

BW WIRE

Global Crossing Airlines and Canada Jetlines Ltd. Announce CAD100 Million Equity Investment Agreement with the Global Emerging Markets

May 6, 2020 9:08 am ET

Miami, Florida--(Newsfile Corp. - May 6, 2020) - Global Crossing Airlines, Inc. ("GlobalX") and Canada Jetlines Ltd. (TSXV: JET) (the "Company" or "Jetlines") are pleased to announce that GlobalX has signed an agreement ("Agreement") with GEM Global Yield LLC SCS ("GEM"), the private alternative investment group to provide the GlobalX with up to CAD 100 million over a 36 month term following the previously announced business combination of GlobalX and Jetlines (the "Transaction"). Upon completion of the Transaction, Jetlines will have acquired GlobalX and the resulting issuer will be named Global Crossing Airlines Inc. (the "Resulting Issuer"). GlobalX will use the funds to strengthen its business by providing the financial resources to work to complete FAA and DOT certification requirements, develop its business segments and markets, and acquire new and used Airbus A320/321 aircraft to grow the company.

The initial CAD 100 Million will be in the form of a capital commitment that allows the Resulting Issuer to draw down funds during the 36-month term by issuing shares of the Resulting Issuer's common shares to GEM (or such persons as it may direct) and subject to share lending arrangement(s) being in place.

The Resulting Issuer will control the timing and maximum amount of drawdown under this facility and has no minimum drawdown obligation. Concurrent with the closing of the Transaction, the Resulting Issuer will issue warrants to GEM to purchase up to six per cent (6%) of the outstanding common shares of the Resulting Issuer on a fully diluted basis.

Joseph DaGrosa, Chairman and lead investor of GlobalX, stated: "We are excited to be working with GEM as we grow GlobalX. They have been extremely supportive, understand our business, believe in our vision and remain committed during this challenging economic climate. The timing for GlobalX is excellent, as we are now seeing the availability of aircraft on very favorable lease terms as well as highly experienced pilots, and also significantly increased charter opportunities beginning later in 2020 as many airlines downsize and focus on their own core scheduled markets."

About GEM

Global Emerging Markets ("GEM") is a US\$3.4 billion alternative investment group that manages a diverse set of investment vehicles focused on emerging markets across the world and have completed 370+ transactions in 70 countries. GEM's investment vehicles provide the group and its investors with a diversified portfolio of asset classes that span the global private investing spectrum. Its family of funds and investment vehicles provide GEM and its partners with exposure to Small-Mid Cap Management

Buyouts, Private Investments in Public Equities (PIPEs) and select venture investments. GEM's funds include the CITIC-GEM Fund (matured in December 2015), Kinderhook Industries (GP and LP non-voting stakes), GEM Global Yield LLC SCS, GEM India and VC Bank/GEM Mena Fund (GEM exited both its GP and LP stakes in these funds in 2015 and 2010, respectively).

About Global Crossing Airlines

BARRON'S

Reliable Market Advice in Unreliable Times

SUBSCRIBE NOW

GlobalX is a new entrant airline now in FAA certification using the Airbus A320 family aircraft. Subject to FAA and DOT approvals, GlobalX intends to fly as an ACMI and wet lease charter airline serving the US, Caribbean and Latin American markets.

For more information please visit <https://www.globalairlinesgroup.com/>

Miami based AVi8 Air Capital, LLC advised and structured the transaction on behalf of GlobalX.

Additional Information

The Resulting Issuer will control the timing and maximum amount of any draw down of the Facility ("Draw Down"), and has the right, not the obligation, to draw down on the Commitment Amount. The maximum amount of a Draw Down will be the lesser of (i) 1,000% of the average daily trading volume during the 15 trading days immediately preceding the date of a Draw Down; or (ii) the remaining portion of the Commitment Amount. The common shares issued under the Agreement will be subject to statutory resale restrictions, but GEM will receive freely transferable and unrestricted common shares through a share lending facility which will be provided by the Resulting Issuer's shareholders.

As a condition of the Agreement, GEM will be issued a total of up to 2,038,362 warrants (subject to adjustment such that the number is equal to 6% of the outstanding common shares of the Resulting Issuer) entitling GEM to purchase common shares of the Resulting Issuer for a period of 3 years from the date issuance at an exercise price equal to the greatest of (i) the closing price per common share on the first day of trading of the Resulting Issuer's common shares, (ii) the pro-rata portion of the per share price of the common shares of the Resulting Issuer at a CAD 8 million valuation and (iii) the lowest price accepted by the Exchange. GlobalX has also agreed to pay in connection with the Agreement up to 2% of the Commitment Amount in fee to GEM.

The subscription price for the Common Shares issued under the Agreement will be equal to 90%

of the average closing price of the 15 trading days immediately preceding the date of a Draw Down, which subscription price may not be lower than the floor price determined by the Resulting Issuer for such Draw Down and the Discounted Market Price (as such term is defined in the Corporate Finance Manual of the TSX Venture Exchange ("Exchange")).

The Facility and the issuance of the warrants are subject to the approval of the TSX Venture Exchange.

Additional information as required will be provided by way of a subsequent news release. Trading in the common shares of the Company on the Exchange will remain halted until such time as the requirements of the Exchange are met.

Completion of the Transaction is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. The transaction cannot close until

the required shareholder approval is obtained. The company has announced that the



Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Jetlines should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

For more information, please contact:

Global Crossing Airlines, Inc.

Ryan Goepel, Chief Financial Officer

Email: Ryan.goepel@globalairlinesgroup.com

Media Contact: mark.tender@avi8aircapital.com

Canada Jetlines Ltd.

Carlo Valente, Chief Financial Officer

Toll Free: 1-833-226-5387

Email: investor.relations@jetlines.com

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, statements with respect to (i) the terms of the Facility and its drawdown by the Resulting Issuer; and (ii) receipt of TSXV, regulatory and shareholder approvals of the Transaction and Facility.

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 "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 commence airline operations, the accuracy, reliability and success of the Jetlines' and GlobalX's business model; the timely receipt of governmental approvals; the timely commencement of operations by Jetlines and GlobalX and the success of such operations; the legislative and regulatory environments of the jurisdictions where the



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 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' or GlobalX's operational strategy, the ability to attract qualified management and staff, labour disputes, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits; and the additional risks identified in the "Risk Factors" section of the Company's reports and filings with applicable Canadian securities regulators. There is no assurance that the closing of the Transaction will occur. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in

forward-looking information, there may be other factors that cause actions, events or 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 or revise any forward-looking information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) has reviewed or accepts responsibility for the adequacy or accuracy of this release.

To view the source version of this press release, please visit
<https://www.newsfilecorp.com/release/55412>