



Exchange Income Corporation's Subsidiary, PAL Aerospace, Awarded the Aerial Surveillance Contract by the Government of Canada

WINNIPEG, Manitoba – March 4, 2019 – Exchange Income Corporation (TSX: EIF) (the "Corporation" or "EIC"), a diversified, acquisition-oriented company focused on opportunities in the aviation, aerospace and manufacturing sectors, is pleased to announce that its subsidiary, PAL Aerospace, has been awarded a long-term contract by the Government of Canada to continue the provision of aerial surveillance services for Canada's inland, coastal and offshore waters.

The new five year contract takes effect in August 2020 with subsequent options to renew for up to five additional years. This new award will materially increase the scope and nature of services provided under the existing contract between PAL Aerospace and the Government of Canada. PAL Aerospace's critical role in the delivery of Canada's aerial surveillance program provides the Government of Canada with the capability to monitor domestic and foreign vessel activities and detect potential violations. The program also contributes significantly to pollution surveillance, environmental monitoring, and marine security for a number of other federal departments and agencies.

"PAL Aerospace has been investing in aerial surveillance since the early 1980's," stated Brian Chafe, PAL's Chief Executive Officer. "Our significant investment in technology, people and processes over the last four decades has made us a leader in this space. Through EIC's support we have continued to develop our expertise in this field over the last number of years to further advance our capabilities as a world leader in aerial surveillance. We look forward to providing this enhanced service level to the Canadian Government for decades to come."

The existing contract that runs to August 2020 is exclusively provided with Beechcraft King Air B200 aircraft. The new contract will be provided through a combination of Beechcraft King Air B200 medium-range aircraft and Dash 8-100 series long-range aircraft. The extended range and capacity of these aircraft will enable PAL Aerospace to meet the expanded service requirements of the new contract. The aircraft will operate out of bases in St. John's, NL; Halifax, NS; and Campbell River, BC. Given the expanded service requirements associated with this new award, annual revenues are substantially greater than the previous contract, increasing approximately 65% to a forecasted \$28 million in the first full year of service.

"EIC takes tremendous pride in the Government of Canada's award of this contract, which affirms PAL Aerospace's ability to execute this vital national service," said Mike Pyle, Chief Executive Officer of EIC. "Making long-term investments now, for returns in the future, is the backbone of EIC's investing strategy. This enables our subsidiaries to make the right long-term decisions to grow and move their business forward. Through this investment philosophy, we look forward to delivering significant value to the Canadian Government through this contract, as well as other investments such as the Fixed-wing Search and Rescue service contract and the Force Multiplier demonstrator surveillance aircraft."

About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aerospace & aviation services and equipment, and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth.

The Corporation currently operates two segments: Aerospace & Aviation and Manufacturing. The Aerospace & Aviation segment consists of the operations by Perimeter Aviation, Keewatin Air, Calm Air International, Bearskin Lake Air Service (operating as a division of Perimeter Aviation), Custom



Helicopters, Regional One, Provincial Aerospace and Moncton Flight College, and an investment in Wasaya Group. The Manufacturing segment consists of the operations of Overlanders Manufacturing, Water Blast, Stainless Fabrication, WesTower Communications, Ben Machine and Quest Window Systems. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

About PAL Aerospace

PAL Aerospace is An EIC-owned and operated international aerospace and defence company with a focus on intelligence, surveillance, and reconnaissance (ISR) solutions. Recognized by governments and militaries for on time/on budget delivery and high reliability rates, PAL's record of accomplishment now extends to operations in Canada, the Americas, the Caribbean, and the Middle East. PAL Aerospace offers a single point of accountability for its programs and takes pride in being the trusted choice for clients worldwide. For more information, please visit www.palaerospace.com.

Caution concerning forward-looking statements

The statements contained in this news release that are forward-looking are based on current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. These uncertainties and risks include, but are not limited to, the dependence of Exchange Income Corporation on the operations and assets currently owned by it, the degree to which its subsidiaries are leveraged, the fact that cash distributions are not guaranteed and will fluctuate with the Corporation's financial performance, dilution, restrictions on potential future growth, the risk of shareholder liability, competitive pressures (including price competition), changes in market activity, the cyclicity of the industries, seasonality of the businesses, poor weather conditions, foreign currency fluctuations, legal proceedings, commodity prices and raw material exposure, dependence on key personnel, and environmental, health and safety and other regulatory requirements. Except as required by Canadian Securities Law, Exchange does not undertake to update any forward-looking statements; such statements speak only as of the date made. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by Exchange Income Corporation with the securities regulatory authorities, available at www.sedar.com.

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