

CANADA JETLINES LTD.

- and -

SMARTLYNX AIRLINES SIA

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

SUBSCRIPTION RECEIPT AGREEMENT

**Providing for the Issue of
22,727,272 Subscription Receipts**

Dated as of December 21, 2018

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SUBSCRIPTION RECEIPT AGREEMENT

THIS AGREEMENT (the “**Agreement**”) dated as of December 21, 2018.

A M O N G:

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 proposes to create and issue 22,727,272 subscription receipts of the Corporation (the “**Subscription Receipts**”) at a price of \$0.33 per Subscription Receipt (the “**Subscription Price**”) on a private placement basis, with each Subscription Receipt representing the right to receive one (1) unit of the Corporation (“**Unit**”), with such Unit consisting of one (1) variable voting share of the Corporation (“**Share**”) and one (1) variable voting share purchase warrant (“**Warrant**” and together with the Shares, the “**Underlying Securities**”), with each Warrant entitling the holder thereof to purchase on (1) additional Share at an exercise price equal to \$0.45 for a period of thirty-six (36) months following the Closing Date (as hereinafter defined), in the manner herein set forth;

AND WHEREAS the Corporation is duly authorized to create, execute and issue the Subscription Receipts to be issued as herein provided;

AND WHEREAS the Corporation and the Receiptholder have agreed that:

- (a) pending the satisfaction or, if capable of waiver, the written waiver by the Corporation and the Receiptholder of the Escrow Release Conditions (as hereinafter defined), the Escrowed Funds (as hereinafter defined) are to be delivered to and held in escrow by the Subscription Receipt Agent and invested on behalf of the Receiptholder and the Corporation in the manner set out herein;
- (b) upon the satisfaction or, if capable of waiver, the written waiver by the Corporation and the Receiptholder of the Escrow Release Conditions and the delivery of the Conversion Notice (as hereinafter defined) by the Corporation and the Receiptholder at or before the Escrow Release Deadline (as hereinafter defined), the Receiptholder shall automatically receive, without payment of additional consideration or the undertaking of any further action, one (1) Unit for each Subscription Receipt then held by the Receiptholder; and

- (c) if the Escrow Release Conditions are not satisfied or waived at or before the Escrow Release Deadline or in the event a Termination Event Notice (as hereinafter defined) is delivered to the Subscription Receipt Agent at or before the Escrow Release Deadline, the Subscription Receipt Agent will return the balance of the Escrowed Funds to the Receipholder within five (5) Business Days (as hereinafter defined) of the Escrow Release Deadline or receipt of the Termination Event Notice, as applicable.

AND WHEREAS the Subscription Receipt Agent has agreed to act as registrar and transfer agent for the Subscription Receipts, and as escrow agent to receive the Escrowed Funds, in accordance with the terms and conditions set out herein;

AND WHEREAS all things necessary have been done and performed by the Corporation to make the Subscription Receipts, when certified by the Subscription Receipt Agent and issued and delivered as herein provided, legal, valid and binding obligations of the Corporation with the benefits of and subject to the terms of this Agreement;

AND WHEREAS the foregoing recitals are made as representations by the Corporation and not by the Subscription Receipt Agent;

AND WHEREAS the Subscription Receipt Agent has agreed to enter into this Agreement and to hold all rights, interests and benefits contained herein for and on behalf of those Persons (as hereinafter defined) who from time to time become holders of Subscription Receipts issued pursuant to this Agreement;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement and in the Subscription Receipt Certificates, unless there is something in the subject matter or context inconsistent therewith:

- (a) “**AOC**” has the meaning ascribed to such term in the definition of “Escrow Release Condition” of this Agreement;
- (b) “**Applicable Legislation**” means such provisions of any statute of Canada or of a province thereof, and of regulations under any such statute, relating to subscription receipt agreements or to the rights, duties and obligations of corporations and of subscription receipt agents under subscription receipt agreements, as are from time to time in force and applicable to this Agreement;
- (c) “**Approved Bank**” has the meaning ascribed thereto in Section 6.2(a);
- (d) “**Authenticated**” means with respect to the issuance of a Subscription Receipt Certificate, one which has been duly signed by the Corporation and authenticated by signature of an authorized officer of the Subscription Receipt Agent; “Authenticate”, “Authenticating” and “Authentication” have the appropriate correlative meanings;

- (e) “**Business Day**” means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which banks are not open for business in Vancouver, British Columbia and Riga, Latvia and shall be a day on which the Stock Exchange is open for trading;
- (f) “**Closing Date**” means the closing date of the Offering, being December 21, 2018, or such earlier date as the Corporation or the Receiptholder may advise, provided that such date must occur by December 24, 2018;
- (g) “**Closing Time**” means 9:00 a.m. (Vancouver time) on the Closing Date or such other time as determined by the Corporation and the Receiptholder;
- (h) “**Common Shares**” means the common voting shares and the variable voting shares in the capital of the Corporation;
- (i) “**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 Escrow Release Conditions have been satisfied;
- (j) “**Consulting Agreement**” means the Consulting Agreement dated as of the date hereof among the Corporation, Jetline Operations and the Receiptholder;
- (k) “**Corporation**” means Canada Jetlines Ltd.;
- (l) “**Current Market Price**” means, at any date, the volume weighted average price per share at which the Common Shares have traded:
 - (i) on the Stock Exchange;
 - (ii) if the Common Shares are not listed on the Stock Exchange, on any stock exchange upon which the Common Shares are listed as may be selected for this purpose by the board of directors of the Corporation, acting reasonably; or
 - (iii) if the Common Shares are not listed on any stock exchange, on any over-the-counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Corporation, acting reasonably;

during the 20 consecutive Trading Days (on each of which at least 500 Common Shares are traded in board lots) ending the third Trading Day before such date and the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive Trading Days by the number of Common Shares sold or, if not traded on any recognized market or exchange, as determined by the the Corporation and Receiptholder, acting reasonably;

- (m) “**Designated Office**” means the principal office of the Subscription Receipt Agent in Vancouver, British Columbia or such other location as designated in accordance with 3.1(e);

- (n) “**Earned Interest**” has the meaning ascribed to such term in Section 6.2(a);
- (o) “**Escrow Release Conditions**” means:
 - (i) the completion of the Funding Milestone; and
 - (ii) 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**”);
- (p) “**Escrow Release Deadline**” means at or prior to 5:00 p.m. (Vancouver time) on August 31, 2019, subject to extension if agreed to in writing by the Corporation and the Receiptholder;
- (q) “**Escrow Release Time**” means 10:00 a.m. (Vancouver time) time on the Escrow Release Date;
- (r) “**Escrowed Funds**” means the Escrowed Proceeds plus all Earned Interest and income, if any, earned thereon;
- (s) “**Escrowed Proceeds**” means the cash amount of \$7,499,999.76, being the gross proceeds of the Offering delivered to the Subscription Receipt Agent to be held in escrow on the terms and subject to the conditions of this Agreement as confirmed in writing by the Corporation;
- (t) “**Escrow Release Date**” means the date on which the Conversion Notice 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 Termination Time, on such date;
- (u) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended;
- (v) “**Extraordinary Resolution**” has the meaning attributed thereto in Section 9.12 and Section 9.15 hereof;
- (w) “**Framework Agreement**” means the Framework Agreement dated as of the date hereof among the Corporation, Jetline Operations and the Receiptholder;
- (x) “**Funding Milestone**” means the receipt by the Corporation of \$40,000,000 (excluding (i) the proceeds raised pursuant to the Offering and (ii) any commissions, fees or other expenses payable by the Company in excess of [REDACTED: Commercially sensitive information regarding limit on fees for future financings] of the gross proceeds of any fundraising transaction) (the “**Milestone Funds**”) in connection with additional financings to be directed by the Corporation. For greater certainty, the Milestone Funds shall include any amounts received by the Corporation on or after November 1, 2018 from: (1) the proceeds of any exercise of warrants and the amount of long term financial debt commitments obtained by the Corporation or Jetlines Operations, [REDACTED: Commercially sensitive information regarding debt commitments]; and (iii) shall have an interest rate that is less than or equal to 12% per annum and provided that in any case the Corporation shall have used commercially reasonable efforts to obtain the lowest

possible interest rate; and (2) any proceeds from the sale of new securities of the Corporation or Jetlines Operations, or the exercise of existing securities of the Corporation, provided that the amounts received were credited into bank accounts of the Corporation or Jetlines Operations on or before the day calculations in regards to the achievement of the Funding Milestone are made and on such date that there are no restrictions for further use of such funds. Any other forms of funding shall be included in calculation of the Funding Milestone only if agreed upon between the Corporation and the Receipholder in writing;

- (y) “**Jetlines Operations**” means Canada Jetlines Operations Ltd.;
- (z) “**Milestone Funds**” has the meaning ascribed to such term in the definition of “Funding Milestone” of this Agreement;
- (aa) “**Offering**” means the sale of 22,727,272 Subscription Receipts by the Corporation on a private placement basis for gross proceeds of \$7,499,999.76;
- (bb) “**Person**” includes an individual, corporation, partnership, trustee, unincorporated organization or any other entity whatsoever, and words importing Persons have a similar extended meaning;
- (cc) “**Purchase Price**” means \$0.33 per Subscription Receipt;
- (dd) “**Share**” has the meaning ascribed to such term in the recitals to this Agreement;
- (ee) “**Stock Exchange**” means the TSX Venture Exchange;
- (ff) “**Subscription Receipts**” means the subscription receipts created and issued pursuant to Section 2.1(a) hereof and authorized for issue hereunder and that have not at the particular time expired, been purchased by the Corporation converted or otherwise becomes null, void and of no further force or effect;
- (gg) “**Subscription Receipt Agent**” means Computershare Trust Company of Canada, including its successors and assigns;
- (hh) “**Subscription Receipt Certificate**” means a certificate representing one or more Subscription Receipts substantially in the form of the certificate attached hereto as Schedule “A”;
- (ii) “**Receipholder**” or “**holder**” SmartLynx Airlines SIA;
- (jj) “**Termination Date**” means the date on which a Termination Event occurs;
- (kk) “**Termination Event**” has the meaning ascribed to such term in the Framework Agreement.
- (ll) “**Termination Event Notice**” means a written notice and direction in the form attached hereto as Schedule “D” executed by the Corporation and the Receipholder addressed to the Subscription Receipt Agent confirming that a Termination Event has occurred and directing the Subscription Receipt Agent to return all Escrowed Funds to the Receipholder;

- (mm) “**Termination Time**” means 5:00 p.m. (Vancouver time) on the Termination Date;
- (nn) “**Trading Day**” means a day on which the Stock Exchange (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;
- (oo) “**this Subscription Receipt Agreement**”, “**this Agreement**”, “**hereto**”, “**hereunder**”, “**hereof**”, “**herein**”, “**hereby**” and similar expressions mean or refer to this Agreement and any indenture, deed or instrument supplemental or ancillary hereto, and the expressions “**article**”, “**section**”, “**subsection**”, “**paragraph**”, “**subparagraph**”, “**clause**” and “**subclause**” followed by a number mean the specified article, section, subsection, paragraph, subparagraph, clause or subclause of this Agreement;
- (pp) “**Underlying Securities**” has the meaning ascribed to such term in the recitals to this Agreement;
- (qq) “**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (rr) “**Unit**” has the meaning ascribed to such term in the recitals to this Agreement;
- (ss) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;
- (tt) “**Warrant**” has the meaning ascribed to such term in the recitals to this Agreement;
- (uu) “**Warrant Certificate**” means the warrant certificate substantially in the form attached hereto as Schedule “D”; and
- (vv) “**written order of the Corporation**”, “**written request of the Corporation**”, “**written direction of the Corporation**” and “**certificate of the Corporation**” mean a written order, request, consent, direction and certificate, respectively, signed in the name of the Corporation by any Director or officer of the Corporation or by any other individual to whom such signing authority is delegated by the directors from time to time, and may consist of one or more instruments so executed respectively.

1.2 Interpretation

- (a) Words Importing the Singular: Words importing the singular include the plural and *vice versa* and words importing a particular gender or neuter include both genders and neuter.
- (b) Interpretation Not Affected by Headings, Etc.: The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs, clauses and subclauses, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (c) Day Not a Business Day: Unless otherwise indicated, if the day on or before which any action which would otherwise be required to be taken hereunder is not a Business Day that action will be required to be taken on or before the requisite time on the next succeeding day that is a Business Day.

- (d) Time of the Essence: Time will be of the essence in all respects in this Agreement and the Subscription Receipt Certificates.
- (e) Currency: Except as otherwise stated, all dollar amounts herein and in the Subscription Receipt Certificates are expressed in Canadian dollars.
- (f) Severability: In the event that any provision hereof shall be determined to be invalid or unenforceable in any respect, such determination shall not affect such provision in any other respect or any other provision hereof, all of which shall remain in full force and effect.
- (g) Conflict: In the event of a conflict or inconsistency between a provision in this Agreement and the Subscription Receipt Certificates issued hereunder, the relevant provision of this Agreement shall prevail to the extent of the inconsistency.

1.3 Applicable Legislation

This Agreement and the Subscription Receipt Certificates will be construed and enforced in accordance with the laws prevailing in the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2 THE SUBSCRIPTION RECEIPTS

2.1 Creation and Issue of Subscription Receipts

- (a) An aggregate of 22,727,272 Subscription Receipts, on the terms and subject to the conditions herein provided, are hereby created and authorized for issue at a price per Subscription Receipt equal to the Subscription Price.
- (b) The Corporation hereby irrevocably directs the Subscription Receipt Agent, immediately following the execution and delivery of this Agreement, in accordance with the written direction of the Corporation and with this Agreement, conditional upon receipt of the Escrow Proceeds by the Subscription Receipt Agent, to Authenticate and deliver one (1) Subscription Receipt Certificate executed by or on behalf of the Corporation representing 22,727,272 Subscription Receipts to the Receiptholder.
- (c) Each Subscription Receipt issued hereunder will entitle the holder thereof, upon the conversion thereof in accordance with the provisions of Article 4 hereof, and without payment of any additional consideration, to be issued one (1) Unit comprised of one (1) Share and one (1) Warrant.

2.2 Payment Acknowledgement

- (a) By separate written receipt, the Subscription Receipt Agent shall acknowledge receipt of funds by wire transfer in the aggregate amount of \$7,499,999.76, being the amount equal to the aggregate Subscription Price for the Offering and confirms that such funds have been deposited in a segregated account to be held and dealt with in accordance with this Agreement.
- (b) The Corporation hereby:

- (i) acknowledges that the amounts received by the Subscription Receipt Agent pursuant to Subsection 2.2(a) in accordance with the written direction of the Corporation to the Receiptholder represent payment in full by the Receiptholder of the aggregate Subscription Price for 22,727,272 Subscription Receipts;
 - (ii) irrevocably directs the Subscription Receipt Agent to hold the Escrowed Proceeds, plus all Earned Interest, in escrow in accordance with the terms of this Agreement pending release and payment of such amounts in accordance with the terms of this Agreement; and
 - (iii) irrevocably directs the Subscription Receipt Agent, immediately following the execution and delivery of this Agreement, conditional upon receipt of the Escrow Proceeds by the Subscription Receipt Agent, to Authenticate and deliver to the Receiptholder in accordance with a written direction of the Corporation one (1) Subscription Receipt Certificate representing 22,727,272 Subscription Receipts registered in accordance with the subscription agreement, received by the Corporation, from the Receiptholder.
- (c) The Receiptholder hereby acknowledges receipt of the Subscription Receipt Certificate representing 22,727,272 Subscription Receipts registered in accordance with the subscription agreement received from the Receiptholder.

2.3 Terms of Subscription Receipts

Each Subscription Receipt shall evidence the right of the holder: (i) to receive, if the Escrow Release Time occurs on or before the Escrow Release Deadline, for no additional consideration or further action, one (1) Unit; and (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 Escrow Release Deadline, to receive an amount equal to the sum of the Subscription Price per such Subscription Receipt 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. 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 Escrow Release Deadline, all Subscription Receipts shall be cancelled and become null and void, provided that the Escrowed Funds have been released to the Receiptholder.

2.4 Form of Subscription Receipt Certificates

- (a) **Form:** Upon the issue of Subscription Receipts, Subscription Receipt Certificates shall be executed by the Corporation and, in accordance with a written direction of the Corporation, certified by or on behalf of the Subscription Receipt Agent and delivered by the Corporation in accordance with Section 2.10 and Section 2.11. The Subscription Receipt Certificates shall be substantially in the form attached as Schedule “A” hereto, subject to the provisions of this Agreement, with such variations and changes as may from time to time be agreed upon by the Subscription Receipt Agent and the Corporation, and the Subscription Receipt Certificates shall be dated as of the Closing Date, and shall have such distinguishing letters and numbers as the Corporation may, with the approval of the Subscription Receipt Agent, prescribe and shall be issuable in any denomination excluding fractions.
- (b) **Production:** Except as provided in this Article 2, all Subscription Receipts shall, save as to denominations, be of like tenor and effect. The Subscription Receipt Certificates may

be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Subscription Receipt Agent may determine.

- (c) Legend on Subscription Receipt Certificates: Subscription Receipt Certificates issued, as well as all certificates issued in exchange for or in substitution of such Subscription Receipt Certificates, if issued prior to April 22, 2019 shall bear the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE April 22, 2019.”

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (INCLUDING ANY UNDERLYING SECURITIES THAT MAY BE ISSUED ON THE CONVERSION, EXERCISE OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL April 22, 2019.”

2.5 Fractional Subscription Receipts

No fractional Subscription Receipts shall be issued or otherwise provided for hereunder.

2.6 Register for Subscription Receipts

The Corporation hereby appoints the Subscription Receipt Agent as transfer agent and registrar of the Subscription Receipts, and the Corporation shall cause to be kept by the Subscription Receipt Agent at the Designated Office, a securities register in which shall be entered the names and addresses of holders of Subscription Receipts and the other particulars, prescribed by law, of the Subscription Receipts held by them. The Corporation shall also cause to be kept by the Subscription Receipt Agent at the Designated Office the register of transfers, and may also cause to be kept by the Subscription Receipt Agent, branch registers of transfers in which shall be recorded the particulars of the transfers of Subscription Receipts, registered in that branch register of transfers.

2.7 Registers Open for Inspection

The registers hereinbefore referred to shall be open at all reasonable times during regular business hours of the Subscription Receipt Agent on any Business Day for inspection by the Corporation and the Receiptholder. The Subscription Receipt Agent shall, from time to time when requested to do so in writing by the Corporation, furnish the Corporation with a list of the name and address of the Receiptholder, upon payment of the reasonable charges of the Subscription Receipt Agent, entered in the registers kept by the Subscription Receipt Agent and showing the number of Subscription Receipts held by each such holder.

2.8 Receiptholder not a Shareholder

Nothing in this Agreement or in the holding of a Subscription Receipt shall confer or be construed as conferring upon the Receiptholder any right or interest whatsoever as a shareholder of the Corporation, including, but not limited to, the right to vote at, to receive notice of, or to attend meetings of shareholders, or the right to receive dividends or any continuous disclosure materials of the

Corporation. The Receiptholder is entitled to exercise only those rights expressly provided for by this Agreement on the terms and conditions set forth herein. Nothing in this Agreement will have the effect of limiting any rights of the Receiptholder, including those of the type referred to in this Section 2.8, granted in connection with the Framework Agreement, the Consulting Agreement or any other agreement entered into by the Corporation or the Receiptholder.

2.9 Subscription Receipts to Rank Pari Passu

All Subscription Receipts shall rank *pari passu*, whatever may be the actual date of issue of same.

2.10 Signing of Subscription Receipt Certificates

- (a) Signing Officers: The Subscription Receipt Certificates shall be signed by any one officer of the Corporation or any one Director or by any other individual to whom such signing authority is delegated by the Directors from time to time.
- (b) Signatures: The signature of individual referred to in Section 2.10(a) hereof may be a manual signature, electronic engraved, lithographed or printed in facsimile and Subscription Receipt Certificates bearing such facsimile or electronic signature will, subject to Section 2.11 hereof, be binding on the Corporation as if they had been manually signed by such officer of the Corporation or Director.
- (c) No Longer Officer: Notwithstanding that any individual whose manual or facsimile signature appears on a Subscription Receipt Certificate as one of the officers of the Corporation or Directors referred to in Section 2.10(a) hereof no longer holds the same or any other office with, or is no longer a Director of, the Corporation, at the date of issue of any Subscription Receipt Certificate or at the date of certification or delivery thereof, such Subscription Receipt Certificate will, subject to Section 2.11 hereof, be valid and binding on the Corporation.

2.11 Authentication by Subscription Receipt Agent

- (a) Authentication: The Subscription Receipt Agent shall Authenticate the Subscription Receipts to be issued by the Corporation upon written direction of the Corporation. No Subscription Receipt Certificate shall be issued or, if issued, shall be valid for any purpose or entitle the holder to the benefits hereof until it has been Authenticated by manual or electronic signature by or on behalf of the Subscription Receipt Agent substantially in the form of the certificate attached hereto as Schedule "A" or in such other form as may be approved by the Subscription Receipt Agent, the Corporation and the Receiptholder. The Authentication by the Subscription Receipt Agent on a Subscription Receipt Certificate will be conclusive evidence as against the Corporation that such Subscription Receipt Certificate has been issued hereunder and that the holder thereof is entitled to the benefits hereof.

Any Subscription Receipt Certificate validly issued in accordance with the terms of this Agreement in effect at the time of issue of such Subscription Receipt Certificate shall, subject to the terms of this Agreement and Applicable Legislation, validly entitle the holder to acquire Shares and Warrants, notwithstanding that the form of such Subscription Receipt Certificate may not be in the form then required by this Agreement.

- (b) No Representation: The Authentication by the Subscription Receipt Agent of any Subscription Receipts whether by way of entry on the register or otherwise shall not be construed as a representation or warranty by the Subscription Receipt Agent as to the validity of this Agreement or such Subscription Receipts (except the due Authentication thereof by the Subscription Receipt Agent) or as to the performance by the Corporation of its obligations under this Agreement and the Subscription Receipt Agent shall in no respect be liable or answerable for the use made of the Subscription Receipts or any of them or the proceeds thereof. The Authentication by or on behalf of the Subscription Receipt Agent of Subscription Receipts shall only constitute a representation and warranty by the Subscription Receipt Agent that the Subscription Receipts have been duly Authenticated by or on behalf of the Subscription Receipt Agent pursuant to the provisions of this Agreement.

2.12 Issue in Substitution for Lost Subscription Receipt Certificates, etc.

- (a) In case any Subscription Receipt Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to Applicable Legislation and to Section 2.12(b) hereof, shall issue, and thereupon the Subscription Receipt Agent shall Authenticate and deliver, a new Subscription Receipt Certificate of like tenor and bearing the same legends as the one mutilated, lost, destroyed or stolen in exchange for and in place of and on surrender and cancellation of such mutilated Subscription Receipt Certificate or in lieu of and in substitution for such lost, destroyed or stolen Subscription Receipt Certificate.
- (b) The applicant for the issue of a new Subscription Receipt Certificate pursuant to this Section 2.12 shall bear the reasonable cost of the issue thereof and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof:
- (i) furnish to the Corporation and to the Subscription Receipt Agent such evidence of ownership and of the loss, destruction or theft of the Subscription Receipt Certificate to be replaced as is satisfactory to the Corporation and to the Subscription Receipt Agent in their discretion, acting reasonably;
 - (ii) if so requested, furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and to the Subscription Receipt Agent in their discretion, acting reasonably; and
 - (iii) pay the reasonable charges of the Corporation and the Subscription Receipt Agent in connection therewith.

**ARTICLE 3
REGISTRATION, TRANSFER AND OWNERSHIP OF SUBSCRIPTION RECEIPTS AND
EXCHANGE OF SUBSCRIPTION RECEIPT CERTIFICATES**

3.1 Registration and Transfer of Subscription Receipts

- (a) Register: The Subscription Receipt Agent shall maintain records and accounts concerning the Subscription Receipts, which shall contain the information called for below with respect to each Subscription Receipt, together with such other information as may be required by Applicable Legislation or as the Subscription Receipt Agent may elect to record. All such information shall be kept in one set of accounts and records which the Subscription Receipt Agent shall designate (in such manner as shall permit it to be so

identified as such by an unaffiliated party) as the register of the holders of Subscription Receipts. The information to be entered for each account in the register of Subscription Receipts at any time shall include (without limitation):

- (i) the name and address of the holder of the Subscription Receipts, the date of Authentication thereof and the number Subscription Receipts;
 - (ii) the unique number or code assigned to and imprinted upon the Subscription Receipt Certificate; and
 - (iii) whether such Subscription Receipt has been cancelled.
- (b) Transfer of Subscription Receipts: The Subscription Receipts are not transferable.
- (c) Inspection: The registers referred to in 3.1(a) will at all reasonable times during regular business hours be open for inspection by the Corporation and the Receiptholder. The Subscription Receipt Agent will from time to time when requested to do so in writing by the Corporation or the Receiptholder (upon payment of the reasonable charges of the Subscription Receipt Agent) furnish the Corporation or the Receiptholder with a list of the names and addresses of holders of Subscription Receipts entered on such registers and showing the number of Subscription Receipts held by each such holder.
- (d) Rights of Holder. Subject to the provisions of this Agreement, and Applicable Legislation, the Receiptholder shall be entitled to the rights and privileges attaching to the Subscription Receipts, and the issue of Units by the Corporation upon the exchange, in accordance with the provisions of Section 4.1 of this Agreement, of Subscription Receipts in accordance with the terms and conditions herein contained shall discharge all responsibilities of the Corporation and the Subscription Receipt Agent with respect to such Subscription Receipts and neither the Corporation nor the Subscription Receipt Agent shall be bound to inquire into the title of any such holder.
- (e) Designated Office. To facilitate the exchange or transfer of Subscription Receipts and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Designated Office as the agency at which Subscription Receipts may be surrendered for exchange or transfer and the Subscription Receipt Agent has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Designated Office (subject to the Subscription Receipt Agent's prior approval) and will give notice to the Subscription Receipt Agent of any proposed change of the Designated Office. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Subscription Receipt Agent, may designate.

3.2 Exchange of Subscription Receipt Certificates

- (a) Exchange: One or more Subscription Receipt Certificates may at any time prior to the close of business on the Escrow Release Date, on compliance with the reasonable requirements of the Subscription Receipt Agent, be exchanged for one or more Subscription Receipt Certificates of different denominations representing in the aggregate the same number of Subscription Receipts and registered in the same name as the Subscription Receipt Certificate or Subscription Receipt Certificates being exchanged.

- (b) Place of Exchange: Subscription Receipt Certificates may be exchanged only at the Designated Office of the Subscription Receipt Agent or at any other place designated by the Corporation with the prior approval of the Subscription Receipt Agent.
- (c) Cancellation: Any Subscription Receipt Certificate tendered for exchange pursuant to this Section 3.2 shall be surrendered to the Subscription Receipt Agent and cancelled.
- (d) Execution: The Corporation will sign all Subscription Receipt Certificates in accordance with Section 2.10(a) hereof as necessary to carry out exchanges pursuant to this Section 3.2 and such Subscription Receipt Certificate will be Authenticated by the Subscription Receipt Agent.
- (e) Subscription Receipt Certificates: Subscription Receipt Certificates exchanged for Subscription Receipt Certificates that bear the legends set forth in Section 2.4(c) hereof shall bear the same legends, as applicable.

3.3 Ownership of Subscription Receipts

- (a) Owner: The Corporation and the Subscription Receipt Agent may deem and treat the Person in whose name any Subscription Receipt is registered as the absolute owner of such Subscription Receipt for all purposes, and such Person will for all purposes of this Agreement be and be deemed to be the absolute owner thereof, and the Corporation and the Subscription Receipt Agent will not be affected by any notice or knowledge to the contrary except as required by statute or by order of a court of competent jurisdiction.
- (b) Rights of Registered Holder: The registered holder of any Subscription Receipt will be entitled to the rights represented thereby free from all equities and rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all Persons may act accordingly, and the issue and delivery to any such registered holder of Shares issuable pursuant thereto will be a good discharge to the Corporation and the Subscription Receipt Agent therefor and neither the Corporation nor the Subscription Receipt Agent will be bound to inquire into the title of any such registered holder.

ARTICLE 4 EXCHANGE OF SUBSCRIPTION RECEIPTS

4.1 Automatic Exchange of Subscription Receipts

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

- (a) the Subscription Release Agent shall release the Escrowed Funds to the Corporation as provided in Section 6.3(a);
- (b) each Subscription Receipt shall be automatically exchanged for no additional consideration and without further action on the part of the Receiptholder or the Corporation, for one (1) Share and one (1) Warrant; and

- (c) upon issuance of the Units, the Subscription Receipt Certificates representing such 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 Receiptholder of the Escrow Release Conditions and the delivery of the Conversion Notice by the Corporation and the Receiptholder.

4.2 Issue of Units

Upon the deemed exchange of the Subscription Receipts in accordance with Section 4.1, the Underlying Securities shall be automatically deemed to be issued and delivered by the Corporation to the Receiptholder and the Receiptholder shall automatically receive, without any further action required by such Receiptholder and without the payment of any additional consideration, for each Subscription Receipt held by such Receiptholder one (1) Share and one (1) Warrant, and such Persons will be deemed to have become the holder or holders of record thereof (without any action on the part of such Person, including the surrender of any Subscription Receipt Certificate), on the Escrow Release Date. For greater certainty, the Warrants shall be issued and delivered by the Corporation to the Receiptholder and the Subscription Receipt Agent shall cause the Shares to be issued and delivered to the Receiptholder within three (3) Business Days following receipt of the Conversion Notice.

4.3 Delivery of Conversion Notice

Upon the satisfaction of the Escrow Release Conditions and provided no Termination Event has occurred that has not been waived by the Receiptholder, the Corporation and the Receiptholder shall deliver to the Subscription Receipt Agent the Conversion Notice.

4.4 Effect of Deemed Exchange of Subscription Receipts

Upon the exchange of the Subscription Receipts in accordance with Section 4.1, the Persons to whom the Shares and Warrants are to be issued will automatically become the holder or holders of record thereof (without any action on the part of such Person, including the surrender of any Subscription Receipt Certificate), on the Escrow Release Date, unless the transfer registers for the Shares and Warrants are closed on that date, in which case such Share and Warrants will be issued and such Person or Persons will automatically become the holder or holders of record thereof on the date on which such transfer registers are reopened, but such Units will be issued on the basis of the number of Shares and Warrants to which such Persons were entitled on the Effective Date, notwithstanding that definitive certificates may not yet have been issued or entered.

4.5 Fractions

Under no circumstance shall the Corporation be obligated to issue any fraction of an Underlying Security on the exchange of Subscription Receipts, and any such fraction shall be rounded down to the next whole number of such Underlying Security, as the case may be. The Receiptholder shall not be entitled to receive a cash payment or any other compensation in respect of any such fraction of an Underlying Security.

4.6 Recording

The Corporation will record (or cause to be recorded) the name and address of each Person to whom Underlying Securities are issued, the number of such securities so issued at the Escrow Release Time.

4.7 Securities Restrictions

- (a) General: No Underlying Securities will be issued pursuant to the conversion of any Subscription Receipt if the issue of such Underlying Securities would constitute a violation of the securities laws of any jurisdiction and, without limiting the generality of the foregoing, the certificates representing the Underlying Securities thereby issued will bear such legend or legends as may, in the opinion of counsel to the Corporation, be necessary or advisable in order to avoid a violation of any securities laws of any jurisdiction or to comply with the requirements of any stock exchange on which the Underlying Securities are then listed, provided that if, at any time, in the opinion of counsel to the Corporation, such legend or legends are no longer necessary or advisable in order to avoid a violation of any such laws or requirements, or the holder of any such legended certificate, at the expense thereof, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel satisfactory to the Corporation, acting reasonably) to the effect that such holder is entitled to sell or otherwise transfer such Shares and Warrants in a transaction in which such legend or legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend or legends.
- (b) Canadian Legends: The Underlying Securities issued, if issued prior to April 22, 2019 upon the conversion of the Subscription Receipts shall be subject to the following legend restriction:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE APRIL 22, 2019”.

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (INCLUDING ANY UNDERLYING SECURITIES THAT MAY BE ISSUED ON THE CONVERSION, EXERCISE OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL APRIL 22, 2019.”

ARTICLE 5 COVENANTS

5.1 General Covenants

The Corporation covenants with the Subscription Receipt Agent and the Receiptholder, that so long as any Subscription Receipts remain outstanding:

- (a) Maintenance: The Corporation will use its commercially reasonable efforts to at all times maintain its corporate existence, carry on and conduct its business, and that of Jetlines Operations, in a proper, efficient and business-like manner and keep or cause to be kept proper books of account in accordance with generally accepted accounting principles.

- (b) Reservation of Shares: The Corporation will reserve and conditionally allot for the purpose and keep available sufficient unissued Shares and Warrants to enable it to satisfy its obligations on the conversion of the Subscription Receipts.
- (c) Issue of Shares and Warrants: The Corporation will cause the Shares and Warrants to be issued pursuant to the conversion of the Subscription Receipts and the certificates representing such Shares and Warrants to be issued and delivered in accordance with the provisions of this Agreement and the terms hereof and all Shares and Warrants that are issued on the conversion of the Subscription Receipts will be fully paid and non-assessable securities.
- (d) Open Registers: The Corporation will cause the Subscription Receipt Agent to keep open the registers of holders referred to in Section 3.1 hereof as required by such section and will not take any action or omit to take any action which would have the effect of preventing the Receiptholder from receiving any of the Shares and Warrants issued upon conversion of the Subscription Receipts.
- (e) SEC Matters: The Corporation confirms that as at the date hereof it does not have a class of securities registered pursuant to Section 12 of the Exchange Act or a reporting obligation pursuant to Section 15(d) of the Exchange Act. The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the Exchange Act, (ii) the Corporation shall incur a reporting obligation pursuant to Section 15(d) of the Exchange Act, or (iii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the Exchange Act, the Corporation shall promptly deliver to the Subscription Receipt Agent an officers' certificate (in a form provided by the Subscription Receipt Agent) notifying the Subscription Receipt Agent of such registration or termination and such other information as the Subscription Receipt Agent may reasonably require at the time. The Corporation acknowledges that the Subscription Receipt Agent is relying upon the foregoing representation and covenants in order to meet certain obligations of the Subscription Receipt Agent with respect to those clients of the Subscription Receipt Agent that are required to file reports with the SEC under the Exchange Act.
- (f) Filings: The Corporation will make all requisite filings, including filings with appropriate securities commissions and stock exchanges, in connection with the conversion of the Subscription Receipts and the issue of the Shares and Warrants.
- (g) Reporting Issuer: The Corporation will make all requisite filings, including filings under appropriate securities commissions to remain a reporting issuer in each of the provinces and territories of Canada in which it is currently a reporting issuer, or the equivalent thereof.
- (h) Notice of Termination: In the event that (i) a Termination Event Notice is delivered by the Corporation and the Receiptholder, or (ii) if the Conversion Notice has not been provided in accordance with the provisions hereof on or prior to the Escrow Release Deadline, 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 their aggregate Purchase Price 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 Subscription

Receipts shall be cancelled and become null and void following the receipt by the holder of the above-described funds.

- (i) Record Dates: The Corporation shall provide at least fourteen Business Days written notice to each holder of Subscription Receipts of any record date to be set or declared by the Corporation with respect to any meeting or written resolution of holders of Common Shares.
- (j) General Performance: Generally, the Corporation will perform and carry out all acts and things to be done by it as provided in this Agreement or in order to consummate the transactions contemplated hereby.
- (k) Notices: Any notices or deliveries required to be provided to holders of Subscription Receipts hereunder shall be sent by prepaid mail or delivery to each holder of Subscription Receipts at the address of such holder appearing on the register of Subscription Receipts maintained hereunder.

5.2 Remuneration and Expenses of Subscription Receipt Agent

The Corporation covenants that it will pay to the Subscription Receipt Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Subscription Receipt Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Subscription Receipt Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Subscription Receipt Agent hereunder shall be finally and fully performed, except for any expense, disbursement or advance that arises out of or results from the Subscription Receipt Agent's gross negligence, wilful misconduct or bad faith. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Subscription Receipt Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation of the Subscription Receipt Agent and/or the termination of this Agreement.

5.3 Notice of Issue

The Corporation will give written notice of and make all requisite filings respecting the issue of securities pursuant to the conversion of the Subscription Receipts, in such detail as may be required, to each securities commission, stock exchange, or similar regulatory authority in each jurisdiction in Canada in which there is legislation or regulations requiring the giving of any such notice in order that such issue of securities and the subsequent disposition of the securities so issued will not be subject to the prospectus requirements, if any, of such legislation or regulations.

5.4 Securities Qualification Requirements

If, in the opinion of counsel, any instrument is required to be filed with, or any permission is required to be obtained from any governmental authority in Canada or any other step is required under any federal or provincial law of Canada before any Shares which the Receiptholder is entitled to acquire pursuant to the exchange of any Subscription Receipt may properly and legally be issued upon due conversion thereof, the Corporation covenants that it will promptly take such required action.

5.5 Performance of Covenants by Subscription Receipt Agent

If the Corporation fails to perform any of the obligations thereof under this Agreement, the Subscription Receipt Agent will notify the Receipholder of such failure and may itself perform any of such obligations capable of being performed by the Subscription Receipt Agent, and the Subscription Receipt Agent will notify the Receipholder that it is so doing. All amounts expended or advanced by the Subscription Receipt Agent in so doing will be repayable as provided in Section 5.2 hereof. No such performance, expenditure or advance by the Subscription Receipt Agent will relieve the Corporation of any default or of its continuing obligations hereunder.

ARTICLE 6 ESCROWED FUNDS

6.1 Deposit of Escrowed Proceeds in Escrow

The Corporation shall direct that the Receipholder deliver the Escrowed Proceeds to the Subscription Receipt Agent on the Closing Date by way of electronic wire transfer. In the event the Escrowed Proceeds are received by the Subscription Receipt Agent following December 24, 2018 (unless the TSX Venture Exchange has confirmed the Escrowed Proceeds can be received after such date), unless otherwise directed by the Receipholder, the Subscription Receipt Agent shall promptly by wire transfer return the funds to the Receipholder (in accordance with the written direction of the Receipholder and without further direction or authorization from the Corporation) and upon receipt thereof, this Agreement shall terminate and the Subscription Receipts will not have been issued. Upon receipt of the Escrowed Proceeds, the Subscription Receipt Agent shall immediately place such funds in a segregated interest-bearing account in accordance with the provisions of this Article 6. The Corporation acknowledges and agrees that it is a condition of the payment by the holders of Subscription Receipts of \$0.33 per Subscription Receipt therefor that the Escrowed Funds are held by the Subscription Receipt Agent in accordance with the provisions of this Article 6. The Corporation further acknowledges and confirms that it has no interest in the Escrowed Funds unless and until the Conversion Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receipholder. The Subscription Receipt Agent shall retain the Escrowed Funds and the Earned Interest for the benefit of the Receipholder and, upon the delivery of the Conversion Notice by the Corporation and the Receipholder, to the Subscription Receipt Agent, retroactively for the benefit of the Corporation in accordance with the provisions of this Section 6.1.

6.2 Investment of Escrowed Funds

- (a) Until released in accordance with this Agreement, the Escrowed Funds 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 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 Receipholder may open as directed by written notice signed by both parties). If deposited into an Approved Bank, the Escrowed Funds 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, and if 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.

- (b) All amounts held by the Subscription Receipt Agent pursuant to this Agreement shall be held by the Subscription Receipt Agent for the benefit of the Receiptholder and the delivery of the Escrowed Funds to the Subscription Receipt Agent shall not give rise to a debtor-creditor or other similar relationship between the Subscription Receipt Agent and the Receiptholder. The amounts held by the Subscription Receipt Agent pursuant to this Agreement are the sole risk of the Receiptholder and, without limiting the generality of the foregoing, the Subscription Receipt Agent shall have no responsibility or liability for any diminution of the Escrowed Funds which may result from any deposit made with an Approved Bank pursuant to this Section 6.2, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default) and any credit or other losses on any deposit liquidated or sold prior to maturity. The Corporation acknowledges and agrees that the Subscription Receipt Agent acts prudently in depositing the Escrowed Proceeds at any Approved Bank, and that the Subscription Receipt Agent is not required to make any further inquiries in respect of any such bank.

At any time and from time to time, the Receiptholder shall be entitled to direct the Subscription Receipt Agent by written notice (a) not to deposit any new amounts in any Approved Bank specified in the notice and/or (b) to withdraw all or any of the Escrowed Funds that may then be deposited with any Approved Bank specified in the notice and re-deposit such amount with one or more of such other Approved Banks as specified in the notice. With respect to any withdrawal notice, the Subscription Receipt Agent will endeavor to withdraw such amount specified in the notice as soon as reasonably practicable and the Receiptholder acknowledges and agrees that such specified amount remains at the sole risk of the Receiptholder prior to and after such withdrawal.

For tax reporting purposes, all interest or other taxable income earned from the investment of the Escrow Funds in any tax year shall (i) to the extent such interest is distributed by the Subscription Receipt Agent to any person or entity pursuant to the terms of this Agreement during such tax year, be allocated to such person or entity, and (ii) otherwise be allocated to the Corporation in the taxation year that it was earned, notwithstanding that no such amount has been distributed. The Receiptholder and Corporation agree to provide the Subscription Receipt Agent with their certified tax identification numbers and others forms, documents and information that the Subscription Receipt Agent may request in order to fulfill any tax reporting function.

- (b) The Approved Banks include the following:

Bank	Relevant S&P Issuer Credit Rating (as at Dec 3, 2018)
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-

6.3 Release of Escrowed Funds

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

- (a) in the event that the Conversion Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder prior to the Escrow Release Deadline, the Escrowed Funds 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 Escrow Release Deadline, the Subscription Receipt Agent shall pay to the Receiptholder the 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.

6.4 Escrowed Funds Held in Trust

In addition to the other rights granted to holders of Subscription Receipts in this Agreement, until the earlier of the Termination Date and the Escrow Release Date, the Receiptholder has a claim against the Escrowed Funds held by the Subscription Receipt Agent and against the Corporation, in the amount equal to \$0.33 for each Subscription Receipt held by the Receiptholder, which claim shall subsist until such time as the Shares and Warrants issuable upon the conversion of such Subscription Receipts are issued or such amount is paid in full. In the event that, prior to the earlier of the Termination Date and the first Business Day following the Escrow Release Date, the Corporation (i) makes a general assignment for the benefit of creditors or any proceeding is instituted by the Corporation seeking relief on behalf thereof as a debtor, or to adjudicate the Corporation a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of the Corporation or the debts of the Corporation under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, receiver and manager, trustee, custodian or similar official for the Corporation or any substantial part of the property and assets the Corporation or the Corporation takes any corporate action to authorize any of the actions set forth above, or (ii) the Corporation shall be declared bankrupt, or a receiver, receiver and manager, trustee, custodian or similar official is appointed for the Corporation or any substantial part of its property and assets the Corporation or an encumbrancer shall legally take possession of any substantial part of the property or assets of the Corporation or a distress or execution or any similar process is levied or enforced against such property and assets and

remains unsatisfied for such period as would permit such property or such part thereof to be sold thereunder, the Escrowed Funds shall be paid by the Subscription Receipt Agent to the Receipholder, the right of each holder of Subscription Receipts to be issued Shares and Warrants upon the conversion of the Subscription Receipts of such holder will terminate.

6.5 Representation Regarding Third Party Interests

Each party to this Agreement (in this Section 6.5 referred to as a “**representing party**”) hereby represents to the Subscription Receipt Agent that any account to be opened by, or interest to be held by, the Subscription Receipt Agent in connection with this Agreement, for or to the credit of such representing party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Subscription Receipt Agent a declaration of third party interest in the Subscription Receipt Agent’s prescribed form in accordance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and the regulations thereto, or in such other form as may be satisfactory to it, as to the particulars of such third party.

ARTICLE 7 ENFORCEMENT

7.1 Suits by Receipholder

All or any of the rights conferred on the holder of any Subscription Receipt by the terms of the Subscription Receipt Certificate representing such Subscription Receipt or of this Agreement may be enforced by such holder by appropriate legal proceedings but without prejudice to the right which is hereby conferred on the Subscription Receipt Agent to proceed in the name thereof or on behalf of the holders of Subscription Receipts to enforce each and every provision herein contained for the benefit of the Receipholder.

7.2 Limitation of Liability

The obligations hereunder are not personally binding on, nor will resort hereunder be had to the private property of, any past, present or future Director, shareholder, officer, employee or agent of the Corporation or the Receipholder, but only the property of those parties shall be bound in respect hereof.

ARTICLE 8 ADJUSTMENTS

8.1 Adjustment to Warrant Exercise Price

Any adjustment to the number of Shares issuable upon exercise of the Warrants and the price of the Warrants shall be determined in accordance with the terms of the Warrant Certificate.

8.2 Adjustment of Number of Shares

The number of Shares issuable upon conversion of the Subscription Receipts shall be subject to adjustment from time to time in the following circumstances and manner:

- (a) Subject to Section 8.3, if and whenever at any time from the Closing and prior to the Escrow Release Date, the Corporation shall:
- (i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;
 - (ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or
 - (iii) issue Common Shares or securities convertible into or exchangeable for Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or make a distribution to all or substantially all of the holders of Common Shares on its outstanding Common Shares payable in Common Shares or securities convertible into or exchangeable for Common Shares;

then, in each such event, the number of Shares issuable upon conversion of the Subscription Receipts shall be adjusted immediately after the effective date of such subdivision, redivision, change, reduction, combination or consolidation, or the record date for such issue of Common Shares by way of a stock dividend or distribution, as the case may be, by multiplying the number of Shares issuable upon conversion of the Subscription Receipts by a fraction:

- (A) the numerator of which shall be the total number of Common Shares outstanding immediately after such date; and
- (B) the denominator of which shall be the total number of Common Shares outstanding immediately prior to such date.

Such adjustment shall be made successively whenever any event referred to in this Section 8.2(a) shall occur. Any such issue or distribution of Common Shares or securities convertible into or exchangeable for Common Shares shall be deemed to have been made on the record date for such issue or distribution for the purpose of calculating the number of outstanding Common Shares under Section 8.2(b) and Section 8.2(c).

- (b) Subject to Section 8.3, if and whenever at any time from the Closing and prior to the Escrow Release Date, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price on such record date, the number of Shares issuable upon conversion of the Subscription Receipts shall be adjusted immediately after such record date so that it shall equal the number determined by multiplying the number of Shares issuable upon conversion of the Subscription Receipts by a fraction:
- (i) the numerator of which shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; and

- (ii) the denominator of which shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price.

Any Common Shares owned by or held for the account of the Corporation or Jetlines Operations shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such rights, options or warrants are not exercised prior to the expiration thereof, the number of Shares issuable upon conversion of the Subscription Receipts shall be readjusted to the number of Shares issuable upon conversion of the Subscription Receipts which would then be in effect if such record date had not been fixed or to the number of Shares issuable upon conversion of the Subscription Receipts which would then be in effect based upon the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

- (c) Subject to Section 8.3, if and whenever at any time from the Closing and prior to the Escrow Release Date, the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:

- (i) shares of the Corporation of any class other than Shares or other securities of the Corporation;
- (ii) rights, options or warrants to acquire Common Shares (or securities convertible into or exchangeable for Common Shares) or other securities of the Corporation;
- (iii) evidences of its indebtedness; or
- (iv) any property or other assets;

(excluding, in each case, any distribution referred to in Section 8.2(a) or Section 8.2(b)) then, in each such case, the number of Shares issuable upon conversion of the Subscription Receipts shall be adjusted immediately after such record date so that it shall equal the number determined by multiplying the number of Shares issuable upon conversion of the Subscription Receipts by a fraction:

- (i) the numerator of which will be the product of the number of Common Shares outstanding on such record date and the Current Market Price on such record date; and
- (ii) the denominator of which will be:
 - (A) the product of the number of Common Shares outstanding on such record date and the Current Market Price on such record date; less
 - (B) the aggregate fair market value, as determined by the directors of the Corporation, acting reasonably, (whose determination, absent manifest error, will be conclusive), to the holders of Common Shares of such

shares, other securities, rights, options, warrants, evidences of indebtedness or other assets so distributed.

Any Common Shares owned by or held for the account of the Corporation or Jetlines Operations shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the number of Shares issuable upon conversion of the Subscription Receipts shall be readjusted to the number of Shares issuable upon conversion of the Subscription Receipts which would then be in effect if such record date had not been fixed or to the number of Shares issuable upon conversion of the Subscription Receipts which would then be in effect based upon such shares, other securities, rights, options, warrants, evidences of indebtedness or other assets actually distributed, as the case may be.

- (d) Subject to Section 8.3, if and whenever at any time from the Closing and prior to the Escrow Release Date, there is a reclassification of the Common Shares or a capital reorganization of the Corporation (other than as described in Section 8.2(a), Section 8.2(b) or Section 8.2(c)) or an amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, the Receiptholder who has not been deemed to have exercised the issuance rights prior to the effective date of such reclassification, reorganization, amalgamation, arrangement, merger, sale or conveyance shall, upon the exercise or deemed exercise of the Subscription Receipts, be entitled to receive and shall accept, in lieu of the number of Shares and Warrants to which the Receiptholder was prior thereto entitled upon any such exercise or deemed exercise, the kind and number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such reclassification, capital reorganization, amalgamation, arrangement or merger or to which such sale or conveyance may be made, as the case may be, that the Receiptholder would have been entitled to receive on such reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance, if on the record date or the effective date thereof, as the case may be, the Receiptholder had been the registered holder of the number of Shares to which immediately before the transaction or event he was entitled upon exercise or deemed exercise of the Subscription Receipts. To give effect to or to evidence the provisions of this Section 8.2(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, amalgamation, arrangement, merger, sale or conveyance, enter into an agreement which shall provide, to the extent possible, for the application of the provisions set out in this Agreement with respect to the rights and interests thereafter of the Receiptholder to the effect that the provisions set out in this Agreement shall thereafter correspondingly be made applicable, as nearly as may reasonably be possible, with respect to any shares, other securities or property to which the Receiptholder is entitled on the exercise or deemed exercise of the Subscription Receipts thereafter. Any agreement entered into between the Corporation and the Subscription Receipt Agent pursuant to the provisions of this Section 8.2(d) shall be a supplemental agreement entered into pursuant to the provisions of Article 11. Any agreement entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Subscription Receipt Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments

provided in this Section 8.2 and which shall apply to successive reclassifications, capital reorganizations, amalgamations, arrangements, mergers, sales or conveyances.

- (e) In any case in which this Section 8.2 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein the Corporation may defer, until the occurrence of such event, issuing to the holder of any Subscription Receipt in respect of which the Subscription Receipts are deemed to have been exercised after such event, the additional Shares or other securities or property issuable upon such exercise or deemed exercise as the case may be, by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Receiptholder, as soon as reasonably practicable after such record date, an appropriate instrument evidencing the Receiptholder's right to receive such additional Shares or other securities or property upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Shares or other securities or property declared in favour of holders of record of Shares or securities or property on and after the relevant date of exercise or deemed exercise, as the case may be, or such later date as the Receiptholder would, but for the provisions of this Section 8.2(e), have become the holder of record of such additional Shares or other securities or property pursuant to this Section 8.2, provided that if the other securities are not securities of the Corporation, the Corporation will not be liable to any holder should the issuer thereof not pay any distribution declared thereon.
- (f) In any case in which Section 8.2(c) requires that an adjustment be made to the number of Shares issuable upon conversion of the Subscription Receipts, no such adjustment shall be made if the Subscription Receipt Agent receives the shares, other securities, rights, options, warrants, evidences of indebtedness or other assets or property referred to in Section 8.2(c), in such kind and number as the Receiptholder would have received if they had been holders of Shares on the applicable record date or effective date, as the case may be, by virtue of their right to be issued Shares upon conversion of the Subscription Receipts. Any such shares, other securities, rights, options, warrants, evidences of indebtedness or other assets or property so received by the Subscription Receipt Agent shall be held and distributed by the Subscription Receipt Agent pursuant hereto.
- (g) The adjustments provided for in this Section 8.2 are cumulative and shall be computed to the nearest two decimal places and will apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 8.2, provided that, notwithstanding any other provision of this Section 8.2, no adjustment of the number of Shares issuable upon conversion of the Subscription Receipts shall be required unless such adjustment would require an increase or decrease of at least one percent in the number of Shares issuable upon conversion of the Subscription Receipts, provided, however, that any adjustments which by reason of this Section 8.2(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) If the Corporation sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and, thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment shall be made to the number of Shares issuable upon conversion of the Subscription Receipts.

- (i) After any adjustment pursuant to this Section 8.2, the term “Shares” where used in this Agreement shall be interpreted to mean securities of any class or classes which as a result of such adjustment and all prior adjustments pursuant to this Section 8.2, the Receiptholder is entitled to receive upon conversion of the Subscription Receipts, and the number of Shares to be issued upon the conversion of the Subscription Receipts shall be interpreted to mean the number of Shares or other property or securities the Receiptholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 8.2, upon the full conversion of the Subscription Receipts, as the case may be.

8.3 No Adjustment for Stock Options etc.

Notwithstanding anything to the contrary in this Article 8, no adjustment shall be made pursuant to this Agreement in respect of the issue of Shares pursuant to any stock option or stock purchase plan in force from time to time for officers, directors or employees of the Corporation or pursuant to any stock option granted or other convertible security issued by the Corporation prior to the date of this Agreement.

8.4 Determination by Corporation’s Auditors

In the event of any question arising with respect to the adjustments provided for in this Article 8, such question shall, absent manifest error, be conclusively determined by the Corporation’s auditors, who shall have access to all necessary records of the Corporation, and such determination shall, absent manifest error, be binding upon the Corporation, the Receiptholder, the Subscription Receipt Agent and all other persons interested therein.

8.5 Proceedings Prior to Any Action Requiring Adjustment

As a condition precedent to the taking of any action which would require an adjustment in the number of Underlying Securities issuable upon conversion of the Subscription Receipts, the Corporation shall take any corporate action which may, in the opinion of counsel to the Corporation (acting reasonably), be necessary to ensure that the Corporation has sufficient authorized capital and that the Corporation may validly and legally issue, as fully paid and non-assessable shares, all of the Shares which the holders of such Subscription Receipts are entitled to receive on the conversion of the Subscription Receipts, in accordance with the provisions of this Agreement.

8.6 Action Requiring Adjustment

In case the Corporation, after the date hereof, shall take any action affecting the Shares, other than the actions described in this Article 8, which, in the opinion of the directors of the Corporation would materially adversely affect the rights of the Receiptholder, then the number of Shares which are to be received upon the conversion of the Subscription Receipts shall be adjusted in such manner, if any, and at such time as the directors of the Corporation may, in their discretion, reasonably determine to be equitable to the Receiptholder in such circumstances.

8.7 Certificate of Adjustment

The Corporation shall, immediately after the occurrence of any event which requires an adjustment or readjustment as provided in this Article 8, deliver a certificate of the Corporation to the Subscription Receipt Agent specifying the nature of the event requiring such adjustment or readjustment and the amount of the adjustment or readjustment necessitated thereby and setting out in reasonable detail

the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's auditors verifying such calculation.

8.8 Notice of Special Matters

The Corporation covenants with the Subscription Receipt Agent that, so long as any Subscription Receipt remains outstanding, it will give notice to the Subscription Receipt Agent and to the Receiptholder of its intention to fix the record date for any event referred to in Section 8.2(a), Section 8.2(b), Section 8.2(c) and Section 8.2(d) which may give rise to an adjustment in the number of Underlying Securities issuable upon conversion of the Subscription Receipts. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date.

8.9 Protection of Subscription Receipt Agent

The Subscription Receipt Agent:

- (a) shall not at any time be under any duty or responsibility to the Receiptholder to determine whether any facts exist which may require any adjustment contemplated by Section 8.2, or with respect to the nature or extent of any such adjustment when made or the method employed in making such adjustment;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Underlying Securities or other shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Subscription Receipt;
- (c) shall not be responsible for any failure of the Corporation to issue, transfer or deliver Underlying Securities or certificates representing Underlying Securities or to comply with any of the covenants contained in this Article 8;
- (d) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the agents of the Corporation; and

shall be entitled to act and rely upon the certificates of the Corporation or of the auditor of the Corporation and any other documents filed by the Corporation pursuant to Section 8.7.

ARTICLE 9 MEETINGS OF RECEIPTHOLDER

9.1 Right to Convene Meetings

- (a) Convening of Meeting: The Subscription Receipt Agent may at any time and from time to time convene a meeting of the Receiptholder, and will do so on receipt of a written request of the Corporation or the Receiptholder and on being funded and indemnified to its reasonable satisfaction by the Corporation or the Receiptholder against the costs which it may incur in connection with calling and holding such meeting.

- (b) Failure to Convene: If the Subscription Receipt Agent fails, within five (5) Business Days after receipt of such written request of the Corporation or the Receiptholder, funding and indemnification, to give notice convening a meeting, the Corporation or the Receiptholder, as the case may be, may convene such meeting.
- (c) Place of Meeting: Every such meeting will be held in Vancouver, British Columbia, or such other place as is approved or determined by the Subscription Receipt Agent and the Corporation.

9.2 Notice

- (a) Notice: At least ten (10) Business Days' notice of any meeting must be given to the Receiptholder, to the Subscription Receipt Agent (unless the meeting has been called by it) and to the Corporation (unless the meeting has been called by it).
- (b) Contents: The notice of the meeting must state the time when and the place where the meeting is to be held and must state briefly the general nature of the business to be transacted thereat, but it will not be necessary for the notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 9.

9.3 Chairman

Some individual (who need not be the Receiptholder) designated in writing by the Subscription Receipt Agent will be chairman of the meeting or, if no individual is so designated or the individual so designated is not present within 15 minutes after the time fixed for the holding of the meeting, the Receiptholder present in person or by proxy may choose some individual present to be chairman.

9.4 Quorum

- (a) Quorum: Subject to the provisions of Section 9.12 hereof, at any meeting of the Receiptholder, a quorum will consist of the Receiptholder present in person or by proxy at the commencement of the meeting holding in the aggregate not less than 25% of the total number of Subscription Receipts then outstanding.
- (b) No Quorum: If a quorum of the Receiptholder is not present within 30 minutes after the time fixed for holding a meeting, the meeting, if summoned by the Receiptholder, will be dissolved, but, subject to Section 9.12 hereof, in any other case will be adjourned to the third following Business Day at the same time and place and no notice of the adjournment need be given.
- (c) Adjourned Meeting: At the adjourned meeting the Receiptholder present in Person or by proxy will form a quorum and may transact any business for which the meeting was originally convened notwithstanding the number of Subscription Receipts that they hold.

9.5 Power to Adjourn

The chairman of a meeting at which a quorum of the Receiptholder is present may, with the consent of the meeting, adjourn the meeting, and no notice of such adjournment need be given except as the meeting prescribes.

9.6 Show of Hands

Every question submitted to a meeting, other than an Extraordinary Resolution, will be decided in the first place by a majority of the votes given on a show of hands and, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority will be conclusive evidence of the fact.

9.7 Poll

- (a) Extraordinary Resolution: On every Extraordinary Resolution, and on every other question submitted to a meeting on which a poll is directed by the chairman or requested by the Receiptholder acting in person or by proxy and holding in the aggregate not less than 10% of the total number of Subscription Receipts then outstanding, a poll will be taken in such manner as the chairman directs.
- (b) Other: Questions other than those required to be determined by Extraordinary Resolution will be decided by a majority of the votes cast on the poll.

9.8 Voting

On a show of hands each Person present and entitled to vote, whether as the Receiptholder or as proxy for the absent Receiptholder, or both, will have one vote, and on a poll the Receiptholder present in Person or represented by a proxy duly appointed by instrument in writing will be entitled to one vote in respect of each Subscription Receipt held. A proxy need not be the Receiptholder.

9.9 Regulations

- (a) Ability to Make: The Subscription Receipt Agent, or the Corporation with the approval of the Subscription Receipt Agent, may from time to time make or vary such regulations as it thinks fit:
 - (i) for the form of instrument appointing a proxy, the manner in which it must be executed, and verification of the authority of a Person who executes it on behalf of the Receiptholder;
 - (ii) governing the places at which and the times by which instruments appointing proxies must be deposited;
 - (iii) generally for the calling of meetings of the Receiptholder and the conduct of business thereof; and
 - (iv) for the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be sent by mail, facsimile or other means of prepaid, transmitted, recorded communication before the meeting to the Corporation or to the Subscription Receipt Agent at the place where the meeting is to be held and for voting pursuant to instruments appointing proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made will be binding and effective and the votes given in accordance therewith will be valid and will be counted.

- (b) Recognition: Except as such regulations provide, the only Persons who will be recognized at a meeting as the holders of any Subscription Receipts, or as entitled to vote or, subject to Section 9.10 hereof, to be present at the meeting in respect thereof, will be the registered holders of such Subscription Receipts or Persons holding proxies on their behalf.

9.10 The Corporation and Subscription Receipt Agent may be Represented

The Corporation and the Subscription Receipt Agent by their respective employees, officers or directors, and counsel, and counsel of the Subscription Receipt Agent, may attend any meeting of the Receiptholder, but will have no vote as such.

9.11 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred on them by the other provisions of this Agreement or by law, the Receiptholder at a meeting will have the power, exercisable from time to time by Extraordinary Resolution:

- (a) to assent to or sanction any amendment, modification, abrogation, alteration, compromise or arrangement of any right of the Receiptholder or, with the consent of the Subscription Receipt Agent (such consent not to be unreasonably withheld), of the Subscription Receipt Agent in its capacity as agent hereunder or on behalf of the Receiptholder against the Corporation, whether such right arises under this Agreement or otherwise, which shall be agreed to by the Corporation, and to authorize the Subscription Receipt Agent to concur in and execute any indenture supplemental hereto in connection therewith;
- (b) to amend, alter or repeal any Extraordinary Resolution previously passed;
- (c) subject to arrangements as to financing and indemnity satisfactory to the Subscription Receipt Agent, to direct or authorize the Subscription Receipt Agent to enforce any obligation of the Corporation under this Agreement or to enforce any right of the Receiptholder in any manner specified in the Extraordinary Resolution;
- (d) to direct or authorize the Subscription Receipt Agent to refrain from enforcing any obligation or right referred to in Section 9.11(c);
- (e) to waive and direct the Subscription Receipt Agent to waive any default by the Corporation in complying with any provision of this Agreement, either unconditionally or on any condition specified in the Extraordinary Resolution;
- (f) to appoint a committee with power and authority to exercise, and to direct the Subscription Receipt Agent to exercise, on behalf of the Receiptholder, such of the powers of the Receiptholder as are exercisable by Extraordinary Resolution;
- (g) to restrain the Receiptholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any obligation of the Corporation under this Agreement or to enforce any right of the Receiptholder;

- (h) to direct the Receiptholder who, as such, has brought any suit, action or proceeding, to stay or discontinue or otherwise deal therewith on payment of the costs, charges and expenses reasonably and properly incurred by him in connection therewith;
- (i) to assent to any change in or omission from the provisions contained in the Subscription Receipt Certificates and this Agreement or any ancillary or supplemental instrument which may be agreed to by the Corporation or, with the consent of the Subscription Receipt Agent, such consent not to be unreasonably withheld, concerning any such right of the Subscription Receipt Agent, and to authorize the Subscription Receipt Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (j) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation; or
- (k) from time to time and at any time to remove the Subscription Receipt Agent and appoint a successor Subscription Receipt Agent.

9.12 Meaning of “Extraordinary Resolution”

- (a) Meaning: The expression “Extraordinary Resolution” when used in this Agreement means, subject to the provisions of this Section 9.12 and of Section 9.15 and Section 9.16 hereof, a motion proposed at a meeting of the Receiptholder duly convened for that purpose and held in accordance with the provisions of this Article 9 at which there are present in person or by proxy the Receiptholder holding in the aggregate more than 25% of the total number of Subscription Receipts then outstanding and passed by the affirmative votes of the Receiptholder who hold in the aggregate not less than 66 2/3% of the total number of Subscription Receipts represented at the meeting and voted on the motion.
- (b) Quorum: If, at a meeting called for the purpose of passing an Extraordinary Resolution, the quorum required by Section 9.12(a) hereof is not present within thirty (30) minutes after the time appointed for the meeting, the meeting, if convened by the Receiptholder will be dissolved, but in any other case will stand adjourned to such day, being not less than five (5) Business Days or more than ten (10) Business Days later, and to such place and time, as is appointed by the chairman.
- (c) Notice: Not less than three (3) Business Days’ notice must be given to the Receiptholder of the time and place of such adjourned meeting.
- (d) Form of Notice: The notice must state that at the adjourned meeting the Receiptholder present in person or by proxy will form a quorum but it will not be necessary to set forth the purposes for which the meeting was originally called or any other particulars.
- (e) Quorum at Adjourned Meeting: At the adjourned meeting the Receiptholder present in person or by proxy will form a quorum and may transact any business for which the meeting was originally convened, and a motion proposed at such adjourned meeting and passed by the requisite vote as provided in Section 9.12(a) hereof will be an Extraordinary Resolution within the meaning of this Agreement notwithstanding the

Receiptholder is holding in the aggregate 25% of the total number of Subscription Receipts outstanding may not be present.

- (f) Poll: Votes on an Extraordinary Resolution must always be given on a poll and no demand for a poll on an Extraordinary Resolution will be necessary.

9.13 Powers Cumulative

Any one or more of the powers, and any combination of the powers, in this Agreement stated to be exercisable by the Receiptholder by Extraordinary Resolution or otherwise, may be exercised from time to time, and the exercise of any one or more of such powers or any combination of such powers from time to time will not prevent the Receiptholder from exercising such power or powers or combination of powers thereafter from time to time.

9.14 Minutes

Minutes of all resolutions passed and proceedings taken at every meeting of the Receiptholder will be made and duly entered in books from time to time provided for such purpose by the Subscription Receipt Agent at the expense of the Corporation, and any such minutes, if signed by the chairman of the meeting at which such resolutions were passed or such proceedings were taken, will be prima facie evidence of the matters therein stated, and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been so made, entered and signed will be deemed to have been duly convened and held, and all resolutions passed and proceedings taken thereat to have been duly passed and taken.

9.15 Instruments in Writing

Any action that may be taken and any power that may be exercised by the Receiptholder at a meeting held as provided in this Article 9 may also be taken and exercised by the Receiptholder who hold in the aggregate not less than 50% of the total number of Subscription Receipts at the time outstanding or in the case of an Extraordinary Resolution, the Receiptholder who hold in the aggregate not less than 66 2/3% of the total number of Subscription Receipts at the time outstanding, by their signing, each in person or by attorney duly appointed in writing, an instrument in writing in one or more counterparts, and the expression "Extraordinary Resolution" when used in this Agreement includes a resolution embodied in an instrument so signed.

9.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 9 at a meeting of the Receiptholder will be binding on the Receiptholder, whether present at or absent from the meeting and whether voting for or against the resolution or abstaining, and every instrument in writing signed by the Receiptholder in accordance with Section 9.15 hereof will be binding on the Receiptholder, whether signatories thereto or not, and the Receiptholder and the Subscription Receipt Agent (subject to the provisions for its indemnity herein contained) will be bound to give effect accordingly to every such resolution and instrument in writing.

9.17 Evidence of Receiptholder

Any request, direction, notice, consent or other instrument which this Agreement may require or permit to be signed or executed by the Receiptholder may be in any number of concurrent instruments of similar tenor and may be signed or executed by the Receiptholder in person or by attorney duly appointed

in writing. Proof of the execution of any such request or other instrument or of a writing appointing any such attorney or (subject to the provisions of this Article 9 with regard to voting at meetings of the Receiptholder) of the holding by any person of Subscription Receipts shall be sufficient for any purpose of this Agreement if the fact and date of execution by any person of such request or other instrument or writing is proved by a certificate of any notary public, or other officer authorized to take acknowledgements of deeds to be recorded at the place where such certificate is made, to the effect that the person signing such request or other instrument in writing acknowledged to him the execution thereof or by an affidavit of a witness of such execution or in any other manner which the Subscription Receipt Agent may consider adequate. The Subscription Receipt Agent may, nevertheless, in its discretion require further proof in cases where it deems further proof desirable or may accept such other proof as it shall consider proper.

ARTICLE 10 SUPPLEMENTAL AGREEMENTS AND SUCCESSOR COMPANIES

10.1 Provision for Supplemental Agreements for Certain Purposes

From time to time the Corporation and the Subscription Receipt Agent may, without the consent of the Receiptholder and subject to the provisions of this Agreement, execute and deliver agreements or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) evidencing the succession, or successive successions, of any other person to the Corporation and the assumption by such successor of the covenants of, and obligations of the Corporation under this Agreement;
- (b) adding to the provisions hereof such additional covenants and enforcement provisions as are necessary or advisable, provided that the same are not in the opinion of the Subscription Receipt Agent, relying on the opinion of counsel, prejudicial to the interests of the Receiptholder;
- (c) giving effect to any resolution or Extraordinary Resolution passed as provided in Article 9;
- (d) making such provisions not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Subscription Receipt Agent, relying on the opinion of counsel, prejudicial to the interests of the Receiptholder;
- (e) adding to or amending the provisions hereof in respect of the transfer of Subscription Receipts, making provision for the exchange of Subscription Receipts and making any modification in the form of the Subscription Receipt Certificates which does not affect the substance thereof;
- (f) modifying any of the provisions of this Agreement or relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that no such modification or relief shall be or become operative or effective if, in the opinion of the Subscription Receipt Agent, relying on the opinion of counsel, such modification or relief impairs any of the rights of the Receiptholder or of the Subscription Receipt Agent, and provided further that the Subscription Receipt Agent may in its sole discretion decline to

enter into any supplemental agreement which in its opinion may not afford adequate protection to the Subscription Receipt Agent when the same shall become operative; and

- (g) for any other purpose not inconsistent with the terms of this Agreement, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that, in the opinion of the Subscription Receipt Agent, relying on the opinion of Counsel, the rights of the Subscription Receipt Agent and the Receipholder as a group are not materially prejudiced thereby.

10.2 Successor Entities

In the case of the amalgamation, consolidation, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another person (a “**successor entity**”), the successor entity resulting from the amalgamation, consolidation, merger or transfer (if not the Corporation) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Agreement to be performed by the Corporation and the successor entity shall by supplemental agreement satisfactory in form to the Subscription Receipt Agent and executed and delivered to the Subscription Receipt Agent, expressly assume those obligations.

ARTICLE 11 CONCERNING SUBSCRIPTION RECEIPT AGENT

11.1 Applicable Legislation

If and to the extent that any provision of this Agreement limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, the mandatory requirement will prevail. The Corporation, the Receipholder and the Subscription Receipt Agent each will at all times in relation to this Agreement and any action to be taken hereunder observe and comply with and be entitled to the benefits of Applicable Legislation.

11.2 Rights and Duties of Subscription Receipt Agent

- (a) Duty of Subscription Receipt Agent: In the exercise of the rights and duties prescribed or conferred by the terms of this Agreement, the Subscription Receipt Agent will act honestly and in good faith and will exercise that degree of care, diligence and skill that a reasonably prudent subscription receipt agent would exercise in comparable circumstances. The Subscription Receipt Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Subscription Receipt Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Subscription Receipt Agent and in the absence of any such notice the Subscription Receipt Agent may for all purposes of this Agreement conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained therein. Any such notice shall in no way limit any discretion herein given to the Subscription Receipt Agent to determine whether or not the Subscription Receipt Agent shall take action with respect to any default.

- (b) No Relief From Liability: No provision of this Agreement will be construed to relieve the Subscription Receipt Agent from liability for its own grossly negligent act, wilful misconduct or fraud.
- (c) Actions: The obligation of the Subscription Receipt Agent to commence or continue any act, action or proceeding in connection herewith, including without limitation, for the purpose of enforcing any right of the Subscription Receipt Agent or the Receiptholder hereunder is on the condition that the Subscription Receipt Agent shall have received a request from the Receiptholder specifying the act, action or proceeding which the Subscription Receipt Agent is requested to take and, when required by notice to the Receiptholder by the Subscription Receipt Agent, the Subscription Receipt Agent is furnished by the Receiptholder with sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Subscription Receipt Agent to protect and hold it harmless against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.
- (d) Funding: No provision of this Agreement will require the Subscription Receipt Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless it is so indemnified and funded.
- (e) Deposit of Subscription Receipts: The Subscription Receipt Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Receiptholder at whose instance it is acting to deposit with the Subscription Receipt Agent the Subscription Receipt Certificates held by them, for which certificates the Subscription Receipt Agent will issue receipts.
- (f) Restriction: Every provision of this Agreement that relieves the Subscription Receipt Agent of liability or entitles it to rely on any evidence submitted to it is subject to the provisions of Applicable Legislation. The Subscription Receipt Agent shall not be liable to account to anyone for the profit it may earn, if any, while holding the Escrowed Funds.
- (g) The Subscription Receipt Agent shall not be liable to account to anyone for the profit it may receive, if any, while holding the Escrowed Funds.
- (h) Right Not to Act/ Right to Resign: The Subscription Receipt Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Subscription Receipt Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist legislation or economic sanctions legislation, regulation or guideline. Further, should the Subscription Receipt Agent, in its sole judgment, determine at any time that its acting under this Subscription Receipt Agreement has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist legislation or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten days' written notice to the Corporation and the Receiptholder provided (i) that the Subscription Receipt Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Subscription Receipt Agent's satisfaction within such ten-day period, then such resignation shall not be effective.

11.3 Evidence, Experts and Advisers

- (a) Evidence: In addition to the reports, certificates, opinions and other evidence required by this Agreement, the Corporation will furnish to the Subscription Receipt Agent such additional evidence of compliance with any provision hereof, and in such form, as is prescribed by Applicable Legislation or as the Subscription Receipt Agent reasonably requires by written notice to the Corporation.
- (b) Reliance by Subscription Receipt Agent: In the exercise of any right or duty hereunder the Subscription Receipt Agent, if it is acting in good faith, may act and rely, as to the truth of any statement or the accuracy of any opinion expressed therein, on any statutory declaration, opinion, report, certificate or other evidence furnished to the Subscription Receipt Agent pursuant to a provision hereof or of Applicable Legislation or pursuant to a request of the Subscription Receipt Agent, if such evidence complies with Applicable Legislation and the Subscription Receipt Agent examines such evidence and determines that it complies with the applicable requirements of this Agreement.
- (c) Statutory Declaration: Whenever Applicable Legislation requires that evidence referred to in Section 11.3(a) hereof be in the form of a statutory declaration, the Subscription Receipt Agent may accept such statutory declaration in lieu of a Certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by any one or more of the Chief Executive Officer, President, Chief Financial Officer or Secretary of the Corporation or by any other officer(s) or director(s) of the Corporation to whom such authority is delegated by the Directors from time to time. In addition, the Subscription Receipt Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, direction, instruction, statement, instrument, opinion, report, notice, request, consent, order, letter, telegram, cablegram or other paper or document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties.
- (d) Proof of Execution: Proof of the execution of any document or instrument in writing by the Receiptholder may be made by the certificate of a notary public, or other officer with similar powers, that the Person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution, or in any other manner that the Subscription Receipt Agent considers adequate and in respect of the Receiptholder, shall include a certificate of incumbency of the Receiptholder together with a certified resolution authorizing the Person who signs such instrument to sign such instrument.
- (e) Experts: The Subscription Receipt Agent may employ or retain such counsel, accountants, appraisers, or other experts or advisers as it reasonably requires for the purpose of determining and discharging its rights and duties hereunder and may pay the reasonable remuneration and disbursements for all services so performed by any of them, and will not be responsible for any misconduct or negligence on the part of any of them. The Corporation shall pay or reimburse the Subscription Receipt Agent for any reasonable fees of such counsel, accountants, appraisers, or other experts or advisers. The Subscription Receipt Agent may act and rely and shall be protected in acting or not acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraisers or other expert or advisor, whether retained or employed by the Corporation or by the Subscription Receipt Agent, in relation to any matter arising in the administration of the duties and obligations hereof.

11.4 Documents, Money, etc. held by Subscription Receipt Agent

- (a) Safekeeping: Any security, documents of title or other instrument that may at any time be held by the Subscription Receipt Agent subject to the provisions of this Agreement hereof may be placed in the deposit vaults of the Subscription Receipt Agent or placed in the deposit vaults of any Canadian chartered bank or deposited for safekeeping with any such bank.
- (b) Interest: Subject to the terms herein, the Earned Interest received by the Subscription Receipt Agent will belong to the Corporation.

11.5 Action by Subscription Receipt Agent to Protect Interests

The Subscription Receipt Agent will have power to institute and to maintain such actions and proceedings as it considers necessary or expedient to protect or enforce its interests and the interests of the Receiptholder.

11.6 Subscription Receipt Agent not Required to Give Security

The Subscription Receipt Agent will not be required to give any bond or security in respect of the execution of the duties and obligations and powers of this Agreement.

11.7 Protection of Subscription Receipt Agent

- (a) Protection: By way of supplement to the provisions of any law for the time being relating to subscription receipt agents, it is expressly declared and agreed that:
 - (i) the Subscription Receipt Agent will not be liable for or by reason of, or required to substantiate, any statement of fact, representation or recital in this Agreement or in the Subscription Receipt Certificates (except in the Authentication of the Subscription Receipt Agent on the Subscription Receipt Certificates), but all such statements or recitals are and will be deemed to be made by the Corporation;
 - (ii) nothing herein contained will impose on the Subscription Receipt Agent any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Agreement or any instrument ancillary or supplemental hereto;
 - (iii) the Subscription Receipt Agent will not be bound to give notice to any Person of the execution hereof;
 - (iv) the Subscription Receipt Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection herewith except arising out of its own gross negligence, wilful misconduct or fraud;
 - (v) the Subscription Receipt Agent will not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach by the Corporation of any obligation or warranty herein contained or of any act of any director, officer, employee or agent of the Corporation;

- (vi) the Subscription Receipt Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and in the Subscription Receipts and generally may contract and enter into financial transactions with the Corporation or any related corporation without being liable to account for any profit made thereby;
 - (vii) the Subscription Receipt Agent shall incur no liability with respect to the delivery or non-delivery of any certificate or certificates whether delivered by hand, mail or any other means provided that they are sent in accordance with the provisions hereof;
 - (viii) the Subscription Receipt Agent will disburse funds in accordance with the provisions hereof only to the extent that funds have been deposited with it. The Subscription Receipt Agent shall not under any circumstances be required to disburse funds in excess of the amounts on deposit (including any Earned Interest) with the Subscription Receipt Agent at the time of disbursement; and
 - (ix) notwithstanding the foregoing or any other provision of this Agreement, any liability of the Subscription Receipt Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Subscription Receipt Agent under this Agreement in the twelve (12) months immediately prior to the Subscription Receipt Agent receiving the first notice of the claim. Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Subscription Receipt Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.
- (b) Indemnity: In addition to and without limiting any protection of the Subscription Receipt Agent hereunder or otherwise by law, the Corporation shall at all times indemnify the Subscription Receipt Agent and its affiliates, their successors and assigns, and each of their directors, officers, employees and agents (the “**Indemnified Parties**”) and save them harmless from and against all claims, demands, losses, actions, causes of action, suits, proceedings, liabilities, damages, costs, charges, assessments, judgments and expenses (including expert consultant and legal fees and disbursements on a solicitor and client basis) whatsoever arising in connection with this Agreement including, without limitation, those arising out of or related to actions taken or omitted to be taken by the Indemnified Parties and expenses incurred in connection with the enforcement of this indemnity, which the Indemnified Parties, or any of them, may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Subscription Receipt Agent’s duties, and including any services that the Subscription Receipt Agent may provide in connection with or in any way relating to this Agreement (unless arising from Subscription Receipt Agent’s gross negligence, wilful misconduct or bad faith) and including any action or liability brought against or incurred by the Indemnified Parties in relation to or arising out of any breach by the Corporation. Notwithstanding any other provision hereof, the Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without

prior demand or any other precedent action or proceeding. Notwithstanding any other provision hereof, this indemnity shall survive the resignation or removal of the Subscription Receipt Agent and the termination or discharge of this Agreement.

11.8 Replacement of Subscription Receipt Agent

- (a) Resignation: The Subscription Receipt Agent may resign and be discharged from all further duties and liabilities hereunder, except as provided in this section, by giving to the Corporation not less than sixty (60) days' notice in writing or, if a new subscription receipt agent has been appointed, such shorter notice as the Corporation accepts as sufficient provided that such resignation and discharge shall be subject to the appointment of a successor thereto in accordance with the provisions hereof.
- (b) Removal: The Receiptholder may by Extraordinary Resolution at any time remove the Subscription Receipt Agent and appoint a new subscription receipt agent.
- (c) Appointment of New Subscription Receipt Agent: If the Subscription Receipt Agent so resigns or is so removed or is dissolved, becomes bankrupt, goes into liquidation or otherwise becomes incapable of acting hereunder, the Corporation, with the written approval of the Receiptholder, will forthwith appoint a new subscription receipt agent unless a new subscription receipt agent has already been appointed by the Receiptholder.
- (d) Failure to Appoint: Failing such appointment by the Corporation, the retiring Subscription Receipt Agent or the Receiptholder may apply at the expense of the Corporation to the Supreme Court of British Columbia, on such notice as the Court directs, for the appointment of a new subscription receipt agent.
- (e) New Subscription Receipt Agent: Any new subscription receipt agent appointed under this Section 11.8 must be a corporation authorized to carry on the business of a transfer agent or trust company in British Columbia and, if required by the Applicable Legislation of any other province, in such other province. On any such appointment the new subscription receipt agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Subscription Receipt Agent without any further assurance, conveyance, act or deed, but there will be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as, in the opinion of counsel, are necessary or advisable for the purpose of assuring the transfer of such powers, rights, duties and responsibilities to the new subscription receipt agent including, without limitation, an appropriate instrument executed by the new subscription receipt agent accepting such appointment and, at the request of the Corporation, the predecessor Subscription Receipt Agent shall, upon payment of its outstanding remuneration and expenses, execute and deliver to the new subscription receipt agent an appropriate instrument transferring to such new subscription receipt agent all rights and powers of the Subscription Receipt Agent hereunder, and shall duly assign, transfer and deliver to the new subscription receipt agent all securities, property and all records kept by the predecessor Subscription Receipt Agent hereunder or in connection therewith. Any new subscription receipt agent so appointed by the Corporation or by the Court will be subject to removal as aforesaid by the Receiptholder and by the Corporation.

- (f) Notice of New Subscription Receipt Agent: On the appointment of a new subscription receipt agent, the Corporation will promptly give notice thereof to the Receiptholder in accordance with Section **Error! Reference source not found.** hereof.
- (g) Successor Subscription Receipt Agent: A corporation into or with which the Subscription Receipt Agent is merged or consolidated or amalgamated, or a corporation succeeding to the corporate trust business of the Subscription Receipt Agent, will be the successor to the Subscription Receipt Agent hereunder without any further act on its part or on the part of any party hereto if such corporation would be eligible for appointment as a new subscription receipt agent under Section 11.8(e) hereof.
- (h) Certificates: A Subscription Receipt Certificate Authenticated but not delivered by a predecessor Subscription Receipt Agent may be delivered by the new or successor subscription receipt agent in the name of the predecessor Subscription Receipt Agent or successor subscription receipt agent. In case at any time any of the Subscription Receipt Certificates have not been countersigned, a Subscription Receipt Certificate may be countersigned either in the name of the predecessor Subscription Receipt Agent or successor subscription receipt agent, and in all such cases such Subscription Receipt Certificates will have the full force provided in the Subscription Receipt Certificates and in this Agreement.

11.9 Acceptance of Duties and Obligations

The Subscription Receipt Agent hereby accepts the duties and obligations in this Agreement declared and provided for and agrees to perform them on the terms and conditions herein set forth. The Subscription Receipt Agent accepts the duties and responsibilities under this Agreement solely as custodian, bailee and agent. No trust is intended to be or will be created hereby and the Subscription Receipt Agent shall owe no duties hereunder as a trustee.

ARTICLE 12 GENERAL

12.1 Notice to the Corporation, the Receiptholder and Subscription Receipt Agent

- (a) Notice: Unless herein otherwise expressly provided, a notice to be given hereunder to the Receiptholder, the Corporation or the Subscription Receipt Agent will be validly given if delivered or if sent by registered letter, postage prepaid, or if transmitted by facsimile transmission (if receipt of such transmission is confirmed) or by email (if receipt of such email is confirmed):

- (i) if to the Corporation:

Canada Jetlines Ltd.
1140 West Pender Street, Suite 1240
Vancouver, British Columbia
V6E 4G1

Attention:	Olen Aasen, Vice President Legal
Facsimile:	(604) 681-8039
Email:	olen.aasen@jetlines.com

with a copy (not constituting notice) to:

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, Ontario
M5H 2T6

Attention: Krisztian Toth
Facsimile: (416) 364-7813
Email: ktoth@fasken.com

(ii) if to the Receiptholder:

SmartLynx Airlines SIA
Mazrudas, Marupe Municipality
LV-2167
Riga, Latvia

Attention: Skirmantas Sutkus
Facsimile: **[REDACTED: telephone number]**
Email: **[REDACTED: email address]**

with a copy (not constituting notice) to:

Edwards Kenny & Bray LLP
1040 W. Georgia St.
Vancouver, B.C. V6E 4H3

Attention: Fraser Hartley
Facsimile: 604.689.5177
Email: fhartley@ekb.com

(iii) if to the Subscription Receipt Agent:

Computershare Trust Company of Canada
510 Burrard Street, 3rd Floor
Vancouver, B.C. V6C 3B9

Attention: General Manager, Corporate Trust
Email: Corporatetrust.vancouver@computershare.com

and any such notice delivered or sent in accordance with the foregoing will be deemed to have been received on the date of delivery or facsimile transmission or email or, if mailed, on the second Business Day following the day of the mailing of the notice. The original of any document sent by facsimile transmission email or to the Subscription Receipt Agent shall be subsequently mailed to the Subscription Receipt Agent, if so Requested by the Subscription Receipt Agent.

(b) Change of Address: The Corporation, the Receiptholder or the Subscription Receipt Agent, as the case may be, may from time to time notify each of the other party hereto in the manner provided in Section 12.1(a) hereof of a change of address which, from the

effective date of such notice and until changed by like notice, will be the address of the Corporation, the Receipholder or the Subscription Receipt Agent, as the case may be, for all purposes of this Agreement.

- (c) Postal Interruption: If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving Canadian postal employees, a notice to be given to the Subscription Receipt Agent or to the Corporation hereunder could reasonably be considered unlikely to reach or likely to be delayed in reaching its destination, the notice will be valid and effective only if it is delivered to an officer of the party to which it is addressed. Any notice delivered in accordance with the foregoing will be deemed to have been received on the date of delivery to such officer.

12.2 Satisfaction and Discharge of Agreement

Upon the earlier of (i) the issuance of the Underlying Securities required to be issued in compliance with the provisions hereof and payment of all consideration as provided for in Section 6.3(a) upon satisfaction of the Escrow Release Conditions; and (ii) the payment of all consideration pursuant to Section 6.3(b) upon delivery of a Termination Event Notice by the Corporation and the Receipholder, this Agreement will cease to be of further effect and, on demand of and at the cost and expense of the Corporation and on delivery to the Subscription Receipt Agent of a Certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Agreement have been complied with and on payment to the Subscription Receipt Agent of the fees and other remuneration payable to the Subscription Receipt Agent, the Subscription Receipt Agent will execute proper instruments acknowledging the satisfaction of and discharging of this Agreement.

12.3 Sole Benefit of Parties and Receipholder

Nothing in this Agreement or the Subscription Receipt Certificates, expressed or implied, will give or be construed to give to any Person other than the parties hereto and the Receipholder, as the case may be, any legal or equitable right, remedy or claim under this Agreement or the Subscription Receipt Certificates, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Receipholder.

12.4 Discretion of Directors

Any matter provided herein to be determined by the directors will be determined by the directors in their sole discretion, acting reasonably, and a determination so made will be conclusive.

12.5 Force Majeure

No Party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 12.5.

12.6 Privacy Consent

The parties acknowledge that the Subscription Receipt Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or

their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Agreement and other services that may be requested from time to time;
- (b) to help the Subscription Receipt Agent manage its servicing relationships with such individuals;
- (c) to meet the Subscription Receipt Agent's legal and regulatory requirements; and
- (d) if social insurance numbers are collected by the Subscription Receipt Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Subscription Receipt Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Agreement for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Subscription Receipt Agent shall make available on its website, www.computershare.com, or upon request, including revisions thereto. The Subscription Receipt Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

Further, each party agrees that it shall not provide or cause to be provided to the Subscription Receipt Agent any personal information relating to an individual who is not a party to this Agreement unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

12.7 Counterparts and Formal Date

This Agreement may be executed in several counterparts, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument and notwithstanding the date of their execution will be deemed to be dated as of the date of this Agreement. Delivery of an executed counterpart of the signature page to this Agreement by electronic mail or facsimile shall be effective as delivery of a manually executed counterpart to this Agreement.

Remainder of page left intentionally blank.

IN WITNESS WHEREOF the parties hereto have executed this Subscription Receipt Agreement as of the day and year first above written.

CANADA JETLINES LTD.

Per: “Carlo Valente”
Name: Carlo Valente
Title: Chief Financial Officer

SMARTLYNX AIRLINES SIA

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

COMPUTERSHARE TRUST COMPANY OF CANADA

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

Per: “Brian Howarth”
Name: Brian Howarth
Title: Corporate Trust Officer

SCHEDULE “A”

FORM OF SUBSCRIPTION RECEIPT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE APRIL 22, 2019.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (INCLUDING ANY UNDERLYING SECURITIES THAT MAY BE ISSUED ON THE CONVERSION, EXERCISE OR EXCHANGE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE) MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL APRIL 22, 2019.

Certificate Number: _____ **Number of Subscription Receipts** 22,727,272 _____

SUBSCRIPTION RECEIPTS

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

THIS IS TO CERTIFY THAT, for value received, SMARTLYNX AIRLINES SIA (the “**holder**”) is the registered holder of the number of subscription receipts (“**Subscription Receipts**”) specified above of Canada Jetlines Ltd. (the “**Corporation**”) and is thereby entitled, without payment of any additional consideration, to be issued, immediately after the Escrow Release Time (as defined in the Subscription Receipt Agreement hereinafter referred to) one (1) Unit (as defined in the Subscription Receipt Agreement hereinafter referred to) comprising of one (1) Share (as defined in the Subscription Receipt Agreement hereinafter referred to) and one (1) Warrant (as defined in the Subscription Receipt Agreement hereinafter referred to) of the Corporation in respect of each Subscription Receipt held.

This Subscription Receipt Certificate represents Subscription Receipts of the Corporation issued under the provisions of a subscription receipt agreement (which agreement, together with all instruments supplemental or ancillary thereto, is herein referred to as the “**Subscription Receipt Agreement**”) dated as of December 21, 2018 between the Corporation, SmartLynx Airlines SIA and Computershare Trust Company of Canada (the “**Subscription Receipt Agent**”). Reference is hereby made for particulars of the rights of the holder of the Subscription Receipts, the Corporation and the Subscription Receipt Agent in respect thereof and of the terms and conditions upon which the Subscription Receipts are issued and held, all to the same effect as if the provisions of the Subscription Receipt Agreement were herein set forth in full, and to all of which the holder, by acceptance hereof, assents. In the event of a conflict between the provisions of this Subscription Receipt Certificate and the Subscription Receipt Agreement, the terms of the Subscription Receipt Agreement shall govern. All capitalized terms used but not defined in this Subscription Receipt Certificate shall have the meaning ascribed thereto in the Subscription Receipt Agreement. The Corporation will furnish to the holder, on request, a copy of the Subscription Receipt Agreement.

The Subscription Receipts represented by this Subscription Receipt Certificate will automatically convert into one (1) Share and (1) Warrant by the Corporation for and on behalf of the holder upon satisfaction or, if capable of waiver, the written waiver by the Receiptholder of the Escrow Release

Conditions and the holder will be a holder of the Shares and Warrants issuable on the conversion of such Subscription Receipts without the taking of any further action by the holder or additional consideration. For greater certainty, the Subscription Receipts represented by this certificate may not be converted by the holder and may only be converted pursuant to the foregoing automatic conversion.

Pursuant to the Subscription Receipt Agreement, the Escrow Release Date is the date, or the Business Day following such date, on which the Subscription Receipt Agent receives the Conversion Notice in the form required under the Subscription Receipt Agreement from the Corporation and the Receiptholder, which notice will inform the Subscription Receipt Agent of the satisfaction or, if capable of waiver, the written waiver of the Escrow Release Conditions, and will advise the Subscription Receipt Agent of the conversion of the Subscription Receipts into Shares and Warrants and will instruct the Subscription Receipt Agent to pay the Escrowed Funds in accordance with the Subscription Receipt Agreement.

In the event that (i) the Conversion Notice is not delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder prior to the Escrow Release Deadline, or (ii) a Termination Event Notice is delivered to the Subscription Receipt Agent by the Corporation and the Receiptholder, all of the Subscription Receipts shall, without any action on the part of the holders thereof (including the surrender of Subscription Receipt Certificates), be cancelled by the Subscription Receipt Agent. In such event, the holder will be entitled to receive, and the Subscription Receipt Agent and the Corporation shall pay to the holder, the Escrowed Funds.

The holder of this Subscription Receipt is cautioned that in the event that the Subscription Receipts are deemed to be cancelled, the Subscription Receipt Agent will initiate, a wire transfer in the amount payable pursuant to the wire transfer instructions provided by the Receiptholder by written direction to the Subscription Receipt Agent.

On and after the date of conversion of the Subscription Receipts represented by this Subscription Receipt Certificate, the holder will have no rights hereunder except to the Shares and Warrants issued to such holder.

No Shares or Warrants will be issued pursuant to the conversion of any Subscription Receipt if the issue of such security would constitute a violation of the securities laws of any applicable jurisdiction.

The Subscription Receipt Agreement contains provisions making binding on all holders of Subscription Receipts outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by holders of a specified majority of all outstanding Subscription Receipts.

The Subscription Receipts represented by this Subscription Receipt Certificate shall not be transferred without the prior written consent of the Corporation. The holding of this Subscription Receipt Certificate will not constitute the holder a shareholder of the Corporation or entitle such holder to any right or interest in respect thereof except as otherwise provided in the Subscription Receipt Agreement.

This Subscription Receipt Certificate will not be valid for any purpose until it has been certified by or on behalf of the Subscription Receipt Agent for the time being under the Subscription Receipt Agreement.

Time is of the essence hereof.

Remainder of page intentionally left blank.

IN WITNESS WHEREOF THE CORPORATION has caused this Subscription Receipt Certificate to be signed by its officers or other individuals duly authorized in that behalf as of the __ day of December, 2018.

CANADA JETLINES LTD.

Per: _____
Authorized Signing Officer

This Subscription Receipt Certificate is one of the Subscription Receipt Certificates referred to in the Subscription Receipt Agreement.

Countersigned this __ day of December, 2018.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____
Authorized Signing Officer

SCHEDULE "B"
FORM OF CONVERSION NOTICE

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

Reference is made to the subscription receipt agreement dated December 21, 2018 (the "**Subscription Receipt Agreement**") between Canada Jetlines Ltd. (the "**Corporation**"), SmartLynx Airlines SIA (the "**Receiptholder**") and Computershare Trust Company of Canada (the "**Subscription Receipt Agent**"). Unless otherwise defined herein, words and terms with the letter or letters thereof capitalized shall have the meanings given to such words and terms in the Subscription Receipt Agreement.

The Subscription Receipt Agent is hereby notified that the Escrow Release Conditions have been satisfied in full or waived, as applicable, and in accordance with the Subscription Receipt Agreement, and, accordingly, the Subscription Receipt Agent is hereby irrevocably directed and authorized to, in accordance with Section 4.1 of the Subscription Receipt Agreement, to release \$[*], representing the balance of the Escrowed Funds to _____ by wire transfer in accordance with the attached banking instructions.

This Conversion Notice, which may be signed in counterparts and delivered by facsimile, is irrevocable and shall constitute your good and sufficient authority for taking the actions described herein.

DATED this ____ day of _____, 201[*].

CANADA JETLINES LTD.

Per: _____
Name:
Title:

SMARTLYNX AIRLINES LTD.

Per: _____
Name:
Title:

SCHEDULE "C"
FORM OF TERMINATION EVENT NOTICE

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

Reference is made to the subscription receipt agreement dated December 21, 2018 (the "**Subscription Receipt Agreement**") between Canada Jetlines Ltd. (the "**Corporation**"), SmartLynx Airlines SIA (the "**Receiptholder**") and Computershare Trust Company of Canada (the "**Subscription Receipt Agent**"). Unless otherwise defined herein, words and terms with the letter or letters thereof capitalized shall have the meanings given to such words and terms in the Subscription Receipt Agreement.

The Subscription Receipt Agent is hereby notified that Termination Event has occurred and, accordingly, the Subscription Receipt Agent is hereby irrevocably directed and authorized to release \$[*], representing the balance of the Escrowed Funds to the Receiptholder by wire transfer in accordance with the attached banking instructions.

This Termination Event Notice, which may be signed in counterparts and delivered by facsimile, is irrevocable and shall constitute your good and sufficient authority for taking the actions described herein.

DATED this ____ day of _____, 201[*].

CANADA JETLINES LTD.

Per:

_____ Name:

Title:

SMARTLYNX AIRLINES LTD.

Per:

_____ Name:

Title:

SCHEDULE "D"
FORM OF WARRANT CERTIFICATE

See attached.