



DISCOVERY AIR INC.

Notice of Annual and Special Meeting of Shareholders
and Management Proxy Circular
May 14, 2008

ANNUAL AND SPECIAL MEETING

Toronto Stock Exchange Broadcast & Conference Centre, Gallery
130 King Street West, Toronto, Ontario

June 17, 2008 at 10:00 a.m.

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DISCOVERY AIR INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
JUNE 17, 2008**

TAKE NOTICE that the Annual and Special Meeting of the shareholders (the "Meeting") of Discovery Air Inc. (the "Corporation") will be held at the Toronto Stock Exchange Broadcast & Conference Centre, Gallery, 130 King Street West, Toronto, ON on Tuesday, June 17, 2008 at 10:00 a.m. (local time) for the following purposes:

1. to receive the financial statements for the fiscal year ended January 31, 2008 and the report of the auditors thereon;
2. to fix the number of directors at 10;
3. to elect directors for the ensuing year;
4. to appoint auditors for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
5. to consider and, if thought appropriate, to pass a resolution approving all unallocated shares under the Corporation's Stock Option Incentive Plan; and
6. to transact such further other business as may properly come before the Meeting or any adjournment thereof.

Particulars of the matters referred to above are set forth in the accompanying Management Proxy Circular.

DATED at the City of London, in the Province of Ontario this 14th day of May, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

Tammie Ashton
Vice President, General Counsel and Corporate Secretary

Shareholders who will not be attending the Meeting are encouraged to complete, date and sign the form of Proxy enclosed with this Notice and return it in accordance with the instructions contained thereon.

Proxies from registered shareholders must be returned to Computershare Investor Services Inc., 9th Floor, 100 University Avenue, Toronto, ON, M5J 2Y1, fax: 416-263-9524. They can be sent by mail, courier, fax or personal delivery. They must be received by 5:00pm EST on Friday, June 13, 2008 to be counted. Or registered shareholders may vote by mail or internet. See the instructions on the form of proxy.

If you are a non-registered holder of shares and have received this Notice of Meeting and the Management Proxy Circular from your broker or another intermediary, please complete and return the proxy provided to you by your broker or other intermediary in accordance with the instructions provided with such form. Failure to do so may result in your shares being ineligible to be voted at the meeting.



**MANAGEMENT PROXY CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
to be held on Tuesday, June 17, 2008**

SOLICITATION OF PROXIES BY MANAGEMENT

This Circular is furnished to shareholders of Discovery Air Inc. (the "Corporation") in connection with the solicitation of proxies by or on behalf of the management of the Corporation for use at the 2008 annual and special meeting (the "Meeting") of the holders of Class A common shares and Class B common shares (collectively, the "shares" or "common shares") of the Corporation. The information contained herein is current as of May 14, 2008, unless otherwise indicated. The Meeting will be held at the Toronto Stock Exchange Broadcast & Conference Centre, Gallery, The Exchange Tower, 130 King Street W., Toronto, Ontario, on Tuesday, June 17, 2008 at 10:00 a.m. for the purposes set forth in the accompanying Notice of Annual and Special Meeting (the "Notice"). It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally or by telephone by officers and directors and other representatives of the Corporation, as the case may be. The cost of solicitation by or on behalf of management will be borne by the Corporation.

APPOINTMENT OF PROXIES

The persons named as proxyholders in the enclosed form of proxy are directors and officers of the Corporation.

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, AS HIS OR HER NOMINEE TO ATTEND AND ACT ON HIS OR HER BEHALF AT THE MEETING, OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. This right may be exercised by inserting such person's name in the blank space provided in the form of proxy. Proxies for registered shareholders are to be returned to Computershare Investor Services Inc. in accordance with the instructions provided on the form of Proxy. Proxies for Non-Registered Holders (defined below) are to be returned in accordance with the form of Proxy received from their intermediary.

Registered shareholders who plan to attend the Meeting and wish to vote their shares in person at the Meeting should not complete or return the form of proxy. Their votes will be taken and counted at the Meeting. Such shareholders are to register with the transfer agent, Computershare Investors Services Inc., upon their arrival at the Meeting.

You must complete the declaration regarding whether or not the Voting Shares you represent are owned or controlled by a "Canadian" for purposes of our voting control restrictions. This declaration is included on your form of proxy. The definition of "Canadian" can be found below under "Restrictions on Voting of Shares".

ADVICE TO NON-REGISTERED HOLDERS

The information in this section is of significant importance to a substantial number of shareholders who do not hold their shares in their own name, but who hold their shares through an intermediary (ie. a bank, trust company, securities broker, trustee or other). Shareholders who do not hold their common shares in their own name are referred to in this document as **Non-Registered Holders**.

Non-Registered Holders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder's name on the records of the Corporation. Such shares will likely be registered in the name of the shareholder's broker or an agent of that broker (intermediaries). Shares held by intermediaries can only be voted for or against resolutions upon the instructions of the Non-Registered Holder. Without specific instructions, intermediaries are prohibited from voting shares for their clients. The directors and officers of the Corporation may not know for whose benefit the shares registered in the name of intermediaries are held.

Intermediaries are required to seek instructions from Non-Registered Holders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which Non-Registered Holders should follow closely in order to ensure that their common shares are voted at the meeting. A Non-Registered Holder may have received from the intermediary either a request for voting instructions or a form of proxy that is identical to the form of proxy provided to registered shareholders; however, the purpose of the proxy is limited to instructing the intermediary how to vote on behalf of the Non-Registered Holder. **A NON-REGISTERED HOLDER THAT RECEIVES A PROXY FROM AN INTERMEDIARY CANNOT USE THAT PROXY TO VOTE SHARES DIRECTLY AT THE MEETING. The proxy must be returned to the intermediary well in advance of the Meeting in order to have the shares voted.**

A Non-Registered Holder who wishes to vote in person at the Meeting or have its nominee vote in person at the Meeting must provide the intermediary with the appropriate documentation in order to be appointed as proxyholder. A Non-Registered Holder should contact the intermediary to determine which documentation the intermediary requires in order for it or its nominee to be appointed proxyholder. ONLY AFTER THE INTERMEDIARY APPOINTS THE NON-REGISTERED HOLDER OR ITS NOMINEE AS A PROXYHOLDER CAN THAT NON-REGISTERED HOLDER OR ITS NOMINEE VOTE SHARES DIRECTLY AT THE MEETING.

REVOCAION OF PROXIES

A proxy is only valid at the Meeting in respect of which it is given or any adjournment thereof. A registered shareholder may revoke a proxy:

- (a) by an instrument in writing executed by the shareholder or by an attorney in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited:
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; or
 - (ii) with the chair of the Meeting on June 17, 2008 or any adjournment of the Meeting; or

(b) in any other manner permitted by law.

If a Non-Registered Holder wants to revoke their proxy, they should contact their intermediary to determine the procedure to follow, if possible.

EXERCISE OF DISCRETION WITH RESPECT TO PROXIES

The common shares represented by proxies will be voted or withheld from voting by the persons designated in the proxies in accordance with the direction of the shareholders appointing them. **In the event that no specifications are made in the proxies, the shares represented by the proxies will be voted by the proxy nominees designated by management FOR fixing the number of directors at ten (10), FOR the election of the directors set forth in this Circular, FOR the appointment of KPMG LLP as auditors and authorization for the directors to fix their remuneration, and FOR approving the Unallocated Shares pursuant to the Corporation's Stock Option Incentive Plan.**

The enclosed form of proxy grants to the named proxyholder authority with respect to amendments and variations to matters identified in the Notice, and with respect to other matters that may properly come before the Meeting. At the time of the preparation of this Management Proxy Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. If, however, amendments, variations or other matters which are not now known to management of the Corporation should properly come before the Meeting, the shares represented by proxies will be voted by the persons named in the proxy in accordance with their best judgement.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of May 14, 2008, there were 134,522,805 Class A common shares and 681,354 Class B common shares of the Corporation issued and outstanding. Subject to the voting restrictions and adjustments outlined below under "Restrictions on Voting of Shares", each common share carries the right to one vote.

The directors have fixed May 13, 2008 as the record date for determining shareholders entitled to receive notice of the Meeting. A person shown as a shareholder of record on May 13, 2008 shall be entitled to vote the common shares of the Corporation registered in his or her name on that date, except to the extent that the person has transferred the ownership of any of his or her shares after May 13, 2008 and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares and demands, not later than 10 days before the Meeting, that his or her name be included in the list of shareholders entitled to receive notice of the Meeting, in which event the transferee shall be entitled to vote such shares at the Meeting.

To the best of the knowledge of the Corporation, no person beneficially owns, or controls or directs, directly or indirectly, greater than 10% of the outstanding voting shares of the Corporation, other than Adam Bembridge, President of Great Slave Helicopters Ltd., a subsidiary of the Corporation, who, to the best knowledge of the Corporation, owns, controls or directs, directly or indirectly 18,274,582 Class A common shares and Ian Campbell, Vice-President of Great Slave Helicopters Ltd., who, to the best knowledge of the Corporation, owns, controls or directs, directly or indirectly 18,275,427 Class A common shares.

RESTRICTIONS ON VOTING OF SHARES

The *Canada Transportation Act* ("CTA") requires holders of licences to operate a domestic air service to be Canadian within the meaning of the CTA. The Corporation's Articles of Continuance contain foreign voting control restrictions designed to ensure that the Corporation maintains its Canadian status under the CTA.

Specifically, Class A common shares may be beneficially owned and controlled, directly or indirectly, only by persons who are Canadians and Class B common shares may be beneficially owned or controlled, directly or indirectly, only by persons who are not Canadians.

For this purpose, Canadian has the meaning set forth in Subsection 55(1) of the CTA, which can be summarized as follows:

- (a) an individual who is a Canadian citizen or an individual who has not become a Canadian citizen but who has been granted lawful permission to come into Canada to establish permanent residency and who has not ceased to be a permanent resident;
- (b) a corporation or other entity that is incorporated or formed under the laws of Canada or a province that is controlled in fact by Canadians and of which at least 75% of the voting interests are owned and controlled by Canadians as defined in paragraph (a) or by corporations or entities that are also Canadian;
- (c) a government in Canada or an agent thereof;
- (d) a trust where the trustee and the holders of at least 75% of the beneficial interests in the trust are Canadians as defined in paragraphs (a), (b), (c) or (e); or
- (e) a partnership of which each partner is a Canadian as defined in paragraphs (a), (b), (c) or (d).

Further, each issued and outstanding Class A common share will be converted into one Class B common share, automatically and without any further act of the Corporation or the holder, if such Class A common share is or becomes beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian. Each issued and outstanding Class B common share will be automatically converted into one Class A common share without any further act on the part of the Corporation or of the holder, if such Class B common share is or becomes beneficially owned and controlled, directly or indirectly, by a Canadian.

The Corporation's Articles of Continuance also grant to its board of directors all powers necessary to give effect to the ownership restrictions.

The Corporation requires that a residency declaration be signed in order to transfer Class B common shares. The Corporation may in the future adopt various additional procedures and policies with respect to the transfer of common shares of the Corporation to ensure that the 25% limitation on non-Canadian ownership of voting shares of the Corporation is complied with. In addition, the Corporation may in the future adopt additional policies and procedures to monitor the number of common shares owned by Canadians to ensure that the provisions of the CTA are complied with.

BUSINESS TO BE TRANSACTED AT THE MEETING

1. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended January 31, 2008 and the auditor's report thereon are included in the 2008 Annual Report, which has been mailed to all registered shareholders and intermediaries with this Management Proxy Circular. These financial statements will be presented to the shareholders at the Meeting and no vote is required on this matter.

2. NUMBER OF DIRECTORS

According to the Articles of the Corporation, Discovery Air may have between one and fifteen directors. At the Meeting it is proposed that, subject to the *Canada Business Corporations Act* and the rights of the directors contained in the Corporation's Articles to appoint additional directors between annual meetings of shareholders, shareholders approve an ordinary resolution to fix the number of directors to be elected at the Meeting at ten (10).

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR fixing the number of directors at ten (10).

3. ELECTION OF DIRECTORS

Proxies solicited hereby will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the bylaws of the Corporation and applicable corporate law, hold office until the next annual meeting or until his successor is duly elected or appointed, unless his office is vacated in accordance with the by-laws. The nominees for election as directors of the Corporation are:

Danny R. Anderson	William T. Mitchell
Frederick J. Carmichael	Paul G. Oliver
John C. Drake	Brian J. Semkowski
Arnold E. Hillier	David R. Taylor
Ian W. McLean	Jonathan F.P. Taylor

A "Board of Directors Attendance Record" is provided in Exhibit "A". The information as to shares beneficially owned, directly or indirectly, or over which control or direction was exercised as set forth in the table below, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually. Unless otherwise indicated, all of the nominees are now directors and have been for the periods indicated.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election of the following persons as directors of the Corporation: Danny R. Anderson, Frederick J. Carmichael, John C. Drake, Arnold E. Hillier, Ian W. McLean, William T. Mitchell, Paul G. Oliver, Brian J. Semkowski, David R. Taylor, Jonathan F.P. Taylor.

Name	Office Held, Date Became a Director and Committee Membership	Principal Occupation
<p>Danny R. Anderson B.A, LL.B. Saskatoon, Saskatchewan</p> <p><i>Common shareholdings – 377,304</i> <i>Options & Warrants - 232,258</i> <i>Convertible Debentures - \$125,000</i> <i>Deferred Stock Units – 2,250</i></p>	<p>Director since January 13, 2006</p> <p>Member Human Resources & Corporate Governance Committee</p>	<p>Partner (through his professional corporation), MacPherson Leslie & Tyerman LLP</p>
<p>Frederick J. Carmichael Inuvik, Northwest Territories</p> <p><i>Common shareholdings – nil</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Stock Units – nil</i></p>	<p>Nominee</p>	<p>President, Gwich'in Tribal Council</p>
<p>John C. Drake B.B.A. London, Ontario</p> <p><i>Common shareholdings – 579,598</i> <i>Options & Warrants -200,000</i> <i>Convertible Debentures –nil</i> <i>Deferred Stock Units – 2,250</i></p>	<p>Director since January 13, 2006</p>	<p>President, Drake Goodwin Corporation</p>
<p>Arnold E. Hillier B.Comm., C.A. Saskatoon, Saskatchewan</p> <p><i>Common shareholdings – 135,717</i> <i>Options & Warrants – 200,000</i> <i>Convertible Debentures -\$135,000</i> <i>Deferred Stock Units – 2,250</i></p>	<p>Director since January 13, 2006</p> <p>Member Audit Committee and Human Resources & Corporate Governance Committee</p>	<p>Retired, former Chairman, Chief Executive Officer and Chief Financial Officer, Claude Resources Inc., a natural resource mining and oil and gas company</p>
<p>Ian W. McLean Caledon, Ontario</p> <p><i>Common shareholdings – 15,000</i> <i>Options & Warrants –100,000</i> <i>Convertible Debentures –nil</i> <i>Deferred Stock Units – 1,776</i></p>	<p>Director since April 23, 2007</p>	<p>President, Cardinal Couriers Ltd. Recently retired as a Major from the Canadian Air Force.</p>

Name	Office Held, Date Became a Director and Committee Membership	Principal Occupation
<p>William T. Mitchell FCA Etobicoke, Ontario</p> <p><i>Common shareholdings - 43,114</i> <i>Options & Warrants - 200,000</i> <i>Convertible Debentures - \$150,000</i> <i>Deferred Stock Units - 2,250</i></p>	<p>Director since January 13, 2006</p> <p>Chair Audit Committee</p>	<p>Retired, former Senior Partner of PricewaterhouseCoopers LLP.</p>
<p>Paul G. Oliver FCA, ICD.D Markham, Ontario</p> <p><i>Common shareholdings - 39,079</i> <i>Options & Warrants - 200,000</i> <i>Convertible Debentures - \$20,000</i> <i>Deferred Stock Units - 2,250</i></p>	<p>Director since January 13, 2006</p> <p>Member Audit Committee</p>	<p>Retired, former Senior Partner of PricewaterhouseCoopers LLP.</p>
<p>Brian J. Semkowski London, Ontario</p> <p><i>Common shareholdings - 1,046,590</i> <i>Options & Warrants - nil</i> <i>Convertible Debentures - nil</i> <i>Deferred Stock Units - nil</i></p>	<p>Nominee</p>	<p>President, Southwest Sun Group Inc.</p>
<p>David R. Taylor B.Sc. (Hons.), M.B.A., F.I.C.B. Ilderton, Ontario</p> <p><i>Common shareholdings - 1,800,000</i> <i>Options & Warrants - 700,000</i> <i>Convertible Debentures - nil</i> <i>Deferred Stock Units - 2,250</i></p>	<p>Chairman, President and Chief Executive Officer</p> <p>Director since December 22, 2004</p>	<p>President and Chief Executive Officer of Pacific & Western Credit Corp. and Pacific & Western Bank of Canada.</p>
<p>Jonathan F.P. Taylor B.B.A. Saskatoon, Saskatchewan</p> <p><i>Common shareholdings - 182,665</i> <i>Options & Warrants - 320,000</i> <i>Convertible Debentures - \$56,000</i> <i>Deferred Stock Units - 2,250</i></p>	<p>Director since January 13, 2006</p> <p>Chair Human Resources & Corporate Governance Committee</p>	<p>Senior Vice-President of Pacific & Western Credit Corp. and Pacific & Western Bank of Canada</p>

Compensation of Directors

During the fiscal year ended January 31, 2008, all directors of the Corporation were paid meeting fees based on the single highest rate for the meetings attended on a meeting day and not for each individual meeting held. The Chairman of the Board received \$1,900.00 per day for attendance at board and committee meetings. The Chairman of the Audit Committee received \$1,800.00 per day for attendance at board and committee meetings, while the Chairman of the Human Resources and Corporate Governance Committee received \$1,500.00 per day. The Corporation paid each of its other Audit committee members \$1,300.00 per day for attending audit committee and board meetings, and paid the other directors \$1,000.00 per day. Meeting fees were reduced by one-third when attended by phone instead of in person, and reduced by one-half when meetings were one hour or less in duration. Directors were reimbursed for reasonable travel and other expenses incurred when attending meetings. Directors received an annual retainer fee of \$10,000.00. For the fiscal year ended January 31, 2008 each director received 1,000 deferred stock units. Directors may be entitled to receive stock options of the Corporation. The exercise price of such options, when granted, is in accordance with the Corporation's stock option incentive plan. 100,000 options were granted to Ian McLean on June 25, 2007. No other options were granted to directors during the fiscal year ended January 31, 2008.

Pursuant to a Consulting Agreement dated June 25, 2007, Ian McLean provides consulting services to the Corporation with respect to matters relating to the aviation industry, including introductions of potential new military business and acquisitions. The Consulting Agreement has a term of 3 years, subject to renewal, and pursuant to which Mr. McLean receives \$74,000 per year and was granted 100,000 options.

4. APPOINTMENT OF AUDITORS

Management and the Board propose KPMG LLP for reappointment as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. KPMG LLP has been the accountants, and later the auditors, of the Corporation since incorporation on November 12, 2004.

Management proposes that the shareholders authorize the directors to fix the remuneration of the auditors. In the past, the directors have fixed the remuneration of the auditors of the Corporation. Such remuneration has been based upon the complexity of the matters dealt with and time spent in providing services to the Corporation. Management feels that the remuneration negotiated in the past with the auditors of the Corporation has been reasonable under the circumstances and would be comparable to fees charged by other auditors providing similar services.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the appointment of KPMG LLP as auditors of the Corporation and authorizing the directors to fix their remuneration.

5. UNALLOCATED SHARES UNDER STOCK OPTION INCENTIVE PLAN

At the Meeting, the Corporation's shareholders will be asked to consider, and if thought advisable, to approve, with or without variation, a resolution (the "**Unallocated Shares Resolution**") substantially in the form set out in Exhibit "B" attached, approving all of the unallocated common shares issuable pursuant to the Corporation's Stock Option Incentive Plan. In order to become effective, the Unallocated Shares Resolution must be approved by a majority of the votes cast at the Meeting.

Pursuant to the rules of the Toronto Stock Exchange (the “TSX”), unallocated options, rights or other entitlements under a TSX listed issuer’s security based compensation arrangement that does not have a fixed maximum number of securities issuable (which includes the Corporation’s Stock Option Incentive Plan), must be approved by a majority of the issuer’s directors and by the issuer’s securityholders every three years. Because the Stock Option Incentive Plan does not have a fixed number of common shares issuable thereunder, but permits the issuance of up to an aggregate of 10% of the outstanding common shares from time to time, the Corporation is seeking shareholder approval at the Meeting of all of the unallocated common shares issuable pursuant to the Stock Option Incentive Plan in accordance with this requirement.

As of the date of this Circular, the Corporation has options outstanding under the Stock Option Incentive Plan to purchase up to 7,494,550 common shares (representing approximately 5.54% of the issued and outstanding common shares), leaving unallocated options with respect to an aggregate of 6,025,865 common shares available for future grants (representing approximately 4.46% of the outstanding common shares), based on the number of currently outstanding common shares. The Corporation does not currently have any other security based compensation arrangement.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of unallocated options under the Stock Option Incentive Plan until the Corporation’s 2011 annual shareholders’ meeting (provided that such meeting is held on or prior to June 17, 2011). If approval is not obtained at the Meeting, options which have not been allocated as of June 17, 2008 and options which are outstanding as of June 17, 2008 and are subsequently cancelled, terminated or exercised will not be available for a new grant of options. Previously allocated options will continue to be unaffected by the approval or disapproval of the resolution.

Effective April 25, 2008, the Board approved all of the unallocated common shares issuable pursuant to the Stock Option Incentive Plan, subject to approval by the Corporation’s shareholders at the Meeting. **In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the Unallocated Shares Resolution.**

REPORT ON EXECUTIVE COMPENSATION

Composition of the Human Resources & Corporate Governance Committee

The Human Resources & Corporate Governance Committee’s mandate stipulates that the Committee will review the Corporation’s internal control environment and review officer appointments, recommend director appointments and assess the board of directors, committees of the board and individual directors. Further, the Committee is responsible for reviewing the Corporation’s overall compensation policies and programs to ensure they are consistent with the Corporation’s goal of attracting and retaining the best available people. The Human Resources & Corporate Governance Committee is comprised of Jonathan Taylor (chair), Arnold Hillier and Danny Anderson.

Executive Compensation Programs

The Corporation was a wholly owned subsidiary of Pacific & Western Bank of Canada (“PWB”) until April 2005 and PWB remained the majority shareholder of the Corporation until the Corporation’s initial public offering in April 2006. Until October 31, 2006, there were no employees of the Corporation. All services provided by senior officers of the Corporation, with the exception of Adam Bembridge and Ian Campbell, were provided in accordance with an Agreement (the “Management Agreement”) between the Corporation and PWB. In accordance with the Management Agreement, the Corporation paid a fee to PWB equal to 1.50% of the Corporation’s annual gross revenue, or \$758,000 during fiscal 2006. Commencing in November 2006, the senior executives, with the exception of David Taylor, Adam Bembridge and Alex Arychuk, became

employees of the Corporation. David Taylor continues to provide his services pursuant to a Business Advisory Agreement between Pacific & Western Credit Corp. (“PWC”), the parent company of PWB, and the Corporation. In accordance with such Agreement, for the period from November 1, 2007 to October 31, 2008, the Corporation pays PWC an annual retainer in the amount of \$400,000, paid monthly, for business advisory services. The services provided by PWC pursuant to the Business Advisory Agreement include legal, accounting and human resources services, investment banking services (which result in no additional arrangement fees where PWC’s wholly owned subsidiary, PWB provides financing to the Corporation) and the business and financial advisory services of David Taylor to act as the Corporation’s Chief Executive Officer. Adam Bembridge and Ian Campbell receive their compensation from Great Slave Helicopters Ltd., while Alex Arychuk receives his compensation from Air Tindi Ltd., both of which are wholly owned subsidiaries of the Corporation.

The compensation package for executives of the Corporation has three key components: base salary, short-term incentive awards, and long-term incentive awards. Recently, the Board engaged Watson Wyatt to conduct a review of the current compensation paid to executives and provide recommendations concerning the Corporation’s executive compensation plan. The Board will consider these recommendations at future meetings.

Base Salary and Short Term Incentive Awards

A goal of the Human Resources & Corporate Governance Committee is to ensure that the Corporation offers a fair base salary to executive officers relative to similar positions in comparable organizations. Further, the Committee ensures that entitlement to short term incentive awards is tied to the performance of each executive officer’s relevant operating unit.

Long-Term Incentive Awards

The Corporation’s Stock Option Incentive Plan is intended to provide all employees with compensation opportunities that encourage share ownership. If and when additional stock options are granted, stock options already granted are taken into consideration.

Key Elements of the Corporation’s Stock Option Incentive Plan

The Corporation’s Stock Option Incentive Plan has a fixed maximum number of shares issuable pursuant to the Stock Option Incentive Plan of 10% of issued and outstanding common shares. Employees, insiders and service providers of the Corporation and its subsidiaries are eligible participants under the Stock Option Incentive Plan. See above under “Unallocated Shares Under Stock Option Incentive Plan” for the number of options outstanding and those available for issuance. The number of securities issuable to insiders, at any time, under all security based compensation arrangements may not exceed 10% of the issued and outstanding securities of the Corporation. Also, the number of securities issued to insiders within any one year period under all security based compensation arrangements may not exceed 10% of issued and outstanding securities.

The exercise price of options granted under the Stock Option Incentive Plan shall not be less than the fair market value of the Corporation’s common shares, which market value is determined to be the closing price at which board lots of the Corporation’s common shares traded on the TSX on the day before the date on which the option is granted or if no board lots are traded on such day then the previous five day weighted average of board lot trading prices.

Stock options granted under the Stock Option Incentive Plan shall have a term not greater than ten years, and become exercisable at such time or times after the option is granted as may be determined by the Board or the Committee at the time of grant, provided that if no such time or times are specified, options vest one-third at the time of grant, one-third after one year from the time of grant, and one-third two years after the time of

grant. It is the Corporation's practice to grant options subject to this phased-in vesting period.

Should an employee, insider or service provider cease to be an employee, insider or service provider, then any outstanding options to such individual expires on the earlier of ninety days or the option expiry date, subject to the following provisions. In the event that a director's relationship is terminated by reason of disability or retirement or death, the option shall remain outstanding for one year. In the event that an employee's or senior officer's relationship is terminated by reason of retirement or death, the options shall remain outstanding for three years. In the event that an employee's or senior officer's relationship is terminated by reason of disability, the option shall remain outstanding for one year, unless otherwise approved by the Board and subject to regulatory approval. In the event that a service provider's relationship is terminated by reason of disability, retirement or death, the options shall remain outstanding for one year, unless otherwise approved by the Board and subject to regulatory approval. In the event that an employee is terminated for breaching a contractual relationship or for cause, any outstanding options to the employee terminate immediately.

The Board may amend, suspend or terminate the Stock Option Incentive Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange), if any, that require the approval of shareholders or any governmental or regulatory body. These rights include that the Board may make the following amendments: i) amendments which are of a housekeeping nature; ii) a change to the vesting provisions of any option or the Stock Option Incentive Plan; iii) a change to the termination provisions of the Stock Option Incentive Plan or any option, whether or not such option is held by an insider, so long as that change does not entail an extension beyond the original expiry date; iv) the addition or modification of a cashless exercise feature, payable in cash or securities, which provides for a full deduction in the number of underlying securities from the Stock Option Incentive Plan reserve; v) the addition of a provision relating to financial assistance; vi) a change to the financial assistance provision; vii) amendments necessary to comply with the provisions of applicable law; and viii) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law. Amendments may not, without the consent of the Optionee, adversely affect or impair any option previously granted to any Optionee under the Stock Option Incentive Plan.

Shareholder approval will be required for any amendments to the Stock Option Incentive Plan which result in a change to the fixed maximum percentage of Common Shares issuable under the Stock Option Incentive Plan. Further, shareholder approval, excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment, is required for: i) a reduction in the exercise price or purchase price of the Common Shares; or ii) an extension of the term under the Stock Option Incentive Plan, which is of benefit to an insider of the Corporation.

Pension Supplement

The Corporation does not have a formal pension plan. However, executive officers may receive an annual cash amount as a Registered Retirement Savings Plan contribution. In relation to the fiscal year ended January 31, 2008, the Corporation paid \$240,668 in retirement plan contributions to executive officers.

Disclosure of Executive Compensation

The following table provides a summary of all compensation paid to the President and C.E.O. of the Corporation (David Taylor), the C.F.O. of the Corporation (Richard Jankura), the President (Adam Bembridge) and Vice-President (Ian Campbell) of Great Slave Helicopters Ltd., and the President of Air Tindi Ltd. (Alex Arychuk), herein collectively referred to as the "Named Executive Officers". The 2008 amount are the amounts paid to the Named Executive Officers during the 12 month period February 1, 2007 to January 31, 2008. Since the Corporation changed its fiscal year end from October 31 to January 31, unless otherwise stated, the 2007

amounts are the amounts paid to the Named Executive Officers during the three month period November 1, 2006 to January 31, 2007. Unless otherwise stated, the 2006 amounts are the amounts paid to the Named Executive officers during the 12 month period November 1, 2005 to October 31, 2006.

David Taylor, the Corporation's Chairman, President and Chief Executive Officer does not have an employment agreement with the Corporation. As stated above under "Executive Compensation Programs", for the fiscal year ended January 31, 2008, the President and C.E.O. provided services to the Corporation pursuant to a Business Advisory Agreement between the Corporation and PWC and was compensated by PWC. Accordingly, no cash or non-cash compensation was paid by the Corporation to this executive officer, other than director fees in his capacity as Chairman.

		Annual compensation			Long-term Compensation
Name and principal position	Year	Salary (\$)	Bonus (\$)	Other annual compensation (\$)	Securities under options granted (#)
DAVID R. TAYLOR ¹ Chairman, President & C.E.O. Discovery Air Inc.	2008	100,000 ²	Nil	Nil	Nil
	2007	25,000 ²	Nil	Nil	Nil
	2006	350,000 ³ (paid by PWC)	575,316 ⁴ (paid by PWC)	107,271 ⁵ (paid by PWC)	700,000
RICHARD H.L JANKURA ⁶ Chief Financial Officer Discovery Air Inc.	2008	175,000	Nil	57,758 ⁷	25,000
	2007	42,500 ⁸ (paid by the Corporation & PWB)	Nil	11,079 ⁹ (paid by PWB)	170,000
	2006	159,524 (paid by PWB)	58,000 (paid by PWB)	59,838 ¹⁰ (paid by PWB)	130,000
ADAM BEMBRIDGE President & C.E.O. Great Slave Helicopters Ltd.	2008	361,000	96,321	Nil	3,350
	2007	119,680	33,929	Nil	Nil
	2006 ¹¹	141,704	25,447	Nil	Nil
IAN CAMPBELL Vice-President Great Slave Helicopters Ltd.	2008	322,903	88,912	Nil	3,350
	2007	79,500	31,319	Nil	Nil
	2006 ¹¹	123,560	23,489	12,450	Nil
ALEX ARYCHUK President Air Tindi Ltd.	2008	250,000	500	33,390 ¹²	3,350
	2007 ¹³	28,417	Nil	Nil	Nil

- (1) Other than directors fees, the Corporation did not pay Mr. Taylor any amount for his services rendered to the Corporation in fiscal 2006, 2007 and 2008 (see "Executive Compensation Programs" above).
- (2) For the period from November 1, 2006 to January 31, 2007 and February 1, 2007 to January 31, 2008 the Corporation paid \$100,000 and \$400,000 respectively to PWC for Business Advisory Services, including Mr. Taylor's services, in accordance with a Business Advisory Agreement between the Corporation and PWC (see "Executive Compensation Programs" above). Of those amounts, 25% (being \$25,000 and \$100,000 respectively) were received by Mr. Taylor pursuant to his employment arrangement with PWC.
- (3) For the period November 1, 2005 to October 31, 2006, while the Corporation did not pay any amounts directly to Mr. Taylor in relation to his services as President and C.E.O., as his services were provided pursuant to agreements with PWB, the amounts paid by the Corporation in relation to Mr. Taylor's services alone were not clearly allocated separately from amounts paid for other services. The amounts disclosed for 2006 are therefore the entire amounts paid by PWC to Mr. Taylor.
- (4) Of this amount, \$225,316 represents a special bonus authorized by the Board of Directors of PWB to recognize the contribution of Mr. Taylor to the earnings of PWB from the Corporation.
- (5) Of this amount \$100,331 is the amount of pension supplement paid.
- (6) Senior Vice-President of the Corporation from May 31, 2006 to October 31, 2007 and Chief Financial Officer since November 28, 2006. All compensation received by Mr. Jankura in fiscal 2006 was paid by PWB. The Corporation did not pay Mr. Jankura any amount for his services rendered to the Corporation in fiscal 2006 (see "Executive Compensation Programs" above).
- (7) Of this amount, \$43,998 is the amount of pension supplement paid.
- (8) Of this amount, \$26,667 was paid by PWB for the period November 1, 2006 to December 31, 2006 and \$15,833 was paid by the Corporation for the period January 1, 2007 to January 31, 2007.
- (9) This amount represents the amount of pension supplement paid.
- (10) Of this amount \$45,865 is the amount of pension supplement paid.
- (11) The Corporation acquired Great Slave Helicopters Ltd. on June 20, 2006 and therefore the 2006 amounts for Mr. Bembridge and Mr. Campbell represent the period from the date of acquisition to October 31, 2006.
- (12) Of this amount, \$19,000 is the amount of pension supplement paid.
- (13) The Corporation acquired Air Tindi Ltd. on December 19, 2006 and therefore the 2007 amount represents the period from the date of acquisition to January 31, 2007 and no 2006 amount is provided.

Options Granted by the Corporation During the Year Ended January 31, 2008

The following options were granted by the Corporation to Named Executive Officers during the period from February 1, 2007 to January 31, 2008. All options vest one-third on the date of grant, one-third one year after the date of grant and one-third two years after the date of grant.

Name	Securities under Options (#)	Percent of Total Options Granted in Fiscal Year (%)	Exercise Price (\$/Share)	Market Value of Securities Underlying Options on the Date of Grant (\$/share)	Expiration Date
David R. Taylor	Nil	Nil	Nil	Nil	Nil
Richard H.L. Jankura	25,000	0.8%	1.51	1.51	June 11, 2017
Adam Bembridge	3,350	0.1%	1.85	1.85	February 21, 2017
Ian Campbell	3,350	0.1%	1.85	1.85	February 21, 2017
Alex Arychuk	3,350	0.1%	1.85	1.85	February 21, 2017

Financial Year End Option Values

The table below sets out the number of options held by the Named Executive Officers and the value of the options based on the market value of the Corporation's common shares as at January 31, 2008, which was \$1.21.

Name	Securities acquired on exercise	Aggregate value realized (\$)	Unexercised options (#)		Value of unexercised in-the-money options at January 31, 2008 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
David R. Taylor	Nil	Nil	676,667	23,333	447,300	Nil
Richard H.L. Jankura	Nil	Nil	218,335	106,665	21,300	Nil
Adam Bembridge	Nil	Nil	1,117	2,233	Nil	Nil
Ian Campbell	Nil	Nil	1,117	2,233	Nil	Nil
Alex Arychuk	Nil	Nil	1,117	2,233	Nil	Nil

Securities Authorized for Issuance under Equity Compensation Plan at January 31, 2008

The following table lists the number of securities to be issued upon the exercise of outstanding options, the weighted-average exercise price of the outstanding options, and the number of securities remaining for future issuance under equity compensation plans as at January 31, 2008.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan
Equity compensation plans approved by shareholders ¹	7,113,200	1.22	6,407,215
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Total	7,113,200	1.22	6,407,215

- (1) A fixed maximum number of shares are issuable pursuant to the Corporation's Stock Option Incentive Plan of 10% of issued and outstanding common shares. See above "Key Elements of the Corporation's Stock Option Incentive Plan". At January 31, 2008 the Corporation had a total of 135,204,159 common shares issued and outstanding.

Employment Contracts

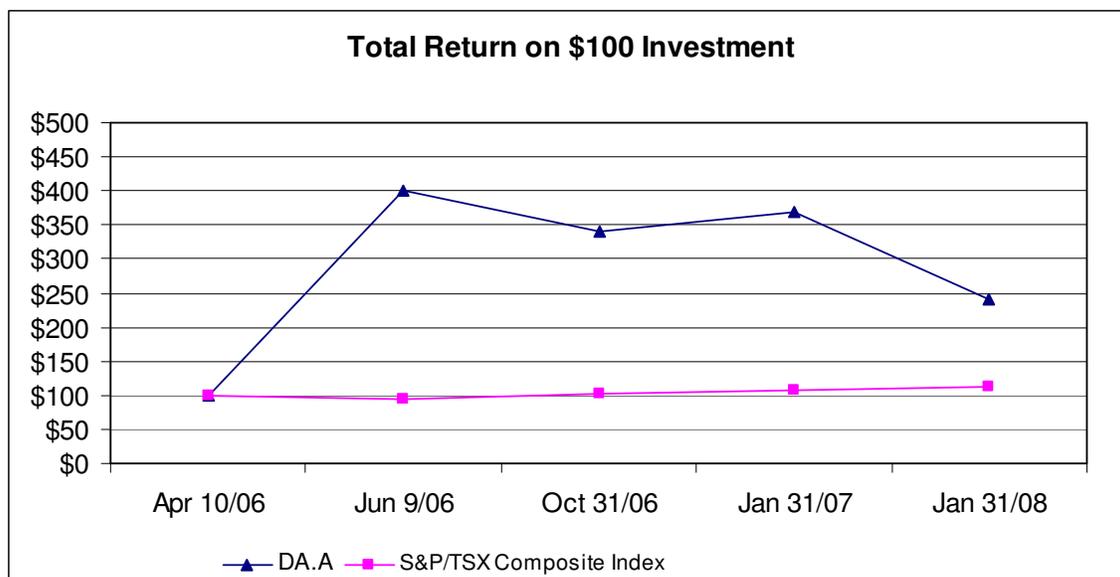
David Taylor does not have an employment contract with the Corporation or any of its subsidiaries. Richard Jankura has an employment contract with the Corporation which contains clauses pertaining to remuneration, termination and vacation, among other things.

The termination clause in the Executive Agreement between the Corporation and Richard Jankura provides that if his employment is terminated without cause or if the Corporation is sold, subject to a change of control, merged or liquidated, or if its normal operations are changed in such a manner as to terminate employment or Mr. Jankura's position, then Mr. Jankura shall receive an amount equal to the sum of the most recent twenty-four (24) months of total compensation. In addition, all options held by Mr. Jankura shall become exercisable on the date of termination and shall expire two (2) years after that date. Alternatively, at Mr. Jankura's discretion, his options are to be redeemed by the Corporation at a price to be calculated as the difference between the option price and the average price for the four (4) trading days prior to the date of termination plus the termination date. For the purpose of this termination clause 'total compensation' includes annual salary, incentive awards paid, benefits, and all allowances, including pension supplement.

Adam Bembridge and Ian Campbell have Executive Agreements with Great Slave Helicopters Ltd. Alex Arychuk has an Executive Agreement with Air Tindi Ltd. The termination clauses in those agreements provide that if Mr. Bembridge's, Mr. Campbell's or Mr. Arychuk's employment is terminated without just cause or if Great Slave Helicopters or Air Tindi, as applicable, is sold, subject to a change of control, merged or liquidated, or if its normal operations are changed in such a manner as to terminate employment of their executive positions, then each of them shall receive an amount equal to the sum of their two (2) most recent full year's salary.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return of the Corporation's common shares on the date that the Corporation's common shares were listed on the TSX Venture Exchange, being April 10, 2006, on the date that the Corporation's common shares were listed on the Toronto Stock Exchange, being June 9, 2006, on the fiscal year ends of October 31, 2006, January 31, 2007 and January 31, 2008, with the cumulative total return of the S&P/TSX Composite Index for the same periods, assuming reinvestment of all dividends.



For the time periods	April 10, 2006	June 9, 2006	October 31, 2006	January 31, 2007	January 31, 2008
DA.A	\$100.00	\$400.00	\$340.00	\$368.00	\$242.00
S&P/TSX Composite Index	\$100.00	\$93.21	\$101.84	\$108.24	\$111.98

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation's Directors' and Officers' liability insurance provides protection to directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation and its subsidiaries. The policy has an aggregate coverage of \$20,000,000 per policy period. For the policy period January 23, 2008 to January 23, 2009, the premium paid by the Corporation was \$87,840. The Corporation has agreed to indemnify each director and officer against all costs, charges and expenses reasonably incurred in respect of any action or proceeding to which any such person is made a party by reason of being a director or officer of the Corporation, subject to the limitations as contained in the *Canada Business Corporations Act*.

AUDIT COMMITTEE INFORMATION

Information pertaining to the Corporation's audit committee can be found in the Corporation's Annual Information Form for the year ended January 31, 2008 which is available on SEDAR at www.sedar.com. Upon request, a copy of the Annual Information Form will be provided free of charge.

CORPORATE GOVERNANCE PRACTICES

Information pertaining to the Corporation's corporate governance practices is included on Exhibit "A" attached hereto.

SHAREHOLDER PROPOSALS

There were no shareholder proposals submitted for consideration at this Meeting.

ADDITIONAL INFORMATION

The Corporation's Consolidated Financial Statements and Management's Discussion Analysis for the year ended January 31, 2008 contain additional financial information. These documents, and other additional information about the Corporation, are available on SEDAR at www.sedar.com.

Copies of the information referred to above can be obtained upon request in writing to the Corporate Secretary, Discovery Air Inc., 1979 Otter Place, London, Ontario N5V 0A3.

DIRECTORS' APPROVAL

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors.

By Order of the Board



Tammie Ashton
Vice President, General Counsel and Corporate Secretary
May 14, 2007
London, Ontario

EXHIBIT "A"
CORPORATE GOVERNANCE PRACTICES

Board of Directors

Of the directors who served on the Board during the last fiscal year, John Drake, Arnold Hillier, Ian McLean, William Mitchell and Paul Oliver are independent, as that term is defined by securities laws. David Taylor, Danny Anderson, Jonathan Taylor, David Jennings, Alex Arychuk and Adam Bembridge were not independent. The two new nominees, Fred Carmichael and Brian Semkowski are independent. Therefore, if the slate of directors set out under "Election of Directors" above is elected, the majority of the directors will be independent. David Taylor is not independent by virtue of being an executive officer of the Corporation. Jonathan Taylor is not independent since he has an immediate family member who is an executive officer of the Corporation. Danny Anderson is not independent since he receives legal fees from the Corporation. Arnold Hillier, as an independent director, has been appointed as the lead director of the Corporation. The independent directors hold regular meetings at which non-independent directors and members of management are not in attendance. The lead director chairs these meetings and any other meetings of independent directors he determines necessary. In the last fiscal year, there were 5 meetings of the independent directors

The roles and responsibilities of the Chair are set out in the Mandate of the Chair of the Board. The Chair is to exemplify the Board of Directors' responsibility for the stewardship of the Corporation. Among other duties, the Chair is to liaise with management of the Corporation for the purpose of setting meetings of the Board and is to lead the meetings, and he is to ensure that the responsibilities of the Board and management, and the boundaries between them, are well understood and respected. The Chair is also to ensure the Board works as a cohesive team and is to provide the leadership to achieve this, and he is to encourage the active participation of all members. The Chair is to ensure that there are adequate resources available to support the work of the Board, and that procedures are adopted to ensure that the Board can conduct its work effectively and efficiently. Finally, the Chair is to ensure that a process is in place by which the effectiveness of the Board, and the contribution of individual directors, is assessed, and to ensure that where functions are delegated to committees, the functions are carried out and results are reported to the Board.

In addition to being directors of the Corporation, each of David Taylor, William Mitchell, Paul Oliver and Arnold Hillier is a director of Pacific & Western Credit Corp. and Pacific & Western Bank of Canada, Arnold Hillier is also a director of Shore Gold Inc. and Westcan Goldfields Inc. Paul Oliver is also a director of Mackenzie Financial Capital Corporation and Quadrus Corporate Class Inc.

Board of Directors Attendance Record

For the year ended January 31, 2008

Summary of Board and Committee Meetings.

Board.....	11
Audit Committee	5
Human Resources & Corporate Governance Committee	5

Director	Number of meetings attended		
	Board	Audit Committee	Human Resources & Corporate Governance Committee
Danny R. Anderson	10 of 11	n/a	5 of 5
Alex Arychuk ¹	8 of 9	n/a	n/a
Adam Bembridge	9 of 11	n/a	n/a
John C. Drake	9 of 11	n/a	n/a
David Jennings ²	4 of 4	n/a	n/a
Arnold E. Hillier	10 of 11	5 of 5	5 of 5
Ian Campbell ³	2 of 2	n/a	n/a
Ian W. McLean ⁴	7 of 9	n/a	n/a
William T. Mitchell	11 of 11	5 of 5	n/a
Paul G. Oliver	10 of 11	5 of 5	n/a
Jonathan F.P. Taylor	11 of 11	n/a	5 of 5
David R. Taylor	11 of 11	n/a	n/a

(1) Alex Arychuk joined the Board on April 13, 2007

(2) David Jennings joined the Board on September 12, 2007

(3) Ian Campbell resigned from the Board on April 13, 2007

(4) Ian McLean joined the Board on April 23, 2007. In accordance with the Corporation's conflict of interest policies, Mr. McLean did not attend 2 board meetings as they were convened to discuss matters relating to which Mr. McLean had a conflict of interest.

Mandates

The Corporation has Board approved Mandates for the Chairman of the Board and for the Chair of each Board Committee. The Corporation also has a detailed chart of authorities which sets out the responsibilities of the CEO, the Board and the Board Committees.

Orientation and Continuing Education

New members of the Board are provided with a comprehensive orientation package which includes information on Board and Committee composition, officers, mandates of the Board and the Committees, the Corporate Disclosure Policy and Disclosure Controls and Procedures, the Code of Conduct, which includes conflict of interest rules, policies and procedures respecting privacy, and the current Business Plan and Budget.

The continuing education of the members of the Board is accomplished through the preparation and presentation of written material to the directors by Management regarding various subject matters. In addition, members of Management give presentations on emerging issues in order to keep the Board up-to-date with relevant matters. This process may be initiated at the request of the Board, a Committee, an individual

director, or it may be initiated by Management. In addition, the Committees have the authority to engage independent counsel and other advisors as determined to be necessary to permit them to carry out their duties.

Ethical Business Conduct

The Board of Directors has adopted a written Code of Conduct for the Directors, Officers, and employees of the Corporation. Pursuant to regulatory requirements, the Code of Conduct is available with the Corporation's other publicly disclosed documents at www.sedar.com. A copy may also be requested by contacting the Corporate Secretary at 1979 Otter Place, London, Ontario N5V 0A3.

A primary element within the Code of Conduct is a section on conflicts of interest. This section provides a definition of conflict of interest. The conflict of interest section within the Code provides details on the procedure to be followed if a conflict of interest situation arises, with the basic premise being the elevation of notice respecting the situation up to the Board. A list of conflict of interest matters is maintained by the Corporate Secretary, and each director and officer of the Corporation is required to annually attest whether he is a party to a material contract or proposed material contract, or is a director or officer of any entity who is, or has a material interest in any person who is, a party to a material contract or proposed material contract with the Corporation.

The board reviews the Code of Conduct each year and receives reports from management regarding compliance with various aspects of the code.

Nomination of Directors

From time to time it is both necessary and desirable for new candidates to be identified and appointed to the Board. The Board has created a nominating committee comprised of the independent directors of the Corporation to nominate persons for election as directors at the annual meeting to be held on June 17, 2008. The credentials of identified candidates were reviewed and discussed by the committee, and were compared against the current needs of the Board. The committee's recommendations were provided to the full Board of Directors for approval.

Compensation

The Corporation has a Human Resources & Corporate Governance Committee which, as part of its Mandate, reviews the Corporation's overall compensation policies and programs to ensure they are consistent with the Corporation's goal of attracting and retaining the best available people. Further, the Human Resources & Corporate Governance Committee assesses the level and nature of directors' fees and reviews officer and senior management appointments to ensure that the Corporation has enough experienced and skilled personnel to carry out its business activities in a prudent manner. The Human Resources and Corporate Governance Committee is comprised of Jonathan Taylor (chair), Danny Anderson and Arnold Hillier.

Assessments

In accordance with the Mandate of the Chair of the Board of Directors, the Chair of the Board ensures a process is in place by which the effectiveness of the Board, and the contribution of individual directors to the effectiveness of the Board, is assessed on a regular basis. The Mandate of the Human Resources & Corporate Governance Committee provides that the Committee review and assess the performance of the Board of Directors, the Committees of the Board and individual directors. In addition, the Chair of each Committee is required to complete a Committee performance assessment. This process is undertaken annually. The Committee and board assessments were returned directly to the Chair of the Human Resources & Corporate Governance Committee who reported to the Board on the results of the performance assessments. During the fiscal year ending January 31, 2008, the process was completed in June 2007.

Board Mandate

The following is the text of the Board's mandate.

1. The Board of Directors shall meet at least quarterly.
2. The independent directors shall hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.
3. Every director, in exercising any of the powers of a director and any of the duties of a director, shall:
 - a) act honestly and in good faith with a view to the best interests of Discovery Air Inc. ("DA"); and
 - b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
4. Certain functions of the Board of Directors may be delegated to committees of the Board. Such delegation will be confirmed by the Board approval of committee mandates.
5. The members of the Board of Directors have responsibility for the stewardship of DA and are charged with the following duties:

Generally:

- a) approve the by-laws of DA;
- b) appoint a Chair of the Board who shall be an independent director, subject to exceptional circumstances;
- c) in the event that the Chair of the Board is not an independent director, an independent lead director shall be appointed;
- d) appoint a President & C.E.O. for DA and ensure that the Chair of the Board or the lead director, as appropriate, conducts an annual assessment of such officer's performance;
- e) approve the Executive Agreement of the President & C.E.O.
- f) annually approve the compensation of the President & C.E.O.
- g) appoint officers for DA who are suitably qualified and capable of managing the operations of DA effectively and prudently;
- h) understand the responsibilities and accountabilities assigned to officers of DA;
- i) evaluate, on a regular basis, the effectiveness and prudence of the officers in managing the operations of DA and the risks to which DA is exposed;
- j) satisfy itself as to the integrity of the President & C.E.O. and other officers, and satisfy itself that the President & C.E.O. and other officers create a culture of integrity throughout DA;
- k) regularly satisfy itself that DA's compensation plans are consistent with the sustainable achievement of DA's business objectives, the prudent management of its operations and the risks to which it is exposed, and adherence to its processes, policies, procedures and controls;
- l) establish standards of business conduct and ethical behaviour for DA's directors, officers, and other personnel, and obtain on a regular basis reasonable assurance that DA has an ongoing, appropriate and effective process for ensuring adherence to those standards;
- m) establish an Audit Committee and approve the mandate for such committee;

- n) establish a Human Resources & Corporate Governance Committee and approve the mandate for such committee;
- o) establish any other board committees that the Board of Directors deems advisable and approve the mandates for such committees;
- p) review policies for DA as recommended by management and approve all policies;
- q) approve a Corporate Disclosure Policy for DA
- r) approve the annual financial statements for DA;
- s) approve the annual MD&A;
- t) approve all major changes to DA's organizational structure;
- u) approve all significant acquisitions;
- v) review all major contracts after approval by management and approve all major contracts out of the ordinary course of business;
- w) receive compliance reports;
- x) review director remuneration;
- y) exercise independent judgment in directing and overseeing the operations of DA;
- z) understand directors' responsibilities and regularly evaluate objectively the individual director's and the Boards' effectiveness in fulfilling those responsibilities;
- aa) review such information as required to obtain reasonable assurance that DA has a control environment and that DA is in control;
- bb) recommend the appointment of the external auditor to the shareholders;
- cc) upon recommendation of the Audit Committee, approve the compensation of the external auditor; and
- dd) review and, where appropriate, approve requests from individual directors to engage an outside advisor at the expense of DA.

Specifically With Respect to Strategic Management:

- a) establish the business objectives of DA, consider and approve DA's business strategy and its business plans for significant operations, and review those things annually to ensure that they remain appropriate and prudent in light of DA's current and anticipated business and economic environment, resources and results;
- b) evaluate, at least quarterly, DA's actual operating and financial results against forecast results, in light of DA's business objectives, business strategy and business plans; and
- c) obtain, on a regular basis, reasonable assurance that DA has an ongoing, appropriate and effective strategic management process.

Specifically With Respect to Risk Management:

- a) understand the significant risks to which DA is exposed; and
- b) consider the sufficiency and competency of DA's resources (e.g. capital, people, information and technology) to conduct operations and to manage the risks related thereto.

6. The members of the Board of Directors are expected to attend all meetings of the Board and its committees in person, when at all possible. Attendance by telephone may be used to facilitate a director's attendance.
7. The members of the Board of Directors are expected to devote the appropriate amount of time necessary to review meeting materials such that they are able to engage in informed discussion and make informed decisions.

EXHIBIT "B"
Unallocated Shares Resolution

BE IT RESOLVED THAT:

1. all unallocated Class A common shares issuable pursuant to the Corporation's Stock Option Incentive Plan are hereby approved and authorized until the date of the Corporation's annual shareholders' meeting in the year 2011 (provided that such meeting is held on or prior to June 17, 2011); and
2. any officer is hereby authorized for and on behalf of the Corporation to take all actions and to execute all documents as may be desirable to give effect to this resolution.