

## FRAMEWORK AGREEMENT

THIS FRAMEWORK AGREEMENT (this “**Agreement**”) is dated and effective as of December 21, 2018 among Canada Jetlines Ltd., a corporation existing under the Laws of Canada (“**JET**”), Canada Jetlines Operations Ltd., a corporation existing under the Laws of Canada (“**JET Operations**”) and SmartLynx Airlines SIA (“**SLAS**”) a corporation existing under the Laws of the Republic of Latvia.

### RECITALS

WHEREAS, JET and SLAS are parties to a subscription agreement dated November 27, 2018 (the “**Subscription Agreement**”);

WHEREAS, the transactions contemplated by the Subscription Agreement will be consummated as of the date of this Agreement and, pursuant to the Subscription Agreement and concurrently with the execution and delivery of this Agreement, JET will issue to SLAS an aggregate of 22,727,272 Purchased Subscription Receipts (as such term is defined in the Subscription Agreement);

WHEREAS, the execution and delivery of this Agreement is a condition of the consummation of the transactions contemplated by the Subscription Agreement.

NOW THEREFORE, in consideration of the foregoing and the respective covenants and agreements of the Parties set forth in this Agreement, and intending to be legally bound hereby, the Parties agree as follows:

### ARTICLE 1

#### DEFINITIONS

**1.1 Definitions.** In addition to the terms defined elsewhere in this Agreement, including the Preamble and Recitals above, the following terms have the meanings set forth in this Section 1.1:

“**Acceptance Notice**” has the meaning ascribed to such term in Section 6.7 of this Agreement.

“**ACMI Agreement**” means the Aircraft ACMI Lease Agreement dated as of the date hereof between JET Operations and SLAS.

“**ACMI Leases**” has the meaning ascribed to such term in Section 6.7 of this Agreement.

“**Additional Securities**” has the meaning ascribed to such term in Section 4.1(a) of this Agreement.

“**Affiliate**” (including, with a correlative meaning, “**affiliated**”) has the meaning ascribed to that term in the Securities Act.

**“Agreement”** has the meaning ascribed to such term in the preamble to this Agreement.

**“Aircraft Lease Agreement”** has the meaning ascribed to such term in Section 6.7 of this Agreement.

**“Anti-Dilution Notice”** has the meaning ascribed to such term in Section 4.1(b) of this Agreement.

**“Anti-Dilution Right”** has the meaning ascribed to such term in Section 4.1(a) of this Agreement.

**“AOC”** means an air operator certificate issued by Transport Canada certifying compliance with the *Canadian Aviation Regulations*, including with respect to operating a commercial air service using Airbus A320 aircraft.

**“Audit Committee”** has the meaning ascribed to such term in Section 6.1(a) of this Agreement.

**“Beneficially Own”, “Beneficial Owner” and “Beneficial Ownership”** mean, with respect to any securities, having beneficial ownership of such securities for the purposes of National Instrument 54-101 of the Canadian Securities Administrators.

**“Business Day”** means any day other than a Saturday, a Sunday or a day which is a statutory or civic holiday in Vancouver, British Columbia or Riga, Latvia.

**“Common Shares”** means collectively the common shares and variable voting shares in the capital of JET.

**“Confidential Information”** has the meaning ascribed to such term in Section 7.10(d) of this Agreement.

**“Consulting Agreement”** means the Consulting Agreement dated as of the date hereof among JET, JET Operations and SLAS.

**“Contract”** means any contract, agreement, instrument, undertaking, indenture, commitment, loan, license, settlement, consent, note or other legally binding obligation (whether or not in writing).

**“Control Person”** has the meaning ascribed to that term in the Securities Act.

**“Conversion Notice”** means the written notice and direction in the form set out in the Subscription Receipt Agreement executed by JET and SLAS and addressed to the Subscription Receipt Agent confirming that Escrow Release Conditions have been satisfied.

**“Delegate”** has the meaning ascribed to such term in Section 6.8 of this Agreement.

**“Derivative Instrument”** means any and all derivative securities that increase in value as the value of any Equity Securities of JET increases, including a long convertible security,

a long call option and a short put option position, in each case, regardless of whether (a) such derivative security conveys any voting rights in any Equity Security, (b) such derivative security is required to be, or is capable of being, settled through delivery of any Equity Security or (c) other transactions hedge the value of such derivative security.

**“Director Eligibility Requirements”** has the meaning ascribed to such term in Section 3.1(a) of this Agreement.

**“Dispute”** has the meaning ascribed to such term in Section 7.15(a) of this Agreement.

**“Dry Leases”** has the meaning ascribed to such term in Section 6.7 of this Agreement.

**“Equity Right”** means, with respect to any Person, any security (including any debt security or hybrid debt equity security) or obligation convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, or any options, calls, warrants, restricted shares, deferred share awards, share units, “phantom” awards, dividend equivalents, participations, interests, rights or commitments relating to, or any share appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares in the capital or earnings of such Person.

**“Equity Securities”** means (a) Common Shares, JET Operations Shares or other shares in the capital or equity interests of JET, or JET Operations, as the case may be, and (b) Equity Rights that are directly or indirectly exercisable or exchangeable for or convertible into Common Shares, JET Operations Shares or other shares in the capital or equity interests of JET, or JET Operations, as the case may be.

**“Escrowed Funds”** means the proceeds of the Offering, together with any interest and other income earned thereon, held by the Subscription Receipt Agent pursuant to the Subscription Receipt Agreement.

**“Escrow Release Conditions”** means: (a) the completion of the Funding Milestone; and (b) the receipt by JET Operations of an AOC.

**“Exempt Issuances”** means the issue of Equity Securities of JET in connection with:

- (a) any stock option plan or other equity compensation arrangements for employees or consultants of JET in force as of the date of the Subscription Agreement;
- (b) the conversion or exchange of Equity Securities of JET that are outstanding as at the date of the Subscription Agreement;
- (c) an acquisition of a company, business or other asset or pursuant to any merger, business combination, tender offer, exchange offer, take-over bid or arrangement;
- (d) pursuant to a rights offering by JET that is made available to all shareholders of JET; or
- (e) an issuance to SLAS or an Affiliate of SLAS.

**“Finance and Start-Up Committee”** has the meaning ascribed to such term in Section 3.1(e) of this Agreement.

**“Financial Observer”** has the meaning ascribed to such term in Section 6.1(b) of this Agreement.

**“Funding Milestone”** means the receipt by JET of \$40,000,000 (excluding (i) the proceeds raised in connection with this Offering and (ii) any commissions, fees or other expenses payable by JET in excess of **[REDACTED: Commercially sensitive information regarding limit on fees for future financings]** of the gross proceeds of any fundraising transaction) (the **“Milestone Funds”**) in connection with additional financings to be directed by the Company. For greater certainty, the Milestone Funds shall include any amounts received by JET on or after November 1, 2018 from: (1) the proceeds of any exercise of warrants and the amount of long term financial debt commitments obtained by the JET or JET Operations, **[REDACTED: Commercially sensitive information regarding debt commitments]**; and (iii) shall have an interest rate that is less than or equal to 12% per annum and provided that in any case JET shall have used commercially reasonable efforts to obtain the lowest possible interest rate; and (2) any proceeds from the sale of new securities of the JET or JET Operations, or the exercise of existing securities of JET, provided that the amounts received were credited into bank accounts of the JET or JET Operations on or before the day calculations in regards to the achievement of the Funding Milestone are made and on such date that there are no restrictions for further use of such funds. Any other forms of funding shall be included in calculation of the Funding Milestone only if agreed upon between JET and SLAS in writing;

**“Governmental Authority”** means any (a) nation, region, state, county, city, town, village, district or other jurisdiction, (b) federal, provincial, state, local or municipal government, whether domestic or foreign, (c) department, agency or instrumentality of a domestic or foreign government, including any state-owned or state controlled instrumentality of a domestic or foreign government, (d) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department or other entity and any court or other tribunal), (e) international or multinational organization formed by states, governments or other international organizations, or (f) other body (including any industry or self-regulating body, including the TSXV) exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police or regulatory authority or power of any nature.

**“Insider”** has the meaning ascribed to that term in the Securities Act.

**“Insurance Coverage”** has the meaning ascribed to such term in Section 3.5 of this Agreement.

**[REDACTED: definition used in confidential and commercially sensitive terms]**

**“JET”** has the meaning ascribed to such term in the preamble to this Agreement.

**“JET Board of Directors”** means the board of directors of JET as constituted from time to time.

**“JET Competitor”** means those Persons identified on Schedule A to this Agreement (as supplemented from time to time pursuant to Section 2.2).

**“JET Operations”** has the meaning ascribed to such term in the preamble to this Agreement.

**“JET Operations Board of Directors”** means the board of directors of JET Operations as constituted from time to time.

**“JET Operations Shares”** means common shares and variable voting shares in the capital of JET Operations.

**“Jointly or In Concert”** means a Person acting jointly or in concert with another Person or Persons as contemplated in National Instrument 62-104.

**“Law”** means any supranational, international, national, federal, provincial, state, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative or policy interpretation or other requirement, in each case enacted, promulgated, issued or entered by a Governmental Authority.

**“Material Documentation”** means; (a) all Contracts that are material to the business or operations of JET or JET Operations, including without limitation, all such Contracts carrying an aggregate expenditure per calendar year of more than **[REDACTED: dollar amount]**; and (b) all material documents relating to JET or JET Operations’ corporate existence, capitalization and title, material assets and real estate, financial statements, insurance and taxation.

**“Milestone Funds”** has the meaning ascribed to that term in the definition of “Funding Milestone”.

**“Mining Subsidiaries”** means Target Exploration and Mining Corp. and Crosshair Energy USA, Inc., each being a wholly owned Subsidiary of JET.

**“New Subscriber”** has the meaning ascribed to such term in Section 4.1(a) of this Agreement.

**“Nominee Letter”** has the meaning ascribed to such term in Section 3.1(b) of this Agreement.

**“Notice”** has the meaning ascribed to such term in Section 7.4 of this Agreement.

**“Observer”** has the meaning ascribed to such term in Section 6.1(a) of this Agreement.

**“Offering”** means the sale by JET to SLAS pursuant to the Subscription Agreement of 22,727,272 subscription receipts for gross proceeds of \$7,499,999.76.

**“Offer Notice”** has the meaning ascribed to such term in Section 6.7 of this Agreement.

**“Parties”** means collectively SLAS, JET and JET Operations.

**“Party”** means SLAS, JET or JET Operations.

**“Person”** means an individual, corporation, limited liability company, general or limited partnership, joint venture, association, trust, unincorporated organization, Governmental Authority, other entity or group.

**“Pro Rata Percentage Equity Interest”** means the amount determined by  $X/Y$  where  $X$  = the number of outstanding Common Shares beneficially owned by SLAS (on a non-diluted basis) at the relevant time and that were acquired by SLAS from the treasury of JET and  $Y$  = the number of Common Shares outstanding (on a non-diluted basis) at the relevant time.

**“Related Party Agreement”** has the meaning ascribed to such term in Section 6.2 of this Agreement.

**“Representatives”** means, as to any Person, its Affiliates and its and their respective directors, officers, managers, employees, agents, legal counsel, accountants, financial advisors and other advisors or representatives.

**“Securities Act”** means the *Securities Act* (British Columbia).

**“Securities Laws”** means the Securities Act and the applicable securities Laws of each of the other provinces and territories of Canada and the respective regulations and rules made under those securities Laws together with all applicable policy statements, instruments, notices, blanket orders and rulings of the Canadian Securities Administrators and the securities regulatory authorities of the provinces and territories of Canada.

**“Services”** has the meaning ascribed to such term in Section 6.7 of this Agreement.

**“Shares”** means (a) the Common Shares and (b) any other Equity Securities of JET held by SLAS or any of its Affiliates.

**“SLAS”** has the meaning ascribed to such term in the preamble to this Agreement.

**“SLAS Nominee”** has the meaning ascribed to such term in Section 3.1 of this Agreement.

**“Subscription Receipt Agent”** means Computershare Trust Company of Canada.

**“Subscription Receipt Agreement”** means the subscription receipt agreement dated as of the date hereof among JET, SLAS the Subscription Receipt Agent.

**“Subscription Agreement”** has the meaning ascribed to that term in the recitals to this Agreement.

**“Subsidiary”** means, with respect to a specified Person, any Person of which securities or other interests having the power to elect a majority of that Person’s board of directors or similar governing body, or otherwise having the power to direct the business and policies of that other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by the specified Person or one or more of its Subsidiaries.

**“Termination Event”** “Termination Event” means upon the occurrence of (a), (b), (c), (d), (e), (f), (g), (h) or (i) below:

- (a) the Funding Milestone not being achieved prior to May 31, 2019, unless SLAS, in its sole discretion, informs JET in writing prior to June 7, 2019 of its desire to acquire the Units;
- (b) the Escrow Release Conditions are not satisfied at or before 5:00 p.m. (Toronto time) on August 31, 2019;
- (c) the completion by JET of an equity financing at a price per Common Share of JET that is less than **[REDACTED: dollar amount]**, or the completion by JET of an equity financing through the issuance of treasury securities in the Company’s wholly-owned subsidiary, JET Operations to a third party, without the approval of SLAS;
- (d) if at any time following the completion of the Funding Milestone and prior to the receipt of: (i) the AOC by JET Operations; and (ii) all authorizations and permissions from all Governmental Authorities required under applicable Law in order for JET Operations to trade, sell and issue airline passenger tickets, JET fails to: (A) ensure that a sufficient amount of funds will remain with JET or JET Operations in order to satisfy the requirements of all Government Authorities and applicable Law as required in order to receive the AOC and be eligible to sell airline passenger tickets; or (B) maintain in its bank account not less than \$4,000,000 in unrestricted cash or cash equivalents;
- (e) the occurrence of a Termination Event described in Section 6.11;
- (f) the occurrence of a Termination Event described in Section 7.2;
- (g) the failure of any of JET, JET Operations or SLAS to obtain the requisite approvals from applicable Governmental Authorities in order to allow for the provision by SLAS of ACMI services under the ACMI Agreement on or prior to the commencement of the Lease Term (as defined under the ACMI Agreement);
- (h) a material breach of any term or representation or warranty contained in this Agreement by JET or JET Operations (with the exception of Section 6.9 (AOC Arrangement)); or

- (i) a default under the terms of the Consulting Agreement or ACMI Agreement by JET or JET Operations, which default has permitted the non-defaulting party to terminate such agreement and such non-defaulting party has actually terminated such other agreement;

**“Termination Event Notice”** means the written notice and direction in the form set out in the Subscription Receipt Agreement executed by JET and SLAS and addressed to the Subscription Receipt Agent confirming that a Termination Event has occurred.

**“Termination Fee”** means USD\$250,000.

**“Terms”** has the meaning ascribed to such term in Section 6.7 of this Agreement.

**“Transfer”** means (i) an offer to sell, sell, assign, pledge, hypothecate, gift or otherwise transfer or dispose of in any manner whatsoever (or enter into any Contract or other obligation regarding any future offer to sell, sale, assignment, pledge, hypothecation, gift or transfer or disposition in any manner whatsoever of) Beneficial Ownership of any Shares, (ii) entering into any Derivative Instrument, hedging arrangement or other similar agreement or arrangement that transfers in whole or in part, the economic risk of ownership of any Shares, or (iii) engaging in any short selling of the Shares.

**“TSXV”** means the TSX Venture Exchange and any successor thereto.

**“Units”** means the units of JET to be issued in exchange for subscription receipts issued to SLAS pursuant to the Subscription Receipt Agreement, with such unit consisting of one variable voting share of JET and one variable voting share purchase warrant (the **“Warrants”**) with each warrant entitling the holder thereof to purchase one additional variable voting share of JET at an exercise price equal to \$0.45 for a period of thirty-six (36) months following the date hereof.

**“Warrants”** has the meaning ascribed to that term in the definition of “Units”.

**“Working Group”** has the meaning ascribed to such term in Section 6.8 of this Agreement.

**“Voting Securities”** means the Common Shares and any other Equity Securities of JET from time to time entitled to vote at any general and/or special meeting of shareholders of JET.

- 1.2 Construction.** Any reference in this Agreement to a “Section” or “Schedule” refers to the corresponding Section or Schedule of this Agreement, unless otherwise specified. The Article and Section headings are provided for convenience only and are not intended to affect the construction or interpretation of this Agreement. Words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless the context otherwise requires or unless otherwise specified. The word “or” shall not be exclusive. Where this Agreement states that a Party “shall,” “will” or “must”



perform in some manner or otherwise act or omit to act, it means that the Party is legally obligated to do so in accordance with this Agreement. Any reference to a statute is deemed also to refer to any amendments or successor legislation as in effect at the relevant time. Any reference to a contract or other document as of a given date means the contract or other document as amended, supplemented and modified from time to time through such date. The terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement. Unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement. All references to any period of days shall be deemed to be to the relevant number of calendar days unless otherwise specified. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not simply mean “if.”

## ARTICLE 2

### TRANSFER RESTRICTIONS

- 2.1 Transfers.** At any time that SLAS and its Affiliate collectively hold at least **[REDACTED: percentage]** of the issued and outstanding Common Shares (on a non-diluted basis) unless SLAS has terminated this Agreement in accordance with Section 7.3(b) SLAS will provide JET with reasonable notice prior any Transfer in any calendar month of an aggregate number of Shares representing more than 2% of the then issued and outstanding Common Shares (on a non-diluted basis).

If SLAS or an Affiliate desires to Transfer in any calendar month an aggregate number of Shares representing more than **[REDACTED: percentage]** of the then issued and outstanding Common Shares (on a non-diluted basis), JET, if so requested by SLAS, will use commercially reasonable efforts to assist SLAS by seeking to implement a marketed Transfer of such Shares (which may, for greater certainty, be by way of private placement or public offering).

Nothing in this Section 2.1 shall prohibit SLAS from Transferring Shares (including Shares in excess of **[REDACTED: percentage]** of the then issued and outstanding Common Shares in any given month) through a non-publicized pre-arranged off-exchange block trade using a securities dealer that is acceptable to SLAS, in order to try and minimize the risk of stock exchange volatility in the Common Shares.

- 2.2 Prohibited Transfers.**

At all times while this Agreement is in effect, SLAS agrees not to Transfer any Shares, including Beneficial Ownership of any Shares, to any JET Competitor. JET and SLAS may from time to time, acting reasonably and in good faith, agree in writing on additional Persons that are competitors of JET in Canada to be added to the list of JET Competitors in Schedule A and thereafter such Persons shall be deemed to be “JET Competitors” for the purposes of this Agreement.

Notwithstanding the foregoing, SLAS shall not be deemed to have breached its obligations under this Section 2.2 with respect to a Transfer of Shares to any Person provided that such Transfer is not specifically directed by SLAS or its Affiliates to be made to a particular counterparty or counterparties and SLAS reasonably believes, as of the date of such Transfer, that the Transfer is or will be to any JET Competitor. For clarity, a Transfer of Shares at market price through the facilities of an exchange shall be deemed to not be specifically directed at a particular counterparty.

### ARTICLE 3

#### BOARD APPOINTMENT AND VOTING RIGHTS

- 3.1 Board Nominee.** From the date hereof, JET shall; (i) vote all its shares at a meeting in favour of and/or execute and deliver a written consent resolution electing one (1) nominee selected by SLAS (the “**SLAS Nominee**”) and notified in writing by SLAS to JET and JET Operations to the JET Operations Board of Directors; (ii) use commercially reasonable efforts to nominate the SLAS Nominee to the JET Board of Directors, (iii) recommend (in advance of each meeting of shareholders of JET or JET Operations at which directors of JET or JET Operations are proposed to be elected) to JET’s or JET Operations’ shareholders entitled to vote on the election of directors that such shareholders vote in favour of or consent to the election of the SLAS Nominee as a director of JET or JET Operations, and (iv) cause all properly completed proxies in respect of the election of directors received by JET or JET Operations and naming as proxyholder a Person appointed by management of JET or JET Operations to be voted at the relevant time in the manner specified in such proxies, in each case subject to the following terms and conditions:
- (a) the SLAS Nominee must satisfy all applicable legal and regulatory requirements to be qualified to act as a director of JET and JET Operations, including applicable requirements of the TSXV and applicable corporate Laws and Securities Laws (collectively, the “**Director Eligibility Requirements**”);
  - (b) each of JET and JET Operations shall provide written notice to SLAS not less than 10 days prior to the record date for shareholders to receive notice of a shareholders meeting at which directors of JET or JET Operations will be elected. Such notice will include a reasonably detailed request for information regarding the SLAS Nominee that is required to be included in an information circular of JET or JET Operations, if applicable, in respect of the meeting. Within 7 days of such notice, SLAS will deliver to JET or JET Operations in writing the names of the SLAS Nominee together with the information regarding the SLAS Nominee requested by JET or JET Operations, if applicable, in accordance with the preceding sentence (the “**Nominee Letter**”). If SLAS fails to deliver the Nominee Letter to JET or JET Operations in the time required, SLAS shall be deemed to have nominated the same SLAS Nominee that serves as a director of JET or JET Operations at such time under this provision. SLAS shall not be required to deliver a Nominee Letter in respect of an election of the JET Operations Board of Directors if JET Operations is not required by applicable Law to distribute an information circular;

- (c) if, at any time (i) the SLAS Nominee is unwilling or unable to continue to serve as a nominee of SLAS or director of JET or JET Operations, including as a result of failing to meet the Director Eligibility Requirements, (ii) the SLAS Nominee is unwilling to provide any applicable personal information form or other information as required by the TSXV or other applicable stock exchange, or (iii) SLAS determines to remove and replace the SLAS Nominee, SLAS will be entitled in its sole discretion to nominate an alternate director by notice to JET or JET Operations. In any of the cases described above in this paragraph, SLAS shall use its commercially reasonable efforts to cause the SLAS Nominee to resign from the JET Board of Directors or JET Operations Board of Directors, as the case may be, as promptly as practicable and, following such resignation, provided that such alternate director nominee meets the Director Eligibility Requirements, the JET Board of Directors or JET Operations Board of Directors shall, subject to applicable Laws regarding the appointment of directors between shareholder meetings, shall cause such alternate director nominee to be appointed to the JET Board of Directors or JET Operations Board of Directors as promptly as reasonably practicable, and in any event within 30 days following the resignation of the SLAS Nominee;
- (d) SLAS shall use its commercially reasonable efforts to cause the SLAS Nominee to provide his or her consent to act as a director of each of JET and JET Operations effective at the time of his or her election to the JET Board of Directors or JET Operations Board of Directors;
- (e) so long as the SLAS Nominee serves as a member of the JET Board of Directors, JET shall, to the extent permitted by Law, use commercially reasonable efforts to ensure that the SLAS Nominee shall serve on the Finance and Start-Up Committee of JET (the “**Finance and Start-Up Committee**”), consisting of a total of three members of the JET Board of Directors and which meets regularly to review decisions relating to the start-up of airline operations including senior management appointments;
- (f) SLAS agrees to advise the SLAS Nominee that he or she shall be required at all times to act in accordance with his or her statutory, fiduciary and other duties and his or her obligations under law and shall not act on the interests or wishes of SLAS at the expense of the other shareholders of JET or JET Operations.

As soon as reasonably practicable, and in any event within the later of 30 days following the date of this Agreement and the date TSXV approval is received for the SLAS Nominee, the SLAS Nominee shall be appointed to the JET Board of Directors and the JET Operations Board of Directors.

- 3.2 No JET Operations Finance and Start-Up Committee.** JET and JET Operations confirm that there is no finance and start-up committee of JET Operations or a committee with a similar mandate and that the only such committee with respect to JET and JET Operations with responsibility for reviewing decisions relating to the start-up of airline operations, including senior management appointments, is the Finance and Start-Up Committee referred to in Section 3.1(e) above. In the event any committee of the JET

Board of Directors or the JET Operations Board of Directors is formed with responsibilities similar to those of the Finance and Start-Up Committee, JET and JET Operations shall, to the extent permitted by Law, ensure the SLAS Nominee serves on such committee.

**3.3 Expiry of Nomination Right.** SLAS shall maintain this nomination right set out in Section 3.1 from the date hereof until terminated in accordance with Section 7.3(a). If SLAS exercises its right to terminate this Agreement after the occurrence of a Termination Event, then SLAS shall cause the SLAS Nominee to immediately resign from the JET Board of Directors and JET Operations Board of Directors.

**3.4 Documentation and Participation by Electronic Means.** Upon the request of the SLAS Nominee, at any meeting of the JET Board of Directors, JET Operations Board of Directors or Finance and Start-Up Committee, the SLAS Nominee will be entitled to participate by telephone, video conference or any other similar means of audio or audio-visual communication, subject to the requirements of applicable Law. JET and JET Operations shall organize any meeting of the JET Board of Directors, JET Operations Board of Directors or Finance and Start-Up Committee so as to enable the meaningful participation of all members and if required, JET and JET Operations shall use best efforts to amend any constating documents or corporate policies to permit the electronic participation contemplated in this Section 3.4. JET and JET Operations agree to provide to the SLAS Nominee all documents, materials and information as are provided to the other directors on the JET Board of Directors and the JET Operations Board of Directors, as well as such additional materials, documents and information as reasonably requested. All documents, materials and information will be made available to the SLAS Nominee in electronic format or in such other format as requested by SLAS Nominee.

**3.5 Director's and Officer's Insurance.** JET agrees to maintain, and if necessary cause JET Operations to purchase and maintain (the “**Insurance Coverage**”) (i) directors' and officers' liability insurance in an amount not less than and on terms not less advantageous to the directors and officers than the amount and terms contained in the directors' and officers' insurance in place for JET as of the date hereof; and (ii) general commercial liability insurance extending to employees, consultants and contractors of JET and JET Operations in amounts determined reasonable by the JET Board of Directors or JET Operations Board of Directors, as applicable. JET agrees that the SLAS Nominee will be covered under the Insurance Coverage in (i) above and that the Observer and the Financial Observer will be covered under the Insurance Coverage in (ii) above and that JET and JET Operations shall execute and deliver to the SLAS Nominee standard form indemnification agreements in the form currently in place for other directors and officers of JET and JET Operations.

**3.6 Voting Rights.**

SLAS and their respective Affiliates shall be free to vote their Voting Securities at their discretion at any annual general or special meeting of JET, but agree that until the conclusion of the 2020 annual general and special meeting of JET, SLAS will not, without JET's prior written consent, publicly announce any intention to vote against or withhold from voting, as the case may be, on any matter publicly recommend by the JET

Board of Directors in respect of: (i) the election of those persons nominated and publicly recommended to serve as directors of JET and (ii) any other action, proposal or matter to be voted on by the shareholders of JET (including through action by written consent).

## ARTICLE 4

### ANTI-DILUTION RIGHT.

#### 4.1 Anti-Dilution Right

- (a) Provided the Escrowed Funds have been released to JET and SLAS has acquired its Units, if JET enters into any agreement with any third party ("**New Subscriber**") to issue Equity Securities of JET ("**Additional Securities**") (excluding any Exempt Issuance), SLAS shall, subject to the receipt of all required approvals and compliance with applicable Laws, have the right (the "**Anti-Dilution Right**") to maintain its then Pro Rata Percentage Equity Interest in JET by subscribing for and purchasing such number of the Additional Securities as may be required to maintain such Pro Rata Percentage Equity Interest at the same price and on terms no less favourable to SLAS as agreed to with the New Subscriber.
- (b) JET shall not complete the sale and issuance of any of the Additional Securities to the New Subscriber until JET has given written notice to SLAS of the following details contained in an agreement to issue Additional Securities (the "**Anti-Dilution Notice**") and SLAS has exercised or waived (or deemed to have waived) the Anti-Dilution Right: (A) the total number of outstanding Equity Securities of JET; (B) the total number of Equity Securities of JET which are proposed to be offered for sale; (C) the rights, privileges, restrictions, terms and conditions of the Equity Securities of JET proposed to be offered for sale; and (D) the consideration for which the Equity Securities of JET are proposed to be offered for sale.
- (c) The SLAS shall have 5 Business Days from the date JET gives an Anti-Dilution Notice to SLAS, unless the Anti-Dilution Notice relates to a bought deal in which case SLAS shall have 2 Business Days from the date JET gives an Anti-Dilution Notice to SLAS to give notice to JET setting forth SLAS' intention either to: (i) exercise its Anti-Dilution Right to purchase all of the Additional Securities to which SLAS is entitled, or (ii) waive its Anti-Dilution Right, provided that if SLAS fails to give notice to JET of its intention within such 5 or 2 Business Day period, as the case may be, SLAS shall be deemed to have waived its Anti-Dilution Right, and JET shall have the right to complete the issuance and sale of the Additional Securities described in an Anti-Dilution Notice to the New Subscriber. The election by SLAS to not exercise its Anti-Dilution Rights in full hereunder in two consecutive financings, each of which involving receipt by JET of gross proceeds of at least [REDACTED: dollar amount] shall result in termination by SLAS of its rights under this Article 5.

- (d) Any purchase and sale of Additional Securities by SLAS from JET pursuant to the exercise of the Anti-Dilution Right shall be completed no earlier than the date for completion of the purchase by the New Subscriber pursuant to the financing specified in the Anti-Dilution Notice (and for greater certainty JET may complete the issuance to the New Subscriber prior to completing the issuance to SLAS).
- (e) Where JET undertakes a financing pursuant to a prospectus offering, JET shall use commercially reasonable efforts to include SLAS' pro rata share entitlement for sale as part of such prospectus offering, provided however that if SLAS' pro rata share is not included in such prospectus offering, JET shall provide SLAS with the opportunity to subscribe for such Additional Securities as are required to restore SLAS to the same Pro Rata Percentage Equity Interest as it held prior to such prospectus offering, on a private placement basis within fifteen (15) Business Days or as soon as reasonably possible thereafter following the closing of the prospectus offering, subject to regulatory approval requirements. Notwithstanding the foregoing, any Equity Securities of JET subscribed for by SLAS in the case of a public offering that is a "bought deal" shall be issued on a private placement basis. If the exercise of such right or the issuance of the Equity Securities pursuant to such right would require shareholder approval under applicable Laws, JET shall call a shareholder meeting within the timelines required under applicable Laws and the receipt of the requisite shareholder approval shall be a condition precedent to the issuance of Additional Securities to SLAS.
- (f) Where the financing is undertaken by way of a private placement, SLAS shall only be permitted to participate if the issuance can be legally effected on a private placement basis and without the requirement to file a prospectus or registration statement or the requirement to deliver an offering memorandum under applicable laws.

## **ARTICLE 5**

### **SUBSCRIPTION RIGHT**

#### **5.1 Subscription Right**

SLAS shall have the option for a period of 12 months from the date of this Agreement to acquire up to an additional \$7,500,000 of Common Shares of JET at the lowest price permitted by the TSXV at the time such option is exercised. In the event that SLAS exercises such option, the Parties shall negotiate in good faith the terms of a subscription agreement. Notwithstanding the foregoing, JET shall not be obligated to issue Common Shares to SLAS if it exercises its option and (i) the exercise of such right or (ii) the issuance of the Common Shares pursuant to such right would require shareholder approval under applicable Laws or would require JET to file a prospectus or registration statement or deliver an offering memorandum under applicable Laws.

## ARTICLE 6

### OBSERVER RIGHT, CONSENT RIGHTS, RIGHT OF FIRST OFFER AND COVENANTS

#### 6.1 Observer Rights and Financial Controller

- (a) SLAS shall have the right to appoint one observer (the “**Observer**”) to attend the meetings of the Audit Committee of JET (the “**Audit Committee**”), provided that the Observer has executed in favour of JET a confidentiality agreement in a form acceptable to JET and SLAS, acting reasonably. JET confirms that one of the responsibilities of the Audit Committee is to review current and proposed Related Party Agreements. The Observer shall have (i) the right to attend all meetings of the Audit Committee as an observer, (ii) the right to receive advance notice of each meeting, including such meeting’s time and place, at the same time and in the same manner as such notice is provided to the members of the Audit Committee, (iii) the right to receive copies of all materials, including notices, minutes, consents and regularly compiled financial and operating data distributed to the members of the Audit Committee (in electronic format or in such other format as requested by SLAS) at the same time as such materials are distributed to the members of the Audit Committee, and (iv) the ability to discuss the affairs, finances and accounts of JET with, and to ask questions, make proposals and furnish advice with respect thereto, to the Audit Committee, provided that for greater certainty the Observer will not have any voting rights. Upon the request of the Observer, at any meeting of the Audit Committee, the Observer will be entitled to participate by telephone, video conference or any other similar means of audio or audio-visual communication. JET shall organize any meeting of the Audit Committee so as to enable the meaningful participation of all members and the Observer, and if required, JET shall use best efforts to amend any constating documents or corporate policies to permit the electronic participation contemplated in this Section 6.1(a).
- (b) SLAS shall be entitled to appoint an individual to act as a financial observer for JET Operations (the “**Financial Observer**”). SLAS shall also have the option to give notice to JET Operations designating that the Financial Observer become an employee or consultant of JET Operations (including the right to demand immediate termination of the Financial Observer’s employment or consulting agreement with the minimum notice period required by applicable employment standards legislation or severance payment in lieu thereof), in which case JET Operations shall enter into an employment or consulting agreement with the Financial Observer within 30 days of receipt of such notice. Provided that the Financial Observer has executed in favour of JET Operations a confidentiality agreement in a form acceptable to JET and SLAS, acting reasonably, the Financial Observer shall have the right to inspect and review all finance and accounting operations, analyze financial data and Related Party Agreements and transactions and provide its recommendations to the JET Operations Board of Directors, JET Board of Directors and the executive management of both JET and

JET Operations. JET and JET Operations agree to provide to the Financial Observer all documents, materials and information as are necessary for the Financial Observer to perform its functions as described herein, and such documents, materials and information will be made available in electronic format or in such other format as requested by SLAS. The recommendations of the Financial Observer shall have no binding power, however, the JET Operations Board of Directors shall provide detailed written reasons to the Financial Observer explaining why the recommendations of any Financial Observer were not approved.

- (c) All costs and expenses of the Observer and Financial Observer shall be for the sole account of SLAS, provided however that SLAS shall not be responsible for any costs incurred by JET, JET Operations or any of their respective directors, officers, employees, contractors or consultants in answering questions or otherwise assisting the Observer and Financial Observer. SLAS shall be solely and fully liable and shall fully indemnify and hold JET Operations and JET harmless for any liabilities arising from the gross negligence, wilful misconduct or fraud of the Observer and the Financial Observer, provided however that SLAS shall not be liable for any liabilities arising from: (i) any recommendations, advice or guidance of the Observer or the Financial Observer or any actions taken by JET or JET Operations in reliance on such recommendations, advice or guidance; or (ii) any actions taken by Observer or the Financial Observer at the direction of JET or JET Operations.

## 6.2 Related Party Agreements

From the date hereof until 18 months from the date hereof, neither JET nor JET Operations shall (1) enter into any new consultancy, services or other agreements with any Insiders, Control Persons or direct or indirect Affiliates (including through shareholders who are Affiliates) (each a “**Related Party Agreement**”) where the foreseeable expenditure by JET or JET Operations under the Related Party Agreement would exceed **[REDACTED: dollar amount]** per calendar year; or (2) make aggregate payments under any Related Party Agreements (whether existing as of the date hereof or subsequently entered into), in excess of: (a) \$1.1 million in a calendar year in respect of payments made to King & Bay West Management Corp.; or (b) **[REDACTED: dollar amount]** in a calendar year in respect of payments made under any other agreement or arrangement. The restrictions herein shall not apply to (i) the Consulting Agreement, the ACMI Agreement or any Aircraft Lease Agreement to which SLAS is a party; or (ii) agreements with any Persons who become Insiders, Control Persons or Affiliates after the date of this Agreement and that hold at least **[REDACTED: percentage]** of the Common Shares of JET, provided such agreements have received the approval by the disinterested members of the JET Board of Directors and/or JET Operations Board of Directors, as the case may be, and JET and JET Operations otherwise maintain proper procedures, rules and safeguards in respect of the approval and maintenance of such agreements. Notwithstanding the foregoing, any employment agreements or consulting agreements with Insiders to provide personal services in the nature of employment services and any compensation awarded to Insiders in connection



with such employment or consulting role, shall not be considered Related Party Agreements for the purposes of Section 6.2(1) or Section 6.2(2)(b).

### **6.3 JET Operations Sales**

From the date hereof until 24 months from the date hereof, without the prior written consent of SLAS, such consent not to be unreasonably withheld or delayed, JET shall not: (A) sell more than **[REDACTED: percentage]** (in the aggregate) of the issued and outstanding JET Operations Shares or Equity Securities of JET Operations; (B) issue any new JET Operations Shares or other Equity Securities of JET Operations; or (C) conduct any of the transactions set forth in the forgoing clauses (A) and (B) that has the effect of valuing JET Operations at an enterprise value of less than **[REDACTED: dollar amount]**.

### **6.4 Mining Subsidiaries**

Without the prior written consent of SLAS, the Mining Subsidiaries will not carry on any business, operations or activity of any kind other than holding title to certain mineral interests, and in the event SLAS grants any such consent, JET shall enter into, and shall cause the Mining Subsidiaries to enter into with SLAS, all agreements and other documents reasonably required by SLAS so as to provide SLAS with the same rights in respect of the Mining Subsidiaries as JET enjoys in respect of JET Operations under this Agreement.

### **6.5 New Subsidiaries**

Without prior written consent of SLAS, such consent not to be unreasonably withheld, delayed or conditioned, JET shall not establish, incorporate or otherwise create any Subsidiary and shall not otherwise acquire control of any Person for a period of 24 months following the date JET Operations receives its AOC and begins operations as an airline by beginning sale of passenger tickets.

### **6.6 Minimum Cash**

JET covenants and agrees that from the date of completion of the Funding Milestone until receipt of: (i) the AOC by JET Operations; and (ii) all authorizations and permissions from all Governmental Authorities required under applicable Law in order for JET Operations to trade, sell and issue airline passenger tickets; JET (a) shall ensure that a sufficient amount of funds will remain with JET or JET Operations in order to satisfy the requirements of all Government Authorities and applicable Law as required in order to receive the AOC and be eligible to sell airline passenger tickets; and (b) shall retain in JET's bank account not less than \$4,000,000 in unrestricted cash or cash equivalents.

### **6.7 [REDACTED: confidential and commercially sensitive terms]**

### **6.8 Working Group**

Following the execution of this Agreement, JET Operations and SLAS shall form a working group (and JET shall cause JET Operations to form, it necessary) ("**Working Group**") that will review and evaluate all intended Dry Leases of JET Operations prior to their execution and provide relevant recommendations to the JET Operations Board of Directors. The parties will use commercially reasonable efforts to form the Working

Group within one month following the execution of this Agreement and in any event such Working Group will be formed at least two weeks prior to the execution of any intended aircraft dry lease agreement. The Working Group shall consist of three members: one nominated by JET Operations, a second nominated by SLAS and third selected by the JET Operations Board of Directors from a list of candidates from one or more independent and competent MROs (the “**Delegate**”) put forth by SLAS.

The Working Group shall work and decide on its recommendations on the basis of voting where each member shall have one vote and the decisions shall be adopted by majority vote of members disinterested in any proposed transaction. The recommendations of the Working Group (with, if requested by the Jet Operations Board of Directors, reasonable supporting documentation explaining the rationale for the Working Group’s recommendation) shall be submitted to the JET Operations Board of Directors for review and consideration. JET Operations agrees that if the Working Group rejects a potential aircraft dry lease agreement it shall not be submitted to the Board of Directors of either JET Operations or JET. A member of the Working Group shall not be permitted to vote with respect to an aircraft dry lease agreement that its nominating entity or any Affiliate of the nominating entity is the counter-party to. JET and JET Operations agree to provide to the members of the Working Group all documents, materials and information as are necessary for the Working Group to perform its functions as described herein, and such documents, materials and information will be made available in electronic format or in such other format as requested by SLAS. **[REDACTED: confidential and commercially sensitive terms]**

Upon the request of SLAS, at any meeting of the Working Group, the members will be entitled to participate by telephone, video conference or any other similar means of audio or audio-visual communication, subject to the requirements of applicable Law. JET and JET Operations shall organize any meeting of the Working Group so as to enable the meaningful participation of all members and if required, JET and JET Operations shall use best efforts to amend any constating documents or corporate policies to permit the electronic participation contemplated in this Section 6.8.

**6.9 [REDACTED: confidential and commercially sensitive terms]**

**6.10 Shareholder Agreement Conversion Option.**

Upon request of SLAS, the JET shall sell one (1) JET Operations Share to SLAS for a purchase price of \$1.00 upon such other terms as agreed to by the Parties, negotiating good faith (but in their own interest). It shall be a condition of such sale that (i) the Parties and JET Operations enter into a shareholders agreement, in form and substance satisfactory to each acting reasonably, describing the same matters as are set out in this Agreement.

**6.11 Escrow Release Conditions**

JET and JET Operations covenant and agree to use commercially reasonable efforts to achieve the Escrow Release Conditions following the execution of this Agreement. If the Canadian Transport Agency or other Governmental Authority having jurisdiction assert in writing that the existence of this Framework Agreement and the rights granted therein impedes the ability of JET Operations to be issued an AOC, then SLAS, at its option, may either: (a) treat such event as a Termination Event; or (b) cooperate with JET Operations to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the

Parties and satisfy the concerns of the Canadian Transport Agency or other applicable Governmental Authority.

## **6.12 Funding Milestone**

Not later than five Business Days following the earlier of May 31, 2019 and the date JET has completed the Funding Milestone, JET shall provide SLAS with a written report as to whether the Funding Milestone has been achieved, along with such supporting documentation and material requested by SLAS, acting reasonably, evidencing the occurrence or non-occurrence of the Funding Milestone (along with such reasonable back-up information as SLAS may request, which may include names of investors and the amount invested, dates investments were made, the type of investment and any commissions payable). In the event the foregoing report is not received by SLAS within five Business Days of May 31, 2019 the Funding Milestone shall be deemed not to have been completed.

## **6.13 Subscription Agreement Notices**

JET agrees to execute and deliver to SLAS all Conversion Notices and Termination Event Notices (as such terms are defined in the Subscription Receipt Agreement) required to be executed in accordance with the Subscription Receipt Agreement and all such Conversion Notices and Event Termination Notices shall be delivered to SLAS within two Business Days following the occurrence of the event requiring the delivery thereof pursuant to the Subscription Receipt Agreement.

# **ARTICLE 7**

## **MISCELLANEOUS.**

**7.1 Costs, Fees and Expenses.** Each Party shall pay its own direct and indirect costs, fees and expenses incurred by it in connection with the preparation and negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement, including all costs, fees and expenses of its Representatives.

**7.2 Default.** Each of JET and JET Operations acknowledges and agrees that SLAS will incur expenses and losses in the event JET or JET Operations defaults in performance of its obligations to SLAS under this Agreement and therefore, notwithstanding any of the other rights of SLAS contained herein, in the event JET or JET Operations is in default in respect of any of the obligations under this Agreement as listed in Schedule B (provided the default is not caused by an action or failure to act by SLAS), such party shall pay to SLAS, as liquidated damages and not as a penalty, the corresponding amount listed in Schedule B.

In the event the aggregate amount for which SLAS has claimed liquidated damages pursuant to this Section 7.2 exceeds **[REDACTED: dollar amount]**, SLAS shall no longer be entitled to claim liquidated damages pursuant to this Section 7.2 and may treat such event as a Termination Event. Notwithstanding anything herein, the foregoing limit shall not apply to liquidated damages arising in respect of a breach of Section 6.3 or Section 6.7 shall and it is expressly agreed that nothing in this Section 7.2 shall be read to limit the ability of an arbitrator or court of competent jurisdiction to award damages in excess of such limit in the event this Agreement is terminated (unless otherwise provided herein).

The Parties acknowledge that SLAS' entitlement to liquidated damages under this Section 7.2 is a genuine estimate of the damages suffered by SLAS in the event of a specified default and such entitlement is in addition to any and all other remedies available to SLAS, including payment of additional damages (unless otherwise provided herein).

### 7.3 Term and Termination.

(a) This Agreement (other than Article 3) shall terminate, and all rights and obligations hereunder (other than the rights and obligations under Article 3) shall cease, on the date upon which SLAS owns Common Shares representing less than 4% of the issued and outstanding Common Shares. The rights and obligations of the parties under Article 3 shall terminate on the date upon which SLAS owns Shares representing less than 3% of the issued and outstanding Common Shares.

(b) Upon the occurrence of:

(i) a Termination Event;

(ii) a material breach of any term or representation or warranty contained in this Agreement by SLAS (**[REDACTED: confidential and commercially sensitive terms]**); or

(iii) a default under the terms of the Consulting Agreement or ACMI Agreement by SLAS, which default has permitted the non-defaulting party to terminate such agreement and such non-defaulting party has actually terminated such other agreement;

SLAS, in the case of item (i) above, and JET, in the case of items (ii) and (iii) above, may terminate this Agreement. In the event of such a termination, the remaining Escrowed Funds shall be returned to SLAS pursuant to the Subscription Receipt Agreement, SLAS' obligation to acquire any Units shall terminate and, if such termination was as a result of a Termination Event, JET shall pay SLAS the Termination Fee. **[REDACTED: confidential and commercially sensitive terms]**

(c) In the event SLAS exercises its right to terminate this Agreement prior to the release of the Escrowed Funds to JET, JET shall pay to SLAS the Termination Fee. The payment of the Termination Fee and any entitlement to liquidated damages pursuant to Section 7.2 for breaches up to the date of termination shall be sole remedies of SLAS if it exercises its right to terminate this Agreement pursuant to this Section 7.3(c).

(d) The termination of this Agreement shall not relieve any of the parties of their respective obligations or rights accrued up to and including the date of such termination. All terms set out under this Section 7.3, Article 1 and Article 8 of this Agreement shall survive the termination or expiration of this Agreement. The termination of this Agreement shall not result in the termination of any other Agreement among SLAS and JET or JET Operations, including the ACMI Agreement, Consulting Agreement or any Aircraft Lease Agreement, which shall continue until terminated in accordance with their terms.

**7.4 Notices.** Any notice, demand or other communication to be given or made under this Agreement (a “**Notice**”) shall be in writing and shall be sufficiently given or made if:

- (a) delivered in person (including by commercial courier) during a Business Day and left with a receptionist or other responsible employee of the relevant party at the applicable address set forth below;
- (b) sent by registered mail to the applicable address set forth below; or
- (c) sent by electronic transmission;
  - (i) in the case of Notice to JET or JET Operations at:

Canada Jetlines Ltd./Canada Jetlines Operations Ltd.  
1240 – 1140 West Pender Street  
Vancouver, B.C. V6E 4G1

Attention: Chief Executive Officer  
Email: javier.suarez@jetlines.com

- (ii) in the case of Notice to SLAS at:

SmartLynx Airlines SIA  
Mazrudas, Marupe Municipality  
LV-2167, Latvia

Attention: Chief Executive Officer  
Email: **[REDACTED: email address]**

Each Notice sent in accordance with this Section 7.4 shall be deemed to have been received:

- (a) if delivered in person, on the day it was delivered;
- (b) on the third Business Day after it was mailed (excluding each Business Day during which there existed any general or rotating interruption of postal services due to strike, lockout or other cause); or
- (c) on the same Business Day that it was sent by electronic transmission, or on the first Business Day thereafter if the day on which it was sent by electronic transmission was not a Business Day.

Any Party may, by delivery of written notice to the other Parties, change the address to which such notices and other communications are to be given in connection with this Agreement provided such notice is received by the other Party at least three Business Days prior to the relevant notice being dispatched.

- 7.5 Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement. This Agreement and the Schedules hereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein. Each Party acknowledges that it and the other Parties may execute this Agreement by manual, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms a stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.
- 7.6 Material Documentation.** JET and JET Operations hereby confirm that all Material Documentation with respect to the period up to and including the date hereof has been made available to SLAS in the data room established by JET in connection with the Offering or has been publicly filed. A breach of this Section 7.6 shall be deemed to be a material breach of this Agreement.
- 7.7 JET Representations and Warranties.** The representations and warranties of JET set out in Section 8 of the Subscription Agreement are hereby incorporated by reference and form part of this Agreement and the Company agrees that the representations and warranties are true and correct as of the date hereof (unless made as of a specified date, in which case they shall be true and correct as of such specified date) with the same force and effect as if they had been made by the Company at the date hereof and shall continue in full force and effect for a period of three years following the date hereof.
- 7.8 Amendments and Waivers.** No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by JET, JET Operations and SLAS, or in the case of a waiver, by the Party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any Party to exercise any right hereunder in any manner impair the exercise of any such right.

## **7.9 Successors and Assigns.**

- (a) Subject to clause (b) and (c) below, this Agreement shall be binding upon the Parties and their respective successors and assigns and shall inure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) JET or JET Operations may not assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of SLAS.
- (c) SLAS may not assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of JET and JET Operations.

## **7.10 Confidentiality.**

- (a) Each Party hereby agrees that it and its Representatives shall keep the other Party's Confidential Information confidential and shall not disclose such Confidential Information; provided that (i) a Party may disclose that portion of the other Party's Confidential Information as to which the other Party has given its prior written consent for such disclosure, (ii) a Party may disclose the other Party's Confidential Information to its Representatives who (A) reasonably need to know such information in connection with preparing or otherwise assisting in the preparation of such Party's financial statements or to comply with its reporting, filing, tax and accounting obligations under applicable Law, (B) have been informed of the confidential nature of such information and directed to treat such information confidentially, (C) are subject to confidentiality obligations under existing agreements, applicable Law or professional standards; and (iii) SLAS may disclose such Confidential Information as is required to enable it to fulfil its obligations under the Consulting Agreement, ACMI Agreement or any Aircraft Lease Agreement to which it is party.
- (b) Each Party shall, and shall instruct its Representatives who are informed of the matters that are the subject of this Agreement to, comply with the restrictions imposed by Securities Laws on the purchase or sale of securities by any Person who has received material, non-public information from the issuer of such securities and on the communication or "tipping" of such information to any other person.
- (c) In the event that a Party or its Representatives are requested or required by any applicable Law or stock exchange listing requirement (including oral questions, depositions, interrogatories, requests for information or documents, subpoena, civil investigative demand or other similar process) to disclose any of the other Party's Confidential Information, the Party requested or required to make the disclosure shall, to the extent practicable and permitted by applicable Law, provide the other Party with prompt notice of any such request or requirement so that the other Party (at the other Party's sole expense) may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 7.10. If, in the absence of a protective order or other remedy or the receipt of a waiver from such other Party, the Party requested or required to make

the disclosure or any of its Representatives are, nonetheless, on the advice of counsel, legally compelled to disclose the other Party's Confidential Information, the Party requested or required to make the disclosure or its Representative may disclose only that portion of the other Party's Confidential Information which such counsel advises is legally required to be disclosed, provided that the Party requested or required to make the disclosure exercises, to the extent practicable and permitted by applicable Law, its reasonable efforts to preserve the confidentiality of the other Party's Confidential Information, including by cooperating with the other Party (at the other Party's sole expense) to obtain an appropriate protective order or other reliable assurance that confidential treatment shall be afforded the other Party's Confidential Information.

- (d) As used in this Agreement, the term "**Confidential Information**" means, with respect to a Party: (i) all non-public information, whether in written, verbal, graphic, electronic or any other form, concerning or relating to such Party or its Representatives and their businesses that is furnished by or on behalf of such Party or its Representatives at any time from and after the date hereof in connection with the performance by such Party under this Agreement and (ii) all notes, memoranda, analyses, compilations, studies, forecasts, reports, samples, data, statistics, summaries, interpretations or other documents prepared by or on behalf of the receiving Party or its Representatives that contain, reflect or are based upon, in whole or in part, the information described in clause (i) above; provided that the term "Confidential Information" does not include information that (A) is or becomes generally available to the public other than as a result of breach of this Section 7.10 by the receiving Party or its Representatives, (B) was within the receiving Party's possession prior to its being furnished to the receiving Party by or on behalf of the disclosing Party or its Representatives, provided that the receiving Party reasonably believes that the source of such information was not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality with respect to such information, (C) is or becomes available to the receiving Party on a non-confidential basis from a source other than the disclosing Party or any of its Representatives, provided that the receiving Party reasonably believes that such source was not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality with respect to such information, (D) is independently developed by the receiving Party without use of Confidential Information, as evidenced by its written records, or (E) is disclosed by the receiving Party or its Representatives with the disclosing Party's prior written approval.
- (e) The obligations under this Section 7.10 shall apply only for so long as SLAS has the right to nominate a director to the JET Board of Directors or JET Operations Board of Directors in accordance with Section 3.1 (regardless of whether SLAS exercises such right).



- 7.11 Disclosure.** JET may issue a press release as soon as practicable after the signing of this Agreement, which press release shall be satisfactory in form and substance to the SLAS, acting reasonably and in a timely manner having regards to JET's obligations under applicable Securities Laws. Where required by applicable Securities Laws, JET shall file or cause to be filed in accordance therewith, a copy of the press release and a material change report in respect of the issue of the Shares and the terms and conditions of this Agreement and the Subscription Agreement with the applicable securities regulatory authorities and stock exchanges. Any press release or other public disclosure document issued or made by SLAS after the signing of this Agreement in respect of this Agreement shall be satisfactory in form and substance to JET, acting reasonably. SLAS shall file an early warning report as soon as practicable after the signing of this Agreement, and, in any event, within the time required by applicable securities laws, which shall be satisfactory in form and substance to JET, acting reasonably and in a timely manner having regard to SLAS' obligations under applicable Securities Laws.
- 7.12 Severability.** In the event that any one or more of the terms or provisions of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement, or the application of such term or provision to Persons or circumstances or in jurisdictions other than those as to which it has been determined to be invalid, illegal or unenforceable, and the Parties shall use their commercially reasonable efforts to substitute one or more valid, legal and enforceable terms or provisions into this Agreement which, insofar as practicable, implement the purposes and intent of the Parties. Any term or provision of this Agreement held invalid or unenforceable only in part, degree or within certain jurisdictions shall remain in full force and effect to the extent not held invalid or unenforceable to the extent consistent with the intent of the Parties as reflected by this Agreement. To the extent permitted by applicable Law, each Party waives any term or provision of Law which renders any term or provision of this Agreement to be invalid, illegal or unenforceable in any respect.
- 7.13 Business Days.** If the last or appointed day for the taking of any action or the expiration of any right required or granted in this Agreement is not a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.
- 7.14 Governing Law.** This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of British Columbia (excluding any rule or principle of the conflict of laws which might refer such interpretation to the laws of another jurisdiction).
- 7.15 Dispute Resolution**
- (a) All disputes (each a "**Dispute**") arising out of or in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules. The parties agree, pursuant to Article 30(2)(b) of the Rules of Arbitration of the International Chamber of Commerce, that the Expedited Procedure Rules shall apply, provided the amount in dispute does not exceed

[REDACTED: dollar amount] at the time of the communication referred to in Article 1(3) of the Expedited Procedure Rules. The seat and the place of the arbitration shall be New York City, New York. The language of the arbitration will be English. The law of Province of British Columbia shall be applicable to the dispute.

- (b) Any Dispute will be heard by three arbitrators and the Arbitration Parties must attempt to agree upon qualified individuals to serve as arbitrators. If the Arbitration Parties are unable to so agree within twenty (20) Business Days of the first attempt by the Arbitration Parties to select the arbitrator, then the arbitrators will be selected and appointed in accordance with the ICC Rules. Each arbitrator must be a senior practicing lawyer and a disinterested person who has no connection with any party or the performance of this Agreement and must be qualified by education, training and experience to hear and determine matters in the nature of the Dispute.
- (c) The arbitrators may determine all questions of law and jurisdiction (including questions as to whether or not a Dispute is arbitrable) and all matters of procedure relating to the arbitration. Any award or determination of the arbitrators will be final and binding upon the parties in respect of all matters relating to the arbitration, the procedure, the conduct of the parties during the proceedings and the final determination of the issues in the arbitration.
- (d) No arbitration proceeding may be commenced under this section unless commenced within the time period permitted for actions by the applicable statute of limitations.
- (e) All papers, notices or process pertaining to an arbitration under this Agreement may be served on an Arbitration Party in accordance with Section 7.4.
- (f) All arbitral proceedings will be private and confidential and may be attended only by the arbitrator, the parties and their representatives, and witnesses to the extent they are testifying in the proceedings. The parties must treat as Confidential Information, in accordance with the provisions of Section 7.10, the existence of the arbitral proceedings, written notices, pleadings and correspondence in relation to the arbitration, reports, summaries, witness statements, memorials, briefs and other documents prepared in respect of the arbitration, contemporaneous or historical documents exchanged or produced for the purposes of the arbitration, and the contents of any award or determination made in respect of the arbitration. Notwithstanding the foregoing, a party may disclose such Confidential Information in judicial proceedings to enforce an award or determination as permitted under this section.

**7.16 Enforcement.** The Parties acknowledge and agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with its specific terms or was otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that the Parties shall be entitled to equitable relief including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the performance of the

terms and provisions hereof in any court referred to in Section 7.15, without proof of actual damages (and each Party hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at Law or in equity. The Parties further agree not to assert that a remedy of specific performance is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy for such breach.

- 7.17 No Partnership.** Nothing contained in this Agreement (and no action taken by a Party pursuant to its terms) is to be construed as creating a partnership or agency relationship between any of the Parties.
- 7.18 Currency.** Except as otherwise stated, all dollar amounts herein are expressed in Canadian dollars.
- 7.19 Survival.** The following sections of this Agreement shall survive any termination of this Agreement and remain in full force and effect: Article 1 and Article 7.

*[Signature pages follow.]*

IN WITNESS WHEREOF, JET, JET Operations and SLAS have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first above written.

**CANADA JETLINES LTD.**

By: "Carlo Valente"

Name: Carlo Valente

Title: Chief Financial Officer

**CANADA JETLINES OPERATIONS LTD.**

By: "Carlo Valente"

Name: Carlo Valente

Title: Chief Financial Officer

**SMARTLYNX AIRLINES SAS**

By: "Zygimantas Surintas"

Name: Zygimantas Surintas

Title: Board Member/CEO

**SCHEDULE A**

**JET COMPETITORS**

**[REDACTED: confidential and commercially sensitive information.]**

**SCHEDULE B**

**LIQUIDATED DAMAGES**

**[REDACTED: confidential and commercially sensitive information]**

