



**Partner Jet Corp.**

**Audited Consolidated Financial Statements**

**For the years ended November 30, 2019 and 2018**

**These financial statements are presented in Canadian Dollars unless otherwise noted.**

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Partner Jet Corp.

#### Opinion

We have audited the consolidated financial statements of **Partner Jet Corp.** and its subsidiary (the Company), which comprise the consolidated statements of financial position as at November 30, 2019 and November 30, 2018, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and November 30, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (Canadian GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Howard Wolle.

A handwritten signature in black ink, reading "S & W LLP". The letters are stylized and cursive.

April 8, 2020  
Toronto, Canada

S & W LLP  
Chartered Professional Accountants, Licensed Public Accountants

# Partner Jet Corp.

## Consolidated Statements of Financial Position

|                                                   | November 30<br>2019 | November 30<br>2018 |
|---------------------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |
| Current                                           |                     |                     |
| Cash and cash equivalents                         | \$ 1,889,330        | \$ 944,671          |
| Trade and other receivables (note 7)              | 1,740,804           | 2,152,137           |
| Income taxes receivable                           | 26,262              | -                   |
| Prepaid expenses (note 7)                         | 192,203             | 264,963             |
|                                                   | <b>3,848,599</b>    | <b>3,361,771</b>    |
| Property, plant and equipment (note 5)            | 17,338              | 22,208              |
| <b>Total Assets</b>                               | <b>\$ 3,865,937</b> | <b>\$ 3,383,979</b> |
| <b>Liabilities</b>                                |                     |                     |
| Current                                           |                     |                     |
| Trade payables and accrued liabilities (note 7)   | \$ 771,397          | \$ 330,169          |
| Income taxes payable                              | -                   | 12,102              |
| Unearned revenues                                 | 401,365             | 282,702             |
|                                                   | <b>1,172,762</b>    | <b>624,973</b>      |
| <b>Total Liabilities</b>                          | <b>1,172,762</b>    | <b>624,973</b>      |
| <b>Shareholders' Equity</b>                       |                     |                     |
| Share capital (note 6)                            | 1,102,694           | 1,102,694           |
| Contributed surplus (note 6)                      | 135,060             | 135,060             |
| Retained earnings                                 | 1,455,421           | 1,521,252           |
| <b>Total Shareholders' Equity</b>                 | <b>2,693,175</b>    | <b>2,759,006</b>    |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 3,865,937</b> | <b>\$ 3,383,979</b> |
| <b>Commitments (note 8)</b>                       |                     |                     |

Approved on behalf of the Board:

*"Richard Gage"*

Director

*"Samuel Ingram"*

Director

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

**Partner Jet Corp.**

**Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

|                                                           | Year ended<br>November 30<br>2019 | Year ended<br>November 30<br>2018 |
|-----------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Revenue</b>                                            |                                   |                                   |
| Aircraft Management (note 7)                              | \$ 4,586,876                      | \$ 5,898,154                      |
| Charter activities                                        | 2,276,144                         | 3,948,596                         |
| Maintenance                                               | 2,047,248                         | 2,929,038                         |
|                                                           | <u>8,910,268</u>                  | <u>12,775,788</u>                 |
| <b>Expenses – Aircraft Operations</b>                     |                                   |                                   |
| Aircraft operating costs (note 7)                         | 4,405,974                         | 5,085,122                         |
| Charter activities (note 7)                               | 2,075,541                         | 3,597,454                         |
| Maintenance (note 7)                                      | 2,016,975                         | 2,893,751                         |
|                                                           | <u>8,498,490</u>                  | <u>11,576,327</u>                 |
|                                                           | <u>411,778</u>                    | <u>1,199,461</u>                  |
| <b>Expenses – General Operations</b>                      |                                   |                                   |
| Amortization                                              | 4,870                             | 6,317                             |
| Foreign exchange (gain) loss                              | (139)                             | 28,503                            |
| General and administrative (note 7)                       | 669,889                           | 710,730                           |
|                                                           | <u>674,620</u>                    | <u>745,550</u>                    |
| <b>Non-operating Income</b>                               |                                   |                                   |
| Gain on disposal of property and equipment                | 175,781                           | -                                 |
|                                                           | <u>175,781</u>                    | <u>-</u>                          |
| <b>Net (loss) income before income taxes</b>              | (87,061)                          | 453,911                           |
| <b>Income taxes (recovery) provision (note 11)</b>        | (21,230)                          | 123,074                           |
| <b>Net and comprehensive (loss) income</b>                | \$ (65,831)                       | \$ 330,837                        |
| <b>(Loss) earnings per share – basic (note 9)</b>         | \$ (0.0073)                       | \$ 0.0364                         |
| <b>(Loss) earnings per share – fully diluted (note 9)</b> | \$ (0.0073)                       | \$ 0.0364                         |

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

**Partner Jet Corp.**  
**Consolidated Statements of Changes in Equity**  
For the years ended November 30, 2019 and 2018

|                                                    | Share Capital       | Contributed<br>Surplus - Stock<br>Options | Contributed<br>Surplus -<br>Cancelled<br>Stock Options | Retained<br>Earnings/Deficit | Total<br>Shareholders<br>Equity |
|----------------------------------------------------|---------------------|-------------------------------------------|--------------------------------------------------------|------------------------------|---------------------------------|
| <b>Balance,<br/>November 30,<br/>2018 (Note 6)</b> | <b>\$ 1,102,694</b> | <b>\$ 74,000</b>                          | <b>\$ 61,060</b>                                       | <b>\$ 1,521,252</b>          | <b>\$ 2,759,006</b>             |
| Net (loss)                                         | -                   | -                                         | -                                                      | (65,831)                     | (65,831)                        |
| <b>Balance,<br/>November 30,<br/>2019 (Note 6)</b> | <b>\$ 1,102,694</b> | <b>\$ 74,000</b>                          | <b>\$ 61,060</b>                                       | <b>\$ 1,455,421</b>          | <b>\$ 2,693,175</b>             |
| <b>Balance,<br/>November 30,<br/>2017 (Note 6)</b> | <b>\$ 1,102,694</b> | <b>\$ 92,500</b>                          | <b>\$ 42,560</b>                                       | <b>\$ 1,190,415</b>          | <b>\$ 2,428,169</b>             |
| Net Income                                         | -                   | -                                         | -                                                      | 330,837                      | 330,837                         |
| Cancellation of<br>Stock Options                   | -                   | (18,500)                                  | 18,500                                                 | -                            | -                               |
| <b>Balance,<br/>November 30,<br/>2018 (Note 6)</b> | <b>\$ 1,102,694</b> | <b>\$ 74,000</b>                          | <b>\$ 61,060</b>                                       | <b>\$ 1,521,252</b>          | <b>\$ 2,759,006</b>             |

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

Partner Jet Corp.  
**Consolidated Statements of Cash Flows**

|                                                         | Year ended<br>November 30<br>2019 | Year ended<br>November 30<br>2018 |
|---------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Operating Activities</b>                             |                                   |                                   |
| Net and comprehensive (loss) income for the year        | \$ (65,831)                       | \$ 330,837                        |
| Non-cash items:                                         |                                   |                                   |
| Amortization                                            | 4,870                             | 6,317                             |
|                                                         | (60,961)                          | 337,154                           |
| Changes in non-cash working capital balances:           |                                   |                                   |
| Trade and other receivables                             | 411,333                           | 1,720,029                         |
| Income taxes receivable                                 | (26,262)                          |                                   |
| Prepaid expenses                                        | 72,760                            | (155,362)                         |
| Trade payables and accrued liabilities                  | 441,228                           | (2,061,292)                       |
| Income taxes payable                                    | (12,102)                          | (82,085)                          |
| Unearned revenues                                       | 118,663                           | (27,805)                          |
| <b>Cash provided by (used in) operating activities</b>  | <b>944,659</b>                    | <b>(269,361)</b>                  |
| <b>Investing Activities</b>                             |                                   |                                   |
| Maturity of short-term investments                      | -                                 | 19,258                            |
| <b>Cash provided by investing activities</b>            | <b>-</b>                          | <b>19,258</b>                     |
| <b>Increase (Decrease) in cash and cash equivalents</b> | <b>944,659</b>                    | <b>(250,103)</b>                  |
| <b>Cash and cash equivalents, beginning</b>             | <b>944,671</b>                    | <b>1,194,774</b>                  |
| <b>Cash and cash equivalents, ending</b>                | <b>\$ 1,889,330</b>               | <b>\$ 944,671</b>                 |
| <b>Comprised of:</b>                                    |                                   |                                   |
| Cash                                                    | \$ 1,870,788                      | \$ 926,423                        |
| Cash Equivalents                                        | \$ 18,542                         | \$ 18,248                         |
| <b>Total:</b>                                           | <b>\$ 1,889,330</b>               | <b>\$ 944,671</b>                 |

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

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# **Partner Jet Corp.**

## **Notes to Consolidated Financial Statements**

**For the years ended November 30, 2019 and 2018**

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### **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 the registered address of the Company is 2450 Derry Road East, Hangar 9, Mississauga, Ontario, L5S 1B2. Its shares are currently listed for trading on the TSX Venture Exchange (TSX-V) under the symbol "PJT".

### **2. Statement of Compliance**

These consolidated financial statements of the Company, approved by the Board of Directors on April 08, 2020, have been prepared consistently in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are based on IFRS effective or issued as at April 08, 2020.

### **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 or amortized cost. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These 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.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**b. Revenue recognition**

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

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.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the completion of services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

**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. 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 and bringing the asset to the location and condition for its intended use. 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 methods 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 |

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**d. Property, plant and equipment (continued)**

The estimated useful lives, residual values and depreciation methods 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.

Property and equipment are grouped into cash generating units (CGU) and reviewed for impairment when events or changes in circumstances indicate that the carrying value of the CGU may not be recoverable.

**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 statements of income and 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.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**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.

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.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**h. Leases (continued)**

*Finance leases (continued)*

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.

**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.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**k. Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are recognized initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through net income or loss, which are measured initially at fair value.

**Financial Assets:**

Financial assets are categorized for subsequent measurement as follows:

*Amortized cost*

Financial assets that are held in a business model with the objective of collecting contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortized cost ("AC"). The Company's trade and other receivables are measured at amortized cost. Gains and losses are recognized in the statement of income when the trade and other receivables are derecognized or impaired.

*Financial assets at fair value through profit and loss*

Financial assets that are held for trading and derivative assets are required to be measured at fair value through profit and loss ("FVTPL"). Financial assets that meet certain conditions may be designated at fair value through profit and loss upon initial recognition. Upon initial recognition, attributable transaction costs are recognized in profit and loss as incurred.

Assets in this category are subsequently measured at fair value with gains or losses recognized in profit and loss. The fair values of derivative financial instruments are based on changes in observable prices in active markets or by a valuation technique where no market exists.

The company's cash and cash equivalents and short-term investments are designed as financial assets at fair value through profit and loss.

*Fair value through other comprehensive income*

Financial assets that are held to both collect contractual cash flows and for sale are required to be measured at fair value through other comprehensive income ("FVOCI"). Other financial assets, provided they are not held for trading and have not been designated as at fair value through profit and loss, can be designated as at fair value through other comprehensive income on initial recognition.

Gains and losses are recognized in other comprehensive income and presented in the available for sale reserve within equity, except for the accretion in value based on the effective interest method, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit and loss. Financial assets measured at fair value through other comprehensive income for which fair value cannot be estimated reliably, are measured at cost and any impairment losses are recognized in profit and loss. Upon initial recognition, attributable transaction costs are recognized in profit and loss as incurred. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity to profit and loss and presented as a reclassification adjustment within other comprehensive income.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**k. Financial instruments (continued)**

**Financial Liabilities:**

Financial liabilities are categorized as follows for subsequent measurement:

*Amortized cost*

Financial liabilities that are not otherwise measured as at fair value through profit and loss or designated at fair value are measured at amortized cost using the effective interest rate method. Any host contract in a hybrid instrument is also measured at amortized cost. Gains and losses are recognized in profit and loss when the liabilities are derecognized. Transaction costs incurred in connection with the issuance of loans and borrowings are capitalized and recorded as a reduction of the carrying amount of the related financial liabilities and amortized using the effective interest method.

The Company's financial liabilities measured at amortized cost include trade payables and accrued liabilities.

*Financial liabilities at fair value through profit and loss*

Financial liabilities that are held for trading and stand-alone derivative liabilities are required to be measured at fair value through profit and loss ("FVTPL"). When certain conditions are satisfied, embedded derivatives are required to be separately recognized and measured at fair value with subsequent changes in fair value recognized in profit and loss. A designation can be made at initial recognition for financial liabilities that include one or more embedded derivatives, provided the host contract is not a financial asset, to measure the entire hybrid instrument at fair value. Where certain criteria are met, for example measurement at amortized cost would create measurement inconsistencies, the financial liability can also be designated at fair value. For such designated financial liabilities, the amount of the change in fair value that relates to changes in the entity's own credit risk is recognized in other comprehensive income and the remaining amount of the change in fair value is recognized in profit and loss. All contingent consideration payable is also included in this category.

The Company has not designated any financial instruments as hedges for accounting purposes.

The fair values of financial liabilities are based on changes in observable prices in active markets or by a valuation technique where no market exists. Transaction costs attributable to the issuance of financial liabilities at fair value through profit and loss are recognized in profit and loss as incurred.

**Classification:**

All financial instruments measured at fair value and for which fair value is disclosed are categorized into one of three hierarchy levels. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**k. Financial instruments (continued)**

**Financial Liabilities (continued):**

Classification (continued):

- (i) Level 1 Inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;
- (ii) Level 2 Inputs - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 Inputs - techniques which use inputs which have a significant effect on the recorded fair value for the asset or liability that are not based on observable market data (unobservable inputs).

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.

|                                        | New measurement category under IFRS 9   |
|----------------------------------------|-----------------------------------------|
| Cash and cash equivalents              | Financial assets at FVTPL               |
| Short-term investments                 | Financial assets at FVTPL               |
| Trade and other receivables            | Financial assets at amortized cost      |
| Trade payables and accrued liabilities | Financial liabilities at amortized cost |

**I. 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.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

**I. 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.

**o. 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 financial statements.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**3. Summary of Accounting Policies (Continued)**

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

**IFRS 16 Leases** ("IFRS 16"): This standard replaces IAS 17 Leases ("IAS 17"). This standard introduces a single lease accounting model for lessees that will result in the recognition of a right-of-use asset, as well as a lease liability reflecting the present value of future lease payments. Depreciation expense on the right-of-use asset and interest expense on the lease liability will replace the operating lease expenses that were recognized under IAS 17. This new pronouncement is effective for periods beginning on or after January 1, 2019. The adoption of IFRS 16 will not result in any material changes in the Company's assets and liabilities.

**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. There are no changes from the prior year in the Company's capital structure.

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

|                           | November 30<br>2019 | November 30<br>2018 |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$1,889,330         | \$944,671           |
| Share capital             | \$1,102,694         | \$1,102,694         |
| Contributed surplus       | \$135,060           | \$135,060           |
| Retained earnings         | \$1,432,350         | \$1,521,252         |
| Total equity              | \$2,670,104         | \$2,759,006         |

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.

**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

**5. Property, Plant and Equipment**

| <b>Cost</b>             | <b>Balance,<br/>November 30, 2018</b> | <b>Additions</b> | <b>Disposals</b> | <b>Balance,<br/>November 30, 2019</b> |
|-------------------------|---------------------------------------|------------------|------------------|---------------------------------------|
| 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                                 |
|                         | <b>\$622,893</b>                      | <b>\$0</b>       | <b>\$0</b>       | <b>\$622,893</b>                      |

| <b>Accumulated<br/>Depreciation</b> | <b>Balance,<br/>November 30, 2018</b> | <b>Amortization</b> | <b>Disposals</b> | <b>Balance,<br/>November 30, 2019</b> |
|-------------------------------------|---------------------------------------|---------------------|------------------|---------------------------------------|
| Leasehold Improvements              | \$73,138                              |                     |                  | \$73,138                              |
| Computer Equipment                  | 257,417                               | 1,285               |                  | 258,702                               |
| Computer Software                   | 63,063                                |                     |                  | 63,063                                |
| Equipment and Furniture             | 199,912                               | 3,585               |                  | 203,497                               |
| Vehicles                            | 7,155                                 |                     |                  | 7,155                                 |
|                                     | <b>\$600,685</b>                      | <b>\$4,870</b>      | <b>\$0</b>       | <b>\$605,555</b>                      |

|                       |                 |  |  |                 |
|-----------------------|-----------------|--|--|-----------------|
| <b>Carrying Value</b> | <b>\$22,208</b> |  |  | <b>\$17,338</b> |
|-----------------------|-----------------|--|--|-----------------|

| <b>Cost</b>             | <b>Balance,<br/>November 30, 2017</b> | <b>Additions</b> | <b>Disposals</b> | <b>Balance,<br/>November 30, 2018</b> |
|-------------------------|---------------------------------------|------------------|------------------|---------------------------------------|
| 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                                 |
|                         | <b>\$622,893</b>                      | <b>\$0</b>       | <b>\$0</b>       | <b>\$622,893</b>                      |

| <b>Accumulated<br/>Depreciation</b> | <b>Balance,<br/>November 30, 2017</b> | <b>Amortization</b> | <b>Disposals</b> | <b>Balance,<br/>November 30, 2018</b> |
|-------------------------------------|---------------------------------------|---------------------|------------------|---------------------------------------|
| Leasehold Improvements              | \$73,138                              |                     |                  | \$73,138                              |
| Computer Equipment                  | 255,581                               | 1,836               |                  | 257,417                               |
| Computer Software                   | 63,063                                |                     |                  | 63,063                                |
| Equipment and Furniture             | 195,431                               | 4,481               |                  | 199,912                               |
| Vehicles                            | 7,155                                 |                     |                  | 7,155                                 |
|                                     | <b>\$594,368</b>                      | <b>\$6,317</b>      | <b>\$0</b>       | <b>\$600,685</b>                      |

|                       |                 |  |  |                 |
|-----------------------|-----------------|--|--|-----------------|
| <b>Carrying Value</b> | <b>\$28,525</b> |  |  | <b>\$22,208</b> |
|-----------------------|-----------------|--|--|-----------------|

**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

**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

Balance as at November 30, 2019 and November 30, 2018

| Number    | Amount       |
|-----------|--------------|
| 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<br>Options | Nov 30, 2019<br>Weighted<br>average<br>Exercise price | Number of<br>Options | Nov 30, 2018<br>Weighted<br>average<br>Exercise price |
|------------------------------|----------------------|-------------------------------------------------------|----------------------|-------------------------------------------------------|
| Balance, beginning of period | 200,000              | \$ 0.40                                               | 250,000              | \$ 0.40                                               |
| Granted                      | 0                    | \$ 0.00                                               | 0                    | \$ 0.00                                               |
| Exercised                    | 0                    | \$ 0.00                                               | 0                    | \$ 0.00                                               |
| Cancelled                    | 0                    | \$ 0.00                                               | 50,000               | \$ 0.40                                               |
| Balance, end of period       | 200,000              | \$ 0.40                                               | 200,000              | \$ 0.40                                               |

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 with an expiry date of February 03, 2021. During the year ended November 30, 2018, 50,000 stock options were cancelled upon the resignation of a director. This was reflected in the contributed surplus accounts in the consolidated statements of changes in equity. There were no options granted in the fiscal 2019 and 2018.

For the year ended November 30, 2019:

| Exercise Price | Number of Options | Options outstanding<br>Weighted average remaining contractual life (years) | Weighted average exercise price | Options exercisable<br>Number of Options | Weighted average exercise price |
|----------------|-------------------|----------------------------------------------------------------------------|---------------------------------|------------------------------------------|---------------------------------|
| \$ 0.40        | 200,000           | 1.18                                                                       | \$ 0.40                         | 200,000                                  | \$ 0.40                         |

**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

**6. Share Capital (Continued)**

For the year ended November 30, 2018:

| Exercise Price | Number of Options | Options outstanding                                 | Weighted average exercise price | Number of Options | Options exercisable             |
|----------------|-------------------|-----------------------------------------------------|---------------------------------|-------------------|---------------------------------|
|                |                   | Weighted average remaining contractual life (years) |                                 |                   | Weighted average exercise price |
| \$ 0.40        | 200,000           | 2.18                                                | \$ 0.40                         | 200,000           | \$ 0.40                         |

There are no warrants outstanding as at November 30, 2019 and 2018. The Company had no comprehensive income transactions, other than its net income, presented in the consolidated statements of income and comprehensive income, nor has the Company accumulated other comprehensive income during the reporting periods.

**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 years ended:

|                                                                 | November 30<br>2019 | November 30<br>2018 |
|-----------------------------------------------------------------|---------------------|---------------------|
| Aircraft management revenues:                                   |                     |                     |
| Revenue from a company controlled by a Director                 | \$460,520           | \$400,693           |
| Aircraft operating expenses:                                    |                     |                     |
| Purchases from companies controlled by a Director               | \$1,214,472         | \$1,170,826         |
| Charter expenses:                                               |                     |                     |
| Purchases from companies controlled by a Director               | \$283,685           | \$651,822           |
| Maintenance expenses:                                           |                     |                     |
| Purchases from a company controlled by a Director               | \$1,882,096         | \$2,893,751         |
| General and administrative expenses:                            |                     |                     |
| Directors fees and related director expenses                    | \$26,686            | \$37,823            |
| Administrative services from a company controlled by a Director | \$228,000           | \$228,000           |
| Office expenses paid by companies controlled by a Director      | \$80,255            | \$12,506            |

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

|                           | Years ended       |                   |
|---------------------------|-------------------|-------------------|
|                           | November 30, 2019 | November 30, 2018 |
| Short-term benefits       | \$184,564         | \$115,000         |
| <b>Total remuneration</b> | <b>\$184,564</b>  | <b>\$115,000</b>  |

# Partner Jet Corp.

## Notes to Consolidated Financial Statements

For the years ended November 30, 2019 and 2018

### 7. Related Party Transactions (Continued)

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

|                                                    | November 30<br>2019 | November 30<br>2018 |
|----------------------------------------------------|---------------------|---------------------|
| Trade and other receivables:                       |                     |                     |
| Receivable from companies controlled by a Director | \$ 1,153,109        | \$ 149              |
| Prepayments:                                       |                     |                     |
| Prepaid to a company controlled by a Director      | 162,200             | 172,114             |
| Trade payables and accrued liabilities:            |                     |                     |
| Payable to companies controlled by a Director      | \$ 279,077          | \$ 43,452           |

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. The exchange amount approximates fair market value.

### 8. Commitments

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

|                                                   | Minimum Payments |
|---------------------------------------------------|------------------|
| Not later than one year                           | \$ 528,737       |
| Later than one year and not later than five years | 1,011,809        |
| Total                                             | \$ 1,540,546     |

### 9. Basic and Fully Diluted Earnings per Share

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

|                                                                | Years Ended         |                     |
|----------------------------------------------------------------|---------------------|---------------------|
|                                                                | November 30<br>2019 | November 30<br>2018 |
| Basic (loss) earnings available to common shareholders         | (\$65,831)          | \$330,837           |
| Weighted average number of common shares outstanding basic     | 9,078,774           | 9,078,774           |
| Basic (loss) earnings per share                                | (0.0073)            | 0.0364              |
| Weighted average number of common shares outstanding           | 9,078,774           | 9,078,774           |
| Assumed exercise of outstanding dilutive options               | 250,000             | 250,000             |
| Shares purchased from proceeds of assumed exercise options     | (526,316)           | (344,828)           |
| Weighted average number of common shares outstanding - diluted | 8,802,458           | 8,983,946           |
| Diluted (loss) earnings per share                              | (0.0073)            | 0.0364              |

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**9. Basic and Fully Diluted Earnings per Share (Continued)**

The effects of the stock options for the years ended November 30, 2019 and 2018 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 financial assets, and measured at fair value through profit or loss. Trade and other receivables are classified as financial assets, and measured at amortized cost. Trade payables and accrued liabilities are classified as financial liabilities, and measured at amortized cost (note 3k).

The carrying values and fair values of financial assets and liabilities as at November 30, 2019 and November 30, 2018 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.

**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. There is no indication, as at this date, that the debtors will not meet their obligations, except as has been provided for as bad debts during 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.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

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**10. Financial Instruments and Risk Factors (Continued)**

**Risk Management (continued)**

b) Foreign Currency Risk

The Company is exposed to currency risk as certain operating activities which 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                         | November 30<br>2019 | November 30<br>2018 |
|---------------------------------------|---------------------|---------------------|
| Cash                                  | \$184,838           | \$11,865            |
| Trade and other receivables           | -                   | 72,573              |
| Trade payable and accrued liabilities | (134,433)           | (31,682)            |
| Net US dollar assets (liabilities)    | \$50,405            | \$52,756            |

The amounts were translated at the US dollar / Canadian dollar exchange rate of 1.3289 as at November 30, 2019 (1.3301 as at November 30, 2018).

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.

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.

**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

For the years ended November 30, 2019 and 2018

**10. Financial Instruments and Risk Factors (Continued)**

**Risk Management (continued)**

f) Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes that a 10% movement in interest rates and foreign exchange rates that may reasonably be expected to occur over the next twelve month period will not have a significant impact on the Company.

**11. Income Taxes**

The provision for income taxes differs from that which would be expected by applying the combined federal and provincial statutory rates. A reconciliation of the difference is as follows:

|                                          | November 30<br>2019 | November 30<br>2018 |
|------------------------------------------|---------------------|---------------------|
| (Loss) Income before (recovery) taxes    | \$ (87,061)         | \$ 453,911          |
| Income tax rate                          | 26.50%              | 26.50%              |
| Expected income tax (recovery) provision | (23,071)            | 120,286             |
| Add (Deduct):                            |                     |                     |
| Permanent Tax Differences                | -                   | -                   |
| Temporary Tax Differences                | 1,841               | 2,788               |
| Actual tax (recovery) provision          | \$ (21,230)         | \$ 123,074          |
| Current income tax (recovery) expense    | (21,230)            | 123,074             |
| Future income tax expense                | -                   | -                   |
|                                          | <u>\$ (21,230)</u>  | <u>\$ 123,074</u>   |

The components of future income taxes are as follows:

|                                   | November 30<br>2019 | November 30<br>2018 |
|-----------------------------------|---------------------|---------------------|
| Future income tax asset           |                     |                     |
| Net Operating Losses Carryforward | \$ -                | \$ -                |
| Property, plant and equipment     | -                   | -                   |
| Less: Valuation Allowances        | -                   | -                   |
| Total future income tax asset     | <u>\$ -</u>         | <u>\$ -</u>         |

The Company has no non-capital losses available to offset future income, for tax purposes.

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**Partner Jet Corp.**  
**Notes to Consolidated Financial Statements**

**For the years ended November 30, 2019 and 2018**

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**12. Subsequent Events**

Subsequent to the year end, the Company entered into an aircraft purchase and sale agreement with a related party, where in it purchased a Cessna C-750 Citation X Aircraft for a total consideration of \$3,912,650. The purchase price is to be paid as follows:

- (i) The initial payment of \$1,500,000 is in the form of a credit issued by the Company to the seller against outstanding accounts between the buyer and the seller.
- (ii) The balance is a promissory note of \$2,412,650 with interest payable on the unpaid principal at the rate of 5.00 percent per annum, calculated annually. This promissory note will be repaid in consecutive monthly installments of \$20,000 for 48 months with the balance then owing under this note being paid at that time.

The Canadian economy is currently undergoing significant uncertainties due to the impact of the COVID19 Virus. This uncertainty in the economy has and will continue to pose a major challenge to the ongoing operations of all travel related companies. The volatile effect of this COVID19 Virus on the economy and the Company is not currently determinable but will pose a major business risk on a go forward basis.