Partner Jet Corp.

Condensed Consolidated Interim Financial Statements
For the three and nine months ended August 31, 2016 and August 31, 2015
These financial statements are presented in Canadian dollars unless otherwise noted.
These Condensed Consolidated Interim Financial Statements have not been audited or reviewed by the Company's external auditor.

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Partner Jet Corp.
Condensed Consolidated Interim Statements of Financial Position

		August 31 2016		November 30 2015
Assets				
Current				
Cash and cash equivalents	**$**	**878,359**	$	949,001
Short-term investments		**18,418**		33,333
Trade and other receivables (note 7)		**2,834,244**		2,438,526
Prepaid expenses (note 7)		**132,433**		195,105
		3,863,454		3,615,965
Property, plant and equipment (note 5)		**40,697**		60,107
Total Assets	**$**	**3,904,151**	$	3,676,072
Liabilities				
Current				
Trade payables and accrued liabilities (note 7)	**$**	**1,864,661**	$	1,794,654
Income taxes payable		**11,905**		33,347
Unearned revenues		**185,386**		243,436
		2,061,952		2,071,437
Total Liabilities		**2,061,952**		2,071,437
Shareholders' Equity				
Share capital (note 6)		**1,102,694**		1,102,694
Contributed surplus (note 6)		**100,060**		42,560
Retained earnings		**639,445**		459,381
Total Shareholders' Equity		**1,842,199**		1,604,635
Total Liabilities and Shareholders' Equity	**$**	**3,904,151**	$	3,676,072

Approved on behalf of the Board:

"Richard Gage"
______________________________ Director

"Tom Johnson"
______________________________ Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Partner Jet Corp.

Condensed Consolidated Interim Statements of Income and Comprehensive Income

	Three months ended		Nine months ended	
	August 31 2016	August 31 2015	**August 31 2016**	August 31 2015
Revenue				
Aircraft Management (note 7)	**$ 1,457,181**	$ 1,303,398	**$ 4,913,672**	$ 4,977,730
Charter activities (note 7)	**845,584**	810,727	**2,773,098**	3,457,900
Maintenance (note 7)	**729,835**	1,266,170	**1,845,700**	2,825,986
Other	**-**	-	**-**	124,551
	3,032,600	3,380,295	**9,532,470**	11,386,167
Expenses – Aircraft Operations				
Aircraft operating costs (note 7)	**1,257,621**	1,076,967	**4,218,236**	4,412,497
Charter activities (note 7)	**801,914**	716,233	**2,591,326**	3,113,813
Maintenance (note 7)	**714,712**	1,252,768	**1,817,876**	2,788,869
	2,774,247	3,045,968	**8,627,438**	10,315,179
	258,353	334,327	**905,032**	1,070,988
Expenses – General Operations				
Amortization	**6,470**	7,309	**19,410**	21,927
Foreign exchange loss (gain)	**1,022**	6,200	**(12,259)**	27,347
General and administrative (note 7)	**209,643**	163,369	**630,163**	456,308
	217,135	176,878	**637,314**	505,582
Net income before income taxes	**41,218**	157,449	**267,718**	565,406
Income taxes	**11,905**	44,823	**87,654**	44,823
Net and comprehensive income	**29,313**	112,626	**180,064**	520,583
Earnings per share – basic	**0.0032**	0.0124	**0.0198**	0.0573
Earnings per share – fully diluted	**0.0032**	0.0124	**0.0198**	0.0573

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Partner Jet Corp.

Condensed Consolidated Interim Statements of Changes in Equity

	Share Capital	Contributed Surplus - Stock Options	Contributed Surplus - Cancelled Stock Options	Retained Earnings/Deficit	Total Shareholder's Equity
Balance, November 30, 2015 (Note 6)	**$ 1,102,694**	**$ -**	**$ 42,560**	**$ 459,381**	**$ 1,604,635**
Net income (loss)	-	-	-	180,064	180,064
Stock-based compensation	-	57,500	-	-	57,500
Balance, August 31, 2016 (Note 6)	**$ 1,102,694**	**$ 57,500**	**$ 42,560**	**$ 639,445**	**$ 1,842,199**

	Share Capital	Contributed Surplus - Stock Options	Contributed Surplus - Cancelled Stock Options	Retained Earnings/Deficit	Total Shareholder's Equity
Balance, November 30, 2014 (Note 6)	**$ 1,102,694**	**$ -**	**$ 42,560**	**$ (120,538)**	**$ 1,024,716**
Net income (loss)	-	-	-	520,583	520,583
Stock-based compensation	-	-	-	-	-
Balance, August 31, 2015 (Note 6)	**$ 1,102,694**	**$ -**	**$ 42,560**	**$ 400,045**	**$ 1,545,299**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Partner Jet Corp.
Condensed Consolidated Interim Statements of Cash Flows

	Three months ended		Nine months ended	
	August 31 2016	August 31 2015	**August 31 2016**	August 31 2015
Cash provided by (used in)				
Operating Activities				
Net and comprehensive income for the period	**$ 29,313**	$ 112,626	**$ 180,064**	$ 520,583
Non-cash items:				
Amortization	**6,470**	7,309	**19,410**	21,927
Stock-based compensation	**-**	-	**57,500**	-
Unrealized loss (gain) on short-term investments	**(631)**	3,124	**485**	7,160
	35,152	123,059	**257,459**	549,670
Changes in non-cash working capital balances:				
Short-term investments	**-**	-	**(5,070)**	-
Trade and other receivables	**187,794**	503,469	**(395,718)**	(405,644)
Prepaid expenses	**34,756**	113,321	**62,672**	172,265
Trade payables and accrued liabilities	**165,746**	74,215	**70,007**	287,907
Income taxes payable	**(20,460)**		**(21,442)**	
Unearned revenues	**9,673**	(114,059)	**(58,050)**	(146,373)
Cash provided by (used in) operating activities	**412,661**	700,005	**(90,142)**	457,825
Investing Activities				
Maturity of short-term investments	**-**	-	**19,500**	-
Cash provided by (used in) investing activities	**-**	-	**19,500**	-
Increase (decrease) in cash	**412,661**	700,005	**(70,642)**	457,825
Cash and cash equivalents, beginning	**465,698**	161,610	**949,001**	403,790
Cash and cash equivalents, ending	**$ 878,359**	$ 861,615	**$ 878,359**	$ 861,615
Comprised of:				
Cash	**$ 860,493**	$ 843,882	**$ 860,493**	$ 843,882
Cash equivalents	**$ 17,866**	$ 17,733	**$ 17,866**	$ 17,733
Total:	**$ 878,359**	$ 861,615	**$ 878,359**	$ 861,615

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Nature of Business

Partner Jet Corp. (the "Company") through its subsidiary, carries on the business of a full service flight management and aircraft sales company capable of operating a wide range of corporate aircraft. The Company's major source of revenue is generated through operating contracts, which cover the piloting and operation of aircraft, and through aircraft maintenance contracts. The Company was incorporated under the laws of Ontario on December 17, 1987 and its shares are currently listed for trading on TSX Venture Exchange (TSX-V).

2. Statement of Compliance

These condensed consolidated interim financial statements of the Company, approved by the Board of Directors on October 26, 2016, have been prepared consistently in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements, including IAS 34.

The notes present in these condensed consolidated interim financial statements include only significant event and transactions and do not include all matters normally disclosed in the Company's annual audited financial statements, and are therefore referred to as condensed.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended November 30, 2015.

3. Summary of Accounting Policies

a. Basis of preparation

These financial statements are presented in Canadian dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit and loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date the control commences until the date control ceases.

All intra-company balances and transactions are eliminated in preparing the consolidated financial statements.

These financial statements include the accounts of the Company and its wholly-owned subsidiary, Partner Jet Inc.

b. Revenue recognition

The Company earns the majority of its revenue from aircraft operating contracts, aircraft maintenance and charter revenue from charter of third party aircraft.

3. Summary of Accounting Policies (Continued)

b. Revenue recognition (continued)

Revenue is recognized as follows:

i) Revenue from aircraft operating contracts and aircraft management fees is recognized on a monthly basis in accordance with the client operating contracts.

ii) Revenue from aircraft maintenance is recognized monthly based on the work performed to date.

iii) Revenue from aircraft charter is recognized at the completion of each charter flight.

iv) Unearned revenue arises from fees for aircraft management, charters and aircraft maintenance billed in advance of the period in which the service is provided.

Revenue is only recognized to the extent that evidence of an arrangement exists, collection is reasonably certain, the sales price is fixed or determinable and title and risk have passed to the customer and the cost of sales is readily determinable.

c. Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term guaranteed investment certificates, which are carried at the lower of cost and fair value. These cash equivalents are highly liquid and mature within a 90-day period from the date of purchase.

d. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives using the following method and annual rates:

Computer equipment	30% declining balance basis
Computer software	100% declining balance basis
Equipment and furniture	20% declining balance basis
Vehicles	30% declining balance basis
Leasehold improvements	Straight line basis over the lesser of useful life or lease term

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3. Summary of Accounting Policies (Continued)

e. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized using the liability method, with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable income will be provided.

f. Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Management has determined that the functional currency of the Company and its subsidiaries is the Canadian dollar.

g. Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of equity-settled share-based transactions was determined using the Black-Scholes Model.

3. Summary of Accounting Policies (Continued)

g. Share-based payment arrangements (continued)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled employee benefits reserve). At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

h. Leases

The Company uses assets made available under lease contracts. Lease contracts are recognized based on the substance of the agreement rather than the legal form to determine their classification as finance leases or operating leases.

Finance leases

Lease agreements that effectively transfer substantially all the risks and rewards of ownership of the leased assets to the Company are classified as finance leases. Assets held under finance leases are initially recognized at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance leased assets are reported under the relevant asset categories, with recognition of a corresponding financial liability. They are depreciated on a straight-line basis over their estimated useful lives.

Operating leases

Lease agreements that do not meet the recognition criteria of a finance lease are classified and recognized as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the term of the related lease agreement.

3. Summary of Accounting Policies (Continued)

i. Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j. Equity

The Company's equity comprises the proceeds received for its issued common shares less any costs of issuance, contributed surplus arising from the fair value of the stock options granted and its net and comprehensive profit/loss since incorporation.

k. Financial instruments

Financial Assets:

From time-to-time, the Company may have the following non-derivative financial assets: financial assets at fair value through profit or loss, available-for-sale financial assets, held to maturity financial assets, loans and receivables and other financial liabilities. Management determines the appropriate classification upon initial recognition. All financial instruments are recognized initially at fair value.

3. Summary of Accounting Policies (Continued)

k. Financial Instruments (continued)

Financial Assets at Fair Value through Profit or Loss:

Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company's cash and cash equivalents and short term investment are designated as financial assets at fair value through profit or loss. The Company has selected these classifications as they better reflect management's investment intentions.

Available-for-Sale Financial Assets:

Any investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, these assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss. The Company has not designated any financial assets as available for sale.

Loans and Receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade and other receivables, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value, and subsequently measured at amortized cost.

Held-to-Maturity Financial Assets:

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. The Company has not designated any financial assets under this category.

3. Summary of Accounting Policies (Continued)

k. Financial Instruments (continued)

Classification

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

[i] Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities;
[ii] Level 2 - Inputs other than quoted prices that are observable for the asset or liability directly or indirectly; and
[iii] Level 3 - Inputs that are not based on observable market data.

The Company's only financial instruments that are at fair value are cash and cash equivalents and short term investments, which are categorized as Level 2.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18, *Revenue,* and is included in the net gain or loss described above.

l. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Summary of Accounting Policies (Continued)

l. Provisions (continued)

Onerous Contracts: A provision for onerous contracts would be recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

m. Accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual outcomes could differ from these estimates.

Estimates are based on a number of factors, including historical experience, current events and actions that the Company may undertake in the future, and other assumptions that are believed to be reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty. Key areas of estimation, where management has made subjective judgments, often as a result of matters that are inherently uncertain, are the allowance for doubtful accounts, valuation of deferred income taxes, useful lives and amortization of depreciable assets, measurement of share-based compensation plan and provisions. Significant changes in assumptions could result in a material adjustment to the carrying amounts of assets and liabilities and revenues and expenses.

n. Earnings per share

The Company presents basic and diluted earnings or loss per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for its own shares held. Diluted EPS is determined by the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares adjusted for its own shares held. There are no matters that could have dilutive or anti-dilutive effect.

o. Initial application of standards and interpretations

The following standards have been applied for the periods beginning on or after January 1, 2016, and had no effect on the Company's financial statements or performance:

	Effective for periods starting on or after
IFRS 7 *Financial Instruments Disclosure*	January 1, 2016

3. Summary of Accounting Policies (Continued)

p. New standards and interpretations not yet adopted

Certain new standards, amendments to existing standards, and interpretations were issued by the International Accounting Standard Board ("IASB") that are mandatory but not yet effective for the current reporting period, and therefore have not been applied in preparing these consolidated financial statements. The following standards may that have a material impact on future consolidated financial statements of the Company:

	Effective for periods starting on or after
IAS 7 *Statement of Cash Flows*	January 1, 2017
IFRS 9 *Financial Instruments*	January 1, 2018
IFRS 15 *Revenue*	January 1, 2018
IFRS 16 *Leases*	January 1, 2019

IAS 7 *Statement of Cash Flows* is an amendment that requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The latest date of mandatory implementation of IAS 7 is January 1, 2017.

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement,* and applies to classification and measurement of financial assets and financial liabilities. This is a three-phase project with the objective of improving and simplifying the reporting for financial instruments. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 may have an impact on the classification and measurement of financial assets, but will potentially have no impact on classification and measurement of financial liabilities.

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model for an entity to recognize revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes the following standards: IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions involving Advertising Services*.

3. Summary of Accounting Policies (Continued)

p. New standards and interpretations not yet adopted (continued)

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer ("lessee") and the supplier ("lessor"). This will replace IAS 17 *Leases* and related interpretations. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets separately from interest on lease liabilities in the income statement. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers*.

The Company is in the process of determining the extent of the impact of these standards on its consolidated financial statements.

4. Capital Structure

The capital structure of the Company consists principally of cash and cash equivalents, short-term investments and shareholders' equity comprised of retained earnings and share capital. The Company's strategy is to minimize the use of debt financing to fund growth and manage its capital structure in light of economic conditions and the risk characteristics of the underlying assets. The Company's primary uses of capital are to finance non-cash working capital requirements and capital expenditures, which are currently funded from its internally generated cash flows. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of growth and to deploy capital to provide an appropriate return on investment to its shareholders.

Relevant factors impacting the Company's capital structure are as follows:

	August 31 2016	November 30 2015
Cash and cash equivalents	$878,359	$949,001
Short-term Investments	$18,418	$33,333
Share capital	$1,102,694	$1,102,694
Contributed surplus	$100,060	$42,560
Retained earnings	$639,445	$459,381
Total equity	$1,842,199	$1,604,635

The Company manages the capital structure and makes adjustments in light of economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Company may purchase shares for cancellation, issue new shares, issue new debt or issue new debt to replace existing debt with different characteristics.

5. Property, Plant and Equipment

Cost	Balance, November 30, 2015	Additions	Disposals	Balance, August 31, 2016
Leasehold Improvements	$73,138			$73,138
Computer Equipment	261,701			261,701
Computer Software	63,063			63,063
Equipment and Furniture	217,836			217,836
Vehicles	7,155			7,155
	$622,893	**$0**	**$0**	**$622,893**

Accumulated Depreciation	Balance, November 30, 2015	Additions	Disposals	Balance, August 31, 2016
Leasehold Improvements	$60,528	$11,349		$71,877
Computer Equipment	249,211	2,810		252,021
Computer Software	63,063			63,063
Equipment and Furniture	182,829	5,251		188,080
Vehicles	7,155			7,155
	$562,786	**$19,410**	**$0**	**$582,196**
Carrying Value	**$60,107**			**$40,697**

Cost	Balance, November 30, 2014	Additions	Disposals	Balance, August 31, 2015
Leasehold Improvements	$73,138			$73,138
Computer Equipment	261,701			261,701
Computer Software	63,063			63,063
Equipment and Furniture	217,836			217,836
Vehicles	7,155			7,155
	$622,893	**$0**	**$0**	**$622,893**

Accumulated Depreciation	Balance, November 30, 2014	Additions	Disposals	Balance, August 31, 2015
Leasehold Improvements	$45,396	$11,349		$56,745
Computer Equipment	243,858	4,015		247,873
Computer Software	63,063			63,063
Equipment and Furniture	174,078	6,563		180,641
Vehicles	7,155			7,155
	$533,550	**$21,927**	**$0**	**$555,477**
Carrying Value	**$89,343**			**$67,416**

6. Share Capital

Authorized:
Unlimited number of Class B preference shares, redeemable, non-participating and entitled to one vote per share
Unlimited number of Class C preference shares, issuable in series, and entitled to one vote per share
Unlimited number of common shares

Stated:

9,078,774 common shares	$	1,102,694

	Number		Amount
Balance as at August 31, 2016 and November 30, 2015	9,078,774	$	1,102,694

The Company has an incentive stock option plan in place for its directors, officers, employees and consultants. Options may be granted for a period not exceeding five years at an option price not less than the market price of the shares at the time the option is granted subject to a minimum price of $0.10. The maximum number of common shares which may be set aside for issuance under the plan is 907,877. From time to time, such number may be increased subject to approval of the shareholders of the Company. The maximum number of common shares that may be reserved for issuance to any one person under the plan is 5% (2% with respect to consultants) of the common shares outstanding at the time of the grant, less the number of shares reserved for issuance to such person.

Summary of stock option activity:

	Number of Options		Aug 31, 2016 Weighted average Exercise price	Number of Options		Nov 30, 2015 Weighted average Exercise price
Balance, beginning of period	0	$	0.00	0	$	0.00
Granted	250,000	$	0.40	0	$	0.00
Exercised	0	$	0.00	0	$	0.00
Cancelled	0	$	0.00	0	$	0.00
Balance, end of period	250,000	$	0.40	0	$	0.00

On February 03, 2016, the Company granted 250,000 options to a total of five directors to purchase common shares exercisable at a price of $0.40 per common share over a period of five years.

The fair value of stock options granted in fiscal 2016 was estimated using the Black-Scholes option pricing model on the date of the grant with the following weighted average assumptions.

6. Share Capital (Continued)

Options granted	250,000
Stock price at grant date	$ 0.40
Exercise price	$ 0.40
Risk-free interest rate	0.75%
Expected option life	5 years
Expected volatility	68.79%
Expected dividend yield	0%
Fair value of stock option	$ 0.23

7. Related Party Transactions

Related parties include members of the Board of Directors, shareholders and enterprises which are controlled by these individuals.

The following summarizes the Company's related party transactions for the nine months ended:

	August 31 2016	August 31 2015
Aircraft management revenues:		
Revenue from a company controlled by a Director	$383,925	$425,193
Charter revenues:		
Revenue from a company controlled by a Director		$192,522
Maintenance revenues:		
Revenue from a company controlled by a Director	$6,814	$71,133
Aircraft operating expenses:		
Purchases from companies controlled by a Director	$984,998	$1,082,891
Charter expenses:		
Purchases from companies controlled by a Director	$288,154	$965,596
Maintenance expenses:		
Purchases from a company controlled by a Director	$1,817,876	$2,788,734
General and administrative expenses:		
Directors fees and related director expenses	$26,401	$23,533
Administrative services from a company controlled by a Director	$171,000	$171,000
Office expenses paid by companies controlled by a Director	$9,645	$9,024

7. Related Party Transactions (Continued)

The remuneration of key management personnel during the periods were as follows:

	Three months ended		Nine months ended	
	August 31, 2016	August 31, 2015	August 31, 2016	August 31, 2015
Short-term benefits	$22,500	$22,500	$67,500	$92,500
Total remuneration	**$22,500**	**$22,500**	**$67,500**	**$92,500**

The following summarizes the Company's receivables and payables from related parties as at:

	August 31 2016	November 30 2015
Trade and other receivables:		
Receivable from companies controlled by a Director	$ 777,945	$ 335,873
Prepayments:		
Prepaid to a company controlled by a Director	$ 98,255	$ 98,255
Trade payables and accrued liabilities:		
Payable to companies controlled by a Director	$ 1,432,370	$ 1,272,645
Payable to Directors	$ 5,632	

These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Commitments

The Company's subsidiary is committed to the following minimum payments under operating leases for office and aircraft hangar space:

	Minimum Payments
Not later than one year	$ 515,556
Later than one year and not later than five years	42,963
Later than five years	0
Total	$ 558,519

9. Basic and Fully Diluted Earnings per Share

The following table sets forth the calculation of the basic and diluted earnings per share:

	Three months ended		Nine months ended	
	August 31 2016	August 31 2015	August 31 2016	August 31 2015
Basic earnings available to common shareholders	$29,313	$112,626	$180,064	$520,583
Weighted average number of common shares outstanding - basic	9,078,774	9,078,774	9,078,774	9,078,774
Basic earnings per share	0.0032	0.0124	0.0198	0.0573
Weighted average number of common shares outstanding	9,078,774	9,078,774	9,078,774	9,078,774
Assumed exercise of outstanding dilutive options	250,000	-	250,000	-
Shares purchased from proceeds of assumed exercise options	(400,000)	-	(400,000)	-
Weighted average number of common shares outstanding - diluted	8,928,774	9,078,774	8,928,774	9,078,774
Diluted earnings per share	0.0032	0.0124	0.0198	0.0573

The effects of the stock options for the three and nine months ended August 31, 2016 have been excluded from the calculations of diluted earnings per share as it would be anti-dilutive.

10. Financial Instruments and Risk Management

Financial Assets and Liabilities

The Company has classified cash and cash equivalents and short term investments as fair value through profit or loss. Trade and other receivables are classified as loans and receivables, and measured at amortized cost. Trade payables and accrued liabilities are classified as other financial liabilities, and measured at amortized cost (note 3k).

The carrying values and fair values of financial assets and liabilities as at August 31, 2016 and November 30, 2015 are summarized as follows:

Fair Values

The carrying values of the Company's financial instruments comprising of cash and cash equivalents, short-term investments, trade and other receivables, and trade payables and accrued liabilities approximate the fair value due to their short-term maturity.

Risk Management

The Company is exposed to risks that arise from its use of financial instruments. The Company's financial instruments comprise of cash and cash equivalents, short-term investments, trade and other receivables, and trade payables and accrued liabilities. Disclosures relating to exposure to risks, in particular credit risk, foreign currency risk, concentration risk, market risk and liquidity risk are provided below.

10. Financial Instruments and Risk Factors (Continued)

Risk Management (continued)

a) Credit Risk
Financial instruments, which potentially subject the Company to concentrations of credit risk, comprise primarily of cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk of these items is the carrying amount as reported on the financial statements. Cash and cash equivalents are maintained at a major Canadian financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk. Credit risk on trade and other receivables is minimized as a result of the constant review and evaluation of the account balances. The Company also maintains an allowance for credit losses at an estimated amount, allocating sufficient protection against losses resulting from collecting less than full payments from its receivables. Bad debt expenses were immaterial for the reporting periods. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all sales. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

b) Foreign Currency Risk
The Company is exposed to currency risk as certain of its operating activities are transacted in US dollars, resulting in the holding of related financial instruments in US dollars. At the statement date, the Company had financial instruments denominated in US currency as shown below. Management has not deemed it necessary to use derivative financial instruments to reduce exposure to foreign exchange risk.

In US dollars	August 31 2016	November 30 2015
Cash	$12,045	$9,423
Trade and other receivables	157,371	143,932
Trade payable and accrued liabilites	(263,542)	(162,341)
Net US dollar assets (liabilities)	($94,126)	($8,986)

The amounts were translated at the US dollar / Canadian dollar exchange rate of 1.3124 as at August 31, 2016 (1.3333 as at November 30, 2015).

c) Concentration Risk
The Company is exposed to customer concentration risk as the Company's ability to continue its operations depends heavily on the retention of the existing contracts with independent corporations for the care, custody and control of their aircraft. The Company mitigates these risks and uncertainties by focusing its sales energies on securing additional customer contracts and exploring for new related revenue streams.

10. Financial Instruments and Risk Factors (Continued)

Risk Management (continued)

d) Market Risk
The Company's investments are exposed to market risk arising from uncertainties about future values of the investments. The Company manages market risk through diversification and investing only in blue-chip equities with a history of stable return listed on various public stock exchanges. Senior management reviews the equity portfolio on a regular basis.

e) Liquidity Risk
The Company is exposed to liquidity risk to the extent that it is required to meet its financial obligations as these become due. The Company's approach to managing liquidity risk is to ensure that it has sufficient cash and other current financial assets to meet its obligations when due, without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through a combination of cash management and access to additional capital.