GLOBAL CROSSING AIRLINES INC.

(FORMERLY "CANADA JETLINES LTD.")

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020

(Expressed in United States Dollars)

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of Global Crossing Airlines Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GLOBAL CROSSING AIRLINES INC.
(FORMERLY “CANADA JETLINES LTD.”)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Unaudited)
(Expressed in United States Dollars)

		JUNE 30, 2020		DECEMBER 31, 2019
ASSETS				
Current assets				
Cash and cash equivalents	$	**822,877**	$	-
Receivables (Note 5)		**8,679**		-
Airline deposits		**350,000**		-
Prepaid expenses (Note 6)		**328,655**		1,620
Deposits		**5,596**		2,654
Assets held for sale (Note 7)		**280**		-
		1,516,087		4,274
Equipment (Note 8)		**478**		-
	$	**1,516,565**	$	4,274
LIABILITIES AND SHAREHOLDERS’ EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities	$	**1,349,191**	$	238,221
Due to related parties		**265,027**		165,690
		1,614,218		403,911
Long-term loan payable (Note 9)		**29,520**		-
		1,643,738		403,911
Shareholders’ equity (deficiency)				
Share capital		**3,207,783**		5
Reserves		**724,315**		-
Deficit		**(4,059,271)**		(399,642)
		(127,173)		(399,637)
	$	**1,516,565**	$	4,274

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GLOBAL CROSSING AIRLINES INC.
(FORMERLY "CANADA JETLINES LTD.")
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30,
(Unaudited)
(Expressed in United States Dollars)

	THREE MONTH PERIODS ENDED JUNE 30, 2020	2019	SIX MONTH PERIODS ENDED JUNE 30, 2020	2019
OPERATING ITEMS				
Aircraft launch, licensing and route network	$ **3,321**	$ -	$ **3,321**	$ -
Compensation expense	**27,828**	45,000	**90,828**	90,000
Consulting fees	**286,626**	4,437	**487,974**	5,362
Depreciation (Note 8)	**41**	-	**41**	-
Finance income	**(42)**	-	**(42)**	-
Foreign exchange gain	**13,708**	-	**13,708**	-
Interest expense	**4,651**	-	**3,151**	-
Listing expense	**2,888,163**	-	**2,888,163**	-
Marketing and investor relations	**1,650**	1,601	**1,650**	1,601
Meals and entertainment	**-**	1,042	**159**	1,042
Office and administration	**19,167**	6,091	**30,671**	9,819
Professional fees	**-**	481	**38,644**	481
Regulatory costs	**5,968**	-	**5,968**	-
Rent expense	**11,093**	5,377	**19,108**	9,649
Share-based payments (Note 10)	**168,619**	-	**168,619**	-
Travel	**2,999**	13,461	**7,266**	20,642
Loss from continuing operations	**(3,433,792)**	(77,490)	**(3,759,229)**	(138,596)
Gain on forgiveness of debt	**99,600**	-	**99,600**	-
Net loss and comprehensive loss for the period	$ **(3,334,192)**	$ (77,490)	$ **(3,659,629)**	$ (138,596)
Basic loss per share	$ **(1.59)**	$ (155)	$ **(3.48)**	$ (277)
Diluted loss per share	$ **(0.34)**	$ (155)	$ **(0.42)**	$ (277)
Weighted average number of shares outstanding	**2,100,938**	500	**1,050,719**	500
Fully diluted shares outstanding	**9,759,728**	500	**8,700,509**	500

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

GLOBAL CROSSING AIRLINES INC.
(FORMERLY "CANADA JETLINES LTD.")
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30,
(Unaudited)
(Expressed in United States Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ **(3,659,629)**	$ (138,596)
Items not affecting cash:		
Depreciation	**41**	-
Foreign exchange gain	**13,708**	-
Gain on asset disposal	**-**	-
Gain on forgiveness on debt	**(99,600)**	-
Listing expense	**2,888,163**	-
Non-cash working capital item changes:		
Receivables	**(8,679)**	-
Prepaid expenses	**(327,035)**	-
Deposits	**(2,942)**	-
Assets held for sale	**(280)**	-
Accounts payable and accrued liabilities	**1,110,970**	90,000
Net cash used in operating activities	**(85,283)**	(48,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Airline deposits	**(350,000)**	-
Proceeds from asset disposal	**24,369**	
Purchase of equipment	**(478)**	-
Net cash used in investing activities	**(326,109)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related party	**(31,110)**	48,596
Proceeds on issuance of shares	**1,251,899**	-
Share issue costs	**(16,040)**	-
Long-term loan payable	**29,520**	-
Net cash provided by financing activities	**1,234,269**	48,596
Net change in cash and cash equivalents during the period	**822,877**	-
Cash and cash equivalents, beginning of the period	**-**	-
Cash and cash equivalents, end of the period	$ **822,877**	$ -
Cash and cash equivalents		
Cash	$ **822,877**	$ -
Short term investments	**-**	-
	$ **822,877**	$ -
Cash received for		
Interest	$ **1,218**	$ -
Taxes	$ **-**	$ -

Supplemental disclosures with respect to cash flows (Note 12)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

GLOBAL CROSSING AIRLINES INC.
(FORMERLY "CANADA JETLINES LTD.")
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in United States Dollars)

	Share Capital				
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Total**
Balance – December 31, 2018	**500**	**$ 5**	**$ -**	**$ (102,959)**	**(102,954)**
Loss for the period	-	-	-	(138,596)	(138,596)
Balance – June 30, 2019	**500**	**5**	**-**	**(241,555)**	**(241,550)**
Loss for the period	-	-	-	(158,087)	(158,087)
Balance – December 31, 2019	**500**	**5**	**-**	**(399,642)**	**(399,637)**
Reverse takeover transaction	8,482,990	1,517,561	-	-	1,517,561
Issuance of shares – private placement	6,174,400	987,904	555,696	-	1,543,600
Issuance of shares – warrants exercised	2,357,594	589,400	-	-	589,400
Issuance of shares – share exchange	9,484,757	-	-	-	-
Issuance of shares – RSUs exercised	342,000	54,720	-	-	54,720
Issuance of shares – settlement of debt	463,959	74,233	-	-	74,233
Share issue costs	-	(16,040)	-	-	(16,040)
Share based compensation on stock options			168,619		168,619
Loss for the period	-	-	-	(3,659,629)	(3,659,629)
Balance – June 30, 2020	**27,306,200**	**$ 3,207,783**	**$ 724,315**	**$ (4,059,271)**	**$ 127,173**

1. NATURE OF OPERATIONS AND GOING CONCERN

Global Crossing Airlines Inc. (the "Company" or "Global") was incorporated under the laws of British Columbia and continued as a Federal corporation pursuant to the *Canada Business Corporations Act* effective February 28, 2017. Subsequently on June 23, 2020 the Company was continued back into British Columbia as a company existing under the *Business Corporations Act* (British Columbia). The Company's principal business activity is the start-up of an aircraft, crew, maintenance, insurance ("ACMI") and wet lease US charter airline serving the US, Caribbean and Latin American markets. The address of the Company's registered office is #1240 – 1140 West Pender Street, Vancouver, British Columbia, Canada V6E 4G1. The Company's shares trade on the TSX Venture Exchange (the "Exchange" or "TSXV") under the symbol "JET".

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

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. Changes in future conditions or anticipated future conditions could require material write-downs to the carrying values of the Company's assets. These adjustments could be material.

As at June 30, 2020, the Company had a working capital deficit of $98,131 and a deficit of $4,059,271. At present, the Company has no current operating income or cash flows. Without additional financing, the Company will be unable to fund general and administrative expenses and working capital requirements for the next 12 months. In addition, the Company does not have the required financing to meet domestic licensing financial capability requirements, to complete the build-out of the airline and to secure aircraft. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

As described in Note 4, during the six month period ended June 30, 2020, the Company completed a business combination pursuant to which it acquired all of the issued and outstanding shares of Global Crossing Airlines, Inc. ("Global USA"), a Delaware corporation. For financial reporting purposes, the Company is considered a continuation of Global USA, the legal subsidiary, except with regard to authorized and issued share capital which is that of the Company, the legal parent. Consequently, comparative amounts in these condensed consolidated interim financial statements are those of Global USA only.

During the six month period ended June 30, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting the supply, demand and pricing for many products and services. The airline industry is expected to be impacted significantly as many local and regional governments have issued public health orders and travel restrictions in response to COVID-19. As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company's ability to obtain additional financing. The impact of these factors on the Company is not yet determinable; however the Company's financial position, results of operations and cash flows in future periods may be materially affected.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Boards (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all the information required for full annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2019.

Change in functional currency and foreign currency translation

These condensed interim consolidated financial statements are presented in United States dollars, which is the functional currency of the Company and its subsidiary.

During the six month period ended June 30, 2020, the Company changed its functional currency to US dollars given the increasing prevalence of U.S. dollar-denominated activities of the Company over time. The change in functional currency from Canadian dollars to US dollars was accounted for prospectively from June 23, 2020. The exchange rate used to translate the balance sheet to reflect the change in functional currency on adoption was US $1 equals to Canadian $1.355.

Foreign currency transactions are translated into the functional currency using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at fair value through profit or loss (“FVTPL”). Gains and losses arising from foreign exchange are included in the statement of loss and comprehensive loss.

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries, Canada Jetlines Operations Ltd. (“Jetlines Operations”), Target Exploration and Mining Corp. (“Target”), Crosshair Energy USA, Inc. (“Crosshair USA”) and Global USA. All intercompany transactions and balances have been eliminated on consolidation.

Details of the Company’s subsidiaries are as follows:

Name	Place of incorporation	Interest %	Principal activity
Canada Jetlines Operations Ltd.	Canada	100% ownership by the Company	Start-up of a ULCC scheduled airline service
Global Crossing Airlines, Inc.	Delaware, United States	100% ownership by the Company	Start-up of a US charter airline
Global Crossing Airlines, LLC	Florida, United States	100% ownership by the Company	Lease of office space for Global USA
Target Exploration and Mining Corp.	British Columbia, Canada	100% ownership by the Company	Inactive subsidiary
Crosshair Energy USA, Inc.	Nevada, United States	100% ownership by Target	Inactive subsidiary

2. BASIS OF PRESENTATION *(continued)*

Significant accounting judgments and estimates

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

Critical accounting estimates

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

Share-based payments

Estimating fair value for granted stock options and compensatory warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Estimating fair value for granted restricted share units requires estimating the number of awards likely to vest on grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company’s ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Future reclamation provision

The Company assesses its provision for reclamation related to its historical exploration and evaluation activities at each reporting period or when new material information becomes available. Accounting for reclamation obligations requires management to make estimates of the future costs that will be incurred to complete the reclamation to comply with existing laws and regulations. Actual future costs that will be incurred may differ from those amounts estimated as a result of changes to environmental laws and regulations, timing of future cash flows, changes to future costs, technical advances, and other factors. In addition, the actual work required may prove to be more extensive than estimated because of unexpected geological or other technical factors. The measurement of the present value of the future obligation is dependent on the selection of a suitable discount rate and the estimate of future cash outflows. Changes to either of these estimates may materially affect the present value calculation of the obligation.

2. BASIS OF PRESENTATION *(continued)*

Significant accounting judgments and estimates *(continued)*

Critical accounting judgments

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

Going concern

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

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries has been determined to be the United States dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

IFRS 9, *Financial Instruments* ("IFRS 9") provides three different measurement categories for non-derivative financial assets – subsequently measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income – while all non-derivative financial liabilities are classified as subsequently measured at amortized cost. The category into which a financial asset is placed and the resultant accounting treatment is largely dependent on the nature of the business of the entity holding the financial asset. All financial instruments are initially recognized at fair value.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

Financial assets

The Company initially recognizes financial assets on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies all of its financial assets, except investments, as subsequently measured at amortized cost. Investments are classified as FVTPL and measured at fair value. All financial assets that do not meet the criteria to be recognized as subsequently measured at amortized cost or subsequently measured at fair value through other comprehensive income are classified as FVTPL.

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost, but not to investments in equity instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities

The Company measures all of its financial liabilities as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The accounting policies followed by the Company are set out in Note 3 to the audited consolidated financial statements for the year ended December 31, 2019 and have been consistently followed in the preparation of these condensed interim consolidated financial statements, except as outlined below.

Leases

Effective January 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16") which replaces IAS 17, *Leases* ("IAS 17") and its associated interpretative guidance. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases but can elect to exclude those with a term of less than 12 months, or those where the underlying asset is of low value. A lessee is required to recognize a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have also been impacted, including the definition of a lease. Transitional provisions have been provided.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right of use asset or the lease term using the straight line method as this most closely reflects the expected pattern consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate is a function of the Company's incremental borrowing rate, the nature of the underlying asset, the location of the asset and the length of the lease. Generally, the Company uses its incremental borrowing rate as the discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as expenses on a straight line basis over the lease term.

No transitional adjustment was required upon adoption of IFRS 16 on January 1, 2019.

4. REVERSE TAKEOVER TRANSACTION

On February 5, 2020, the Company entered into a definitive agreement with Global USA with respect to a reverse takeover transaction of the Company and Global USA (the "Transaction"). On June 23, 2020, the Transaction closed and Global USA had taken over the operations of the Company. All of the issued and outstanding shares of Canada Jetlines were exchanged for shares of the acquirer Global Crossing Airlines, Inc. ("Global USA"). For accounting purposes, the Reverse Take Over ("RTO") transaction is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since Canada Jetlines, prior to the RTO did not constitute a business. The RTO is accounted for in accordance with IFRS 2 Share-based Payments whereby Global USA is deemed to have issued shares and share purchase warrants to acquire the net assets of Canada Jetlines together with its TSX-V listing status, and the fair value of the consideration issued by Global USA is used to measure the RTO.

The accounting for the RTO results in the following:

(i) The consolidated financial statements of the combined entities are issued under the legal parent, Canada Jetlines, but are considered a continuation of the financial statements of the legal subsidiary, Global USA.
(ii) Since Global USA is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Because the Company cannot identify specifically some or all of the goods or services received in the RTO in return for the exchange of shares and warrants, the value in excess of the net identifiable assets of Canada Jetlines acquired on closing was expensed in the consolidated statement of comprehensive loss as a listing expense.

The listing expense in the amount of $2,888,163 is comprised of the fair value of common shares and warrants of the Company retained by the former shareholders of Canada Jetlines and legal fees incurred, less the amount of acquired net assets of Canada Jetlines.

The fair value of the common shares and warrants issued was $1,989,144 reflecting the price of units, consisting of one share and one warrant each, issued in the concurrent private placement at $0.25 per unit. The fair value of Canada Jetlines warrants issued of $0.09 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: an expected life of 2 years; 100% volatility; risk free interest rate of 1.70%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants. In addition, the Company incurred further professional and regulatory fees of $119,035 in relation to the completion of the Transaction.

(Expressed in United States Dollars)

4. REVERSE TAKEOVER TRANSACTION *(continued)*

The fair value of the consideration for the Transaction is as follows:

	Number	Amount
Shares and warrants issued:		
Outstanding shares of Canada Jetlines deemed to be issued	8,733,997	$1,517,561
Outstanding warrants of Canada Jetlines deemed to be issued	2,357,594	212,183
RSUs exercised	342,000	54,720
Shares issued in settlement of debt	463,959	74,233
Settlement of note payable to Global USA	750,760	130,447
Total consideration		$1,989,144
Net working capital and assets acquired:		
Cash & cash equivalents		$ 332,530
Receivables		10,606
Prepaid expenses		119,654
Assets held for sale		280
Property and equipment		520
Due from Global Crossing USA		1,038
Payables and accruals		(1,215,092)
Long-term loan payable		(29,520)
Net working capital and assets acquired		$ (779,984)
Total consideration		$ 1,989,144
Transaction costs		119,035
Net working capital and assets acquired		779,984
Total listing expense		$ 2,888,163

Further details, terms and conditions of the Transaction include:

- The share exchange ratio for the Transaction resulted in the issuance of 9,485,257 shares of the Company to the former shareholders of Global USA.
- Global USA shareholders of Global USA were also issued an aggregate of 2,357,594 consideration warrants, with each warrant exercisable for one share of the Company. On closing, Global USA shareholders exercised all of the warrants in exchange for the settlement of $589,400 in Global USA liabilities outstanding as of February 29, 2020.
- The Company consolidated its share capital on a 10:1 basis and changed its name to "Global Crossing Airlines Inc.".
- Global USA designated a team of officers, directors and board committee members.
- Prior to the closing of the Transaction, the Company completed an offering of units for aggregate gross proceeds of $1,543,600 (the "Offering"). The Company issued 6,174,400 units at a price of $0.25 per unit. Each unit consists of one share and one warrant exercisable for twenty-four (24) months at a price of $0.50 for each share.
- In connection with the Transaction, the Company also issued 415,150 shares to settle outstanding debt of approximately $74,233 due to certain creditors at a deemed price of $0.16 per share and a further 48,809 shares to settle CAD$129,355
- After giving effect the Transaction and Offering, the Company had 27,306,200 shares issued and outstanding.

(Expressed in United States Dollars)

5. RECEIVABLES

		As at June 30, 2020		As at December 31, 2019
Sales and other tax credits	$	8,667	$	-
Other receivables		12		-
	$	8,679	$	-

6. PREPAID EXPENSES

		As at June 30, 2020		As at December 31, 2019
Consulting fees	$	150,000	$	-
Insurance		127,287		-
Professional fees		42,372		-
Regulatory		4,845		-
Other		4,151		1,620
	$	328,655	$	1,620

7. ASSETS HELD FOR SALE

		As at June 30, 2020		As at December 31, 2019
Computer equipment	$	280	$	-

During the six month period ended June 30, 2020, the Company sold spare parts inventory and computer equipment for cash proceeds in the amounts of $20,579 and $4,060, respectively, which total $24,639.

(Expressed in United States Dollars)

8. EQUIPMENT

		Computer Equipment		Office Equipment		Total
Cost						
Balance – December 31, 2018 and 2019	$	-		-		-
Assets acquired from the Transaction		-		560		560
Balance – June 30, 2020	$	-	$	560	$	560
Accumulated Depreciation and Impairment						
Balance – December 31, 2018 and 2019	$	-	$	-	$	-
Depreciation		-		82		82
Balance – June 30, 2020	$	-	$	82	$	82
Net Book Value						
As at December 31, 2019	$	-	$	-	$	-
As at June 30, 2020	$	-	$	478	$	478

9. LONG-TERM LOAN PAYABLE

On May 28, 2020, the Company received an interest-free Canada Emergency Business Account ("CEBA") loan in the amount of CAD$40,000 to help cover the Company's operating expenses, payroll and other non-deferrable expenses which are critical to sustain business continuity. The program has been implemented by Bank of Montreal in collaboration with the Government of Canada as part of the COVID-19 relief initiatives. If the Company repays 75% of the principal amount on or before December 31, 2022, the repayment of the remaining 25% of the principal amount will be forgiven. In the event that the Company does not repay the principal amount by December 31, 2022, the principal amount and all accrued and unpaid interest at the rate of 5% per annum from January 1, 2023 will be due and payable on December 31, 2025.

10. SHARE CAPITAL AND RESERVES

Authorized

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

As at June 30, 2020, the Company had 15,198,521 common voting shares and 12,107,679 variable voting shares outstanding.

Common voting shares

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

Variable voting shares

The restrictions imposed by federal law currently require that no more than 24.9% of stock of a U.S. airline be voted, directly or indirectly, by persons who are not U.S. citizens, and that no more than 49.9% of the outstanding stock of a U.S. airline be owned (beneficially or of record) by persons who are not U.S. citizens.

Under the Company's Articles, the variable voting shares carry one vote per variable voting share held, subject to an automatic reduction of the voting rights attached to variable voting shares in the event any of the applicable limit is exceeded. The applicable limit is not more than 25% of the voting rights associated with all shares may be held by non-U.S. citizens.

Share issuances

During the six month period ended June 30, 2020:

- On June 23, 2020, the Company consolidated its common shares, which was approved by the directors of the Company and was subsequently approved by the TSX Venture Exchange ("TSX-V"). The consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every ten pre-consolidation common shares held. The number of shares, warrants and options and earnings per share data presented in these condensed consolidated interim financial statements have all been adjusted retroactively to reflect the impact of this share consolidation.

- The Company issued 6,174,400 units for gross proceeds of $1,543,600 pursuant to a private placement.

- The Company issued 2,357,594 shares to settle Global USA liabilities of $589,400 pursuant to the exercise of 2,357,594 share purchase warrants issued upon the completion of the Transaction. The fair value of the share purchase warrants in the amount of $589,400 was credited to share capital.

- The Company issued 9,485,257 shares in exchange for pre-RTO shares held by Global USA shareholders. The exchange ratio was 1 Global USA share for 18,971 shares of the Company.

- The Company issued 342,000 shares pursuant to the exercise of 344,000 RSUs. The fair value of the RSUs in the amount of $54,720 was credited to share capital.

- The Company issued 463,959 shares pursuant to the settlement of debt of $74,233 owing to various creditors. The fair value of the settlement of debt in the amount of $74,233 was credited to share capital.

- The Company incurred share issue costs in the amount of $16,040 in connection with the issuance of shares.

(Expressed in United States Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

Share issuances *(continued)*

During the year ended December 31, 2019, the Company had no share capital activity.

Subscription receipts

There were no subscription receipts held in escrow during the six month period ended June 30, 2020.

Share purchase warrants

The following is a summary of share purchase warrants activities during the six month period ended June 30, 2020 and the year ended December 31, 2019:

	Number of Share Purchase Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2018 and 2019	**-**	**-**
Issued	8,620,384	$0.43
Exercised	(2,357,594)	$0.25
Expired	-	-
Outstanding, June 30, 2020	**6,262,790**	$0.49

During the year ended December 31, 2019, the Company had no activity with respect to share purchase warrants.

Share-based payments

The maximum number of Voting Shares issuable pursuant to share-based payment arrangements, including stock options, restricted share units and performance share units, is 2,730,000.

<u>Stock options</u>

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Amended Stock Option Plan (the “Stock Option Plan”). The maximum price shall not be less than the closing price of the Company’s shares on the last trading day preceding the date on which the grant of options is approved by the Board of Directors. Options have a maximum expiry period of ten years from the grant date. Vesting conditions are determined by the Board of Directors in its discretion with certain restrictions in accordance with the Stock Option Plan.

The following is a summary of stock option activities during the six month period ended June 30, 2020:

	Number of stock options	Weighted average exercise price
Outstanding, December 31, 2018 and 2019	**-**	-
Granted	1,387,000	$0.25
Outstanding, June 30, 2020	**1,387,000**	**$0.25**

During the year ended December 31, 2019, the Company had no activity with respect to stock options.

(Expressed in United States Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

Share-based payments *(continued)*

As at June 30, 2020 the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
1,237,000	412,328	USD$0.25	4.98	June 23, 2025
150,000	-	CAD$0.60	3.00	June 29, 2023
1,387,000	**412,328**			

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's shares, forfeiture rate, and expected life of the options.

During the six month period ended June 30, 2020, the Company recognized a share-based payment expense with respect to stock options in the amount of $168,619 (2019 – $nil).

The following weighted average assumptions were used to estimate the weighted average grant date fair value of stock options granted during the six month periods ended June 30, 2020 and 2019:

	For the six month period ended June 30, 2020	For the six month period ended June 30, 2019
Risk-free interest rate	0.38%	1.53%
Expected life (years)	4.78	5.0
Annualized volatility	143%	40%
Dividend yield	0%	0%

Restricted share units

The Company grants restricted share units ("RSUs") to directors, officers, employees and consultants as compensation for services, pursuant to its Amended RSU Plan (the "RSU Plan"). One restricted share unit has the same value as a Voting Share. The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion.

At the election of the Board of Directors, upon each vesting date, participants receive (a) the issuance of Voting Shares from treasury equal to the number of RSUs vesting, or (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a Voting Share, calculated as the closing price of the Voting Shares on the TSXV for the trading day immediately preceding such payment date; or (c) a combination of (a) and (b).

On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Company has a present obligation to settle in cash if the choice of settlement in shares has no commercial substance, or the Company has a past practice or a stated policy of setting in cash, or generally settles in cash whenever the counterparty asks for cash settlement.

(Expressed in United States Dollars)

10. SHARE CAPITAL AND RESERVES *(continued)*

Share-based payments *(continued)*

If no such obligation exists, RSUs are accounted for as equity settled share-based payments and are valued using the share price on grant date. Upon settlement:

a. If the Company elects to settle in cash, the cash payment is accounted for as the repurchase of an equity interest (i.e. as a deduction from equity), except as noted in (c) below.
b. If the Company elects to settle by issuing shares, the value of RSUs initially recognized in reserves is reclassified to share capital, except as noted in (c) below.
c. If the Company elects the settlement alternative with the higher fair value, as at the date of settlement, the Company recognizes an additional expense for the excess value given (i.e. the difference between the cash paid and the fair value of shares that would otherwise have been issued, or the difference between the fair value of the shares and the amount of cash that would otherwise have been paid, whichever is applicable).

The following is a summary of RSU activities during the six month period ended June 30, 2020:

	Number of RSUs	Weighted average grant date fair value per RSU
Outstanding, December 31, 2018 and 2019	**-**	**-**
Granted	342,000	$0.16
Exercised	(342,000)	$0.16
Outstanding, June 30, 2020	**-**	$0.16

During the six month period ended June 30, 2020, the Company recognized share-based payments expense with respect to RSUs in the amount of $nil (2019 – $nil).

(Expressed in United States Dollars)

11. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the condensed interim consolidated financial statements not disclosed elsewhere in these condensed interim consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

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

Remuneration attributed to key management personnel for the six month periods ended June 30, 2020 and 2019 is summarized as follows:

		For the six month period ended June 30, 2020		For the six month period ended June 30, 2019
Short-term benefits [1]	$	57,600	$	90,000
Share-based payments (Note 10)		109,180		-
	$	166,780	$	90,000

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

Other related party transactions and balances

As at June 30, 2020, amounts due to related parties include the following:

- Key management personnel of the Company - $Nil (December 31, 2019 - $225,000) in relation to compensation, included in accounts payable and accrued expenses.

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

AVi8 Air Capital, LLC is an entity owned by common stockholders. The Company from time to time receives monies from related parties for working capital purposes. These advances are non-interest bearing and have no repayment terms. As of June 30, 2020 and December 31, 2019, the amounts due to AVi8 Air Capital, LLC were $265,027 and $165,690, respectively.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Non-cash transactions affecting cash flows from investing or financing activities during the six month period ended June 30, 2020 are summarized below:

- The Company credited $589,400 to share capital in relation to the fair value of share purchase warrants exercised (Note 10).
- The Company credited $128,953 to share capital in relation to the fair value of debt settled for shares and RSUs exercised (Note 10).
- As part of the Transaction, the Company settled $130,447 loan payable to Global USA.

There were no non-cash transactions affecting cash flows from investing or financing activities during the six month period ended June 30, 2019.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to advance its strategic investments, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire assets or dispose of assets. In order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Company currently is not subject to externally imposed capital requirements. There were no material changes in the Company's approach to capital management during the six month period ended June 30, 2020.

14. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

Credit risk

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

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

Liquidity risk

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

The Company manages liquidity risk through its capital management as outlined in Note 13. As at June 30, 2020, the Company had a working capital deficit of $98,131 and a deficit of $4,059,271. At present, the Company has no current operating income or cash flows. Without additional financing, the Company will be unable to fund general and administrative expenses and working capital requirements for the next 12 months (Note 1). In addition, the Company does not have the required financing to meet domestic licensing financial capability requirements, to complete the build-out of the airline and to secure aircraft.

Market risk

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

(a) Interest rate risk

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

The risk that the Company will realize a loss as a result of a decline in the fair value of any short-term investments included in cash and cash equivalents is minimal because these investments generally have a fixed yield rate.

(b) Currency risk

At present the Company's expenditures are predominantly in Canadian dollars. Future equity raised may be in either Canadian or US dollars. At this time, the Company does not have any currency hedges in place for fluctuations in the exchange rate between the Canadian dollar and the US dollar. As at June 30, 2020, a 10% change in the Canadian dollar versus the US dollar would give rise to a gain/loss of approximately $2,500 based on Canadian dollar denominated monetary assets and liabilities.

15. SUBSEQUENT EVENTS

The following events occurred subsequent to the six month period ended June 30, 2020:

- On July 2, 2020 the Company announced that the Company and Breeze Airways reached an amicable agreement to settle a lawsuit brought by the Company in November 2019. The lawsuit was withdrawn, with prejudice, and without any payments being made by either party.

- The Company previously announced an agreement with GEM Global Yield LLC SCS ("GEM"), the private alternative investment group to provide the Company with up to $100 million over a 36 month term following the closing of the Transaction (the "Facility"). The initial $100 Million is in the form of a capital commitment that allows the Company to draw down funds during the 36-month term by issuing shares to GEM (or such persons as it may direct) and subject to share lending arrangement(s) being in place. The Company controls the timing and maximum amount of drawdown under this facility and has no minimum drawdown obligation. On July 8, 2020 the TSX Venture Exchange provided approval for the Facility.

- On July 10, 2020, pursuant to the terms of the Facility, the Company issued 2,106,290 warrants to GEM exercisable at a price of $0.50 per share until May 4, 2023.

- On August 26, 2020, the Company issued 473,714 common voting and variable shares at a price of $0.8937 per share for gross proceeds of $423,358 in accordance with the GEM Agreement.