Partner Jet Corp.

Condensed Consolidated Interim Financial Statements
For the three and six months ended May 31, 2020 and May 31, 2019
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

		May 31 2020		November 30 2019
Assets				
Current				
Cash and cash equivalents	**$**	**908,920**	$	1,889,330
Trade and other receivables (note 7)		**2,378,111**		1,740,804
Income taxes receivable		**26,262**		26,262
Prepaid expenses (note 7)		**67,285**		192,203
		3,380,578		3,848,599
Property, plant and equipment (note 5)		**15,454**		17,338
Total Assets	**$**	**3,396,032**	$	3,865,937
Liabilities				
Current				
Trade payables and accrued liabilities (note 7)	**$**	**1,062,103**	$	771,397
Unearned revenues		**44,580**		401,365
		1,106,683		1,172,762
Total Liabilities		**1,106,683**		1,172,762
Shareholders' Equity				
Share capital (note 6)		**1,102,694**		1,102,694
Contributed surplus (note 6)		**135,060**		135,060
Retained earnings		**1,051,595**		1,455,421
Total Shareholders' Equity		**2,289,349**		2,693,175
Total Liabilities and Shareholders' Equity	**$**	**3,396,032**	$	3,865,937

Commitments (note 8)

Approved on behalf of the Board:

"Richard Gage"
_________________________________ Director

"Samuel Ingram"
_________________________________ 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		Six months ended	
	May 31	May 31	**May 31**	May 31
	2020	2019	**2020**	2019
Revenue				
Aircraft Management (note 7)	**$ 725,050**	$ 1,374,629	**$ 1,744,064**	$ 2,527,765
Charter activities	**431,846**	604,390	**812,113**	1,122,558
Maintenance	**154,301**	494,803	**1,238,268**	903,153
	1,311,197	2,473,822	**3,794,445**	4,553,476
Expenses – Aircraft Operations				
Aircraft operating costs (note 7)	**776,663**	1,341,745	**1,776,412**	2,387,717
Charter activities (note 7)	**683,924**	558,758	**1,022,934**	1,018,290
Maintenance (note 7)	**149,101**	489,993	**1,199,856**	888,692
	1,609,688	2,390,496	**3,999,202**	4,294,699
	(298,491)	83,326	**(204,757)**	258,777
Expenses – General Operations				
Amortization	**942**	1,217	**1,884**	2,435
Foreign exchange loss	**12,223**	5,355	**17,375**	6,188
General and administrative (note 7)	**148,384**	203,209	**291,417**	360,058
	161,549	209,781	**310,676**	368,681
Non-operating Income				
Canada Emergency Wage Subsidy (note 11)	**111,607**	-	**111,607**	-
	111,607	-	**111,607**	-
Net (loss) before income taxes	**(348,433)**	(126,455)	**(403,826)**	(109,904)
Income taxes (recovery)	**-**	(4,386)	**-**	-
Net and comprehensive (loss)	**(348,433)**	(122,069)	**(403,826)**	(109,904)
(Loss) per share – basic	**(0.0384)**	(0.0134)	**(0.0445)**	(0.0121)
(Loss) per share – fully diluted	**(0.0384)**	(0.0134)	**(0.0445)**	(0.0121)

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, 2019 (Note 6)	**$ 1,102,694**	**$ 74,000**	**$ 61,060**	**$ 1,455,421**	**$ 2,693,175**
Net (loss)	-	-	-	(403,826)	(403,826)
Balance, May 31, 2020 (Note 6)	**$ 1,102,694**	**$ 74,000**	**$ 61,060**	**$ 1,051,595**	**$ 2,289,349**

	Share Capital	Contributed Surplus - Stock Options	Contributed Surplus - Cancelled Stock Options	Retained Earnings/Deficit	Total Shareholder's Equity
Balance, November 30, 2018 (Note 6)	**$ 1,102,694**	**$ 74,000**	**$ 61,060**	**$ 1,521,252**	**$ 2,759,006**
Net (loss)	-	-	-	(109,904)	(109,904)
Balance, May 31, 2019 (Note 6)	**$ 1,102,694**	**$ 74,000**	**$ 61,060**	**$ 1,411,348**	**$ 2,649,102**

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		Six months ended	
	May 31	May 31	**May 31**	May 31
	2020	2019	**2020**	2019
Operating Activities				
Net and comprehensive (loss)	**$ (348,433)**	$ (122,069)	**$ (403,826)**	$ (109,904)
Non-cash items:				
Amortization	**942**	1,217	**1,884**	2,435
	(347,491)	(120,852)	**(401,942)**	(107,469)
Changes in non-cash working capital balances:				
Trade and other receivables	**370,638**	(350,130)	**(637,307)**	(93,452)
Prepaid expenses	**(45,712)**	(297,619)	**124,918**	(445,542)
Trade payables and accrued liabilities	**(180,943)**	114,105	**290,706**	220,138
Income taxes payable	**-**	(4,386)	**-**	(12,102)
Unearned revenues	**(124,655)**	181,766	**(356,785)**	204,222
Cash (used in) operating activities	**(328,163)**	(477,116)	**(980,410)**	(234,205)
(Decrease) in cash	**(328,163)**	(477,116)	**(980,410)**	(234,205)
Cash and cash equivalents, beginning	**1,237,083**	1,187,582	**1,889,330**	944,671
Cash and cash equivalents, ending	**$ 908,920**	$ 710,466	**$ 908,920**	$ 710,466
Comprised of:				
Cash	**$ 890,266**	$ 692,123	**$ 890,266**	$ 692,123
Cash equivalents	**$ 18,654**	$ 18,343	**$ 18,654**	$ 18,343
Total:	**$ 908,920**	$ 710,466	**$ 908,920**	$ 710,466

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 aircraft management, private aircraft charter sales and flight support services capable of operating a wide range of corporate aircraft. The Company's revenue is generated through aircraft management contracts, charter and sub-charter activities, and 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 condensed consolidated interim financial statements of the Company, approved by the Board of Directors on July 30, 2019, have been prepared consistently in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The police applied in these condensed consolidated interim financial statements are based on IFRS effective or issued as at July 30, 2020.

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, 2019.

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.

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:

3. Summary of Accounting Policies (Continued)

d. Property, plant and equipment (continued)

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 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.

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. 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.

3. Summary of Accounting Policies (Continued)

h. Leases

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.

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.

3. Summary of Accounting Policies (Continued)

k. Financial instruments (continued)

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.

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:

3. Summary of Accounting Policies (Continued)

k. Financial instruments (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

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.

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.

3. Summary of Accounting Policies (Continued)

o. 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.

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

	May 31 2020	November 30 2019
Cash and cash equivalents	$908,920	$1,889,330
Share capital	$1,102,694	$1,102,694
Contributed surplus	$135,060	$135,060
Retained earnings	$1,051,595	$1,455,421
Total equity	$2,289,349	$2,693,175

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, 2019	Additions	Disposals	Balance, May 31, 2020
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, 2019	Amortization	Disposals	Balance, May 31, 2020
Leasehold Improvements	$73,138			$73,138
Computer Equipment	258,702	450		259,152
Computer Software	63,063			63,063
Equipment and Furniture	203,497	1,434		204,931
Vehicles	7,155			7,155
	$605,555	**$1,884**	**$0**	**$607,439**
Carrying Value	**$17,338**			**$15,454**

Cost	Balance, November 30, 2018	Additions	Disposals	Balance, May 31, 2019
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, 2018	Amortization	Disposals	Balance, May 31, 2019
Leasehold Improvements	$73,138			$73,138
Computer Equipment	257,417	643		258,060
Computer Software	63,063			63,063
Equipment and Furniture	199,912	1,792		201,704
Vehicles	7,155			7,155
	$600,685	**$2,435**	**$0**	**$603,120**
Carrying Value	**$22,208**			**$19,773**

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 May 31, 2020 and November 30, 2019	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	May 31, 2020 Weighted average Exercise price	Number of Options	Nov 30, 2019 Weighted average Exercise price
Balance, beginning of period	200,000	$ 0.40	200,000	$ 0.40
Granted	0	$ 0.00	0	$ 0.00
Exercised	0	$ 0.00	0	$ 0.00
Cancelled	0	$ 0.00	0	$ 0.00
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. There were no options granted in the six months ended May 31, 2020 and May 31, 2019.

There are no warrants outstanding as at May 31, 2020 and May 31, 2019. 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 six months ended:

	May 31 2020	May 31 2019
Aircraft management revenues:		
Revenue from a company controlled by a Director	$147,244	$204,442
Maintenance revenues:		
Revenue from a company controlled by a Director	228,210	-
Aircraft operating expenses:		
Purchases from companies controlled by a Director	$382,562	$722,172
Charter expenses:		
Purchases from companies controlled by a Director	$128,198	$160,260
Maintenance expenses:		
Purchases from a company controlled by a Director		$888,692
General and administrative expenses:		
Directors fees and related director expenses	$14,750	$15,354
Administrative services from a company controlled by a Director	$114,000	$114,000
Office expenses paid by companies controlled by a Director	$2,185	$32,350

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

	Three months ended		Six months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Short-term benefits	$60,250	$22,500	$122,750	$45,000
Total remuneration	**$60,250**	**$22,500**	**$122,750**	**$45,000**

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

	May 31 2020	November 30 2019
Trade and other receivables:		
Receivable from companies controlled by a Director	$ 1,765,634	$ 1,153,109
Prepayments:		
Prepaid to a company controlled by a Director	$ -	$ 162,200
Trade payables and accrued liabilities:		
Payable to companies controlled by a Director	$ 429,413	$ 279,077
Payable to Directors	$ 11,530	$ -

7. Related Party Transactions (Continued)

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

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	$ 427,141
Later than one year and not later than five years	572,316
Total	$ 999,457

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		Six months ended	
	May 31 2020	May 31 2019	May 31 2020	May 31 2019
Basic earnings (loss) available to common shareholders	($348,433)	($122,069)	($403,826)	($109,904)
Weighted average number of common shares outstanding - basic	9,078,774	9,078,774	9,078,774	9,078,774
Basic earnings (loss) per share	(0.0384)	(0.0134)	(0.0445)	(0.0121)
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	250,000	250,000
Shares purchased from proceeds of assumed exercise options	(1,000,000)	(384,615)	(1,000,000)	(384,615)
Weighted average number of common shares outstanding - diluted	8,328,774	8,944,159	8,328,774	8,944,159
Diluted earnings (loss) per share	(0.0384)	(0.0134)	(0.0445)	(0.0121)

The effects of the stock options for the six months ended May 31, 2020 and May 31, 2019 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 May 31, 2020 and November 30, 2019 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 dates, 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.

10. Financial Instruments and Risk Factors (Continued)

Risk Management (continued)

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	May 31 2020	November 30 2019
Cash	$7,001	$184,838
Trade and other receivables	139,710	-
Trade payable and accrued liabilites	(245,304)	(134,433)
Net US dollar assets (liabilities)	($98,593)	$50,405

The amounts were translated at the US dollar / Canadian dollar exchange rate of 1.3787 as at May 31, 2020 (1.3289 as at November 30, 2019).

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.

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. Canada Emergency Wage Subsidy

For the three months ended May 31, 2020, the Company recognized a $111,607 other income related to the Canada Emergency Wage Subsidy (CEWS) program. The Government of Canada announced that the CEWS program could be extended until December 2020. The Company continues to review its revenue relative to historic levels on a period-over-period basis to determine if the Company can apply and receive future funding under the CEWS program.

12. Subsequent Events

On March 19, 2020, the Company entered into an aircraft purchase and sale agreement with a related party, whereby it intends to purchase 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.

On July 20, 2020, the Company received TSX Venture Exchange acceptance for this transaction.

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.