

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

GENERAL

This Management Discussion & Analysis (“MD&A”) is intended to supplement and complement the condensed interim financial statements and accompanying notes of Canada Jetlines Operations Ltd. (the “Company” or “Jetlines”) for the six month period ended June 30, 2021. The information provided herein should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020 and the accompanying notes thereto.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. Financial statements and summary information derived therefrom are prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*.

Management is responsible for the preparation and integrity of the financial statements and MD&A, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company’s Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board’s audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company’s statutory filings on www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable securities laws. These forward-looking statements relate to future events or the future performance of the Company. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, or the negative of these terms or other comparable terminology. These forward-looking statements are only predictions. Actual events or results may differ materially. In addition, this MD&A may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions and known and unknown risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this MD&A speak only as of the date of this MD&A.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: expectations as to future operations of the Company; the Company’s anticipated financial performance; future development and growth prospects; expected general and administrative costs, costs of services and other costs and expenses; expected revenues; ability to meet current and future obligations; completion of the airline licensing process; terms with respect to the acquisition of aircraft; ability to obtain financing on acceptable terms or at all; and the Company’s business model and strategy.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Neither the Company nor any other person assumes responsibility for the outcome of the forward-looking statements.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

Many of the risks and other factors are beyond the control of the Company, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A. The risks and other factors include, but are not limited to: the availability of financial resources to fund the Company's expenditures; competition for, among other things, capital reserves and skilled personnel; protection of intellectual property; the impact of competition and the competitive response to the Company's business strategy; third party performance of obligations under contractual arrangements; prevailing regulatory, tax and other applicable laws and regulations; stock market volatility and market valuations; uncertainty in global financial markets; the impact of COVID-19 on global economic conditions; the successful negotiation of aircraft leases; the completion of the financing necessary to commence airline operations; and the other factors described under the heading "Risk Factors" in this MD&A.

These factors should not be considered exhaustive. With respect to forward-looking statements contained in this MD&A, the Company has made assumptions regarding, among other things: the impact of increasing competition; conditions in general economic and financial markets; current technology; cash flow; future exchange rates; timing and amount of capital expenditures; effects of regulation by governmental agencies; future operating costs; and the Company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive and that additional information on these and other factors that could affect the Company's operations or financial results is discussed in this MD&A. The above summary of assumptions and risks related to forward-looking statements is included in this MD&A in order to provide readers with a more complete perspective on the future operations of the Company. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company is not under any duty to update or revise any of the forward-looking statements except as expressly required by applicable securities laws.

DESCRIPTION OF BUSINESS

Canada Jetlines Operations Ltd. (the "Company" or "Jetlines") was amalgamated under the laws of British Columbia pursuant to the *Canada Business Corporations Act* ("CBCA") effective February 28, 2017. The Company's principal business activity is the start-up of a Canadian low cost carrier airline that intends to begin operations, pending Canadian Transportation Agency approval, as a Tour Operator with flights into popular sun destinations in the USA, Mexico and the Caribbean. The address of the Company's registered office is #2400 – 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 3P3. The Company was a wholly owned subsidiary of Global Crossing Airlines Group Inc. ("GlobalX"), whose shares trade on the TSX Venture Exchange (the "Exchange" or "TSXV") under the symbol "JET".

OUTLOOK

The proceeds from the issuance of shares are being used to further the business objectives of the Company in launching an airline in Canada through its pre-operating stage, including making deposit payments for initial aircraft, advancing the domestic licensing process, augmenting the leadership team with operations, financial and commercial personnel, branding and marketing activities, signing of commercial and operational agreements, as well as advancing internet, digital media and information technology systems initiatives. Further funding, in the form of debt, equity or other facilities, will be required to take delivery of aircraft, meet domestic licensing financial capability requirements and to complete the build-out of the airline with aircraft, personnel, inventory, training, paying necessary up-front deposits, finalizing sales and administrative systems and other launch activities, as well as for general and administrative expenditures and working capital.

The process to start a new airline commences with the Canadian Transportation Agency (the "Agency"), which acting on behalf of the Canadian Government, is an independent, quasi-judicial tribunal and regulator with the powers of a superior court. As a regulator, the Agency makes determinations and issues authorities, licenses and permits to transportation carriers under federal jurisdiction. There are four criteria that must be satisfied to achieve a domestic 705 license:

1. Jetlines is a Canadian company or is exempted from that requirement under section 62 of the CTA;

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

2. Jetlines holds a Canadian aviation document (Air Operator Certificate issued by Transport Canada) that is valid in respect of the air service to be provided under the license;
3. Jetlines has the liability insurance coverage required by section 7 of the CTA in respect of the air service to be provided under the license and has complied with section 8 of the CTA; and
4. Where Jetlines is required to meet the financial requirements set out in section 8.1 of the CTA, Jetlines meets those requirements.

The application to acquire a domestic service, large aircraft license includes establishing an agreed value for the work, deposits and reserves required to complete the pre-revenue build-out and the first 90 days of operations.

The Company has retained a team of experienced subject matter experts in order to complete the Transport Canada Air Operator Certificate process. Pending funding to the approval of the Agency, the completion of the Transport Canada Air Operator Certificate ("AOC") and being properly insured, the Company will receive its airline license to operate as an airline in Canada. The Company can make a request to the Agency to sell airline tickets prior to the licensing process being completed. The pre-selling of airline tickets combined with full operational funding could allow first operational flight to occur forthwith the completion of the licensing process.

Upon receipt of its license to operate in Canada and once otherwise eligible, Jetlines intends to apply for a foreign air carrier permit or an exemption therefrom from the U.S. Department of Transportation (the "U.S. Department") in order to allow Jetlines to fly into destinations in the United States. Jetlines also intends to concurrently apply for similar approvals from the regulatory authorities in Mexico and certain Caribbean countries. Provided such licenses, permits or exemptions are received, Jetlines expects to grow its business significantly by increasing its route network throughout Canada and to selected locations in the United States, Mexico and the Caribbean.

Jetlines expects to commence operations with one aircraft and to lease further aircraft.

SPIN-OUT TRANSACTION

On May 19, 2021, the Company entered into a Second Amended and Restatement Agreement with GlobalX to complete a plan of arrangement under the CBCA (the "Plan of Arrangement"), which was finalized on June 28, 2021. Pursuant to the Plan of Arrangement, the Company subdivided its issued and outstanding voting shares on a 1 to 2.1877 basis (the "Share Split") and distributed 25,052,359 voting shares to GlobalX shareholders, with the remaining 8,350,786 voting shares being retained by GlobalX. Upon completion of the Plan of Arrangement, the Company had 11,070,675 common voting shares and 22,332,470 variable voting shares issued and outstanding. All share and per share information within this MD&A reflect the Share Split.

PRIVATE PLACEMENT

On August 6, 2021, the Company closed its non-brokered private placement (the "Offering"). Due to investor demand, the Company increased the size of the Offering from \$5,000,000 and closed on final gross proceeds of \$6,599,065. The Offering consisted of 16,497,662 units issued at \$0.40 per unit (each a "Unit"). Each Unit consists of, depending on residency of the subscriber, one common voting share or one variable voting share and one half of one warrant (each whole warrant a "Warrant"). Each Warrant entitles the holder thereof to purchase an additional share for \$0.70 for a period of 24 months after closing. Subscribers who are Canadian received common voting shares and subscribers who are not Canadian received variable voting shares. The Company also paid \$450,131 and issued 1,125,328 Warrants to finders as part of a finder's fee for certain subscribers who participated in the Offering. The Company intends to use the net proceeds of the Offering to advance the Canadian airline licensing process and for general corporate and working capital purposes.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

REVIEW OF FINANCIAL RESULTS

Income (loss) and comprehensive income (loss) for the period

For the three and six month periods ended June 30, 2021, the Company reported comprehensive loss from operations in the amount of \$(147,775) and \$(169,511) or \$(0.00) and \$(0.01) per share, respectively, compared to comprehensive income of \$204,722 and \$198,516 or \$0.01 and \$0.01 per share for the same periods in the prior year. The increase in loss from operations in the amounts of \$352,497 and \$367,027, respectively, is explained by increased corporate and operational activities detailed below.

During the three and six month periods ended June 30, 2021, the Company incurred aircraft launch, licensing and route network related costs in the amounts of \$Nil (2020 – \$Nil) and \$Nil (2020 – \$2,166), respectively, in connection with residual expenditures relating to advancing financing efforts.

During the three and six month periods ended June 30, 2021, the Company incurred consulting expenses in the amounts of \$75,981 (2020 – \$Nil) and \$83,481 (2020 – \$Nil), respectively, in connection with payments to key individuals and management as Company operations significantly increased during the current period.

During the three and six month periods ended June 30, 2021, the Company earned interest income of \$17 (2020 – \$179) and \$19 (2020 – \$789), respectively, in connection with interest earned on excess cash on hand and is a function of average cash balances during the year.

The Company recorded a foreign exchange loss for the three and six month periods ended June 30, 2021 in the amounts of \$543 (2020 – \$1,622) and \$159 (2020 – \$2,546), respectively, with respect to transactions and balances denominated in USD dollars and the impact of fluctuations in the exchange rate.

During the three and six month periods ended June 30, 2021, the Company incurred investor relations and marketing expenses in the amounts of \$Nil (2020 – \$9,234) and \$Nil (2020 – \$9,234), respectively, which relates to overall public relations expenses spent in the previous periods. In the current period, there were no amounts spent on investor relations and marketing.

During the three and six month periods ended June 30, 2021, the Company incurred office and administration expenses in the amounts of \$3,990 (2020 – \$3,414) and \$5,888 (2020 – \$7,358), respectively, to support ongoing corporate activities.

Professional fees for three and six month periods ended June 30, 2021, totaled \$10,000 (2020 – \$3,166) and \$10,000 (2020 – \$2,408), respectively, related to accounting, audit, consulting and legal fees. The increase is due to auditor fees for the current period, which was not incurred in the prior period.

During the three and six month periods ended June 30, 2021, the Company incurred share-based payments expenses in the amounts of \$1,973 (2020 – \$Nil) and \$1,973 (2020 – \$Nil), respectively, in connection with Restricted Stock Units (“RSUs”) granted during the period.

During the three and six month periods ended June 30, 2021, the Company incurred transaction costs in the amounts of \$47,782 (2020 – \$Nil) and \$47,782 (2020 – \$Nil), respectively, in connection with the Plan of Arrangement transaction. These are one-time costs, which include legal, consulting, regulatory and filing fees, related to the spin-out of the Company.

During the three and six month periods ended June 30, 2021, the Company incurred travel expenses in the amounts of \$7,523 (2020 – \$Nil) and \$20,247 (2020 – \$Nil), respectively, in connection with travel expenses incurred by management during the period. The increase is due to the increase in operational activity by management during the current period, which required them to fly to different locations for meetings, on-site work, and observations.

During the three and six month periods ended June 30, 2021, the Company recorded a gain on sale of computer equipment of \$Nil (2020 – \$250) and \$Nil (2020 – \$195), respectively, in connection with the sale of computer equipment during in the prior period. These transactions did not occur again for the current period.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

During the three and six month periods ended June 30, 2021, the Company recorded a gain on the extinguishment of debt in the amounts of \$Nil (2020 – \$222,004) and \$Nil (2020 – \$222,004), respectively. The gain in prior period resulted from settlements with a former employee and various third party vendors, which primarily involved issuance of GlobalX shares as form of payment. This did not occur again for the current period.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's financial operations for the last eight quarters. For more detailed information, please refer to the condensed interim financial statements.

	Q2	Q1	Q4	Q3
	June 30,	March 31,	December 31,	September 30,
Description	2021	2021	2020	2020
	(\$)	(\$)	(\$)	(\$)
Loss and comprehensive loss	(147,775)	(21,736)	(38,620)	(2,063)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)
	Q2	Q1	Q4	Q3
	June 30,	March 31,	December 31,	September 30,
Description	2020	2020	2019	2019
	(\$)	(\$)	(\$)	(\$)
Income (loss) and comprehensive income (loss)	204,722	(6,206)	(3,712,545)	(599,497)
Earnings (loss) per share	0.01	(0.00)	(0.11)	(0.02)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company had a larger loss in the quarter ended September 30, 2019 as it was actively pursuing the start-up of airline operations at that time. The significant loss in the quarter ended December 31, 2019 primarily relates to impairment of assets as a result of termination of an aircraft lease agreement suspension of the Company's operations. Subsequently, the Company went into care and maintenance mode and resumed start-up activities in the quarter ended June 30, 2021.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2021, the Company had cash in the amount of \$6,058 (December 31, 2020 – \$3,170) and a working capital deficit in the amount of \$382,967 (December 31, 2020 – \$336,804). The decrease in working capital in the amount of \$46,163 is explained by an increase in operating activities during the six month period ended June 30, 2021.

At present, the Company has no current operating income or cash flows. Without additional financing, the Company will be unable to fund general and administrative expenses and working capital requirements for the next 12 months. Subsequent to the six month period ended June 30, 2021, the Company completed the Offering for gross proceeds of \$6,599,065. The Company believes that with the proceeds of the Offering, it has sufficient cash to complete the next steps in the airline licensing process but it will require additional funding prior to the launch of airline operations. To date, the Company's operations have been almost entirely financed from equity financings. The Company will continue to identify financing opportunities in order to provide additional financial flexibility. While the Company has been successful raising the necessary funds in the past, there can be no assurance it can do so in the future.

The Company's cash are held in in highly liquid accounts. No amounts have been or are invested in asset-backed commercial paper.

Cash Flows

The Company's cash flows six month periods ended June 30, 2021 and 2020 are summarized in the table below.

	June 30, 2021	June 30, 2020
Cash provided by (used in) operating activities	\$ (118,487)	\$ 40,746
Cash provided by investing activities	-	28,795
Cash provided by (used in) financing activities	121,375	(168,599)
Change in cash during the period	2,888	(99,058)
Cash, beginning of the period	3,170	104,823
Cash, end of the period	\$ 6,058	\$ 5,765

Operating Activities

Cash used in operating activities adjusts loss for the period for non-cash items including, but not limited to, gain on asset disposal, gain on extinguishment of debt, and foreign exchange gains and losses. Cash used in operating activities also reflects changes in working capital items, such as receivables, prepaid expenses and amounts payable and accrued liabilities, which fluctuate in a manner that does not necessarily reflect predictable patterns for the overall use of cash, the generation of which depends almost entirely on sources of external financing to fund operations.

Refer to "Review of Financial Results" for further details with respect to operating activities for the six month periods ended June 30, 2021 and 2020.

Investing Activities

There were no investing activities during the six month period ended June 30, 2021.

During the six month period ended June 30, 2020, the Company sold all of its assets held for sale for cash proceeds in the amount of \$28,795.

Financing Activities

Financing activities for the six month period ended June 30, 2021 consist of the following activities:

- Contributions from (distributions to) former parent company in the amount of \$121,375 (2020 – \$(208,599)).
- Loan advance of the Canada Emergency Business Account ("CEBA") from the Government of Canada as part of the COVID-19 relief initiative in the amount of \$Nil (2020 – \$40,000).

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

STATEMENT OF FINANCIAL POSITION INFORMATION

	As at June 30, 2021	As at December 31, 2020
Cash	\$ 6,058	\$ 3,170
Receivables	2,642	-
Prepaid expenses	18,867	11,400
Total Assets	\$ 27,567	\$ 14,570
Accounts payable and accrued liabilities	\$ 410,534	\$ 351,374
Long-term loan payable	40,000	40,000
Share capital	2,879,895	2,879,895
Reserves	781,159	10,932,488
Deficit	(4,084,021)	(14,189,187)
Total Liabilities and Equity	\$ 27,567	\$ 14,570

Assets

Cash increased by \$2,888 during the six month period ended June 30, 2021 as a result of collections of Goods and Services Tax ("GST") and interest income earned. Cash flows are detailed in "Liquidity and Capital Resources". Operating activities are detailed in "Review of Financial Results".

Receivables increased by \$2,642 during the six month period ended June 30, 2021, related to the timing of collections of GST input tax credits received, net of GST paid.

As at June 30, 2021, prepaid expenses increased by \$7,467 compared to the balance as at December 31, 2020 which is primarily explained by a retainer being paid to a legal firm during the current period.

Liabilities

During the six month period ended June 30, 2021, accounts payable and accrued liabilities increased by \$59,160, which is explained by the increase in operational activity.

As at June 30, 2021, long-term loan payable consists of an interest-free CEBA loan in the amount of \$40,000 to help cover the Company's operating expenses, payroll and other non-deferrable expenses which are critical to sustain business continuity. The program has been implemented by the Government of Canada as part of the COVID-19 relief initiatives.

Equity

During the six month period ended June 30, 2021, the share capital balance remained unchanged at \$2,879,895.

Reserves decreased by \$10,151,329 during the six month period ended June 30, 2021, which mostly relate to reclassification of investment by the former parent company GlobalX from reserves to deficit as the accumulated net contributions by GlobalX was extinguished upon the completion of the Plan of Arrangement.

During the six month period ended June 30, 2021, the deficit decreased in the amount of \$10,105,166.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

SHARE CAPITAL

The Company has authorized an unlimited number of common voting shares and variable voting shares without par value (the “Voting Shares”). The common voting shares and variable voting shares rank equally as to dividends on a share-for-share basis, and all dividends declared in any fiscal year shall be declared in equal or equivalent amounts per share on all Voting Shares then outstanding, without preference or distinction.

Common voting shares

A common voting share carries one vote per common voting share.

Variable voting shares

Under the Company’s Articles, the variable voting shares carry one vote per variable voting share held, subject to an automatic reduction of the voting rights attached to variable voting shares in the event any of the applicable limits are exceeded. In such event, the votes attributable to variable voting shares will be affected as follows:

- first, if required, a reduction of the voting rights of any single non-Canadian owner (inclusive of any single non-Canadian owner authorized to provide air service) carrying more than 25% of the votes (the “Stage 1 Reduction”) to ensure that such non-Canadian owners never carry more than 25% of the votes that holders of voting shares cast at any meeting of shareholders;
- second, if required and after giving effect to the Stage 1 Reduction, a further proportional reduction of the voting rights of all non-Canadian owners authorized to provide an air service to ensure that such non-Canadian owners authorized to provide an air service (the “Stage 2 Reduction”), in the aggregate, never carry more than 25% of the votes that holders of voting shares cast at any meeting of shareholders; and
- third, if required and after giving effect to the Stage 1 Reduction and the Stage 2 Reduction if any, a proportional reduction of the voting rights for all non-Canadian owners as a class (the “Stage 3 Reduction”) to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes that owners of voting shares cast at any meeting of shareholders.

The Company has securities outstanding as follows:

Security Description	As at June 30, 2021	As at Date of MD&A
Common voting shares – issued and outstanding	11,070,675	27,527,752
Variable voting shares – issued and outstanding	22,332,470	22,373,055
Voting Shares issuable on vesting of restricted share units	4,800,000	4,800,000
Voting Shares issuable on exercise of stock options	Nil	Nil
Voting Shares issuable on exercise of warrants	Nil	9,374,159
Voting Shares – fully diluted	38,203,145	64,074,966

Share issuances

Plan of Arrangement Transaction

On June 28, 2021, the Company and GlobalX closed the Plan of Arrangement.

As of the closing of the Arrangement, there were a total of 33,403,145 Jetlines shares issued and outstanding (including the 8,350,786 shares that have been retained by Global Group which at the time represented 25% of the issued and outstanding Jetlines shares).

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

Private Placement

On August 6, 2021, the Company closed the Offering. The Offering consisted of 16,497,662 Units issued at \$0.40 per Unit. Each Unit consists of, depending on residency of the subscriber, one common voting share or one variable voting share and one half of one Warrant. Each Warrant entitles the holder thereof to purchase an additional share for \$0.70 for a period of 24 months after closing. Subscribers who are Canadian received common voting shares and subscribers who are not Canadian received variable voting shares. The Company also paid \$450,131 and issued 1,125,328 Warrants to finders as part of a finder's fee for certain subscribers who participated in the Offering.

Restricted share units

The Company grants restricted share units ("RSUs") to directors, officers, employees and consultants as compensation for services, pursuant to its RSU Plan (the "RSU Plan"). The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. At the election of the Board of Directors, upon each vesting date, participants receive (a) voting shares equal to the number of RSUs vesting; (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a voting share; or (c) a combination of (a) and (b).

On June 28, 2021, the Company granted 4,800,000 RSUs to various officers, directors, and consultants of the Company, whereby 50% of the RSUs vest at the first anniversary of the grant date and the remaining 50% vest on the second anniversary of the grant date.

During the period ended June 30, 2021, the Company recorded share-based payment expense of \$1,973, which was included in share-based payments expense.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying condensed interim financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, and Vice Presidents.

Remuneration attributed to key management personnel for the six month periods ended June 30, 2021 and 2020 is summarized as follows:

	2021	2020
Short-term benefits ⁽¹⁾	\$ 83,481	\$ -
Share-based payments	1,141	-
	<u>\$ 84,622</u>	<u>-</u>

⁽¹⁾ Short-term benefits include base salaries and directors' fees, pursuant to contractual employment or consultancy arrangements, management and consulting fees.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

Related party balances

Accounts payable and accrued liabilities

As at June 30, 2021, accounts payable and accrued liabilities include the following amounts due to related parties:

- Eddy Doyle, CEO and President of the Company - \$7,875 (December 31, 2020 - \$Nil) with respect to consulting services.
- Victor Charlebois, VP Flight Operations - \$6,882 (December 31, 2020 - \$Nil) with respect to consulting services.

The amounts due to related parties are unsecured, non-interest bearing and have no stated terms of repayment.

GOING CONCERN

The accompanying condensed interim financial statements of the Company have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon the Company's ability to continue to raise adequate financing and to commence profitable operations in the future. The Company is evaluating financing its future requirements through a combination of debt, equity and/or other facilities. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

As at June 30, 2021, the Company had a working capital deficit of \$382,967 and accumulated deficit of \$4,084,021. At present, the Company has no current operating income or cash flows. Without additional financing, the Company will be unable to fund general and administrative expenses and working capital requirements for the next 12 months. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended December 31, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting the supply, demand and pricing for many products and services. The airline industry is expected to be impacted significantly as many local and regional governments have issued public health orders and travel restrictions in response to COVID-19. As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company's ability to obtain additional financing. The impact of these factors on the Company is not yet determinable; however the Company's financial position, results of operations and cash flows in future periods may be materially affected. See also "Risk Factors".

CRITICAL ACCOUNTING ESTIMATES

The preparation of the accompanying condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The accompanying condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

Critical Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Going Concern

The preparation of the accompanying condensed interim financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1 of the condensed interim financial statements.

Key Sources of Estimation Uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

Valuation of restricted share units

The value of the restricted share units was based on the fair value of the of the Company's shares on the date of grant. The determination of the fair value of the Company's shares involved significant estimate as the Company's shares were not publicly traded on the date the restricted shares units were granted.

ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the accompanying condensed interim financial statements for the six month period ended June 30, 2021 and financial statements for the year ended December 31, 2020.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, as detailed below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and receivables. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company has no investments in asset-backed commercial paper. The Company's receivables consist mainly of Goods and Services Tax receivable due from the Government of Canada. As a result, the Company does not believe it is exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management. See "Outlook", "Going Concern" and "Liquidity and Capital Resources" for further details.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have any variable interest-bearing debt.

(b) Currency risk

At present, the Company's expenditures are predominantly in Canadian dollars. Future equity raised may be in either Canadian or US dollars. At this time, the Company does not have any currency hedges in place for fluctuations in the exchange rate between the Canadian dollar and the US dollar.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

RISK FACTORS

The development and ultimate operation of a Canadian charter airline involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are listed hereunder.

Ability to Obtain Additional Capital

The ability of the Company to execute its build-out strategy and achieve operations will depend on acquiring substantial additional financing through debt financing, equity financing, a strategic corporate transaction or other means. There are no assurances that such financing will be available, or if available, available upon terms acceptable to the Company. Failure to obtain such financing may result in the delay or indefinite postponement of such growth strategy or even impact the ability of the Company to continue as a going concern.

There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional financing is raised by the Company through the issuance of securities from treasury, control of the Company may change and shareholders may suffer dilution. If additional financing is not available, or if available, not available on satisfactory terms, this could result in a material adverse effect or could require the Company to reduce, delay, scale back or eliminate portions of its actual or proposed operations at the applicable time or could prevent the Company from continuing as a going concern. In such circumstance, purchasers could lose their entire investment in the Company.

A Localized Epidemic or Global Pandemic

A widespread outbreak of influenza or any other similarly communicable illness, occurring in the United States or Canada, or a World Health Organization travel advisory primarily relating to North American cities or regions could affect the Company's ability to continue full operations and could materially adversely affect customer demand for air travel. The current outbreak of the novel coronavirus (COVID-19) that was first reported from Wuhan, China in December 2019, and any future emergence and spread of similar pathogens could have a material adverse effect on global economic conditions which may adversely impact our business and results of operations and the operations of our suppliers, contractors and service providers, and the demand for our passenger charter flights. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally. The spread of the coronavirus may have a significant adverse impact on our workforce, production levels, and our ability to launch charter operations.

The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. The Company is not currently operating charter flights and as such the current COVID-19 pandemic does not have an impact on current operations, but it may have a material adverse effect on future operations.

Accuracy of Business Model

The accuracy of the Company's business model and the Company's ability to implement its business model is dependent on a number of inputs and assumptions, including:

- the timing and receipt of all regulatory approvals required or desirable for operations by the Company and their impact upon expectations as to future operations of the Company;
- the expected operations and performance of the Company's business as compared to the existing operators;
- the anticipated competitive response from existing operators as well as potential new market entrants which may compete with the Company;
- impact of governmental regulation on the Company;
- future development and growth prospects;
- expected operating costs, general administrative costs, costs of services and other costs and expenses;
- the anticipated increase in the size of the airline passenger market in Canada;

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

- ability to meet current and future obligations;
- treatment under governmental regulatory regimes;
- projections of market prices and costs;
- ability to obtain equipment, services and supplies in a timely manner, including the ability to lease or purchase aircraft; and
- ability to obtain financing on acceptable terms or at all.

Should one or more of these inputs and assumptions not be correct or fail to occur as anticipated then there is a risk that the Company's business model may not be implemented as anticipated and the Company may suffer a material adverse effect.

Lack of Operational History

The Company in the build-out stage of the airline and as a result, investors are unable to review and consider any operational history to evaluate future viability or profitability. The Company will be subject to the risks, difficulties and uncertainties associated with a start-up airline. The Company's future performance will depend upon a number of factors, including its ability to: maintain the safety and security of operations; capitalize on its business strategy; implement its growth strategy; provide the intended products and services at the prices anticipated; maintain adequate control of expenses; attract, retain and motivate qualified personnel; react to customer and market demands; and ability to generate operating revenue.

Regulatory Approvals Required

In order to commence airline operations in Canada, Jetlines must obtain its domestic 705 license ("Airline License") from the CTA and an Air Operator Certificate from Transport Canada. In order to obtain its Airline License and Air Operator Certificate, Jetlines must satisfy all the requirements of the CTA and Transport Canada, respectively. In order to meet these requirements, the Company will need to raise additional financing. There is no guarantee that the Company will raise sufficient financing and accordingly there is no guarantee that the Company will receive an Airline License or an Air Operator Certificate in accordance with its business plan. In addition, Jetlines intends to apply for a foreign air carrier permit or an exemption therefrom from the U.S. Department of Transportation (the "U.S. Department") in order to allow Jetlines to fly into destinations in the United States. Jetlines also intends to concurrently apply for similar approvals from the regulatory authorities in Mexico and certain Caribbean countries. There is no guarantee that the Company will receive these permits to fly to foreign destinations which would have a material adverse effect on the Company and its business plan.

Access to Aircraft and Capital Requirements

In order to operate in accordance with its business plan, the Company will need to acquire or lease aircraft. It is intended that the Company will enter into leasing arrangements for several aircraft initially and additional aircraft subsequently. While the Company does not anticipate any difficulties in entering into satisfactory leasing arrangements, there is no guarantee that the Company will be able to enter into leases for aircraft on terms satisfactory to it, or at all. The terms of the Company's leasing arrangements will impact upon the potential profitability of the Company's business. In the event that the Company is unable to acquire or lease aircraft on satisfactory terms, the Company will be unable to operate in accordance with its business plan. The Company's ability to pay any fixed costs associated with aircraft lease or purchase contractual obligations will depend on the Company's operating performance, cash flow, its ability to secure adequate financing, whether fuel prices continue at current price levels and/or further increase or decrease, further weakening or improving in the Canadian economy, as well as general economic and political conditions and other factors that are, to some extent, beyond the Company's control.

Price and Availability of Fuel

The Company will be dependent on fuel to operate its business, and therefore, will be exposed to the risk of volatile fuel prices. Fuel prices are impacted by a host of factors outside of the Company's control, such as significant weather events, market speculation, geopolitical tensions, refinery capacity, government taxes and levies, and global demand and supply. The Company's fuel costs are expected to make up one of the largest anticipated expenses of the Company. A significant change in the price of fuel would materially affect the Company's projected operating results and growth

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

strategy. A fuel supply shortage or significantly higher fuel prices could result in a curtailment of the Company's planned scheduled service. There can be no assurance that increases in the price of fuel can be off-set by fuel surcharges.

The Company does not plan to implement a fuel hedging program, although it may do so in the future. There can be no assurance that any fuel hedging program implemented by the Company will be sufficient to protect it against increases in the price of fuel due to inadequate fuel supplies or otherwise. Hedging programs also have inherent risks, including counterparty failure risk, which may deprive the Company of the benefit of "in the money" hedges and the financial exposure to post security for "out of the money" hedges.

The Company may be a party to litigation in the normal course of business or otherwise, which could affect its financial position and liquidity

From time to time, the Company is a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside Canada, arising in the ordinary course of our business or otherwise. The Company is currently involved in legal proceedings and claims that have not yet been fully resolved, and additional claims may arise in the future. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. Although the Company will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. For these and other reasons, the Company may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding is resolved against the Company, it could result in significant compensatory damages, and in certain circumstances punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief imposed on us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of the legal proceeding were to restrain the Company's ability to operate or market our services, our consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to the Company's reputation, which could adversely impact its business.

General economic conditions may adversely affect the Company's growth, future profitability, ability to finance and operations

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in metals prices and fuel and energy costs. Many industries have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on investor confidence and general financial market liquidity, all of which may adversely affect our business and the market price of our securities.

In addition, the current outbreak of the novel coronavirus (COVID-19) that was first reported from Wuhan, China in December 2019, and any future emergence and spread of similar pathogens could have a material adverse effect on global economic conditions which may adversely impact our business and results of operations and the operations of our suppliers, contractors and service providers, and the demand for domestic and international travel. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally. The extent to which the novel coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the novel coronavirus and the actions taken to contain the novel coronavirus or treat its impact, among others.

Canada Jetlines Operations Ltd.
Management Discussion & Analysis
For the Six Month Period Ended June 30, 2021
Date Prepared: August 27, 2021

Moreover, the actual and threatened spread of the novel coronavirus globally could also have a material adverse effect on the regional economies in which we plan to operate, could continue to negatively impact stock markets, including the trading price of our shares, could adversely impact our ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive. Any of these developments, and others, could have a material adverse effect on our business and results of operations.

The Company has a history of losses and expects to incur losses for the foreseeable future

The Company has incurred losses since its inception and expects to incur losses for the foreseeable future. The Company expects to continue to incur losses unless and until such time as airline operations commence and generate sufficient revenues to fund continuing operations. The development of the Company's airline operations will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of the licensing process, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, and the execution of agreements with strategic partners and service providers. Some of these factors are beyond the Company's control. There can be no assurance that the Company will ever launch airline operations or achieve profitability.

The Company's securities are subject to price volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations that have not been necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur. It may be anticipated that any quoted market for our common shares will be subject to market trends generally, notwithstanding any potential success in creating revenues, cash flows or earnings. The value of the Company's common shares will be affected by such volatility.

COMMITMENTS

The company does not have any commitments as at June 30, 2021.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off balance sheet financing arrangements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As permitted, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and corresponding accompanying Management's Discussion and Analysis. In contrast to the certificates under National Instrument 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined by National Instrument 52-109.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of the Company has approved the disclosures contained in this MD&A.