards of other public companies. Alan Hibben is also a director of Pinetree Capital Corp. and HudBay Minerals Inc. Wayne Sales is also a director of Tim Hortons Inc., SuperValu Inc. and Georgia Gulf Corporation.

Board of Directors Attendance Record

For the year ended January 31, 2010

The following number of Board and Committee meetings were held during the year ended January 31, 2010:

Board.....	12
Audit Committee.....	4
Governance Committee.....	2
Human Resources Committee.....	4

The following table sets out the number of Board and Committee meetings attended by each person who was a director during the year ended January 31, 2010.

Name	Number of meetings attended				Percentage
	Board (12 meetings)	Audit Committee (4 meetings)	Human Resources Committee (4 meetings)	Governance Committee (2 meetings)	
Gilbert Bennett	12 of 12				100%

Name	Number of meetings attended				Percentage
	Board (12 meetings)	Audit Committee (4 meetings)	Human Resources Committee (4 meetings)	Governance Committee (2 meetings)	
James Goodfellow	12 of 12	4 of 4			100%
Alan Hibben	11 of 12	3 of 4		2 of 2	92%
Joseph Randell	12 of 12		4 of 4	2 of 2	100%
Wayne Sales	12 of 12		4 of 4	2 of 2	100%
Brian Semkowski	11 of 12	4 of 4	4 of 4		92%

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 mandate for each committee of the Board, being the Audit Committee, the Human Resources Committee and the Governance Committee. The mandate of the Board is attached below as Exhibit C. The mandate of the Human Resources Committee is attached below as Exhibit D. The Governance Committee mandate is attached below as Exhibit E. As mentioned above, information about the Corporation's Audit Committee, including its written charter can be found in the Corporation's annual information form for the year ended January 31, 2010 which is available on SEDAR at www.sedar.com. See Exhibit F for the Audit Committee's charter.

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. 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.

Orientation and Continuing Education

New members of the Board are provided with a comprehensive orientation package which includes information on Board and Committee composition, officers, mandate/charters of the Board and the Committees, the Corporate Disclosure Policy and Disclosure Controls and Procedures, the Code of Conduct, conflict of interest rules, policies and procedures respecting privacy, the current Business Plan and Budget and the Corporation's most recent financial results and filings.

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.

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 below as Exhibit E.

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 D.

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 E.

In March 2009, the Human Resources Committee retained a Human Resources consultant to advise the Committee regarding the compensation and terms of employment for the Corporation's Chief Executive Officer. The consultant has also been retained to assist with other human resources matters, including the transition of the Corporation's head office functions from London, Ontario to Yellowknife, Northwest Territories, which occurred in the first quarter of the fiscal year ending January 31, 2011.

Assessments

It is a part of the responsibilities of the Governance Committee that the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. See the charter of the Governance Committee attached below as Exhibit E. With the change in the composition of the Board during the fiscal year ended January 31, 2009, no assessments were completed. The Governance Committee will be developing and recommending to the Board new processes which facilitate these evaluations during the current fiscal year.

EXHIBIT B

POSITION 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 C

MANDATE OF THE BOARD

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, 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 the Board has assumed the duty to supervise the CEO’s management of the business and affairs of the Corporation.

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.

STANDARD OF CONDUCT

As required by the CBCA, every member of the Board (a “Director”) must, in discharging his or her duties, act honestly and in good faith with a view to the best interests of the Corporation, and 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.

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.

THE BOARD'S ORDINARY COURSE DUTIES

The Board acknowledges and accepts the following Ordinary Course Duties:

Financial Reporting and Disclosure

- A.** Governments, securities commissions, stock exchanges and other agencies and instrumentalities having jurisdiction over the Corporation (collectively the "Regulators") have promulgated and will continue to promulgate laws, regulations, rules, policies and other requirements relating to financial reporting and disclosure by the Corporation (collectively the "Financial Reporting Rules"). The Board shall take, or require the appropriate Committee of the Board (the "Audit Committee") to take, Diligent Action to gain and maintain reasonable assurance that the senior officers of the Corporation ("Management"), the Board and the Corporation meet all financial reporting and disclosure obligations ("Financial Reporting Obligations") imposed on them by the Financial Reporting Rules. The Board recognizes that the most significant Financial Reporting Obligations are as follows:
- (a) Management must prepare (1) comparative financial statements of the Corporation relating separately to each financial year of the Corporation (the "Current Year") and the financial year of the Corporation next preceding the Current Year (the "Preceding Year"), and (2) Management discussion and analysis ("MD&A") relating to such financial statements;
 - (b) Management must prepare (1) comparative interim financial statements of the Corporation relating separately to each of the three-month, six-month and nine-month periods of the Current Year and the Preceding Year, and (2) MD&A relating to such financial statements;
 - (c) each comparative financial statement of the Corporation specified in subsection (a) above (a "Current Annual Statement"), each comparative interim financial statement of the Corporation specified in subsection (b) above (a "Current Quarterly Statement") and the MD&A relating to each such financial statement must:
 - (i) in the case of each Current Annual Statement and each Current Quarterly Statement (a "Current Financial Statement"), present fairly, in all material respects, the financial position of the Corporation, the results of its operations and its cash flows in accordance with 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;
 - (d) in compliance with and subject to the Financial Reporting Rules, the Board must place before each annual meeting of shareholders of the Corporation and send to each shareholder of the Corporation each Current Annual Statement;
 - (e) subject to and in compliance with the Financial Reporting Rules, where a material change (as defined in the Financial Reporting Rules) occurs in the affairs of the Corporation, the Corporation must

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

B. The Board shall also take Diligent Action to:

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

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

- (a) recommend to the Board:
 - (i) the proposed auditor to be nominated by the Board for appointment as the external auditor by the holders of Common Shares of the Corporation; and
 - (ii) the compensation of the external auditor;
- (b) take Diligent Action to oversee the work of the external auditor in preparing and issuing a Required Report and performing other audit, review and attest services for the Corporation;
- (c) take Diligent Action to resolve disagreements between Management and the external auditor regarding financial reporting;
- (d) when it is appropriate to do so, pre-approve all non-audit services proposed to be provided to the Corporation or its subsidiary entities by the external auditor; for purposes of this mandate,
 - (i) “audit services” means the professional services rendered by the external auditor for the audit and review of the Corporation’s financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements, and
 - (ii) the term “non-audit services” means services other than audit services;
- (e) review the Corporation’s financial statements, related MD&A and related annual and interim news releases before the Corporation publicly discloses such information;
- (f) take Diligent Action to gain and maintain reasonable assurance that the Corporation has adequate procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements;
- (g) establish procedures for:

- (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters (“Financial Complaints”),
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (“Financial Concerns”), and
 - (iii) the reporting to the Audit Committee of all such Financial Complaints and Financial Concerns;
- (h) review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor; and
- (i) review annually the expenses of the Chair of the Board and the CEO for the purpose of gaining reasonable assurance as to the reasonableness of such expenses.

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

- (a) furnish to the external auditor
 - (i) such information and explanations, and
 - (ii) such access to records, documents, books, accounts and vouchers of the Corporation and its subsidiaries,

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

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

Strategic Planning

- A.** The Board shall require the CEO, in collaboration with the Board, to develop and to present to the Board:
- (a) the primary objective(s) which the CEO proposes to pursue in managing the business and affairs of the Corporation (the “Primary Objective(s)”), and
 - (b) a plan which the CEO proposes to implement which is designed to enable the Corporation to achieve the Primary Objective(s) (the “Strategy”) and which takes into account, amongst other things, the Corporation’s strengths and weaknesses, the opportunities for and threats to the Corporation’s business and the Board’s risk tolerance level.
- B.** The Board shall take Diligent Action to gain reasonable assurance as to:
- (a) the appropriateness of the Primary Objective(s);
 - (b) whether the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Primary Objective(s); and

- (c) whether the Strategy is reasonably capable of being executed by Management.
- C. If the Board gains reasonable assurance as to the appropriateness of the Primary Objective(s), the Board may approve the Primary Objective(s) (the “Approved Primary Objective(s)”).
- D. If the Board gains reasonable assurance that (1) the Strategy, if executed, is reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s), and (2) the Strategy is reasonably capable of being executed by Management, then the Board may approve the Strategy (the “Approved Strategy”).
- E. The Board shall take Diligent Action to monitor Management’s implementation of the Approved Strategy and the Corporation’s progress toward achieving the Approved Primary Objective(s).
- F. If at any time the Board is of the opinion that
 - (a) the Approved Primary Objective(s) is or are no longer appropriate,
 - (b) an Approved Strategy is no longer reasonably capable of being executed by Management, or
 - (c) an Approved Strategy is no longer reasonably likely to enable the Corporation to achieve the Approved Primary Objective(s),the Board shall require the CEO to develop and present to the Board revised Primary Objective(s) and/or a revised Strategy, as the case may be, and the Board must then deal with the revised Primary Objective(s) and/or revised Strategy in the manner specified in sections B, C, D and E above.

RISK MANAGEMENT

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.

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

EXHIBIT D

MANDATE OF THE HUMAN RESOURCES COMMITTEE

The Board of Directors has established a Human Resources and Compensation Committee, which shall be renamed the Human Resources Committee (the "Committee"), to oversee the Corporation's human resources and compensation strategy, plans, policies, procedures and practices.

This mandate (the "Mandate") sets out the Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board, annual evaluation and compliance with this Mandate, and certain other items.

1. Purpose of the Committee

The Committee is empowered to perform and responsible for performing the duties set out in this Mandate to enable the Board to fulfill its oversight responsibilities in relation to the Corporation's:

- (a) recruitment, development and retention of employees;
- (b) appointment, performance evaluation and compensation of the Chief Executive Officer and other officers of the Corporation and its subsidiaries ("Officers");
- (c) succession planning systems and processes relating to Officers;
- (d) compensation structure for Officers including salaries, annual and long-term incentive plans and plans involving share issuances and share unit awards;
- (e) benefit plans; and
- (f) share ownership guidelines.

2. Composition of the Committee

The Committee shall be comprised of at least three Directors as appointed by the Board, all of whom shall be independent (as defined by securities law or regulation). One of the Committee members shall be designated by the Board as the Committee Chairman. A Committee member may be removed or replaced at any time in the discretion of the Board.

Committee member shall be appointed by the Board annually at the first Board meeting following the meeting of shareholders at which Directors are elected each year and from time to time thereafter to fill vacancies on the Committee.

3. Member Qualifications

Each member of the Committee shall have or develop an understanding of management resources and compensation principles and practices.

4. Responsibilities of the Committee

- (a) The Committee shall be responsible to review and recommend to the Board:

- (i) the appointment and terms of employment of Officers and, at the request of the Committee, other persons who are proposed for appointment as the head of a business unit or significant corporate function, ("Other Persons");
 - (ii) the design of short-term, long-term and other incentive plans for Officers;
 - (iii) periodic changes to compensation guidelines and benefit plans; and
 - (iv) significant changes to employee benefit programs.
- (b) The Committee shall be responsible to review and approve:
- (i) any profit sharing awards to eligible employees of the Corporation and its subsidiaries in accordance with the formula for such awards approved by the Board;
 - (ii) the base salaries of Officers and Other Persons other than the CEO;
 - (iii) any payouts under the Corporation's short-term incentive plan;
 - (iv) any discretionary bonuses for Officers proposed by the CEO;
 - (v) any severance arrangements with Officers and Other Persons; and
 - (vi) the adjudication of matters impacting the Corporation's short-term or long-term incentive plans.
- (c) The Committee shall review at least annually the Corporation's compensation philosophy and the general design and make-up of its broadly applicable benefit programs as to their general adequacy, competitiveness, internal equity and cost effectiveness. In its review the Committee will assess the linkage of executive compensation philosophy and executive incentive plans to the Corporation's financial and non-financial performance, support for the Corporation's business strategy, and alignment with the Corporation's employee compensation philosophy.
- (d) The Committee shall approve a process for appraising annually the performance of the Chief Executive Officer against agreed quantitative and qualitative performance objectives, both short and long-term.
- (e) The Committee shall oversee the annual appraisal of the Chief Executive Officer's performance and shall report thereon to the Board.
- (f) The Committee shall obtain reasonable assurance that the Corporation has appropriate systems and processes for the evaluation of Officers' development and succession within the Corporation, and shall review at least annually with the Chief Executive Officer the performance of and potential for advancement of each Officer and their respective successors. The Committee may also at its discretion request information on the management resources of any part of the Corporation or its subsidiaries.
- (g) The Committee shall report to the Board at least annually its appraisal of the Corporation's Officer succession circumstances and practices, including preparing high-potential candidates for advancement.
- (h) The Committee shall determine at least annually, as a separate and supplementary contingency plan to the succession process, the identity of immediate replacements in the event of an emergency for the Chief Executive Officer, the Chief Financial Officer, and the presidents of large strategic business units.
- (i) The Committee shall review with the Chief Executive Officer any proposed major changes in organization or personnel of the Corporation and its subsidiaries and, if advisable, recommend approval to the Board.
- (j) The Committee shall establish the terms and conditions, and shall approve in each instance, the participation by the Chief Executive Officer 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 the Committee shall review participation by any Officer, as approved by the Chief Executive Officer, on any Outside Board (except for any appointment to a not-for-profit Outside Board if the officer so requests).

- (k) The Committee shall review and approve annually share ownership guidelines for Officers, if any. The Committee shall review as required the actual ownership position relative to ownership guidelines and transactions in the Corporation's securities and other long-term incentive arrangements by Officers, if any.
- (l) The Committee shall review the results of periodic employee opinion surveys.
- (m) The Committee shall oversee the preparation and shall approve annually the Committee's report for inclusion in the Corporation's management information circular.
- (n) The Committee shall perform such other functions as may from time to time be assigned to the Committee by the Board.

5. Operations of the Committee

- (a) Committee meetings shall be held at the call of the Committee Chairman, or upon the request of two Committee members, and a majority of members shall constitute a quorum.
- (b) The powers of the Committee may be exercised at a meeting at which a quorum is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty, the Chairman does not have a second or casting vote.
- (c) The Committee Chairman shall develop the agenda for and conduct all meetings of the Committee at which he or she is present.
- (d) Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as secretary of the meetings of the Committee and minutes shall be kept for each Committee meeting.
- (e) In the absence of the Committee Chairman, the Committee members shall appoint an Acting Chairman.
- (f) A portion of each of the Committee's meetings shall be conducted with no members of management present.
- (g) The Committee may at its discretion invite management to attend and participate in meetings of the Committee.
- (h) Any Director is entitled to attend meetings of the Committee.
- (i) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

6. Reporting to the Board

The deliberations, decisions and recommendations of the Committee shall be reported to the Board in a timely manner.

7. Annual Evaluation of this Mandate, the Committee and its Compliance with this Mandate

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

- (a) review and assess the adequacy of this Mandate 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 Mandate to the Board for its approval, except for minor technical amendments to this Mandate, authority for which is delegated to the Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting;

- (b) conduct a review and evaluation of the Committee's performance including its ability to meet the requirements to this Mandate, in accordance with the evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

8. *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 in connection with its Mandate.

The Committee may at the expense of the Corporation retain advisors having particular expertise, and shall be entitled to rely in good faith upon any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

EXHIBIT E

MANDATE OF THE GOVERNANCE COMMITTEE

The Board of Directors (the “**Board**”) bears responsibility for the stewardship of Discovery Air Inc. (the “**Corporation**”). The Board believes that the development and maintenance of the Corporation’s approach to corporate governance is an essential aspect of this stewardship responsibility.

Corporate governance, as defined by the Organization for Economic Co-operation and Development, “is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance”.

The objective of the Board’s development and maintenance of the Corporation’s approach to corporate governance is to enable the Board to discharge its duties in a highly effective manner (the “**Governance Objective**”). The Board has established a committee of the Board called the Corporate Governance and Nominating Committee which shall be renamed the Governance Committee (the “**Committee**”), the mandate of which is to assist the Board in achieving its Governance Objective.

This mandate sets out the Committee’s purpose, composition, member qualifications, member appointment and removal, responsibilities, annual evaluation of this mandate, operations, manner of reporting to the Board and certain other items. The Committee is responsible for meeting the requirements of this mandate and in so doing, will assist the Board to fulfill its Governance Objective.

1. ***Purpose of the Committee***

The purpose of the Committee is to provide reasonable assurance to the Board that the Board is discharging its Governance Objective.

2. ***Composition of the Committee***

The Committee shall be comprised of at least three Directors as appointed by the Board, all of whom shall be independent (as hereinafter defined). One of the Committee members shall be designated by the Board as the Committee Chairman. A Committee member may be removed or replaced at any time in the discretion of the Board.

Committee member shall be appointed by the Board annually at the first Board meeting following the meeting of shareholders at which Directors are elected each year and from time to time thereafter to fill vacancies on the Committee.

3. *Member Qualifications*

- (a) In addition to possessing the qualities required for Directors generally, each member of the Committee shall have an understanding of corporate governance issues or shall commit to understanding such issues in a timely manner.
- (b) Each member of the Committee shall be independent. 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, as amended or replace from time to time.

4. *Responsibilities of the Committee*

(a) *Oversight of the Corporation's Corporate Governance Practices and Principles*

- (i) The Committee shall be responsible for:
 - (1) developing and recommending to the Board for approval the Corporation's corporate governance practices and principles;
 - (2) reviewing and evaluating on an ongoing basis the Board's approach to corporate governance, the Corporation's corporate governance practices and principles, and reporting and making recommendations thereon annually to the Board with a view to maintaining the Board's corporate governance standards for the Corporation;
 - (3) monitoring best practices for governance globally and reviewing the Corporation's corporate governance practices and principles annually with a view to continuously improving them;
 - (4) reviewing the disclosure of the Corporation's corporate governance practices and principles and the operation thereof required by applicable regulatory authorities or stock exchanges before such disclosure is submitted to the Board for its approval; and
 - (5) keeping abreast of the latest regulatory requirements, developments and guidance in corporate governance issues as necessary.
- (ii) The Committee Chairman shall:
 - (1) together with the Chairman of the Board, meet annually and privately with each Director for the purpose of discussing any aspects of the Corporation's corporate governance (including the effectiveness of the Board or any committee of the Board) which the Chairmen or such Director may wish to address; and
 - (2) Report to the Committee with respect to the results of such meetings.

(b) *Nominating Directors*

The Committee shall be responsible for:

- (i) identifying and recommending to the Board the appropriate criteria for selecting new Directors (the "Selection Criteria"), annually reviewing the Selection Criteria adopted by the Board and, where appropriate, recommending to the Board changes to the Selection Criteria.
- (ii) identifying and recommending to the Board the competencies and skills required to be possessed by individual Directors to enable the Board to discharge its duties as required by National Policy 58-201 – Corporate Governance Guidelines and the Discovery Air Inc. Board of Directors

- Mandate (the “Requisite Competencies and Skills”), annually reviewing the Requisite Competencies and Skills adopted by the Board and where appropriate, recommending to the Board changes to the Requisite Competencies and Skills;
- (iii) in conjunction with annually reviewing the Requisite Competencies and Skills required to be possessed by individual Directors, determining whether the current Directors individually or collectively possess the Requisite Competencies and Skills;
 - (iv) if the Board determines that the Board, as a whole, does not possess all of the Requisite Competencies and Skills, either: (1) taking appropriate steps to enable one or more of the current Directors to develop the Requisite Competencies and Skills which the Board does not possess, or (2) taking appropriate steps to recommend for election or appointment to the Board, one or more individuals who have the Requisite Competencies and Skills which the Board does not possess;
 - (v) identifying and maintaining an evergreen list of candidates qualified to become new Directors;
 - (vi) recommending to the Board qualified individuals as nominees for election to the Board by the shareholders of the Corporation at a meeting of shareholders of the Corporation and for appointment by the Board to fill any vacancies in the Board if a Director elected by the shareholders ceases to be a Director, having regard for the competencies and skills listed below and consultation with such persons as it determines appropriate, including current Directors and prospective nominees as Directors. The competencies and skills to be considered are those that:
 - (1) the Board believes to be necessary for the Board as a whole, and the Chairman of the Board to possess;
 - (2) the Board believes to be necessary for individual committees, particularly with respect to upcoming retirements of committee Chairmen and committee members;
 - (3) the Board believes to be necessary for Board succession planning in light of the opportunities and risks facing the Corporation;
 - (4) the Board believes each existing Director to possess; and
 - (5) any proposed new Director nominee will bring to the Board;
 - (vii) recommending to the Board persons to serve or fill vacancies on the committees of the Board, including recommendations for vacancies in the chairmanships thereof.
- (c) Evaluation of the Board, Committees of the Board and Individual Directors

The Committee shall be responsible for:

- (i) developing and recommending to the Board processes which facilitate the evaluation of the Board as a whole and the committees of the Board, and reviewing such processes with the Chairman of the Board and the relevant committee chairmen;
- (ii) conducting not less than bi-annually, an evaluation of the effectiveness of the Board including an evaluation as to whether the Board has appropriate composition and procedures to allow it to function independently from management, and reporting thereon to the Board;
- (iii) recommending to the Board criteria for:
 - (1) the composition and size of the Board; and
 - (2) evaluating any other applicable considerations.
- (iv) reviewing at least annually the effectiveness of the committees of the Board, including the composition and membership of each such Board committee, and whether there is a need for cross appointments to promote greater committee effectiveness.
- (v) reviewing annually the adequacy of the mandates applicable to the Board of Directors and each Board committee, ensuring that each Board committee annually reviews its respective mandate and, where required, recommending changes to the Board for its approval.

- (vi) Developing, recommending for the approval of the Board and reviewing annually the adequacy of the position descriptions for the Chairman of the Board, the committee chairmen and the Directors and, where required, recommending to the Board for approval changes thereto.
- (vii) reviewing annually the delegation of authority by the Board to the committees of the Board and, where appropriate, recommending changes to the Board for its approval.
- (viii) developing and recommending to the Board a process for assessing not less than bi-annually the contributions, effectiveness and qualifications of individual Directors considering, among other things:
 - (1) the Directors' position description;
 - (2) the competencies and skills each individual Director is expected to bring to the Board, including the finance literacy and expertise of each individual Director.
 - (3) each individual Director's continuing qualification under the *Canada Business Corporations Act* and other applicable laws, rules and policies; and
 - (4) the continuing validity of the assumptions underlying the appointment of each individual Director;
- (ix) providing feedback to each Director on his or her effectiveness;
- (x) establishing criteria for evaluating the independence of individual Directors in accordance with the terms of section 1.4 (and section 1.5 for Audit Committee members) of Multilateral Instrument 52-110 Audit Committees, as amended or replaced from time to time;
- (xi) assessing annually individual Director independence and determining those Directors to be identified as independent in the Corporation's annual continuous disclosure documents in accordance with regulatory requirements;
- (xii) gaining and maintaining reasonable assurance that a majority of Directors, the Chairman of the Board and every member of the Audit Committee, the Human Resources Committee and the Committee are "independent", and in so doing the Committee shall:
 - (1) obtain annually from each Director a written declaration (a "Declaration") containing:
 - (i) a description of every direct or indirect relationship (an "Actual Relationship") which such Director has with the Corporation;
 - (ii) 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 section 1.4 (and section 1.5 for Audit Committee members) of Multilateral Instrument 52-110 Audit Committees as amended or replaced from time to time.
 - (iii) if such Director has a Considered Relationship or Considered Relationships with the Corporation, a description of each such Considered Relationship, and
 - (iv) an undertaking by such Director to advise the Board or 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 Board of the Committee from such Director;
 - (2) evaluate 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 making recommendations thereon to the Board, and
 - (3) promptly recommend to the Board any changes to the composition of the committees and to the Chairmanship of the Board required as a result of any Director or Director's having Actual Relationships or Considered Relationship with the Corporation in order to maintain the independence of the Chairman of the Board and the members of each such committee;
- (xiii) developing and recommending to the Board a process for annually assessing the performance of the Chairman of the Board in that role;

- (xiv) conducting an annual performance review of the Chairman of the Board and reporting thereon to the Board;
- (xv) reporting annually to the Board the results of the Committee's assessments of the performance of the Board as a whole and the committees of the Board;
- (xvi) following consultation with the Chairman of the Board, removing a Director from a Board committee (other than the Committee), if in the Committee's view, or under applicable laws, rules or policies such Director is no longer competent or is disqualified from serving as a member of a Board committee; and
- (xvii) carrying out any other evaluation processes adopted by the Board and delegated to the Committee.

(d) Director Education and Orientation

- (i) The Committee shall develop, review and evaluate on an annual basis the Board's processes for orientation and education of Directors.
- (ii) The Committee shall ensure that:
 - (1) each new Director participates in a comprehensive orientation process in relation to his or her Board responsibilities, the role of the Board and its committees, and the contributions and commitment of time and resources that the Corporation expects each individual Director will make;
 - (2) each Director is provided with written materials (which shall be updated by the Secretary of the Corporation from time to time as required), covering topics including, but not limited to:
 - (i) the Corporation's Directors' and Officers' insurance coverage;
 - (ii) copies of the articles and by-laws of the Corporation;
 - (iii) copies of the mandates of the Board and the mandate of each Board committee;
 - (iv) copies of the position descriptions for the Chairman of the Board and the chairman of each Board committee;
 - (v) the Corporation's share structure and significant shareholders;
 - (vi) a copy of the Corporation's current strategic plan;
 - (vii) copies of the Corporation's Annual Reports, Management's Discussion & Analysis (*MD & A*) and Management Information Circulars for the most recent financial year of the Corporation preceding such new director's election or appointment to the Board;
 - (viii) a copy of the Corporation's current Annual Information Form;
 - (ix) a copy of each of the Corporation's Codes of Business Conduct
 - (x) a copy of each of the Corporation's Board Policies
 - (xi) a description of (1) the amount, form and timing of remuneration payments made to each director by the Corporation including the Directors' Deferred Share Unit Plan, and (2) the Corporation's equity ownership guidelines for directors, if any;
 - (xii) a copy of the Director's and Officers' indemnification agreement;
 - (xiii) a copy of the Corporation's most recent investor presentation;
 - (3) at his or her request, each new Director is provided with written materials covering the following topics:
 - (a) copies of the agendas and minutes for all Board and Board committee meetings held in the 12-month period immediately preceding such new director's election or appointment to the Board; and
 - (b) copies of the Corporation's Interim Financial statements and related MD & As for the two financial years of the Corporation immediately preceding such new director's election or appointment to the Board

- (4) the Chairman of the Board meets with each proposed new Director and explains to such proposed new Director the culture of the Board, and the commitment of time and energy expected of every Director;
- (5) whenever practical, the committee chairmen meet with each proposed new Director to review the responsibilities and mandates of the committees of the Board for which such proposed new Director will serve; and
- (6) relevant orientation and continuing education is made available to all Directors to enable the Directors to maintain or enhance their skills and capabilities as Directors and to maintain the currency of their knowledge and comprehension of the Corporation's business including the opportunity, at the expense of the Corporation to:
 - (a) attend any conference, seminar, course or other educational experience (i) which is intended to expand corporate directors' knowledge and skills, and (ii) which is approved by the Chairman of the Committee and, where the expense could be significant, the Chairman of the Board; and
 - (b) meet with the President and Chief Executive Officer, other corporate officers and the senior officers of all of the Corporation's business units for the purpose of discussing the nature and operation of Corporations business and affairs.

(e) *Other Duties and Responsibilities*

The Committee shall be responsible for:

- (i) monitoring, reviewing annually and recommending to the Board for approval the form and amount of the Directors' remuneration for Board and committee service, as well as service as Chairman of the Board or a committee of the Board, to ensure that it is both commensurate with the responsibilities and risks assumed and competitive with other companies which are comparable in terms of size and complexity to the Corporation's business, and recommending any changes to the Board for approval;
- (ii) in conjunction with the Chairman of the Board, developing and reviewing at least annually a succession and emergency preparedness planning process for the Chairman of the Board position, and recommending this process to the Board for approval;
- (iv) recommending to the Board the appointment of the Chairman of the Board, the removal of the Chairman of the Board for any reason the Committee sees fit, and, upon the vacancy in this position, recommending to the Board an individual to replace the Chairman of the Board, based on the applicable succession planning process;
- (v) reviewing through the President and Chief Executive Officer any management concerns about its relationship with the Board and reporting to the Board its findings therewith;
- (vi) reviewing the Corporation's articles and by-laws from time to time with a view to identifying potential amendments and recommending those amendments to the Board for its review;
- (vii) reviewing as necessary legal and regulatory developments and changes and referring such matters to other committees of the Board for their review as appropriate; and
- (viii) performing such other functions as may from time to time be assigned to the Committee by the Board.

5. *Operations of the Committee*

- (a) Committee meetings shall be held at the call of the Committee Chairman, or upon the request of two Committee members, and a majority of the members of the Committee shall form a quorum.

- (b) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty the Chairman does not have a second or casting vote.
- (c) The Committee Chairman shall develop the agenda for and conduct all meetings of the Committee at which he or she is present.
- (d) Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as secretary of the meetings of the Committee and minutes shall be kept for each Committee meeting.
- (e) In the absence of the Committee Chairman, the Committee members shall appoint an Acting Chairman.
- (f) A portion of each of the Committee's meetings shall be conducted with no members of management present.
- (g) Any Director is entitled to attend, and the Committee may invite any officer or employee of the Corporation or any other person to attend, any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

6. *Reporting to the Board*

The deliberations, decisions and recommendations of the Committee shall be reported to the Board in a timely manner.

7. *Annual Evaluation of this Mandate, the Committee and its Compliance with this Mandate*

On an annual basis, or more frequently at the request of the Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- (a) review and assess the adequacy of this mandate 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 mandate to the Board for its approval except for minor technical amendments to this Mandate, authority for which is delegated to the 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 of this Mandate, in accordance with the evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

8. *Miscellaneous*

To assist the Committee in discharging its responsibilities set out in this mandate, the Committee may, as it deems necessary or advisable for its purposes conduct any investigation and access any officer, employee or agent of the Corporation.

The Committee may at the expense of the Corporation retain advisors having particular expertise, and shall be entitled to rely in good faith upon any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

EXHIBIT F

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.

2. ESTABLISHMENT/CONTINUATION OF AUDIT COMMITTEE

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

3. COMPOSITION

- 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.

4. RELIANCE ON EXPERTS

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

- (a) financial statements of the Corporation, or any other report of the Corporation represented to him or her by an officer of the Corporation or in a written report of the External Auditor to present fairly the financial position of the Corporation in accordance with 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.

5. STANDARD OF CARE

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

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

6. OPERATING PROCEDURES

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

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

7. DILIGENT ACTIONS

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

- A. General.** for the purpose of gaining and maintaining reasonable assurance that Management, the Board and the Corporation meet the Financial Obligations,
- (a) require Management (with the assistance of the Corporation's general legal counsel and the External Auditor) to provide to the Committee
 - (i) a written report listing the Financial Obligations,
 - (ii) prompt written updates to the report referred to in paragraph (i) above describing any proposed or actual change to the Obligations, and
 - (iii) at each meeting of the Committee, written assurance that Management and the Corporation have, since the last preceding meeting of the Committee, complied fully with the Financial Obligations;
 - (b) make regular assessments of the integrity, comprehensiveness and effectiveness of internal controls which support Management, the Board and the Corporation in meeting the Financial Obligations ("Internal Financial Controls"), including (1) the Corporation's disclosure controls and procedures ("Disclosure Controls"), and (2) the Corporation's internal controls over financial reporting ("Reporting Controls"), as those terms are defined in the Canadian Securities Administrators' Multilateral Instrument 52-109-Certification of Disclosure in Issuers' Annual and Interim Filings ("Instrument 52-109"); in making each such assessment, the Committee shall obtain from the CEO and the CFO a report setting out:
 - (i) the overall approach taken by the CEO and the CFO to the process by which they provide certification as required by Instrument 52-109,
 - (ii) the issues that were raised by such overall approach,

- (iii) the approach taken by the CEO and the CFO to the evaluation of the Disclosure Controls and the Reporting Controls,
 - (iv) the results of the evaluation of the Disclosure Controls and the Reporting Controls made by the CEO and the CFO, and
 - (v) the conclusions reached by the CEO and the CFO as to the effectiveness of the Disclosure Controls and the Reporting Controls;
- (c) annually assess the quality and sufficiency of the Corporation's accounting and financial personnel;
 - (d) review the effectiveness of the Corporation's policies that require significant new actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
 - (e) review reports to Management by the External Auditor with respect to weaknesses or deficiencies in Internal Financial Controls, and review the adequacy and appropriateness of Management's responses to recommendations relating to such weaknesses or deficiencies made by the External Auditor, including the implementation thereof;
 - (f) oversee and regularly assess the quality of the work of the External Auditor in preparing or issuing an audit or other report in respect of the Corporation's financial statements and performing other audit, review or attest services for the Corporation;
 - (g) use its best efforts to resolve disagreements between Management and the External Auditor regarding financial reporting;
 - (h) receive at least annually reports from each of Management and the External Auditor with respect to the effectiveness of the records and procedures established by Management to initiate, record, process and report the Corporation's transactions;
 - (i) review the plans of Management and the External Auditor to gain reasonable assurance that the combined evaluation and testing of Internal Financial Controls is comprehensive, coordinated and effective;
 - (j) receive timely reports from Management, the External Auditor and the Corporation's legal department on any indication or detection of fraud and the corrective activity undertaken in respect thereto;
 - (k) before the Committee recommends a proposed External Auditor for nomination by the Board, be reasonably assured that any such proposed External Auditor of the Corporation possesses and will make available to the Corporation the personnel required to efficiently, cost-effectively and expertly prepare or issue an audit or other report in respect of the Corporation's financial statements or perform other audit, review or attest services for the Corporation;
 - (l) in advance of the External Auditor's commencement of each audit of the Corporation's financial statements, review with the External Auditor the proposed scope of the audit, the proposed areas of special emphasis to be addressed in the audit and the materiality levels which the External Auditor proposes to employ;
 - (m) satisfy itself that Management has placed no restrictions on the scope or extent of the External Auditor's audit examinations or reviews or the External Auditor's reporting of its findings to the Board or the Committee;

- (n) review and approve in advance any proposed appointment of a member of Management whose duties relate significantly to Financial Obligations;
- (o) review quarterly a progress report by the External Auditor on the status of its annual audit of the Corporation's annual financial statements, including the External Auditor's findings and the implications of those findings; and
- (p) discuss with the External Auditor (i) whether its reports to Management on errors detected by the External Auditor in the course of an audit or other audit findings suggest weaknesses or deficiencies in Internal Financial Controls, and (ii) whether, in the opinion of the External Auditor, Management has appropriately addressed any such errors or other audit findings;

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