Form 51-102F3
Material Change Report

Item 1. Name and Address of Reporting Issuer

Canada Jetlines Operations Ltd. (the "Company" or "Jetlines")
Suite 2400, 1055 West Georgia Street
Vancouver, BC V6E 3P3

Item 2. Date of Material Change

December 28, 2023

Item 3. News Release

A news release announcing the material change referred to in this report was issued through Accesswire on December 29, 2023 and a copy is filed on SEDAR+.

Item 4. Summary of Material Change

The Company announced that it closed additional proceeds of a $13,500,001 non-brokered private placement (the "Offering") resulted in the Jetstream Aviation Inc. (the "Investor") purchasing 15,453,868 Shares, for an aggregate purchase price of $2,660,000. As a result of the closing of the additional proceeds of the Offering, the Investor now holds 35,051,885 Shares equal to approximately 30.69% of the issued and outstanding shares of the Company.

Item 5.1. Full Description of Material Change

For a full description of the material change, please see the news release attached as Schedule "A" to this Material Change Report.

Item 5.2. Disclosure for Restructuring Transactions

Not Applicable.

Item 7. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

The name and business telephone number of an officer who is knowledgeable about the material change and this report is as follows:

Sheila Paine, Corporate Secretary
Phone: (604) 562-8690

Item 9. Date of Report

January 3, 2024

CANADA JETLINES (NEO: CJET) ANNOUNCES CLOSING OF ADDITIONAL PROCEEDS OF $13.5 MILLION EQUITY FINANCING

TORONTO, ON, DECEMBER 29, 2023 – Canada Jetlines Operations Ltd. (NEO: CJET) (“Canada Jetlines” or the “Company”), Canada’s friendly leisure airline, is pleased to announce that it has closed on an additional $2.66 million in proceeds from its non-brokered private placement with a single arm’s length investor to raise a total of $13,500,001 (the “Offering”). The Offering consists of common shares (each a “Share”) issued at $0.1721252 per Share. The investor is Jetstream Aviation Inc. the (“Investor” or “Jetstream”) which is a Canadian corporation.

The closing of the additional proceeds of the Offering resulted in the Investor purchasing 15,453,868 Shares, for an aggregate purchase price of $2,660,000. As a result of the closing of the additional proceeds of the Offering, the Investor now holds 35,051,885 Shares equal to approximately 30.69% of the issued and outstanding shares of the Company. The Shares issued in the second tranche of the Offering are subject to a hold period that expires on April 29, 2024.

As a result of the closing of the additional proceeds of the Offering, Jetstream has become a “Control Person” as defined by the Neo Exchange Listing Manual. In accordance with the Neo Exchange Listing Manual, the Company obtained the approval of its shareholders at a special meeting on November 14, 2023 for Jetstream to become a Control Person.

The third and final tranche is scheduled to close in January 2024. The third tranche will see the Investor purchase an additional 43,379,402 Shares. Upon completion of all three tranches of the Offering, the Investor will hold 78,431,287 Shares of the Company representing approximately 50% of the current issued and outstanding shares of the Company.

As part of the transaction, the Investor has the right to nominate two directors to the Board of Directors of the Company.

The Company intends to use the net proceeds of the Offering for aircraft acquisition, general corporate and working capital purposes. No brokerage commissions or finder’s fees are payable in connection with the Offering.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

About Canada Jetlines

Canada Jetlines Operations Ltd. (NEO:CJET), trading as “Canada Jetlines,” is a Canadian leisure airline committed to providing an exciting travel experience to its passengers. With a growing network of destinations, Canada Jetlines is dedicated to connecting Canadians with some of the world's most captivating and sought-after locations.

More information on Canada Jetlines including its growing list of destinations can be found on www.jetlines.com. You can follow Canada Jetlines on all social media platforms and follow #CanadaJetlines for the latest news and updates.

About Jetstream

Jetstream Aviation Inc. is a private corporation focused on investments in the aviation space.

Jetstream is acquiring the securities in the Offering described herein for investment purposes. Depending on market conditions and other factors, Jetstream may from time to time acquire and/or dispose of securities of the Company or continue to hold its current position.

A copy of the early warning report required to be filed with the applicable securities commission in connection with the transaction will be available on SEDAR+ at www.sedarplus.com and can be obtained by contacting Gurdev Singh at 416.888.1906. Jetstream's address is set out below.

Jetstream Contact Information:
Jetstream Aviation Inc.
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Brampton ON L6P 2V7
Canada

Connect With Us!

Instagram: @ca_jetlines
Twitter: @ca_jetlines
Facebook: @CAJetlines
LinkedIn: www.linkedin.com/company/jetlines

Media Contact:

media@jetlines.ca

Investor Relations Contact:

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Cautionary Note Regarding Forward-Looking Information

Cautionary Note Regarding Forward-Looking Information This news release contains "forward-looking information" concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this news release includes but is not limited to the completion of the third tranche of the Offering, the use of proceeds of the Offering, the Company's intention to operate as a leisure airline, the number of aircraft it intends to operate, the destinations of intended flights, timelines to announce new schedules and destinations, growth plans and business of Jetlines. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this news release is based on certain factors and assumptions regarding, among other things, the receipt of financing to continue airline operations, the accuracy, reliability and success of Jetlines' business model; the continued compliance with the terms of governmental approvals; Jetlines concluding definitive agreements for additional aircraft; the success of operations by Jetlines the legislative and regulatory environments of the jurisdictions where Jetlines will carry on business or have operations; the impact of competition and the competitive response to Jetlines' business strategy; and the availability of aircraft. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include risks related to, the ability to obtain financing at acceptable terms, the impact of general economic conditions, domestic and international airline industry conditions, the failure of the Company to conclude definitive agreements to acquire additional aircraft, supply chain disruptions causing delays in expected timelines, the impact of the global uncertainty created by COVID-19, future relations with shareholders, volatility of fuel prices, increases in operating costs, terrorism, pandemics, natural disasters, currency fluctuations, interest rates, risks specific to the airline industry, the ability of management to implement Jetlines' operational strategy, the ability to attract qualified management and staff, labour disputes, regulatory risks, including risks relating to the acquisition of (or compliance with) the necessary licenses from regulatory agencies, and the additional risks identified in the "Risk Factors" section of the Company's reports and filings with applicable Canadian securities regulators. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this news release. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update any forward-looking information.