

**DIAMOND ESTATES WINES & SPIRITS INC.**  
1067 Niagara Stone Road  
Niagara-on-the-Lake, Ontario  
L0S 1J0

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of the shareholders of Diamond Estates Wines & Spirits Inc. (the “**Corporation**”) will be held on Thursday, September 27, 2018 at the offices of Chitiz Pathak LLP at TD North Tower, 77 King Street West, 7th floor, Toronto, Ontario, Canada at 10:30 a.m. (Eastern Daylight Saving Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the fiscal year ended March 31, 2018 and the auditor’s report thereon;
2. to appoint auditors for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
3. to fix the number of directors of the Corporation at six and to elect each of the directors for the ensuing year;
4. to annually approve the Corporation’s Stock Option Plan; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The board of directors of the Corporation has fixed August 27, 2018 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and any adjournment thereof.

This notice of meeting is accompanied by a management information circular.

**A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder’s shares will be voted at the Meeting is requested to complete, date and execute the form of proxy which was mailed separately to shareholders and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the management information circular.**

DATED at Toronto, Ontario this 25th day of August, 2018.

**BY ORDER OF THE BOARD**

(signed) “J. Murray Souter”

J. Murray Souter  
President and Chief Executive Officer

**NOTES:**

1. Shareholders registered on the books of the Corporation at the close of business on August 27, 2018 are entitled to notice of and to vote at the Meeting.
2. The board of directors of the Corporation has fixed a time that is not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or any adjournment thereof as the time before which the instrument of proxy to be used at the Meeting must be deposited with the Corporation's transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

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**MANAGEMENT INFORMATION CIRCULAR**

**For the Annual General and Special Meeting of Shareholders to be held September 27, 2018**

GENERAL PROXY INFORMATION

**SOLICITATION OF PROXIES**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies for use at the annual general and special meeting (the “**Meeting**”) of shareholders of the Corporation (the “**Shareholders**”) to be held on Thursday, September 27, 2018 at the offices of Chitiz Pathak LLP, 77 King Street West, Suite 700, Toronto, Ontario M5K 1G8 at 10:30 am. (Eastern Daylight Time) and at any adjournments thereof, for the purposes set out in the accompanying notice of meeting. The cost of solicitation of proxies will be borne by the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors or representatives of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT THEM AT THE MEETING MAY DO SO** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Corporation’s transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, as instructed below. Shareholders may execute a proxy personally or through an attorney duly authorized in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the last business day preceding the day of the Meeting or any adjournment at which the proxy is to be used or delivered to the Chair of the Meeting on the day of the Meeting or any adjournment prior to the time of voting and upon either such occurrence, the proxy is revoked.

**DEPOSIT OF PROXY**

ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 48 HOURS PRECEDING THE DAY OF THE MEETING, EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS, OR ANY ADJOURNMENT, WITH THE CORPORATION’S TRANSFER AGENT, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, by mail or pursuant to the instructions provided on the form of proxy.

**NON-REGISTERED SHAREHOLDERS**

Only Shareholders of record at the close of business on August 27, 2018 (the “**Record Date**”), or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either:

- i. in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or

- ii. in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 (“**NI54-101**”), the Corporation will have distributed copies of the notice of meeting, this Circular and the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the meeting material to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- i. be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Corporation or the Corporation’s transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1; or
- ii. more typically, be given a form of proxy which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the Non-Registered Holder will be given a page of instructions that contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares of the Corporation they beneficially own. Should a Non-Registered Holder who receives either form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the person named in the proxy and insert the Non-Registered Holder or such other person’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

A Non-Registered Holder may revoke a proxy authorization form (voting instructions) or a waiver of the right to receive meeting materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy authorization form (voting instructions) or of a waiver of the right to receive meeting materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

#### **EXERCISE OF DISCRETION OF PROXIES**

The persons named in the accompanying form of proxy for use at the Meeting will vote the shares in respect of which they are appointed in accordance with the directions of the Shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED “FOR” all of the matters listed in the notice of meeting and as more particularly described in this Circular.

The enclosed form of proxy confers discretionary authority upon the person named with respect to any amendment, variation or other matter to come before the Meeting, other than the matters referred to in the notice of meeting. HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXIES WILL BE VOTED IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

The authorized capital of the Corporation consists of an unlimited number of common shares (the “**Common Shares**”) of which 145,411,746 Common Shares are issued and outstanding as fully paid and non-assessable as at August 27, 2018, the Record Date for the Meeting. Each holder of Common Shares of record will be entitled to one vote for each Common Share held at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, based on the most recent publicly available information, as of the date hereof, the only persons that beneficially own, directly or indirectly, or control or direct voting securities of the Corporation carrying more than 10% of the voting rights attached to the voting securities of the Corporation are as follows:

Name	Number of Shares	Approximate Percentage of Total Issued
CDS & Co. <sup>(1)</sup>	117,995,364	81.15%
Oakwest Corporation Limited <sup>(2)</sup>	27,416,382	18.85%

Notes:

- (1) The Corporation is not aware of the beneficial ownership of the Common Shares held by this financial intermediary, whose holdings may also reflect some or all of the shares beneficially owned by other individuals and entities shown in this table.
- (2) David Beutel, a director and Chairman of the Board of the Corporation, is an officer and a shareholder of Oakwest Corporation Limited.

## EXECUTIVE COMPENSATION

### Named Executive Officers

Pursuant to applicable securities regulations, the Corporation must disclose the compensation paid to its Named Executive Officers (“**NEOs**”) for the two most recently completed financial years. NEOs include the Corporation’s Chief Executive Officer, the Corporation’s Chief Financial Officer and the most highly compensated executive officer, provided that disclosure is not required for those executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation did not exceed \$150,000. The Corporation’s NEOs include J Murray Souter as President and Chief Executive Officer and Alan Stratton as Chief Financial Officer.

### Compensation Discussion and Analysis

The compensation of management is set by the board of directors of the Corporation (the “**Board**”) pursuant to a compensation program. For the year ended March 31, 2018, the Corporation did not have a formal pre-determined compensation plan. Rather, the Corporation informally assessed the performance of its Named Executive Officers and considered a variety of factors generally, both objective and subjective, when determining compensation levels, including the existing contractual relationships with the Named Executive Officers. For the financial year ended March 31, 2018, the compensation program had the following objectives: (1) to provide a compensation program that is fair and competitive in order to attract and retain well-qualified and experienced executives within the Corporation; (2) to focus the efforts of executives on business performance; and (3) to recognize individual performance. Following completion of the Corporation’s Qualifying Transaction the Corporation adopted a compensation committee (the “**Compensation Committee**”) and charter. The Compensation Committee currently consists of John De Sousa, John Hick and Harold Wolkin

Compensation for the Named Executive Officers is composed primarily of three components: base fees, performance bonuses and stock based compensation:

#### *Base Fees*

Base Fees form an essential component of the Corporation’s compensation strategy as they are key to the Corporation remaining competitive, are fixed and therefore not subject to uncertainty, and can be used as the base to determine other elements of compensation and benefits.

In determining the base fees of executive officers, the Board considers the following: (a) the recommendations of the Compensation Committee; (b) the particular responsibilities related to the position; (c) the experience, expertise and level of the executive officer; (d) the executive officer's length of service to the Corporation; and (e) the executive officer's overall performance based on informal feedback.

There is no mandatory framework that determines which of the above-referenced factors may be more or less important and the emphasis placed on any of these factors is at the discretion of the Board and may vary among the executive officers. In respect of the base fees paid to the President and Chief Executive Officer, the Board and the Compensation Committee also broadly considered the performance of the President and Chief Executive Officer against the Corporation's performance in the previous year. The Corporation does not engage in benchmarking and did not focus on any particular performance metric.

#### *Bonus Payments*

The purpose of the Corporation's bonus program is to provide the NEOs with the opportunity to receive a cash incentive that is broadly related to the progress of the Corporation and individual performance. The Corporation does not utilize a set of formal objective measures to determine discretionary bonus entitlements; rather, bonus payments to NEOs are determined in a discretionary manner on a case by case basis. In addition, no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the level of bonuses (if any) to be paid. In addition, the Corporation does not focus on any particular performance metric in awarding bonuses.

#### *Long-Term Incentives*

The Board believes that granting stock options to officers, directors, consultants and employees encourages retention and more closely aligns the interests of key personnel with the interests of Shareholders while at the same time not drawing on the limited cash resources of the Corporation. The Corporation grants options to its management, directors and consultants on a case by case basis in keeping with the Corporation's compensation objectives.

The Corporation does not utilize a set of formal objective measures to determine long-term incentive entitlements, rather, long-term incentive grants, such as stock options, to NEOs are determined in a discretionary manner on a case by case basis, but having consideration to the number of options previously granted. There are no other specific quantitative or qualitative measures associated with option grants and no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the number of stock based compensation (if any) to be granted and the Corporation does not focus on any particular performance metric.

The Corporation has no pension plan in place, and there are no provisions in the Corporation's employment agreements for any additional compensation to be paid to any officers, directors, or employees on a change in control of the Corporation.

#### *Risks of Compensation Policies and Practices*

The Compensation Committee and the Board work in tandem to oversee any potential risks in the Corporation's compensation policies and practices. There are no formal practices in place to identify and mitigate excessive risks other than through informal discussion at meetings of the Compensation Committee and the Board. The Board and the Compensation Committee have considered the risks of the current compensation program as set out herein and have determined that at this stage in the development of the Corporation the risks are not material.

#### *Purchase of Financial Instruments*

The Corporation currently does not have in place any formal policies to prevent a director or NEO from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by such director or NEO, but the Corporation is considering adopting such a policy in the current financial year.

## Summary compensation table

The following table sets forth compensation earned by the NEOs during the financial years ended March 31, 2017, and March 31, 2018.

Name and Principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Murray Souter, President and CEO <sup>(2)</sup>	2018	220,000	N/A	Nil	N/A	N/A	N/A	Nil	220,000
	2017	180,000	N/A	Nil	N/A	N/A	N/A	Nil	180,000
Alan Stratton, CFO	2018	170,000	N/A	4,783	N/A	N/A	N/A	6,000	180,783
	2017	135,000	N/A	10,613	N/A	N/A	N/A	6,000	151,613
Chris Terrio, President of Kirkwood Diamond Canada Partnership <sup>(3)</sup>	2018	250,000	N/A	8,549	N/A	N/A	N/A	10,008	268,557
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tim McChesney, Senior Vice-President, Marketing and Strategy <sup>(4)</sup>	2018	135,000	N/A	4,259	N/A	N/A	N/A	12,000	151,259
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Notes:

- (1) Determined using the Black-Scholes pricing model at the date of grant with the following weighted average assumptions: expected life of 4 years, risk free rate of 1.31%, expected dividend yield of 0%, and expected volatility of 100%. The Corporation chose the Black-Scholes pricing model because the Audit Committee feels it is the best model to ascertain a fair, realistic value for options.
- (2) Mr. Souter was appointed as Chief Executive Officer of the Corporation on September 24, 2013 upon completion of the Corporation's Qualifying Transaction. Mr. Souter, who is also a director of the Corporation, did not receive any additional compensation for his role as a director.
- (3) Mr. Terrio was appointed President of Kirkwood Diamond Canada Partnership, a subsidiary of the Corporation, on October 2, 2017. Mr. Terrio also was granted 500,000 share options of the Corporation as additional compensation.
- (4) Mr. McChesney was appointed Senior Vice-President, Marketing and Strategy, of the Corporation on January 29, 2018. Mr. McChesney also was granted 500,000 share options of the Corporation as additional compensation.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards granted to the NEOs for the financial year ended March 31, 2018.

Name and Principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Murray Souter, President and CEO	2,000,000	0.20	Sept. 24, 2018	\$270,000	N/A	N/A	N/A
Alan Stratton, CFO	500,000	0.25	June 5, 2019	\$42,500	N/A	N/A	N/A
Chris Terrio, President of Kirkwood Diamond Canada Partnership	500,000	0.29	January 15, 2023	\$22,500	N/A	N/A	N/A
Tim McChesney, Senior Vice President of Marketing and Strategy	500,000	0.27	February 27, 2023	\$32,500	N/A	N/A	N/A

**Note:**

- (1) Based on the closing price of the Common Shares on the Exchange on March 29, 2018 being \$0.335.

## Incentive Plan Awards—Value Vested or Earned During the Year

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation- Value vested during the year (\$)
Murray Souter, President and CEO	Nil	N/A	N/A
Alan Stratton, CFO	4,783	N/A	N/A
Chris Terrio, President of Kirkwood Diamond Canada Partnership	8,549	N/A	N/A
Tim McChesney, Senior Vice-President of Marketing and Strategy	4,259	N/A	N/A

**Note:**

- (1) Determined using the Black-Scholes pricing model at the date of grant with the following weighted average assumptions: expected life of 4 years, risk free rate of 1.31%, expected dividend yield of 0%, and expected volatility of 100%. The Corporation chose the Black-Scholes pricing model because the Audit Committee feels it is the best model to ascertain a fair, realistic value for options.

## Stock Option Plan

The Corporation currently maintains a stock option plan (the “**Stock Option Plan**”) and pursuant thereto grants options to purchase Common Shares. The purpose of the Stock Option Plan is to encourage share ownership by directors, senior officers and employees, together with consultants, who are primarily responsible for the management and growth of the business. The number of Common Shares, the exercise price per Common Share, the vesting period and any other terms and conditions of options granted pursuant to the Stock Option Plan, from time to time, are determined by the Board at the time of the grant, subject to the defined parameters of the Stock Option Plan.

The maximum number of Common Shares which may be reserved and set aside for issue under the Stock Option Plan is equal to up to 10% of the issued and outstanding Common Shares as at the date of any such grant of options, provided that the Board may, subject to Shareholder and regulatory approvals, increase such number.

The Stock Option Plan is administered by the Board, which has the authority thereunder to delegate its administration and operation to the Compensation Committee of the Board. Participation is limited to directors, officers, employees and consultants providing services to the Corporation.

The exercise price of any option cannot be less than the Market Price of the Common Shares at the time the option is granted. “Market Price” is a defined term under the policies of the TSX Venture Exchange (the “**Exchange**”), but generally means the last closing price of the Common Shares immediately prior to the date of the granting of an option. The exercise period cannot exceed five years. Options will terminate on the date of expiration specified, ninety days after termination of employment, or one year after the death of the grantee.

The number of Common Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding Common Shares. Options representing not more than 10% of the issued and outstanding Common Shares may be granted to Insiders (as such term is defined under the policies of the Exchange) within any twelve-month period. Options may be exercised within the greater of 12 months after completion of the Corporation’s Qualifying Transaction and 90 days following cessation of the optionee’s position with the Corporation, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Corporation’s shares.

As of the date of the Circular, options to acquire up to 6,850,000 Common Shares of the Corporation have been granted and are outstanding pursuant to the Stock Option Plan. Based on the issued and outstanding capital of the Corporation as of the date of this Circular, an additional 7,961,175 options are available to be granted pursuant to the Stock Option Plan.

### **Deferred Share Unit Plan**

The Corporation currently maintains a deferred share unit plan (the “**DSU Plan**”) and pursuant thereto grants deferred share units (each, a “**DSU**”). The DSU Plan has been established to assist the Corporation in the recruitment and retention of qualified persons and to encourage share ownership by those who are primarily responsible for the management and growth of the business.

The Board uses DSUs issued under the DSU Plan, as well as options issued under the Stock Option Plan, as part of the Corporation’s overall compensation plan. Since the value of DSUs increase or decrease with the price of the Common Shares, DSUs reflect a philosophy of aligning the interests of management and directors with those of the Shareholders by tying compensation to share price performance.

The grant of DSUs pursuant to the DSU Plan is determined by the Board at the time of the grant, subject to the defined parameters of the DSU Plan. The DSU Plan is administered by the Board, which has the authority thereunder to delegate certain administrative and operational matters to the Compensation Committee from time to time.

The maximum number of Common Shares reserved for issuance under the DSU Plan is 2,000,000, which is approximately 2% of the current issued and outstanding Common Shares. The DSU Plan provides that the maximum number of DSUs issuable to Insiders (as that term is defined by the Exchange) pursuant to the DSU Plan, together with any Common Shares issuable pursuant to any other security-based compensation arrangement of the Corporation, will not exceed 10% of the total number of outstanding Common Shares. In addition, the maximum number of DSUs issued to Insiders under the DSU Plan, together with any Common Shares issued to Insiders pursuant to any other security-based compensation arrangement of the Corporation within any one year period, will not exceed 10% of the total number of outstanding Common Shares. The maximum number of DSUs issued to any one eligible participant under the DSU Plan together with any Common Shares issued to such participant pursuant to any other security-based compensation arrangement of the Corporation within any one year period, will not exceed 5% of the total number of outstanding Common Shares.

As of the date of the Circular 1,362,932 DSUs have been granted and are outstanding pursuant to the DSU Plan and an additional 637,068 DSUs are available to be granted pursuant to the DSU Plan.

## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

In the event of being terminated without cause, J. Murray Souter, Chief Executive Officer of the Corporation, is entitled to receive twelve (12) months of his base salary plus any accrued amounts to such date owing to Mr. Souter under the Corporation’s bonus or stock option plan, payable over a period of six (6) months. Based on Mr. Souter’s compensation during the year ended March 31, 2018, were he to be terminated without cause, he would be entitled to receive an aggregate of \$220,000.

## **DIRECTOR COMPENSATION**

### **Director compensation table**

The following table describes all compensation provided to the directors of the Corporation, who are not also NEOs, for the most recently completed financial year ended March 31, 2018. Directors of the Corporation did not receive any further compensation during the period from March 31, 2018 to the date of this Circular.

Name	Fees earned (\$)	Share-based awards (\$ <sup>2</sup> )	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value	All other compensation (\$)	Total (\$)
David Beutel	23,000	37,158	3,977	N/A	N/A	Nil	64,135
Keith Harris	13,500	21,366	Nil	N/A	N/A	Nil	34,866
John Hick	12,500	19,906	Nil	N/A	N/A	Nil	32,406
John De Sousa	11,250	18,712	Nil	N/A	N/A	Nil	29,962
Harold Wolkin	12,500	20,437	Nil	N/A	N/A	Nil	32,937

**Notes:**

- (1) Determined using the Black-Scholes pricing model at the date of grant with the following weighted average assumptions: expected life of 4 years, risk free rate of 1.31%, expected dividend yield of 0%, and expected volatility of 100%. The Corporation chose the Black-Scholes pricing model because the Audit Committee feels it is the best model to ascertain a fair, realistic value for options.
- (2) The Share based awards in F2017/2018 exceeded the Fees Earned because the issuance of DSUs for F2016/2017 was delayed and such DSUs were issued in F2017/2018.

### Incentive Plan Awards

#### Outstanding Option-Based Awards

The following table sets forth the option-based awards outstanding for the financial year ended March 31, 2018 granted to directors of the Corporation who are not also NEOs.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)	Total market or payout value of vested share-based awards not paid out or distributed (\$)
David Beutel	100,000	0.25	Sep 24, 2018	8,500	N/A	N/A	143,864
	600,000	0.12	Nov 10, 2019	129,000			
Keith Harris	100,000	0.25	Sep 24, 2018	8,500	N/A	N/A	81,143
John Hick	100,000	0.25	Sep 24, 2018	8,500	N/A	N/A	79,506
John De Sousa	100,000	0.25	Sep 24, 2018	8,500	N/A	N/A	71,989
Harold Wolkin	100,000	0.25	Sep 24, 2018	8,500	N/A	N/A	80,080

**Notes:**

- (1) Based on the closing price of the Common Shares on the Exchange on March 29, 2018 being \$0.335.

In the most recently completed fiscal year, each director received a base fee of \$15,000, half of which is paid in the form of Deferred Share Units. The Chairman of the Board, Audit Committee, and Compensation Committee each receive an incremental fee of \$25,000, \$750, and \$500, respectively. Each director also earns a fee of \$1,000 for each meeting attended. In addition to these attendance related fees, the directors are typically compensated through the granting of stock options to encourage retention and more closely align the interests of the directors with the interests of shareholders while at the same time not drawing on the limited cash resources of the Corporation. As with the grant of options to the NEOs, the Corporation does not utilize a set of formal objective measures to determine option entitlements of directors, rather, long-term incentive grants, such as stock options, to NEOs are determined in a discretionary manner on a case by case basis, but having consideration to the number of options previously granted. There are no other specific quantitative or qualitative measures associated with option grants and no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole

when determining the number of stock based compensation (if any) to be granted and the Corporation does not focus on any particular performance metric.

### Incentive Plan Awards—Value Vested or Earned During the Year

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$) <sup>(1)</sup>	Non-equity incentive plan compensation- Value vested during the year (\$)
David Beutel	3,977	37,158	N/A
Keith Harris	Nil	21,366	N/A
John Hick	Nil	19,906	N/A
John De Sousa	Nil	18,712	N/A
Harold Wolkin	Nil	20,437	N/A

**Note:**

(3) The quantum of Share based awards in F2017/2018 also includes the issuance of DSUs for F2016/2017.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below sets forth information as at March 31, 2018 with respect to the Corporation’s compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding convertible security (a)	Weighted-average exercise price of outstanding convertible security (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,850,000	\$0.19	7,961,175
Equity compensation plans not approved by security holders	Nil	N/A	N/A

### MATTERS TO BE ACTED UPON AT THE MEETING

#### Votes Required

Resolutions to be considered at the Meeting must be approved by the affirmative vote of not less than a majority of the votes cast in respect of that proposal in person or by proxy at the Meeting, with the exception of special resolutions which require the approval by the affirmative vote of not less than two-thirds of the votes cast in respect of that proposal in person or by proxy at the Meeting.

#### ELECTION OF DIRECTORS

The articles of the Corporation provide that the Board shall consist of a minimum of one and a maximum of ten directors, the number of which may be fixed from time to time by a resolution of the Board. The Corporation currently has seven directors. The number of directors of the Corporation proposed to be elected at the Meeting is six. The term of office of the current seven directors will end at the conclusion of the Meeting. Unless a director’s office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”), each director elected at the Meeting will hold office until the conclusion of the next annual meeting of the Corporation or, if no director is then elected, until a successor is elected.

The following table sets out the names of management’s nominees for election as directors, each nominee’s principal occupation, business or employment, the period of time during which each has been a director of the Corporation, the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date hereof.

Name and Residence	Principal Occupation For Last Five Years	Period during which served as a director	Shares Held or Beneficially Owned
David Beutel, Toronto, ON	Vice President, Oakwest Corporation	September 23, 2013 to present	Nil <sup>(3)</sup>
Keith Harris, Toronto, ON <sup>(1)</sup>	Private Investor	June 30, 2011 to present	1,138,304 <sup>(4)</sup>
John Hick, Toronto, ON <sup>(1)(2)</sup>	Corporate Director and President, John W.W. Hick Consultants Inc.	September 23, 2013 to present	115,800 <sup>(5)</sup>
John De Sousa, Oakville, ON <sup>(2)</sup>	Owner/operator at DeSousa Vineyards/De Sousa Investment Group	February 2011 to present	4,767,029 <sup>(6)</sup>
Murray Souter, Oakville, ON	President and Chief Executive Officer, Diamond Estates Wines & Spirits Inc., Managing Partner, Lodestar Associates Ltd.	September 23, 2013 to present	875,000 <sup>(7)</sup>
Harold Wolkin, Toronto, ON <sup>(1)(2)</sup>	Corporate Director	September 23, 2013 to present	2,433,934 <sup>(8)</sup>

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) David Beutel is an officer and a shareholder of Oakwest Corporation Limited, a company which owns 27,416,382 Common Shares. Mr. Beutel holds options entitling him to purchase 700,000 Common Shares, and 429,445 Deferred Share Units carrying an aggregate value of \$143,864
- (4) Mr. Harris also holds options entitling him to purchase 100,000 Common Shares, and 242,219 Deferred Share Units carrying an aggregate value of \$81,143.
- (5) Mr. Hick also holds options entitling him to purchase 100,000 Common Shares, and 237,331 Deferred Share Units carrying an aggregate value of \$79,506.
- (6) Mr. De Sousa also holds options entitling him to purchase 100,000 Common Shares, and 214,893 Deferred Share Units carrying an aggregate value of \$71,989.
- (7) Mr. Souter also holds options entitling him to purchase 2,000,000 Common Shares.
- (8) Mr. Wolkin also holds options entitling him to purchase 100,000 Common Shares, and 239,044 Deferred Share Units carrying an aggregate value of \$80,080.

#### **David Beutel – Director**

David Beutel is Vice President of Oakwest Corporation Limited, a private investment company in Toronto. For more than 20 years, Mr. Beutel has been working to build early- and growth-stage businesses as a founder, adviser and investor, in Canada and the United States. Mr. Beutel is also President and Co-Founder of Belweather Capital Partners, a boutique investment management firm. He has served as a director of several public and private companies in Canada. Mr. Beutel holds a BA from the University of Pennsylvania and an MBA from the Schulich School of Business (York University).

#### **Keith Harris – Director**

Keith R. Harris is a Chartered Accountant with over 20 years’ experience in the investment banking business. He is a corporate director and consultant. He is a director of Pillarfour Capital, a private investment bank boutique with offices in Calgary and London, England and Commerce Acquisition Corp., a capital pool company. Previously, he was President, Chief Executive Officer and Chief Financial Officer of Stifel Nicolaus Canada Inc. the Canadian broker-dealer subsidiary of Stifel Financial Corp., a financial holding company listed on the New York Stock Exchange. Mr. Harris was previously a director and the audit committee chair of Maudore Minerals Ltd. (Exchange: MAO). In 2002, he was a co-founder and Chief Financial Officer of a Canadian investment bank boutique, Westwind Partners Inc., which was sold to Thomas Weisel Partners Group (“TWPG”) in 2008. TWPG was bought by Stifel in 2010.

Mr. Harris received a B. Comm. from the University of Toronto in 1975 and received his Chartered Accountant designation in 1977 with Ernst & Young.

**John Hick – Director**

Mr. Hick serves as an independent director, and in some cases the non-executive Chairman, of a number of listed companies, most of which are in the mining sector, and is President of John W. W. Hick Consultants Inc. since 1997. He has held senior management and/or director positions with numerous publically listed companies, mainly in the mining sector. In addition to the Corporation, Mr. Hick serves as a director of Algold Resources Ltd., Eurotin Inc., Quebec Precious Minerals Corp., Samco Gold Ltd. and Sphinx Resources Ltd. Mr. Hick holds a BA from the University of Toronto, an LLB from the University of Ottawa and was called to the Bar of Ontario in 1978.

**John De Sousa – Director**

Joao (John) L. De Sousa has a long history in the Ontario wine industry. Though he started as an investor and property owner with a background and education in jewellery arts – goldsmithing, ultimately his business was sold to a larger chain in 1993. Mr. De Sousa also founded De Sousa Wine Cellars in 1988 and opened a full winery operation and retail store (De Sousa Wines Toronto) in downtown Toronto. Mr. De Sousa founded De Sousa Investments in 1998 with real estate holdings in downtown Toronto, Oakville, Niagara Peninsula and the United States. In 2008, De Sousa Wine Cellars and De Sousa Wines Toronto were both sold to Diamond Estates, while Mr. De Sousa retained his personal vineyards and became a shareholder of Diamond Estates. Mr. De Sousa currently operates De Sousa Vineyards, a 40 acre vineyard in Niagara supplying quality fruit to Niagara wineries, along with real estate holdings, De Sousa Investment Group.

**J. Murray Souter – Director, Chief Executive Officer, and President**

Prior to joining Diamond Estates, Mr. Souter served as the President and CEO of Black's Photography, Canada's largest photo specialty retailer (2004-2008). Mr. Souter has also served as President and Managing Partner of Souter, Care and Associates Ltd. (2002-2004), a management consulting company, and worked with Sprint Canada Inc. (2000-2002) as President, Consumer & Small/Medium Business Division. Mr. Souter was the Managing Partner of Innuvia Partners Inc., a Toronto based company focused on providing strategic, operational and financial support to entrepreneurs and companies. Mr. Souter has an extensive background in consumer packaged goods with well-known companies such as Nabisco, Frito-Lay, Reebok and Bauer Hockey. Mr. Souter holds a B.B.A. (Hons.) in Business from Wilfred Laurier University.

**Harold Wolkin – Director**

Mr. Wolkin is an investment banker and financial analyst with over 30 years of experience. In 1983, Mr. Wolkin joined BMO Nesbitt Burns as a senior research analyst. Mr. Wolkin went on to serve as managing director in the Diversified Industries Group of BMO Capital Markets from August 1983 to January 2008. He represented BMO Nesbitt Burns as a lead underwriter for a number of Canada's largest equity offerings from 1992 to 2008. He was also responsible for the origination and the successful marketing of a large number of initial public offerings and equity financings for a wide range of issuers. Most recently, Mr. Wolkin served as Executive Vice-President and Head of Investment Banking for Dundee Capital Markets. Since 2004, he has also served on a number of public company boards and not-for-profit organizations. He currently serves as a director of Diamond Estates Wines & Spirits Inc. (Exchange: DWS), Baylin Technologies Inc. (Toronto Stock Exchange: BYL), Cipher Pharmaceuticals Inc. (Exchange: CPH) and Newgioco Group (New York OTC Market: NWGI). He was also President of the CFA Society of Toronto from 1989 to 1990, has been a member of the Chartered Financial Institute since 1980, is a certified chartered financial analyst and a graduate and a member of the Institute of Corporate Directors. Mr. Wolkin received a Bachelor of Arts in Economics from York University in 1975 and a Masters of Arts in Economics and Finance from The University of Toronto in 1976.

## Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, other than as set forth herein, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of the information circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (i) was subject to a cease trade order, other similar order, or an order that denied the relevant company access to any exemption under securities legislation, and which was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) is, as at the date of this Circular, or has been within 10 years before the date of the information circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (iii) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

David Beutel was a director of Arius3D Corp. (“**Arius**”). In September 2012, the Ontario and British Columbia Securities Commissions and applicable Canadian securities regulators issues a permanent cease trade order (“**CTO**”) against Arius related to its failure to maintain continuous reporting obligation. As Arius is insolvent, its assets have been seized by its major creditors and it has been wound up.

Keith Harris was a director of Frontline Technologies Inc. (“**Frontline**”), a public company trading on the Exchange, until his resignation on January 7, 2013. On December 11, 2012, Frontline filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and on January 4, 2013 Frontline filed an assignment into bankruptcy with the Official Receiver for the general benefit of its creditors pursuant to the BIA.

In 2008, Mr. John Hick was a director and non-executive Chairman of the board of directors of Tamaya Resources Limited (“**Tamaya**”), a company incorporated under the laws of Australia and listed on the Australian Securities Exchange (“**ASX**”), which made a Voluntary Appointment of an Administrator, Ernst & Young (Australia), as a result of becoming insolvent. The reasons for the insolvency are summarized in a questionnaire and report to the Administrators dated November 14, 2008, which was filed with the ASX. As a result of the Voluntary Administration, effective upon the appointment of the Administrators on October 26, 2008, the appointed Administrators immediately assumed all legal powers, rights and obligations of the directors of Tamaya and the directors had no legal rights with respect to the administration or management of Tamaya or its assets.

Mr. Hick was also a director of Timminco Limited (“**Timminco**”) when it filed and was granted protection under the Companies Creditors Arrangement Act (“**CCAA**”) on January 3, 2012. As a result of the CCAA filing, the Toronto Stock Exchange delisted the company effective February 6, 2012. As part of the CCAA proceedings, all of the directors of Timminco resigned on August 16, 2012.

Mr. Hick was also a director of the Carpathian Gold Inc. when on April 16, 2014, the Ontario Securities Commission issued a permanent management cease trade order, which superseded a temporary management cease trade order (the “**MCTO**”) dated April 4, 2014, against the management of Carpathian Gold. The MCTO was issued in connection with the Corporation’s failure to file its (i) audited annual financial statements for the year ended December 31, 2013, (ii) management’s discussion and analysis relating to the audited annual financial statements for the year ended

December 31, 2013, and (iii) corresponding certifications of the foregoing filings as required by National Instrument 52-109 – Certification of Disclosure in the Issuer’s Annual and Interim Filings. The MCTO was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014.

**Management of the Corporation recommends that Shareholders vote in favour of the recommended directors. Shareholders can vote for all of these directors, vote for some of them and withhold for others, or withhold for all of them. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation.**

**APPOINTMENT AND REMUNERATION OF AUDITORS**

At the Meeting, Shareholders will be requested by management of the Corporation to approve a resolution appointing PricewaterhouseCoopers LLP (“PwC”) as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the Board to fix their remuneration.

**Management of the Corporation recommends that Shareholders vote in favor of appointing PwC as auditors of the Corporation and to authorize the directors to fix their remuneration. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the approval of the resolution to appoint PwC and to authorize the directors to fix their remuneration.**

**ANNUAL APPROVAL OF STOCK OPTION PLAN**

The Corporation has in place the Stock Option Plan which provides that the board of directors may from time to time, in its discretion and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of the Corporation options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the Corporation’s issued and outstanding Common Shares at the date of being granted. It is a requirement of Exchange policies that issuers who have such “rolling plans” seek annual shareholder approval of their stock option plan. Accordingly, in addition to certain amendments of a housekeeping and clerical nature to the Stock Option Plan, Shareholders will be asked to re-approve the Stock Option Plan in accordance with Exchange policy.

For a description of the Stock Option Plan, see “Executive Compensation - Stock Option Plan”, above.

**Management of the Corporation recommends that Shareholders vote in favor of the resolution to annually approve the Stock Option Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the annual approval of the Stock Option Plan.**

**OTHER BUSINESS**

Management of the Corporation is not aware of any matter to come before the Meeting other than the matters referred to in the notice of meeting.

**CORPORATE GOVERNANCE PRACTICES**

The Board has reviewed the Corporation’s current corporate governance practices with reference to the applicable provisions of National Instrument 58-101 and has compiled the following analysis:

<b>CORPORATE GOVERNANCE GUIDELINE</b>	<b>THE CORPORATION’S PRACTICE</b>
<b>1. Board of Directors</b>	
(a) Disclose the identity of directors who are independent.	Five of the Corporation’s six directors, Keith Harris, Harold Wolkin, John Hick, John De Sousa, and David Beutel, are considered independent.
(b) Disclose the identity of directors who are not	Murray Souter is not considered to be an independent director by reason of his office as Chief Executive Officer.

<b>CORPORATE GOVERNANCE GUIDELINE</b>	<b>THE CORPORATION'S PRACTICE</b>
independent and describe the basis for that determination.	
<b>2. Board of Directors</b>	
If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>John Hick is a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Samco Gold Limited (TSXV)</li> <li>• Sphinx Resources Ltd. (TSXV)</li> <li>• Algold Resources Ltd. (TSX)</li> <li>• Quebec Precious Metals Corp. (TSXV)</li> <li>• Eurotin Inc. (TSXV)</li> </ul> <p>Harold Wolkin is a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Baylin Technologies Inc., (TSX)</li> <li>• Cipher Pharmaceuticals Inc. (TSX)</li> <li>• Newgioco Group (New York OTC Market)</li> </ul> <p>David Beutel is a director of the following public company:</p> <ul style="list-style-type: none"> <li>• Accord Financial Corp. (TSX)</li> </ul> <p>Keith Harris is a director of the following public company:</p> <ul style="list-style-type: none"> <li>• Commerce Acquisition Corp. (TSX-V).</li> </ul>
<b>3. Orientation and Continuing Education</b>	
Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.	Orientation includes regular Board meetings and monthly updates between the meetings concerning the Corporation's business. Because of the Corporation's relatively early stage of development as a public company it does not currently provide continuing education to Board members and instead relies on the Directors to pursue their own professional development as each are experienced directors and most belong to professional associations.
<b>4. Ethical Business Conduct</b>	
Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.	The Corporation's developmental stage allows the Board to effectively monitor the ethical conduct of the Corporation and ensure that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and the Exchange.
<b>5. Nomination of Directors</b>	
Disclose what steps, if any, are taken to identify new candidates for board nomination, including:	
(a) who identifies new candidates, and (b) the process of identifying new candidates.	The Board's size and cohesion allow it to effectively perform the duties and functions of a nominating committee. Given the Corporation's present stage of development, the proposed Board composition has been determined to be appropriate. A nomination committee will be created at the appropriate time.
<b>6. Compensation</b>	
Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:	
(a) who determines the compensation; and (b) the process of determining compensation.	The Corporation's Compensation Committee is comprised of John De Sousa, John Hick and Harold Wolkin, and examines executive compensation on an annual basis, making recommendations on setting such compensation to the Board.

CORPORATE GOVERNANCE GUIDELINE	THE CORPORATION'S PRACTICE
	All member of the Compensation Committee are independent members of the Board.
<b>7. Other Board Committees</b>	
If the board has standing committees other than the audit, compensation and nominating committees, describe their function.	The Board does not presently have any standing committees other than the Audit Committee and the Compensation Committee.
<b>8. Assessments</b>	
Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees and its individual directors are performing effectively.	<p>The Board has not adopted formal procedures for assessing its own effectiveness, or that of the Audit Committee, or the individual directors. However, the Corporation believes that its corporate governance practices are appropriate and effective given the Corporation's developmental stage.</p> <p>The Corporation's method of corporate governance allows for the Corporation to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.</p>

**AUDIT COMMITTEE**

The Corporation is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers or employees of the Corporation or of an affiliate of the Corporation. The Corporation's Audit Committee consists of Keith Harris, Harold Wolkin, and John Hick.

*Audit Committee Charter*

The Board has adopted a charter for its Audit Committee, the text of which is set forth in Appendix "A" attached hereto.

*Independence*

Multilateral Instrument 52-110 *Audit Committees*, ("**MI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of the member's independent judgment.

Harold Wolkin and John Hick are considered independent directors pursuant to Canadian securities laws.

*Financial Literacy*

MI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

All existing members of the Audit Committee are financially literate as such term is defined in MI 52-110.

Keith Harris is a Chartered Accountant with over 25 years of experience in the investment banking business. He has served as the Chief Financial Officer and on audit committees of a number of public companies.

Harold Wolkin is a chartered financial analyst with of 30 years of experience. Mr. Wolkin was President of the CFA Society of Toronto from 1989 to 1990, has been a member of the Chartered Financial Institute since 1980.

John Hick is a lawyer and practised law for a number of years. He has served as a director and Chief Executive Officer of a number of public companies where he was responsible for the financial results and reporting in such companies. He has also had extensive experience with public companies in the areas of corporate restructuring, acquisitions, financial and executive management and financing. He serves on the audit committees of several other public companies.

#### *Audit Committee Oversight*

Since the commencement of the Corporation's most recently completed financial year, the Audit Committee has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

#### *Reliance on Certain Exemptions*

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of MI 52-110; or
- (b) an exemption from MI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

#### *Pre-Approval Policies and Procedures*

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

#### *Audit Fees*

The following table sets forth the fees paid by the Corporation and its subsidiaries to its auditors for services billed during the financial years ended March 31, 2017 and March 31, 2018:

	<b>2018</b>	<b>2017</b>
Audit fees	98,000	85,500
Tax fees	36,149	14,000
All other fees	9,250	\$5250
<b>Total</b>	<b>\$143,399</b>	<b>\$104,750</b>

The Corporation is a "venture issuer" as defined in MI 52-110 and is relying on the exemption in section 6.1 of MI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

#### ***Report of the Audit Committee***

In the performance of its oversight function, the Audit Committee reviewed and discussed the Corporation's audited consolidated financial statements as of and for the financial year ended March 31, 2018 with management and the auditors. The audited financial statements were represented to have been prepared in accordance with Canadian generally accepted accounting principles.

The Audit Committee is satisfied that it appropriately fulfilled its mandate to the best of its ability during and for the financial year ended March 31, 2018. The financial statements and Management's Discussion and Analysis for the financial year ended March 31, 2018 are included with the materials made available with this Circular.

#### **INTEREST OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the common shares

of the Corporation or an associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. In particular, certain of the directors and officers of the Corporation are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the OBCA. The OBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the OBCA.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, promoter, member of management, nominee for election as director of the Corporation, or any of their associates or affiliates, is or has been indebted to the Corporation.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation's annual Management Discussion & Analysis and a copy of this Circular is available to anyone, upon request, from the Corporation at 1067 Niagara Stone Road, Niagara-on-the-Lake, Ontario L0S 1J0 and are accessible through •. Shareholders may request a paper copy of these materials by calling toll-free 1-866-644-2524. Instructions on how to access the materials online or to request a paper copy may also be found in the notice of meeting mailed separately. All financial information in respect of the Corporation is provided in the comparative financial statements and management discussion & analysis for its recently completed financial year.

#### **APPROVAL OF THE BOARD OF DIRECTORS**

This Circular and the mailing of same to Shareholders have been approved by the board of directors the Corporation.

DATED the 25<sup>th</sup> day of August, 2018.

#### **BY ORDER OF THE BOARD**

(signed) "J. Murray Souter"

J. Murray Souter  
President and Chief Executive Officer

**APPENDIX “A”  
DIAMOND ESTATES WINES & SPIRITS INC.**

**AUDIT COMMITTEE CHARTER**

Adopted by Resolution of the Board of Directors

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***Primary Objective***

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities to: (i) review financial reports and financial information provided to any regulatory authority or provided for release to the public and the Corporation’s shareholders; (ii) review the Corporation’s disclosure control systems; (iii) review the Corporation’s internal control systems with respect to finance, accounting and legal compliance; and (iv) review the Corporation’s accounting and financial reporting processes.

***Composition***

The Committee shall be composed of not less than three (3) directors, the majority of whom shall be independent and ‘unrelated’, as determined by the Board of Directors in accordance with applicable legislation and any requirements of such exchanges on which the securities of the Corporation are traded. The Committee’s composition shall be in compliance with the stated requirements of Multilateral Instrument 52-110 “Audit Committees” and any amendments thereto.

All members of the Committee shall be financially literate and have a working familiarity with basic accounting and finance practices.

All members of the Committee shall be appointed by the Board of Directors at such time as shall be determined and shall serve until their successors are duly appointed. Any member may be removed or replaced by direction of the Board of Directors and shall in any event cease to be a member of the Committee forthwith upon such member ceasing to be a director of the Corporation. Committee members shall be entitled to such remuneration for serving on the Committee as may from time to time be determined by the Board.

***Meetings***

The members of the Committee so appointed shall elect from among their number a Chairman of the Committee. Such Chairman will appoint a secretary with responsibility for maintaining minutes of all meetings. The Secretary shall not be required to be a member of the Committee or a director of the Corporation and can be changed at any time upon notice from the Chairman.

The Committee shall meet as many times as it in its discretion deems necessary to discharge its responsibilities but in no event shall the Committee meet less than four (4) times per year. The time at which, and the place where, Committee meetings are held, the calling of the meetings and the procedure in respect of such meetings shall be determined by the Committee, unless provisions to the contrary are contained in the Corporation’s by-laws or other constating documents or the Board of Directors shall determine otherwise. No business may be transacted unless a quorum of the Committee is present, the majority of the members of the Committee comprising such quorum. If the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.

The Committee may invite or require the attendance at any meeting of such officers and employees of the Corporation, internal and external legal counsel or such other persons as the Committee deems necessary in order for the Committee to discharge its duties and responsibilities. The external independent auditors of the Corporation should be requested and, if deemed necessary, required to attend meetings of the Committee and to make presentations to the Committee as is deemed appropriate.

The Committee shall meet not less than once annually with the Corporation's independent auditors and without the presence of management. The Committee shall also meet with the independent auditors and management at least quarterly to review the Corporation's financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and any press releases related thereto.

Notwithstanding the foregoing, and subject to the Corporation's constating documents, governing legislation and applicable regulatory and exchange rules, the Chairman of the Committee may exercise the powers of the Committee between meetings if required. In the event the Chairman does so exercise such powers, the Chairman shall immediately report in writing to the members of the Committee the actions or decisions taken in the name of the Committee and the same shall be recorded in the minutes of the Committee.

### ***Duties and Responsibilities***

- periodically review and, as required, recommend to the Corporation's Governance Committee any revisions or updates to this Mandate for the Governance Committee to forward to the Board of Directors for approval and implementation
- review interim quarterly financial statements and the audited annual financial statement, including related Management's Discussion and Analysis of Financial Condition and Results of Operations, together with any press releases related thereto and make a recommendation to the Board of Directors for approval and implementation.
- discuss and review with management all financial information and earnings guidance which may be provided to the public in advance of the provision of such communication
- satisfy itself, on behalf of the Board of Directors, that all quarterly and annual financial results, and attendant Management's Discussion and Analysis of Financial Condition and Results of Operations, present fairly the financial condition of the Corporation and are in accordance with generally accepted accounting principles
- act as an independent and objective party to monitor the Corporation's financial reporting process and the system of internal controls, including, as required, inspection of all books and records of the Corporation and its subsidiaries, discussion of such accounts and records and the financial position of the Corporation with senior management and the auditors of the Corporation and its subsidiaries and the commissioning of such reports or supplemental information as may be required in relation to the above
- recommend to the Board of Directors the appointment, retention, termination and compensation of the Corporation's independent auditors
- evaluate and oversee the work of the Corporation's independent auditors, including receipt and review of all reports and recommendations
- review the independent auditor's reports of all critical accounting policies and practices to be used, alternative treatments of financial information within generally accepted accounting principles, ramifications and use of alternative disclosures and treatments and other communications between the independent auditors and the Corporation's management
- satisfy itself on behalf of the Board of Directors as to the 'independence from management' of the external auditors, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies
- ensure the independent auditor's rotation of the audit partner satisfies all regulatory requirements
- annually review and evaluate the performance of the Corporation's independent auditors and the audit partner, including opinions of management, and make such recommendations to the Board of Directors as appropriate

- review the annual audit plan and such advice as may be provided with respect to management and internal controls
- monitor the Corporation's internal accounting controls, information gathering systems and management reporting of internal control systems
- review with management and the independent auditors the relevance and appropriateness of the Corporation's accounting policies, recommended changes and approval thereof
- satisfy itself that the Corporation has implemented appropriate systems of internal control over financial reporting and the safeguarding of the Corporation's assets; review "risk management" procedures, including the identification of significant risks and the establishment of appropriate procedures to manage such risks; monitor corporate performance in light of acceptable risks
- review and approve the Corporation's communication and disclosure policies and controls and monitor compliance therewith
- review and approve the Corporation's investment and treasury policies and monitor compliance therewith
- review the annual proposed budget prepared by the Corporation's executive and make a recommendation to the Board of Directors for approval and implementation
- perform such other activities consistent with the Corporation's constituting documents, governing law and regulatory and exchange requirement as may be requested by the Board of Directors

