

SUPPLEMENTAL SUBSCRIPTION RECEIPT AGREEMENT

This Supplemental Subscription Receipt Agreement is made as of the 26th day of April, 2019.

BETWEEN:

CANADA JETLINES LTD., a corporation existing under the laws of Canada,

(the “**Corporation**”)

- and -

SMARTLYNX AIRLINES SIA, a corporation existing under the laws of the Republic of Latvia,

(the “**Receiptholder**”)

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada,

(the “**Subscription Receipt Agent**”)

WHEREAS the Corporation, the Receiptholder and the Subscription Receipt Agent entered into a subscription receipt agreement (the “**Agreement**”) dated as of December 21, 2018 providing for the creation and issue of a maximum of 22,727,272 subscription receipts (the “**Subscription Receipts**”) of the Corporation;

AND WHEREAS Article 10 of the Agreement permits the Corporation and the Subscription Receipt Agent to execute and deliver a supplemental agreement to provide for modifications to the Agreement;

AND WHEREAS the directors of the Corporation and Receiptholder have properly authorized the supplemental subscription receipt agreement (the “**Supplemental Agreement**”) described herein and the Subscription Receipt Agent is in agreement with its terms;

NOW THEREFORE THIS SUPPLEMENTAL AGREEMENT WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

1. Except as defined in this Supplemental Agreement, or in the recitals or description of the parties herein, all capitalized terms used in this Supplemental Agreement shall have the meanings given to them in the Agreement.
2. As of and from the date hereof, the Agreement is amended and supplemented by this Supplemental Agreement as follows:

- (a) Section 1.1 of the Agreement is amended by adding the following definitions and by renumbering all definitions accordingly:

“First Escrow Release Conditions” means: (a) the completion of the Funding Milestone; and (b) Jetlines Operations has received from the Canada Transportation Agency (“CTA”) an order providing an exemption from Section 59 of the *Canada Transportation Act*, S.C. 1996, c. 10, as amended, to allow it to sell tickets for air travel subject only to Jetlines Operations having received the gross proceeds of the Offering and otherwise on terms and conditions reasonably acceptable to the Receipholder;

“First Escrow Release Date” means the date on which the Conversion Notice confirming the First Escrow Release Conditions have been satisfied if received by the Subscription Receipt Agent in accordance with the terms of this Agreement, provided that the Conversion Notice is received by the Subscription Receipt Agent prior to the First Escrow Release Deadline and any Termination Time on such date;

“First Escrow Release Deadline” means at or prior to 5:00 p.m. (Vancouver time) on September 30, 2019, subject to extension if agreed to in writing by the Corporation and the Receipholder;

“First Escrow Release Time” means 10:00 a.m. (Vancouver time) time on the First Escrow Release Date;

“Second Escrow Release Conditions” means: (a) the satisfaction of the First Escrow Release Conditions; and (b) the receipt by Jetlines Operations of an air operator certificate issued by Transport Canada certifying compliance with the *Canadian Aviation Regulations*, including with respect to operating a commercial air service using Airbus A320 aircraft (“AOC”);

“Second Escrow Release Date” means the date on which the Conversion Notice confirming the Second Escrow Release Conditions have been satisfied is received by the Subscription Receipt Agent in accordance with the terms of this Agreement, provided that the Conversion Notice is received by the Subscription Receipt Agent prior to the Second Escrow Release Date and any Termination Time on such date;

“Second Escrow Release Deadline” means at or prior to 5:00 p.m. (Vancouver time) on December 31, 2019, subject to extension if agreed to in writing by the Corporation and the Receipholder;

“Second Escrow Release Time” means 10:00 a.m. (Vancouver time) time on the Second Escrow Release Date;

“Termination Fee” means USD\$250,000 deposited with the Subscription Receipt Agent by the Corporation;

- (b) The definition of “AOC” in section 1.1(a) of the Agreement is deleted and replaced with the following:

“**AOC**” has the meaning ascribed to such term in the definition of “Second Escrow Release Conditions”;

- (c) The definition of “Conversion Notice” in section 1.1(i) of the Agreement is deleted and replaced with the following:

“**Conversion Notice**” means a written notice in substantially the form set out in Schedule “B” attached hereto executed by the Corporation and the Receiptholder confirming that the First Escrow Release Conditions or Second Escrow Release Conditions, as applicable, have been satisfied;

- (d) The definition of “Escrowed Funds” in section 1.1(r) of the Agreement is deleted and replaced with the following:

“**Escrowed Funds**” means the Escrowed Proceeds and Termination Fee, plus all Earned Interest and income, if any, earned thereon;

- (e) The definition of “Escrow Release Conditions” in section 1.1(o) of the Agreement is deleted and replaced with the following:

“**Escrow Release Conditions**” means the First Escrow Release Conditions or the Second Escrow Release Conditions, as applicable.

- (f) The definition of “Escrow Release Deadline” in section 1.1(p) of the Agreement is deleted and replaced with the following:

“**Escrow Release Deadline**” means the First Escrow Release Deadline or the Second Escrow Release Deadline, as applicable;

- (g) The definition of “Escrow Release Time” in section 1.1(q) of the Agreement is deleted and replaced with the following:

“**Escrow Release Time**” the First Escrow Release Time or the Second Escrow Release Time, as applicable;

- (h) The definition of “Escrow Release Date” in section 1.1(t) of the Agreement is deleted and replaced with the following definitions:

“**Escrow Release Date**” means the First Escrow Release Date or the Second Escrow Release Date, as applicable;

- (i) The definition of “Framework Agreement” in section 1.1(w) of the Agreement is deleted and replaced with the following:

“**Framework Agreement**” means the Framework Agreement dated as of December 21, 2018 among the Corporation, Jetlines Operations and the Receiptholder, as amended as on April 26, 2019;

- (j) The text of section 2.3 in the Agreement is deleted in its entirety and replaced with the following:

“2.3 Terms of Subscription Receipts

Each Subscription Receipt shall evidence the right of the holder: (i) to receive, (A) if the First Escrow Release Time occurs on or before the First Escrow Release Deadline, for no additional consideration or further action, one (1) Unit for each Subscription Receipt that represents the Escrowed Proceeds released on the First Escrow Release Date as specified in the Conversion Notice, and (B) if the Second Escrow Release Time occurs on or before the Second Escrow Release Deadline, for no additional consideration or further action, one (1) Unit for each Subscription Receipt that represents the Escrowed Proceeds released on the Second Escrow Release Date as specified in the Conversion Notice; (ii) if a Termination Event occurs or if no Conversion Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder prior to the First Escrow Release Deadline to receive an amount equal to the Termination Fee and the Earned Interest, less applicable withholding taxes, if any, all in the manner and on the terms and conditions set out in this Agreement plus the amount equal to the Subscription Price for each Subscription Receipt Held, and (iii) if a Termination Event occurs or if no Conversion Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder after the First Escrow Release Deadline but prior to the Second Escrow Release Deadline, to receive an amount equal to the sum of the Subscription Price per unconverted Subscription Receipt and the Earned Interest, less applicable withholding taxes, if any. On the occurrence of a Termination Event or if no Conversion Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder prior to the First Escrow Release Deadline or Second Escrow Release Deadline, as applicable, all unconverted Subscription Receipts shall be cancelled and become null and void, provided that the balance of the Escrowed Funds have been released to the Receiptholder.”

- (k) The text of section 4.1 in the Agreement is deleted in its entirety and replaced with the following:

“4.1 Automatic Exchange of Subscription Receipts

Upon the satisfaction or the written waiver by the Corporation and the Receiptholder of the First Escrow Release Conditions or Second Escrow Release Conditions, as applicable, and the delivery of the Conversion Notice by the Corporation and the Receiptholder at or before the First Escrow Release Deadline or Second Escrow Release Deadline, as applicable:

- (a) the Subscription Release Agent shall release the Escrowed Funds to the Corporation as provided in Section 6.3(a);
- (b) each Subscription Receipt that represents the Escrowed Proceeds released on the First Escrow Release Date or Second Escrow Release Date, as applicable, shall be automatically exchanged for no additional

consideration and without further action on the part of the Receipholder or the Corporation, for one (1) Share and one (1) Warrant; and

- (c) upon issuance of the Units, the Subscription Receipt Certificates representing such converted Subscription Receipts shall become null and void and of no further force or effect.

For greater certainty, the automatic exchange of the Subscription Receipts will not take place before satisfaction or the written waiver by the Corporation and the Receipholder of the First Escrow Release Conditions or Second Escrow Release Conditions, as applicable, and the delivery of the Conversion Notice by the Corporation and the Receipholder.”

- (l) The text of section 5.1(h) in the Agreement is deleted in its entirety and replaced with the following:

“(h) Notice of Termination: In the event that (i) a Termination Event Notice is delivered by the Corporation and the Receipholder, or (ii) if the Conversion Notice has not been provided in accordance with the provisions hereof on or prior to the First Escrow Release Deadline or Second Escrow Release Deadline, as applicable, the Corporation shall send or cause to be sent to each holder of Subscription Receipts written notice advising of that fact and each holder of Subscription Receipts shall receive that amount equal to (A) their aggregate Purchase Price per unconverted Subscription Receipt, plus the holders pro-rata share of Earned Interest (less any applicable withholding tax thereon); and (B) (A) the Termination Fee, plus the holders pro-rata share of Earned Interest (less any applicable withholding tax thereon), and such notice shall be sent within three Business Days after the Termination Date and the unconverted Subscription Receipts shall be cancelled and become null and void following the receipt by the holder of the above-described funds.”

- (m) The text of section 6.3 in the Agreement is deleted in its entirety and replaced with the following:

“6.3 Release of Escrowed Funds

The Subscription Receipt Agent shall release the Escrowed Funds as follows:

- (a) in the event that (i) the Conversion Notice confirming the First Escrow Release Conditions have been satisfied is delivered to the Subscription Receipt Agent by the Corporation and the Receipholder prior to the First Escrow Release Deadline, (A) 70% of the Escrowed Proceeds, plus all Earned Interest earned thereon; and (B) 100% of the Termination Fee, plus all Earned Interest earned thereon, shall be released to the Corporation, in accordance with the Conversion Notice; and (ii) the Conversion Notice confirming the Second Escrow Release Conditions have been satisfied is delivered to the Subscription Receipt Agent by the Corporation and the Receipholder prior to the Second Escrow Release Deadline, the remaining 30% of the Escrowed

Proceeds, plus all Earned Interest earned thereon, shall be released to the Corporation, in accordance with the Conversion Notice;

- (b) in the event that a Termination Event Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder or in the event that the Conversion Notice has not been received by the Subscription Receipt Agent prior to the First Escrow Release Deadline or Second Escrow Release Deadline, as applicable, the Subscription Receipt Agent shall pay to the Receiptholder the unreleased Escrowed Funds, including any Earned Interest earned thereon less any withholding tax required to be withheld in respect thereof, and the Subscription Receipt Agent shall, within three Business Days of the Termination Date, cause to be initiated, to the Receiptholder a wire transfer in the amount payable pursuant to the wire transfer instructions provided by the Receiptholder by written direction.”

- (n) The text of section 6.2(a) in the Agreement is deleted in its entirety and replaced with the following:

“(a) Until released in accordance with this Agreement, the Termination Fee and Escrow Proceeds shall be kept segregated in the records of the Subscription Receipt Agent and shall be deposited in one or more interest-bearing trust accounts, to be denominated in United State dollars for the Termination Fee and Canadian Dollars for the Escrow Proceeds, to be maintained by the Subscription Receipt Agent in the name of the Subscription Receipt Agent at one or more banks listed in below in Subsection 6.2(c) (each such bank, an “**Approved Bank**”) (or in a Government of Canada short-term debt obligation or such other short-term investment-grade debt obligations that the Corporation and Receiptholder may open as directed by written notice signed by both parties). If deposited into an Approved Bank, the Escrow Proceeds, plus Earned Interest, shall bear interest at an annual rate which is equal to 0.05% less than the target overnight interest rate announced from time to time by the Bank of Canada. If deposited into an Approved Bank, the Termination Fee, plus Earned Interest, shall bear interest at an annual rate which is equal to the average 90 day US TBill rate minus 0.50%, such annual rate not to be less than zero. If the Escrow Funds are deposited in a Government of Canada short-term debt obligation or such other short-term investment-grade debt obligation at the rate provided for in such debt obligation (in each case, the “**Earned Interest**”). Such payment obligation shall be calculated daily and paid to the account(s) within three (3) Business Days of each month-end.”

- (o) Section 6.2(b) in the Agreement that details the Approved Banks is deleted in its entirety and replaced with a new Section 6.2(c) as follows:

“(c) The Approved Banks include the following:

For Canadian Dollars:

Bank	Relevant S&P Issuer Credit Rating (as at Dec 3, 2018) - CAD
ANZ Banking Group	AA-
Bank of America NA	A+
Bank of Montreal	A+
The Bank of Nova Scotia	A+
Bank of Scotland	A+
Bank of Tokyo-Mitsubishi UFJ	A
BNP Paribas	A
Canadian Imperial Bank of Commerce	A+
Citibank NA	A+
HSBC Bank of Canada	AA-
National Australia Bank Limited	AA-
National Bank of Canada	A
Royal Bank of Canada	AA-
Societe Generale (Canada Branch)	A
The Toronto-Dominion Bank	AA-

For United States Dollars:

Approved Banks

Bank	Relevant S&P Issuer Credit Rating (as at April 1, 2019) - USD
Bank of America NA	A+
Bank of Montreal	A+
The Bank of Nova Scotia	A+
Bank of Tokyo-Mitsubishi UFJ	A
BMO Harris Bank	A+
BNP Paribas	A
Canadian Imperial Bank of Commerce	A+
Citibank NA	A+
National Australia Bank Limited	AA-
Santander UK Plc	A
Societe Generale	A

3. In the event that the Corporation has not deposited the funds representing the Termination Fee with the Subscription Receipt Agent within two Business Days of the date of this Supplemental Agreement, the Receiptholder may terminate this Supplemental Agreement with immediate effect by providing notice to the Corporation and the Subscription Receipt Agent.
4. All other terms and conditions of the Agreement which are not hereby specifically amended or supplemented shall remain in full force and effect.

This Supplemental Agreement may be executed in any number of original or facsimile counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same document.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Agreement under the hands of their proper officers in that behalf as of the date first written above.

CANADA JETLINES LTD.

By: “Carlo Valente”
Name: Carlo Valente
Title: CFO

SMARLYNX AIRLINES SIA

By: “Zygimantas Surintas”
Name: Zygimantas Surintas
Title: CEO/Board Member

**COMPUTERSHARE TRUST COMPANY OF
CANADA**

By: “Yasmin Ali”
Name: Yasmin Ali
Title: Corporate Trust Officer

By: “Ellis Amabel”
Name: Ellis Amabel
Title: Associate Trust Officer