

EARLY WARNING REPORT (FORM 62-103F1)

ITEM 1 – Security and Reporting Issuer

1.1 Designation of securities to which this report relates and the name and address of the head office of the issuer of the securities

Class A Shares (together with the Class B Shares, “Common Shares”) of Discovery Air Inc. (“Discovery”). Discovery’s head office is located at 170 Atwell Drive, Suite 370, Etobicoke, Ontario, M9W 5Z5.

1.2 Market in which the transaction or other occurrence that triggered the requirement to file this report took place

Common Shares were acquired in a private transaction.

ITEM 2 – Identity of the Acquiror

2.1 Name and address of the acquiror

Clairvest Group Inc. (“Clairvest”)

22 St. Clair Avenue East, Suite 1700 Toronto, Ontario M4T 2S3

2.2 Date of transaction and description of transaction or other occurrence that triggered the requirement to file this report and brief description of the transaction or other occurrence

On December 22, 2016, Clairvest announced that it acquired 4,179,122 Common Shares, representing approximately 5.1% of Discovery’s current issued and outstanding Common Shares, at a price of \$0.20 per share.

2.3 Name of any joint actors

Not applicable.

ITEM 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities

On December 22, 2016, Clairvest announced that it acquired 4,179,122 Common Shares, representing approximately 5.1% of Discovery’s current issued and outstanding Common Shares, at a price of \$0.20 per share.

Prior to the above described transaction, Clairvest and persons acting jointly and in concert with Clairvest owned, or exercised control or direction over, 66,422,606 Common Shares, representing 81% of Discovery's current issued and outstanding Common Shares. Clairvest and persons acting jointly with Clairvest also own, or exercise control or direction over, \$101,647,738 principal amount of convertible debentures of Discovery ("Debentures") that are convertible, in certain circumstances, into 8,814,148 Common Shares at a current effective conversion price of \$11.53 per Common Share. The 66,422,606 Common Shares that Clairvest and persons acting jointly with Clairvest owned, or exercised control or direction over, together with the 8,814,148 Common Shares issuable on conversion of the Debentures (which Common Shares have not been issued), would, if the Debentures were converted, represent 82.8% of Discovery's current issued and outstanding Common Shares on an "as converted" basis (but not giving effect to the conversion of other convertible securities issued by Discovery).

Following the completion of the above-described transaction, Clairvest together with persons acting jointly with Clairvest owns or exercises control over 70,601,728 Common Shares and, together with the 8,814,148 Common Shares issuable upon conversion of the Debentures would, if the Debentures were converted, represent approximately 87.5% of Discovery's current issued and outstanding shares on an "as converted" basis.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report

See 3.1 above.

3.3 If the transaction involved a securities lending arrangement, state that fact

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report

See 3.1 above.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) **the acquiror, either alone or together with any joint actors, has ownership and control,**

See 3.1 above.

- (b) **the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) **the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

- 3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings**

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding**

Not applicable.

ITEM 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total**

\$0.20 per Common Share and \$835,824.40 in aggregate.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror**

See 4.1 above. Consideration was paid in cash.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition

Not applicable.

ITEM 5 – Purpose of the Transaction

The acquisition of Common Shares was made for investment purposes.

ITEM 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Clairvest entered into purchase and sale agreements pursuant to which it agreed to purchase the Common Shares.

ITEM 7 – Change in Material Fact

Not applicable.

ITEM 8 – Exemption

The Common Shares were acquired in reliance upon the take-over bid exemption contained in section 4.2 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*. Specifically, (i) the acquisition was from not more than five persons, (ii) a bid was not generally made to holders of Common Shares and (iii) the per share consideration was not greater than 115% of the market price of the Common Shares on the date of the transaction.

CERTIFICATE

I, as the Chief Financial Officer of Clairvest, certify that the statements made in this report are true and complete in every respect.

Dated this 23rd day of December, 2016.

CLAIRVEST GROUP INC.

Per: “*Daniel Cheng*”

Daniel Cheng
Chief Financial Officer