

**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 Wednesday, September 6, 2023 at 10:00 a.m. (Eastern Daylight Saving Time) by Zoom teleconference (information below in Note 3) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the fiscal year ended March 31, 2023, 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 seven and to elect each of the directors for the ensuing year;
4. to consider, and if deemed advisable, approve the Corporation’s Stock Option Plan;
5. to consider, and if deemed advisable, approve an increase in the number of Deferred Share Units (“**DSUs**”) authorized for issuance pursuant to the Corporation’s Deferred Share Unit Plan from 500,000 DSUs to 1,200,000 DSUs;
6. to consider, and if deemed advisable, approve the issuance of common shares of the Corporation to Lassonde Industries Inc. and its affiliated entities, upon the terms and conditions more fully described in the Management Information Circular; and
7. 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 Monday August 7, 2023 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 8th day of August, 2023.

**BY ORDER OF THE BOARD**

(signed) “Andrew Howard”

Andrew Howard  
President and Chief Executive Officer

**NOTES:**

1. Shareholders registered on the books of the Corporation at the close of business on August 17, 2023 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, Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1.
3. Join Zoom Meeting

<https://us06web.zoom.us/j/81278084614?pwd=VTVFdHJvOVRZYVITeFFJeIVKcDQzUT09>

Meeting ID: 812 7808 4614

Passcode: 098149

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- +1 507 473 4847 US
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- +1 689 278 1000 US
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- +1 720 707 2699 US (Denver)
- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)
- +1 301 715 8592 US (Washington DC)
- +1 438 809 7799 Canada
- +1 587 328 1099 Canada
- +1 647 374 4685 Canada
- +1 647 558 0588 Canada
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- +1 780 666 0144 Canada
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**1067 Niagara Stone Road**  
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**MANAGEMENT INFORMATION CIRCULAR**

**For the Annual General and Special Meeting of Shareholders to be held on September 6, 2023**

**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 Wednesday, September 6, 2023 at 10:00 am. (Eastern Daylight Time) by Zoom teleconference (link below) 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.

Join Zoom Meeting:

<https://us06web.zoom.us/j/81278084614?pwd=VTVFdHJvOVRZYVlTeFFJeIVKcDQzUT09>

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Find your local number: <https://us06web.zoom.us/j/kehRqDZ1Gu>

#### **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, Suite 301, 100 Adelaide Street West, 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 an 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, Suite 301, 100 Adelaide Street West, 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 7, 2023 (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 ("**NI 54-101**"), 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, Suite 301, 100 Adelaide Street West, 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 barcode 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 27,875,978 Common Shares are issued and outstanding as fully paid and non-assessable as at August 7, 2023, 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:

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage of Total Issued</b>
CDS & Co. <sup>(1)</sup>	18,448,962	53.72%
Lassonde Industries Inc. <sup>(2)</sup>	5,964,330	21.40%

Oakwest Corporation Limited	2,891,288	10.37%
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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) Lassonde Industries Inc. (“**Lassonde**”) also owns (directly or indirectly) 80,000 share options (at exercise prices of \$1.40 and \$2.00 as set out below), 1,123,958 warrants (with an exercise price of \$2.20 per common share), 212,755 DSUs, and a \$500,000 principal amount of convertible debenture the principal of which is convertible into 625,000 common shares. In addition, Mr. Pierre-Paul Lassonde, a control shareholder of Lassonde Industries Inc., through a holding company, owns 617,824 shares, 250,000 warrants (with an exercise price of \$2.20 per common share), and a \$2.85 million principal amount of convertible debenture the principal of which is convertible into 3,526,500 common shares. Upon conversion of all such convertible securities Lassonde and Mr. Lassonde, would hold an aggregate of 11,818,543 Common Shares.

## **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 current NEOs are Andrew Howard as President and Chief Executive Officer, Ryan Conte as Chief Financial Officer, and Tim McChesney as Senior Vice-President, Marketing and Strategy.

### **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, 2023, the Corporation did not have a formal pre-determined compensation plan. Rather, the Corporation informally assessed the performance of its NEOs and considered a variety of factors generally, both objective and subjective, when determining compensation levels, including the existing contractual relationships with the NEOs. For the financial year ended March 31, 2023, 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 Hick (Chair), John De Sousa and Claude Gilbert.

Compensation for the NEOs is composed primarily of three components: base salary, performance bonuses and stock-based compensation:

#### *Base Salary*

Base Salary 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 salaries 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 salary 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, 2023, and March 31, 2022.

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 annual compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Andrew Howard, President and CEO <sup>(2)</sup>	2023	211,667	N/A	110,235	N/A	N/A	N/A	20,969	342,871
	2022	53,846	N/A	49,035	N/A	N/A	N/A	3,000	105,811
Ryan Conte, CFO <sup>(3)</sup>	2023	200,000	N/A	37,800	N/A	N/A	N/A	12,000	249,800
	2022	200,000	N/A	72,585	N/A	N/A	N/A	12,000	284,585
Tim McChesney, Senior Vice-President, Marketing and Strategy <sup>(4)</sup>	2023	145,000	N/A	9,031	N/A	N/A	N/A	12,000	166,031
	2022	145,000	N/A	24,557	N/A	N/A	N/A	12,000	181,527
Murray Souter, Former President and CEO <sup>(5)</sup>	2023	144,982	N/A	38,999	N/A	N/A	N/A	4,097	188,078
	2022	220,000	N/A	85,335	N/A	N/A	N/A	6,000	311,335

### Notes:

- (1) These amounts are for options vested during the fiscal year. 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 1.65%, expected dividend yield of 0%, and an average expected volatility of 88%. The Corporation chose the Black-Scholes pricing model because Management feels it is the best model to ascertain a fair, realistic value for options.
- (2) Mr. Howard was appointed as President and Chief Executive Officer of the Corporation effective August 1, 2022. His annual salary changed from \$200,000 per year to \$220,000 per year on October 31, 2022. Mr. Howard, who is also a director of the Corporation, does not receive any additional compensation for his role as a director.
- (3) Mr. Conte was appointed Chief Financial Officer of the Corporation on March 8, 2021.
- (4) Mr. McChesney was appointed Senior Vice-President, Marketing and Strategy, of the Corporation on January 29, 2018.
- (5) Until August 1, 2022, Mr. Souter had been the President and Chief Executive Officer of the Corporation since September 24, 2013. Mr. Souter had also been a director of the Corporation, for which he did not receive any additional compensation for his role as a director.

### Termination And Change of Control Benefits

Each of Andrew Howard, Chief Executive Office of the Corporation, and Ryan Conte, Chief Financial Officer, is entitled to receive twelve (12) months of their base salary plus car allowance and health benefits (excluding any long term disability amounts and company provided life insurance) plus any accrued amounts to such date owing to them under the Corporation's bonus or stock option plan, such as an owing bonus or vested stock options (in accordance with the stock option plan of the Corporation) in the event of (a) being terminated without cause or (b) if there is a change of control of the Corporation and the executive triggers their rights of severance pay within six (6) months of such change of control date.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards granted to the NEOs during the financial year ended March 31, 2023.

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 (\$)
Andrew Howard, President and CEO	200,000	0.90	August 29, 2027	Nil	N/A	N/A	N/A

**Note:**

- (1) On August 28, 2022, the Board of Directors authorized the issuance of 200,000 stock options to Andrew Howard. The options each have an exercise price of \$0.90 and a term of 5 years, vesting as to 25% per year on each anniversary date over the next 4 years. The fair value of the options was calculated with the Black-Scholes option pricing model, using the assumptions of: (1) risk free interest rate of 2.87%, (2) expected volatility of 74.9%, (3) expected life of 5 years, and (4) dividend yield of 0.0%, such that the fair value attributed to each option was \$0.51. However, based on the closing price of the Common Shares on the Exchange on March 31, 2023 being \$0.46, the value of unexercised in-the-money options above is Nil.

### Incentive Plan Awards—Value Vested or Earned During the Financial 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 (\$)
Andrew Howard, President and CEO	110,235	N/A	N/A
Ryan Conte, CFO	37,800	N/A	N/A
Tim McChesney, Senior Vice-President of Marketing and Strategy	9,031	N/A	N/A
Murray Souter, former President and CEO <sup>(2)</sup>	38,999	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 1.65%, expected dividend yield of 0%, and expected volatility of 88%. The Corporation chose the Black-Scholes pricing model because Management feels it is the best model to ascertain a fair, realistic value for options.
- (2) Mr. Souter ceased his full-time employment with the Corporation as of August 1, 2022.

### Stock Option Plan

The Corporation currently maintains a stock option plan (the “**Stock Option Plan**”) and pursuant thereto grants options to purchase Common Shares. Certain amendments to the Stock Option Plan were adopted by the Board on August 17, 2021. These changes, being entirely administrative in nature, were to remove references to the Corporation’s predecessor, a Capital Pool Company pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”) and removed references applicable only to Capital Pool Companies. The amendments did not require shareholder approval. Lastly, the total number of shares available and existing options were all reduced by a factor of

10, as a result of the 10:1 share consolidation of the Corporation effected as of November 10, 2021, and correspondingly the exercise prices of the existing options issued were all increased by a factor of 10. The Stock Option Plan is available for review on the Corporation's SEDAR profile.

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 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 that have vested may be exercised up to 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 then the option may be exercised within a maximum period of one year after such death (all 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 March 31, 2023, options to acquire up to 1,735,000 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 and subject to any total cap pursuant to the deferred share unit plan set out below, an additional 1,052,598 options were available to be granted pursuant to the Stock Option Plan as of March 31, 2023. This number is derived by deducting the 1,735,000 options outstanding as of March 31, 2023 from 2,787,598 (10% of the common shares).

### **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 currently reserved for issuance under the DSU Plan is 500,000, which is approximately 1.8% 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, 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.

The total number of the DSU pool and outstanding DSUs were all reduced by a factor of 10, as a result of the 10:1 share consolidation of the Corporation effected as of November 10, 2021, and correspondingly the value of the individual DSUs that were already issued were increased by a factor of 10. Lastly, the Corporation has consistently reported its DSUs in the period following the compensation period. For example, first quarter (April 1 to June 30) DSUs awarded in July will be reported and recorded in the second quarter. Accordingly, the public records of the Corporation as to DSUs are one quarter behind. As a result, any DSU amounts listed herein to be as of March 31, 2023 do not contain the further quarter (January 1, 2022 to March 31, 2023) DSUs that were issued in May 2023.

As of March 31, 2023, a total of 528,778 DSUs had been granted and were outstanding pursuant to the DSU Plan. This exceeds the current cap of 500,000 DSUs and is the result of the directors making the decision to take full payment of director compensation in DSUs instead of the previous practice of 50% cash, 50% DSUs, in an effort to save the Corporation cash payments. For further discussion of this item and the intention to increase the maximum number of Common Shares issuable pursuant to grants made under the DSU Plan, see “Matters to be Voted Upon.

## **Warrants**

The Corporation issued 750,000 warrants to Bank of Montreal as of July 24, 2020, with an expiry date of July 1, 2022, having an exercise price of \$0.16 per common share and which could be exercised to obtain one Common Share of the Corporation per warrant upon payment of the exercise price per share. These warrants were then consolidated as of November 10, 2021 to 75,000 warrants with an exercise price of \$1.60 per share. The warrants were not exercised as of July 1, 2022 and are therefore expired during the past fiscal year of the Corporation.

The Corporation issued a second set of warrants to Bank of Montreal as of December 31, 2021 of 150,000 warrants with an exercise price of \$1.80 per Common Share and which expire on December 31, 2024.

The Corporation also issued 60,294,512 warrants as of October 6, 2021, with an exercise price of \$0.22 per share and which expire on October 6, 2024. These warrants were then consolidated on a 10:1 basis as of November 10, 2021, and pursuant to a Supplemental Warrant Indenture to warrant holders dated April 19, 2022, whereby the total number of warrants was reduced to 6,029,451 and the exercise price was raised to \$2.20 per Common Share.

## **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, 2023.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
David Beutel	0	44,461	6,270	N/A	N/A	Nil	50,731
Guy Blanchette	0	26,198	5,468	N/A	N/A	Nil	31,666 <sup>(2)</sup>
John De Sousa	0	24,899	4,184	N/A	N/A	Nil	29,082
Claude Gilbert	0	26,198	5,468	N/A	N/A	Nil	31,666 <sup>(2)</sup>
Keith Harris	0	30,670	4,184	N/A	N/A	Nil	34,854
John Hick	0	30,186	4,184	N/A	N/A	Nil	33,370
Ron McEachern	0	10,964	0	N/A	N/A	Nil	10,964

**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 1.65%, expected dividend yield of 0%, and expected volatility of 88%. The Corporation chose the Black-Scholes pricing model because Management feels it is the best model to ascertain a fair, realistic value for options. No new share options were issued by the Corporation to any of the above parties in fiscal 2022-23. The Option-based awards costs represents the expense to the Corporation during fiscal 2022-23 for the currently outstanding share options of such party.
- (2) Each of Mr. Blanchette and Mr. Gilbert is a nominee of Lassonde Industries Inc. and payment of board compensation together with option-based awards for Mr. Blanchette is payable 100% by way of DSUs issued to Lassonde Industries Inc. The amount of \$31,666 for Option-based awards listed for Mr. Blanchette and Mr. Gilbert represents half of the total cost of \$63,332 for the expense to the Corporation during fiscal 2022-23 for the currently outstanding share options and DSUs held by Lassonde Industries Inc.

**Incentive Plan Awards**

**Outstanding Option-Based Awards**

The following table sets forth the option-based awards outstanding for the financial year ended March 31, 2023 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 (\$) <sup>(3)</sup>
David Beutel	30,000	1.4	September 2, 2025	Nil	N/A	N/A	302,060
	30,000	2.8	October 1, 2023	Nil			
Keith Harris	20,000	1.4	September 2, 2025	Nil	N/A	N/A	183,216
	20,000	2.8	October 1, 2023	Nil			
John Hick	20,000	1.4	September 2, 2025	Nil	N/A	N/A	178,329
	20,000	2.8	October 1, 2023	Nil			
John De Sousa	20,000	1.4	September 2, 2025	Nil	N/A	N/A	156,352
	20,000	2.8	October 1, 2023	Nil			
Ron McEachern	Nil	N/A	N/A	Nil	N/A	N/A	10,964
Guy Blanchette <sup>(2)</sup>	20,000	1.4	September 2, 2025	Nil	N/A	N/A	135,698
	20,000	2.0	September 28, 2024	Nil			
Claude Gilbert <sup>(2)</sup>	20,000	1.4	September 2, 2025	Nil	N/A	N/A	135,698
	20,000	2.0	September 28, 2024	Nil			

**Notes:**

- (1) Based on the closing price of the Common Shares on the Exchange on March 31, 2023 being \$0.46.
- (2) Each of Mr. Blanchette and Mr. Gilbert is a nominee of Lassonde Industries Inc. and the share options were issued in the name of Lassonde Industries Inc. and payment of board compensation for each of Mr. Blanchette and Mr. Gilbert is made payable 100% by way of DSUs issued to Lassonde Industries Inc.
- (3) These amounts are the cumulative dollar value of the DSUs that have been issued over time to the directors for that portion of their directors compensation that is payable in DSUs.

In the most recently completed fiscal year, each director received a base fee of \$15,000. For fiscal 2022-23, the directors elected to have all of their directors fees paid to them by the Corporation in the form of DSUs. The Chairman of the Board, Audit Committee, and Compensation Committee each receive an incremental fee of \$25,000, \$2,000, 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 (\$)	Non-equity incentive plan compensation- Value vested during the year (\$)
David Beutel	6,270	44,461	N/A
Guy Blanchette	5,468	26,198 <sup>(1)</sup>	N/A
John De Sousa	4,184	24,899	N/A
Keith Harris	4,184	30,670	N/A
John Hick	4,184	30,186	N/A
Claude Gilbert	5,468	26,198 <sup>(1)</sup>	N/A
Ron McEachern	Nil	10,964	N/A

**Notes:**

(1) Each of Mr. Blanchette and Mr. Gilbert is a nominee of Lassonde Industries Inc. and payment of board compensation to each is payable 100% by way of DSUs issued to Lassonde Industries Inc.

#### 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 the resolutions approving the issuance of shares to Lassonde, which requires approval 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 excluding any votes cast by an interested party to that transaction. and approval of amendments to the DSU plan which requires the approval by the affirmative vote of a majority of the votes cast by the disinterested Shareholders present in person or represented 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 eight. 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 Limited	September 23, 2013 to present	10,000 <sup>(3)</sup>
Guy Blanchette, St. Bruno, PQ <sup>(1)</sup>	Strategic Advisor to the CEO, Lassonde Industries Inc.	September 28, 2022 to present	Nil <sup>(4)</sup>
John De Sousa, Oakville, ON <sup>(2)</sup>	Owner/operator at DeSousa Vineyards/De Sousa Investment Group	February 2011 to present	555,702 <sup>(6)</sup>
Claude Gilbert, Brossard, PQ <sup>(2)</sup>	Corporate Director and Management Consultant	New Appointee	Nil <sup>(7)</sup>
Keith Harris, Collingwood, ON <sup>(1)</sup>	Private Investor	June 30, 2011 to present	114,830 <sup>(5)</sup>
Andrew Howard, Thornbury, ON	President and Chief Executive Officer, Diamond Estates Wines & Spirits Inc.	August 1, 2022 to present	360,834 <sup>(8)</sup>
Ron McEachern, Toronto, ON	Private Investor	September 28, 2022 to present	499,179 <sup>(9)</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 2,891,288 common shares of the Corporation. Mr. Beutel also holds options entitling him to purchase 60,000 common shares and as of March 31, 2023, held 133,409 Deferred Share Units carrying an aggregate value of \$302,060.
- (4) Mr. Blanchette is an officer of Lassonde Industries Inc., a company which owns 5,346,506 common shares of the Corporation, options entitling Lassonde Industries Inc. to purchase 80,000 common shares, holds 1,123,958 warrants (with an exercise price of \$2.20 per common share that expire on October 6, 2024) and as of March 31, 2023 held 155,008 DSUs carrying an aggregate value of \$271,396.
- (5) Mr. Harris also holds options entitling him to purchase 40,000 common shares and as of March 31, 2023 held 83,702 Deferred Share Units carrying an aggregate value of \$183,216.
- (6) Mr. De Sousa also holds options entitling him to purchase 40,000 common shares and of as of March 31, 2023 held 69,919 Deferred Share Units carrying an aggregate value of \$156,352.
- (7) Mr. Gilbert is a nominee to Lassonde Industries Inc., a company which owns 5,346,506 common shares of the Corporation, options entitling Lassonde Industries Inc. to purchase 80,000 common shares, holds 1,123,958 warrants (with an exercise price of \$2.20 per common share that expire on October 6, 2024) and as of March 31, 2023 held 155,008 DSUs carrying an aggregate value of \$271,396.
- (8) Mr. Howard's share ownership is broken out as to 108,207 shares of the Corporation he owns personally, 169,514 owned by his spouse, and 83,113 shares owned through a wholly owned entity Red Tractor Wine Consultants Inc. He also holds 81,155 warrants (with an exercise price of \$2.20 per common share that expire on October 6, 2024) personally and 62,335 warrants (with an exercise price of \$2.20 per common share that expire on October 6, 2024) through Red Tractor Wine Consultants Inc. He also holds options entitling him to purchase 350,000 common shares.
- (9) Mr. McEachern's share ownership is broken out as to 10,650 shares of the Corporation he owns personally and 488,529 shares owned through a wholly owned entity One St. Thomas Holdings Inc. He also holds 361,897 warrants of the Corporation (with an exercise price of \$2.20 per common share that expire on October 6, 2024).

#### **David Beutel – Director**

Mr. Beutel is Vice President of Oakwest Corporation Limited, a private investment company in Toronto. For more than 25 years, Mr. Beutel has been working to build early- and growth-stage businesses as a founder, advisor 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).

#### **Guy Blanchette – Director**

Mr. Guy Blanchette FCPA FCA is a seasoned executive who currently acts as Strategic Advisor to the Chief Executive Officer of Lassonde Industries. Until March 2021 and for the last 14 years, he was Executive Vice-President and Chief Financial Officer of Lassonde Industries. He is a Fellow of the Order of the Chartered Professional Accountants of Quebec (FCPA) and was Chairman of the Board of the CPA Foundation of Quebec.

Prior to joining Lassonde, Mr. Blanchette was Vice-President and Treasurer of CAE. He also worked for Alstom Canada, Inc. as Chief Financial Officer; SNC Industrial Technologies Inc. as Vice-President, Finance and Strategic Planning, before being Vice-President, Treasurer of SNC-Lavalin and the founding General Manager of SNC-Lavalin Equity.

Mr. Blanchette holds a Bachelor of Business Administration with a major in Accounting from Université du Québec à Trois-Rivières. He graduated in 1982.

**John De Sousa – Director**

Mr. 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.

**Claude Gilbert – Proposed Director**

Mr. Claude Gilbert, FCPA, FCA, FCIRP (ret.), ICD.D, is a corporate director and a management consultant. He performs interim management engagements and provides governance, strategy, financial, and M&A advisory services to enterprises facing challenges or sudden change. He currently serves as Chair of General Partner Finalta Capital Fund Inc. and as a director of not-for-profit organizations. He namely provided financial advisory services to the Corporation at the onset of the pandemic in 2020.

He is a retired partner of PricewaterhouseCoopers where he provided, over a period of 17 years, transaction advisory services to enterprises requiring financing, M&A or restructuring assistance, and worked with all types of stakeholders in several high-profile transactions. Prior to joining PwC, Mr. Gilbert was a partner at Ernst & Young where he acquired experience in the fields of insolvency and audit over 15 years. He also occupied, for five years, senior executive and financial positions with Groupe Coopérants and Giasson Real Estate Group.

Mr. Gilbert obtained a Bachelor of Business Administration from Université Laval in 1975. He became a Chartered Accountant in 1978 (Fellow in 2009), a Canadian Insolvency and Restructuring Professional in 1984 (Chair in 2005-2007 and Fellow in 2008), and a Graduate of the Directors Education Program of the Institute of Corporate Directors in 2011.

**Keith Harris – Director**

Mr. 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. 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.

**Andrew Howard** – *Director, Chief Executive Officer, and President*

Mr. Howard was promoted to Chief Executive Officer and President of the Corporation on August 1, 2022, from this previous position as Chief Operating Officer – Estate Wines. Prior to joining the Corporation, Mr. Howard was the President of Equity Wine Group Inc. (“EWG”), a Canadian wine company that was acquired by the Corporation on October 6, 2021. Mr. Howard has extensive experience in both the Canadian wine industry — having been with EWG at its inception and leading its growth into a top VQA wine producer — and the beverage alcohol distribution business, as EWG had acquired, operated and sold a beverage alcohol sales agency. Prior to founding EWG, Andrew had an extensive and relevant background having also been a senior executive with Arterra, Labatt and Pepsi. Mr. Howard holds a B. Comm from Queens University.

**Ron McEachern** – *Proposed Director*

Mr. McEachern has over 45 years of experience building consumer brands. His experience includes senior marketing roles with Procter & Gamble Canada and over 20 years of general management assignments including President of PepsiCo Beverages Canada, President of Pepsi-Cola Western Europe, and President of PepsiCo Asia. He was also an Adjunct Professor at the Hong Kong University of Science and Technology for 10 years, teaching MBA and Executive MBA courses on building consumer brands in China and executive leadership. Today, Mr. McEachern is an investor in a wide range of start-up organizations.

Mr. McEachern has been a director for a wide range of public and private companies located in Canada, Ireland, England, China, the Philippines, and Thailand. Currently, he is Chairman of the Board of the Women’s College Hospital Foundation Board.

Mr. McEachern holds a BA from Queens University, an MBA from the Schulich School of Business (York University), and an ICD.D designation from the Institute of Corporate Directors and the University of Toronto’s Rotman School of Management.

**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.

**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 MNP LLP (“MNP”) 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 MNP 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 MNP and to authorize the directors to fix their remuneration.**

#### **APPROVAL OF STOCK OPTION PLAN**

The Corporation has in place the Stock Option Plan, which provides that the Board 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 shareholder approval of their stock option plan on an annual basis. Accordingly, Shareholders are being asked to approve the Stock Option Plan in accordance with Exchange policies. The text of this resolution is below. In order to be approved, the resolution must be passed by a majority of the votes cast by the disinterested Shareholders present in person or represented by proxy at the Meeting (votes cast by Shareholders who are insiders to whom stock options may be granted will be excluded). Unless such authority is withheld, the management representatives designated in the enclosed form of proxy intend to vote for the approval of the resolution approving the Stock Option Plan.

For a description of the Stock Option Plan, see “Executive Compensation - Stock Option Plan” and a copy of such plan is available for review on the Corporation’s SEDAR profile.

#### **“BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE CORPORATION, THAT**

1. the Stock Option Plan of the Corporation be and is hereby approved;
2. any one director or officer may amend the form of the Stock Option Plan in order to satisfy the requirements or requests of any regulatory authorities, including the TSXV, without requiring further approval of the shareholders of the Corporation; and
3. any one (1) director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
4. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the adoption of the proposed amendment to the DSU Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

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

#### **APPROVAL OF INCREASE OF SHARES ISSUABLE PURSUANT TO THE DEFERRED SHARE UNIT PLAN**

Management and the Board believe that it is prudent and in the best interests of the Corporation to increase the number of DSUs available for future issuance in order that the Corporation may continue to grant DSUs, which is a critical aspect of the Corporation's long-term compensation. In addition, this past fiscal year the Board elected to take its full compensation by way of DSUs, instead of receiving compensation by way of 50% cash and 50% DSUs, in order to preserve cash for the Corporation. With this format expected to continue going forward, the number of DSUs issued each year will increase faster than it has in previous years and the Corporation expects to be at approximately 950,000 DSUs at the end of fiscal 2023-24. The Corporation is therefore seeking to increase the number of Common Shares reserved for issuance under the DSU Plan to 1,200,000.

The maximum number of Common Shares currently reserved for issuance pursuant to the DSU Plan is currently 500,000, which is approximately 1.8% of the current issued and outstanding. With an increase of the maximum number of Common Shares reserved for issuance to 1,200,000, this would represent approximately 4.3% of the current issued and outstanding.

For a description of the DSU Plan, see "Executive Compensation - DSU Plan", and a copy of such plan is available for review on the Corporation's SEDAR profile.

At the Meeting, Shareholders will be asked to approve the below resolution authorizing the increase of the DSU Plan size. In order to be approved, the resolution must be passed by a majority of the votes cast by the disinterested Shareholders present in person or represented by proxy at the Meeting (votes cast by Shareholders who are insiders to whom DSUs may be granted will be excluded). Unless such authority is withheld, the management representatives designated in the enclosed form of proxy intend to vote for the approval of the resolution authorizing the DSU Plan Increase.

#### **"BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE CORPORATION, THAT:**

- (1) an amendment to the Corporation's Deferred Share Unit Plan ("**DSU Plan**") increasing the maximum number of Common Shares issuable pursuant to the DSU Plan from 500,000 to 1,200,000 is hereby approved;
- (2) any one director or officer may amend the form of the DSU Plan in order to satisfy the requirements or requests of any regulatory authorities, including the TSXV, without requiring further approval of the shareholders of the Corporation;
- (3) any one (1) director or officer of the Corporation is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
- (4) notwithstanding that this resolution has been passed by the shareholders of the Corporation, the adoption of the proposed amendment to the DSU Plan is conditional upon receipt of final approval from the TSX Venture Exchange and the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

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

## **SHARE ISSUANCE TO RELATED PARTY**

### **Background**

The Corporation intends to complete a financing (the “**Financing**”) with Lassonde Industries Inc. (or one of its affiliates) (“**Lassonde**”) following the Meeting. The Financing would consist of the issuance of 20 million Common Shares to Lassonde at an issuance price per share of \$0.45. Lassonde would subscribe for the shares by paying approximately \$8.25 million in cash, and converting the \$750,000 principal amount (plus interest) owing under the advance agreement between the Corporation and Lassonde dated May 30, 2023 (the “**Advance Agreement**”).

Lassonde and its affiliates owns 5,964,330 Common Shares, representing 21.40% of the Corporation’s issued and outstanding voting securities. If Lassonde and its affiliates were to convert all of their convertible securities, they would own, directly or indirectly 11,818,543 Common Shares, representing approximately 35.06% of the Corporation’s issued and outstanding voting securities. By reason of its security holdings of the Corporation, it is a related party of the Corporation. Upon completion of the Financing, and assuming Lassonde and its affiliates were to convert all of their convertible securities, they would own, directly or indirectly 31,818,543 Common Shares, representing approximately 59.22% of the Corporation’s then issued and outstanding voting securities.

### **Financing Resolution**

Since the Financing and the Settlement are related-party transactions under the rules of the TSXV and Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), they will need to be approved by a simple majority of the disinterested Shareholders voting at the Meeting in accordance with the requirements of MI 61-101, with the votes attached to the Common Shares beneficially held by Lassonde and its related parties excluded from the vote.

Accordingly, Shareholders will be asked at the Meeting to consider, and if deemed advisable, adopt the following resolution:

### **“BE IT RESOLVED THAT**

1. the issuance of approximately 18,333,333 million common shares to Lassonde Industries Inc. or one of its affiliates at a price per share of \$0.45 representing an aggregate cash consideration of \$9.0 millions and gross proceeds to the Corporation of approximately \$8.25 million, all as more particularly described and set forth in the Information Circular and in accordance with the terms and conditions of a purchase agreement between the Corporation and the subscriber(s) to be entered into, is hereby authorized and approved;
2. the settlement of the outstanding debt owed by the Corporation to Lassonde Industries Inc. under the Advance Agreement dated May 30, 2023, in an aggregate amount of the \$750,000 principal amount owing, plus interest, through the issuance of approximately 1,666,667 common shares to Lassonde Industries Inc. as part of the Financing (the “**Settlement**”), is hereby authorized and approved;
3. notwithstanding that these resolutions have been duly passed by the Shareholders, the board of directors of the Corporation may amend or decide not to proceed with the Financing or revoke these resolutions at any time prior to completion of the Financing without further approval of the Shareholders; and
4. any one director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents, applications, declarations and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters (including effecting any

filings with any and all appropriate regulatory authorities) authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

Pursuant to the requirements of MI 61-101, the Financing and the Settlement must be approved by the affirmative vote of a majority of the votes cast by the Minority Shareholders present or represented by proxy at the Meeting. “**Minority Shareholders**” means Shareholders whose votes may be included in the determination of minority approval of the Financing, being Shareholders other than (a) any “interested party” to the Financing and the Settlement within the meaning of MI 61-101; (b) any related party to such interested party within the meaning of MI 61-101 (subject to the exceptions set out therein); and (c) any person that is a joint actor with any of the foregoing for the purposes of MI 61-101 (collectively, the “**Excluded Parties**”).

For the purposes of the Financing and the Settlement, Lassonde and its related parties are considered Excluded Parties. As noted above, Lassonde and its affiliates hold 5,964,330 Common Shares. Accordingly, votes attaching to an aggregate of 5,964,330 Common Shares will be excluded from determining whether or not the Financing Resolution is approved as an ordinary resolution of the disinterested Shareholders. For more details about Lassonde and its related parties’ holdings, please refer to “*Voting Securities and Principal Holders*”.

**The independent members of the Board believe that the Financing Resolution is in the best interests of the Corporation and therefore recommend that Shareholders vote in favour of this resolution. Unless otherwise indicated, the Management Nominees intend to vote FOR the Financing Resolution.**

### **Recommendation of the Board**

The independent members of the Board, being Keith Harris, John De Sousa, John Hick, and Ron McEachern (the “**Independent Members**”) unanimously: (i) resolved that the Financing is in the best interests of the Corporation; and (ii) resolved to recommend that Shareholders vote in favour of the Financing at the Meeting. In making their decision, the independent members considered the following factors: (i) the pricing of the Financing; (ii) the current and historical price of the Common Shares; (iii) the financial needs of the Corporation; and (iv) alternative transactions and initiatives.

The foregoing discussion of the information and factors reviewed by the Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors considered by the Board, the Board did not find it practical to, and therefore did not, quantify or otherwise assign relative weight to specific factors in making its determination. The conclusions and recommendations of the Board were made after consideration of all of the above-noted factors in light of the collective knowledge of the members thereof of the operations, financial condition and prospects of the Corporation and was also based on the advice of its legal and financial advisors.

Shareholders should consider the Financing carefully and come to their own conclusions as to whether or not vote in favour of the Financing Resolution.

### **Financing Approvals**

#### *Shareholder Approval*

The Financing and the Settlement constitute “related-party transactions” under MI 61-101, which the Corporation is required to comply with pursuant to Policy 5.9 of the TSXV Corporate Finance Manual (the “Policy”). Pursuant to MI 61-101, the Corporation is required to obtain prior approval of the Financing and the Settlement by a majority of the Minority Shareholders.

#### *TSXV Approval*

The Corporation will require the conditional approval of the TSXV in order to close the Financing (including the Settlement).

## **Other Material Terms of the Financing**

*Use of Proceeds.* The net proceeds of the Financing shall be used to reduce the Corporation's debt and accounts payable.

*Conversion of Debentures.* 3346625 Canada Inc., a related-party of the Corporation and Lassonde, also intends to convert at least \$1.0 million of its \$2.85 million principal amount 10.0% unsecured convertible debenture due November 2023 (together with accrued and unpaid interests thereon, if any, as applicable), the whole substantially in accordance with the terms of the subscription agreement between 3346625 Canada Inc. and the Corporation dated November 3, 2022.

*Other Participants.* The Company may seek additional participants, other than Lassonde, in the Financing, for additional gross proceeds.

*Commercial Support Agreement.* The parties shall discuss the opportunity to enter into commercial support agreements pursuant to which Lassonde will provide services to the Corporation. The service areas under the agreements will be mutually agreed upon and may relate, without limitation, to (i) retail sales/ distribution/ logistics; (ii) marketing and brand management; and (iii) government affairs.

*Voting Support Agreements.* Directors, officers, and certain shareholders of the Corporation have entered into voting and support agreements with Lassonde in support of the Financing.

*Governance.* Upon closing of the Financing, the Board shall consist of 7 members, and Lassonde shall have the right to nominate 4 directors to the Board, including the chairman, and at least a proportionate number of member(s) on each of the Board's committees. A special committee will be formed to oversee the debt reduction program to be put in place, as well as the executives' day-to-day management, notably by approving certain decisions of management.

*Conditions to Closing.* The Financing has customary conditions to closing, including accuracy of each party's representations and warranties, compliance with covenants, due diligence, and shareholder and regulatory approval.

## **Formal Valuation Exception**

The Financing is a "related-party transaction" under MI 61-101, which, in the absence of a valuation exemption, would require the Corporation to obtain a formal valuation by independent qualified valuers. However, the Financing is exempt from the formal valuation requirements of Section 5.4 of MI 61-101 pursuant to Section 5.5(b) of such instrument, as none of the Corporation's securities are listed or quoted on a "specified market", namely, the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets plc.

## **Prior Appraisals**

There are no "prior valuations" (as defined in MI 61-101) in respect of the Corporation or the Common Shares that have been made in the 24 months prior to the date hereof and the existence of which is known, after reasonable inquiry, to the Corporation or to any directors or senior officers of the Corporation.

## **Expenses of the Transaction**

The Corporation expects to incur expenses of approximately \$100,000 in connection with the Financing and the Settlement, including financial advisory, underwriting, proxy solicitation, accounting and legal fees, the costs of preparation, printing and mailing of this Information Circular and other related documents and agreements, and stock exchange and regulatory filing fees. The Corporation will pay the expenses of the Financing out of cash-on-hand and the net proceeds of the Financing.

## 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:

CORPORATE GOVERNANCE GUIDELINE	THE CORPORATION'S PRACTICE
<b>1. Board of Directors</b>	
(a) Disclose the identity of directors who are independent.	Seven of the Corporation's current eight directors (David Beutel, Guy Blanchette, John De Sousa, Claude Gilbert, Keith Harris, John Hick and Ron McEachern) are considered independent.
(b) Disclose the identity of directors who are not independent and describe the basis for that determination.	Andrew Howard is not considered to be an independent director by reason of his office as Chief Executive Officer.
<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 also a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Mako Mining Corp (TSXV)</li> <li>• North American Nickel Inc. (TSXV)</li> <li>• Quebec Precious Metals Corp. (TSXV)</li> <li>• Samco Gold Limited (TSXV)</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>
<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 Board believes that management and the Board 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>CORPORATE GOVERNANCE GUIDELINE</b>	<b>THE CORPORATION'S PRACTICE</b>
<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 currently comprised of John Hick (as Chair), John De Sousa and Claude Gilbert and examines executive compensation on an annual basis, making recommendations on setting such compensation to the Board.  All members 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.	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.  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.

**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 currently consists of Keith Harris (as Chair), Guy Blanchette 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.

Each of Guy Blanchette, Keith Harris and John Hick are considered an independent director 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.

Guy Blanchette is a Fellow of the Order of the Chartered Professional Accountants of Quebec (FCPA) and was Chairman of the Board of the CPA Foundation of Quebec and holds a Bachelor of Business Administration with a major in Accounting from Université du Québec à Trois-Rivières. He was the Chief Financial Officer of Lassonde Industries Inc. from 2007 to 2021, and has over 25 years of financial and accounting experience.

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.

John Hick is a lawyer and practised law until 2001. 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, 2023 and March 31, 2022:

	<b>2023</b>	<b>2022</b>
Audit fees (\$)	\$253,500	315,650
Tax fees (\$)	Nil	Nil
All other fees (\$)	Nil	16,368
<b>Total</b>	<b>\$253,500</b>	<b>\$332,018</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, 2023, 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, 2023. The financial statements and Management's Discussion and Analysis for the financial year ended March 31, 2023 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 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 its website. Shareholders may request a paper copy of these materials by calling the Corporation at (905) 641-1042. 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 8<sup>th</sup> day of August, 2023.

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

(signed) "Andrew Howard"

Andrew Howard

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 requirements as may be requested by the Board of Directors
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