

# **ROCKY MOUNTAIN LIQUOR INC.**

**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**Annual General Meeting  
of Shareholders**

## **NOTICE OF MEETING**

**TO: THE SHAREHOLDERS OF ROCKY MOUNTAIN LIQUOR INC.**

**NOTICE** is hereby given that the Annual General Meeting of the shareholders of Rocky Mountain Liquor Inc. (the "Corporation") will be held at the Days Inn Leduc, 5705-50 Street, Leduc, Alberta, on Wednesday, the 28th day of September, 2011, at the hour of 10:00 a.m. (Alberta time) (the "Meeting") for the following purposes:

1. To receive the audited financial statements of the Corporation for the year ended December 31, 2010, and the report of the auditors thereon.
2. To consider, and if thought advisable, to pass a resolution appointing directors for the ensuing year.
3. To consider, and if fit to pass, the continuation of the Corporation's Stock Option Plan as adopted on August 23, 2010.
4. To consider, and if fit to pass, the continuation of the Corporation's Employee Stock Savings Plan as adopted on August 23, 2010.
5. To consider, and if thought advisable, to pass a resolution appointing Meyers Norris Penny LLP, Chartered Accountants, as auditor, for the ensuing year and to authorize the directors to fix the auditors remuneration
6. To transact such other business as may properly come before the meeting.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular accompanying and forming part of this Notice.

# **MANAGEMENT PROXY INFORMATION CIRCULAR**

August 26, 2011

## **Solicitation of Proxies**

**This proxy circular is distributed within the framework of the solicitation by the management of the Corporation** of proxies to be used at the Annual General Meeting of shareholders of the Corporation (the “*Meeting*”). The Meeting will be held at the time and place and for the purposes specified in the Notice of the Annual General Meeting (the “*Notice*”) and any adjournment thereof. The solicitation of proxies will be done by mail and the cost will be borne by the Corporation.

Shareholders who cannot attend the Meeting are requested to complete the enclosed form of proxy and sent it to: Proxy Dept., Valiant Trust Company, 3000, 10303 Jasper Ave, Edmonton, Alberta, T5J 3X6 or by facsimile transmission to number 780-441-2247, no later than 10am, MST September 26, 2011, or file it with the Chairman of the Meeting, on the day of the Meeting but prior to the Meeting.

## **Appointment of Proxy**

The proxy must be signed by the shareholder or his/her attorney duly authorized in writing or, if the shareholder is a legal entity, by an executive officer or attorney so authorized in writing. The proxy must be accompanied by a certified copy of the resolution authorizing the signature, and filed (i) with the Chief Executive Office of the Corporation, at #100 10520 178 Street Edmonton, Alberta TS5 2J1 or with the Proxy Dept., Valiant Trust Company, 3000, 10303 Jasper Ave, Edmonton, Alberta, T5J 3X6 or by facsimile transmission to number 780-441-2247, no later than 10:00 a.m. (Edmonton time) on September 26, 2011 or in case of adjournment no later than 10:00 a.m. (Edmonton time) on the last business day preceding the day of resumption of the Meeting and at the same location, or (ii) with the Chairman of the Meeting on the day of the Meeting or the day of its resumption before the said Meeting starts.

The persons named in the enclosed form of proxy as proxy are directors and/or officers of the Corporation. **Any shareholder has the right to appoint a proxy to represent him/her at the Meeting other than the persons whose name appears as proxy in the enclosed form of proxy by striking out the names printed on the form of proxy and by inserting the name of the proxy of his/her choice in the blank space provided.** A person thus appointed, as proxy need not be a shareholder of the Corporation. A person thus appointed as proxy can be revoked if the shareholder attends the Meeting in person and applies therefore.

A non-registered shareholder who wishes to appoint another person to represent him at the Meeting shall carefully follow the instructions of his/her intermediary, including those regarding when and where to send the voting instruction form or proxy to be delivered with directions concerning the appointment of another person to represent him/her at the Meeting.

## **Discretionary Powers Conferred by Proxies**

The right to vote conferred by properly executed share proxies in the accompanying form, duly signed on behalf of the persons designated therein shall be exercised on any ballot that may be called during the Meeting. The Directors who solicit the proxy agree to respect the instructions

given by the shareholder in the form of proxy. **If no instructions are given, the votes shall be cast in favour of the resolutions set forth in the notice of meeting. The enclosed form of proxy confers discretionary authority upon the persons named therein in respect of amendments to or variations of the matters identified in the notice of Meeting and any other matters that may properly come before the Meeting, except for the election of directors.** At the date of this Circular, the management of the Corporation is aware of no such amendments, or other items that may come before the Meeting.

### **Right of Revocation of Proxies**

A shareholder who grants a proxy may, at any time, revoke such proxy by filing a written notice, signed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a legal entity, this written notice must be signed by an officer or duly authorized attorney and must be accompanied by a certified copy of the resolution authorizing the signature, either: (i) with the Chief Executive Officer of the Corporation, at #100 10520 178 Street Edmonton, Alberta TS5 2J1 or with the Proxy Dept., Valiant Trust Company, 3000, 10303 Jasper Ave, Edmonton, Alberta, T5J 3X6 or by facsimile transmission to number 780-441-2247, no later than 10:00 a.m. (Edmonton time) on September 26, 2011 or in case of adjournment no later than 10:00 a.m. (Edmonton time) on the last business day preceding the day of resumption of the Meeting and at the same location, or (ii) with the Chairman of the Meeting on the day of the Meeting or the day of its resumption before the said Meeting starts.

### **Interest of Certain Persons in Matters to be Acted Upon**

To the knowledge of the Corporation, except for the information herein disclosed, none of the members of the Board of Directors or of the upper management of the Corporation or any applicants for a position of director or any associate or affiliate of any of the above mentioned persons has an interest in any matters to be acted upon at the Meeting.

### **Voting Shares and Principal Holders Thereof**

The authorized capital stock of the Corporation consists of an unlimited number of common shares without par value.

On August 26, 2011, which is the record date for the Meeting, there were 57,797,788 common shares of the Corporation issued and outstanding, giving the holders the right to one vote per share. Only the shareholders registered in the books of the Corporation as at August 26, 2011 are entitled to vote. The right to vote not being limited to the shareholders registered as of a set date, any person who becomes a shareholder of the Corporation between the record date and the day of the Meeting shall be entitled to vote by producing his/her share certificate duly registered in his/her name at the Meeting.

To the knowledge of the management of the Corporation, the only persons exercising directly or indirectly control or direction over more than 10% of the voting rights enclosed to the common shares of the Corporation are Peter J. Byrne, Joan Byrne, and Allison Byrne.

### **Exercise of Voting Rights by Non-Registered Shareholders**

If you are a non-registered shareholder (that is, if your shares are registered in the name of an intermediary such as a securities broker, clearing agency, financial institution, trustee or custodian), you should carefully follow the instructions on the request for voting instructions or

form of proxy that you receive from the intermediary, in order to vote the shares of the Corporation that you hold with that intermediary. Non-registered shareholders should follow the voting instructions provided to them by their intermediary. The non-registered shareholder, who wishes to attend the Meeting and vote in person (or have another person attend and vote on behalf of the non-registered shareholder), should insert his own name (or such other person's name) in the blank space provided in the request for voting instructions or form of proxy to appoint himself (or such other person) as proxy holder and then follow his intermediary's instructions for returning the request for voting instructions or proxy form.

## **MATTERS TO BE ACTED UPON AT THE MEETING**

### **1. Presentation of Audited Financial Statements**

The audited financial statements of the Corporation for the 12 month period ending December 31, 2010 and the report of the auditors on those financial statements will be presented by management. Copies can be viewed on SEDAR at [www.sedar.com](http://www.sedar.com). No formal action will be taken at the meeting to approve the financial statements. The Board has approved the financial statements upon the recommendation of the Audit Committee prior to filing and delivery to shareholders.

### **2. Election of the Directors of the Corporation**

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution. At the Meeting, it will be proposed that four (4) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).

The shareholders are invited to elect four (4) of the persons mentioned in the table below as directors or if not included in the table below a shareholder may nominate a director for election. Each director elected at the Meeting shall hold office until the following Annual General Meeting or until the election of his/her replacement, unless he/she resigns or his/her office becomes vacant through to death or any reason stated in accordance with the by-laws of the Corporation.

**The persons named in the enclosed form of proxy will vote in favour of the appointment of the nominees mentioned hereunder unless the shareholder signatory of the proxy has indicated his will to abstain from voting.**

Management of the Corporation does not contemplate that any of the nominees will, for any reason, become unable or unwilling to serve as a director. However, if any change should occur prior to the Meeting, the persons mentioned in the enclosed form of proxy reserve the right to vote for other nominees of their choice.

Name and Position Held in the Corporation	Main Occupation	Date of Appointment to the Board of Directors	Number of Common Shares Held/Controlled as at August 26, 2011	Percentage of Common Shares Issued and Outstanding
Frank Coleman Chairman and Director (1)	President and CEO of the Coleman Group of Companies	November 14, 2007	4,892,452	8.5
Robert Normandeau (1) Director	President and Chief Executive Officer of Clarke Inc.	November 14, 2007	250,000	0.4
Peter J Byrne Chief Executive Officer and Director	CEO	December 1, 2008	25,470,822	44.1
Allison Byrne, Chief Operating Officer and Director (1)	COO	June 15, 2009	8,403,032	14.5

(1) Member/proposed member of the Audit Committee.

### **3. Continuation of Stock Option Plan**

Shareholders will be asked to vote to continue with the Corporation's Stock Option Plan.

The Stock Option Plan will continue to permit that 10% of the Corporation's issued and outstanding shares are to be set aside and reserved for stock options on a rolling basis. The limit remains for Directors at 1,250,000 shares and a separate limit remains for Officers, employees and consultants for 1,250,000 shares. The form of Stock Option Plan to be approved and ratified is attached as Appendix "B".

**The persons named in the enclosed proxy form intend to vote FOR the resolution authorizing the amendment to the Stock Option Plan of the Corporation unless the shareholder giving the proxy has indicated his will to vote against with respect of such matters.**

### **4. Continuation of Employee Stock Savings Plan**

Shareholders will be asked to vote to continue with the Employee's Stock Savings Plan.

The Employee's Stock Savings Plan is being established as a retention tool for certain eligible employees. Employees are able to invest up to 10% of their salary, of which the Corporation have committed to invest 50% of this contribution on behalf of the contributing employee. The employer portion will be subject to a vesting period.

The maximum permitted amount of shares under this Employee Stock Savings Plan is 10% of the Corporation's issued and outstanding shares, and when calculated is to include the amounts reserved for the Stock Option Plan. The form of Employee Stock Savings Plan to be approved and ratified is attached as Appendix "C".

**The persons named in the enclosed proxy form intend to vote FOR the resolution authorizing the amendment to the Stock Option Plan of the Corporation unless the shareholder giving the proxy has indicated his will to vote against with respect of such matters.**

## 5. Appointment of the Auditors of the Corporation

Since December 31, 2008, the auditors of the Corporation have been Meyers Norris Penny LLP, of Edmonton, in the Province of Alberta. Management proposes that Meyers Norris Penny LLP be re-appointed as auditors of the Corporation for the fiscal year ending December 31, 2011, and to authorize the Board of Directors to fix their remuneration.

**The persons named in the enclosed form of proxy shall vote in favour of the appointment of Meyers Norris Penny LLP as auditors of the Corporation until the closing of the next meeting of the shareholders, unless otherwise specified by the shareholder signatory of the proxy or unless the latter has indicated his/her will to withhold from voting.**

### MATTERS RELATING TO THE CORPORATION

At present, there are 57,797,788 common shares issued and outstanding. On a fully diluted basis there would be 80,696,486 common shares issued and outstanding. The following schedule sets out the terms with respect to options or warrants to acquire common shares of the Corporation.

Description of Rights to Acquire Common Shares	Price (\$)	Expiry Date	# of Shares	Shares
Issued and Outstanding – December 31, 2010				57,797,788
Private Placement (conversions)			0	
Agent Options (exercised)			0	
Employee Options (exercised)			0	
Director Options (exercised)			0	
Warrants (exercised)			0	
Issued December 31, 2010 to August 26, 2011				0
Issued and Outstanding August 26, 2011				57,797,788
Private Placement Warrants				
(a) Outstanding December 2010	\$0.377	November 2014	1,000,000	
Subtotal – Private Placement Warrants				1,000,000
Agent Options				
(a) Outstanding December 2010	0		0	
Subtotal Agent Options				0
Employee Options				
(a) Outstanding December 2010	\$0.290 - \$0.500	2012 - 2013	630,000	
(b) Exercised			0	
(c) Expired July 2011	\$0.290 - \$0.500		(300,000)	
Subtotal Employee Options				330,000
Directors Options				
(a) Outstanding December 2010	\$0.200 – \$0.390	2012-2013	957,137	
(b) Exercised			0	

Subtotal Directors Options				957,137
Convertible Debenture				
(a) Granted March 2009	\$0.315	March 2014	2,568,698	
(b) Granted April 2011	\$0.500	April 2016	<u>18,400,000</u>	
Subtotal Convertible Debenture				<u>20,968,698</u>
Total Fully Diluted				<b>81,053,623</b>

As a group, the officers, directors and related parties of the Corporation own 39,016,306 common shares (67.5%) and, they will have the rights to acquire up to 957,137 common shares and assuming they exercise all options and warrants the officers, directors and related parties would own 40,273,443 common shares (50.0%) on a fully diluted basis.

### **Executive Compensation**

For the purposes of Form 52-102F6, "Named Executive Officer" or "NEO" refers to the Chief Executive Officer, the Chief Financial Officer and each of the Corporation's three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officers as at the end of the most recently completed financial year and whose total compensation exceeded \$150,000. Based on the foregoing definition, during the year ended December 31, 2010, the Corporation had three NEOs:

Peter J Byrne, President and Chief Executive Officer ("**CEO**")

Allison M. Byrne, Chief Executive Officer ("**COO**")

Tracey T. Bean, Chief Financial Officer ("**CFO**")

### **Compensation Discussion and Analysis**

The Corporation's compensation program is comprised of two primary elements: base salary and annual incentive plan; and option based awards, in the form of participation in the Corporation's stock option plan (the "**Stock Option Plan**").

#### *Base Salary/Annual Incentive*

Although a formal process has not been adopted, as a general rule for establishing base salaries or consulting fees, the Board of Directors reviews competitive market data for each of the executive positions and determines placement at an appropriate level.

Compensation levels are typically negotiated with the candidate for the position prior to his or her selection as an executive officer. Salaries and the annual incentive plan bonus for the executive officers are reviewed bi-annually to reflect external factors such as inflation as well as overall corporate performance and the executive's performance.

#### *Option Based Awards*

The Corporation has a Stock Option Plan for the granting of stock options to the directors, officers, employees and consultants. The purpose of granting such stock options is to assist the Corporation in compensating, attracting, retaining and motivating such persons. The allocation of options under the Stock Option Plan is determined by the Board of Directors which, in determining such allocations, considers such factors as previous grants to individuals, overall Corporation performance, share price performance, the business environment and labour market, the role and performance of the individual in question and, in the case of grants to non-executive directors, the amount of time directed to the Corporation's affairs.



The Corporation believes that participation by the NEOs in the Stock Option Plan aligns the interests of the NEOs with those of the Corporation's shareholders, as the NEOs are rewarded for the Corporation's performance.

#### *General Discussion*

Where NEOs receive other perquisites, they reflect competitive practices, business needs and objectives. The Corporation recognizes the need to provide compensation packages that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of base salary are to recognize market pay, and acknowledge the competencies and skills of individuals. The objectives of annual incentive plan in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. The annual incentive plan payments were accrued at December 31, 2010 and were paid in the following quarter (Q1 2011). The total cash compensation amounts included herein includes all salary paid in 2010 and the annual incentive plan bonus payable at December 31, 2010.

The CEO and the Board of Directors review the terms of the compensation arrangements for each NEO (other than the CEO). The Board of Directors, in the absence of the CEO, reviews the terms of the CEO's compensation arrangements.

The Corporation has no other forms of compensation, although payments may be made from time to time to arm's length individuals or companies which provide consulting services. No non-arm's length consulting contract was established for any person or company in the most recently completed year. In the case that a non-arm's length consulting contract is established in the future, the CEO is responsible to ensure the payments to such consultant are at competitive industry rates for work of a similar nature by reputable arm's length service providers.

The Board of Directors approves all changes to the compensation arrangements of the NEOs. It is the practice of the Board of Directors to establish compensation for Board members in advance of annual meetings. This is to ensure that each new member of the Board of Directors as they assume office after each Annual General Meeting will not be charged with setting their own level of compensation. NEO's are not paid any additional compensation if they are also elected to serve as members of the Board of Directors. The Corporation has not retained any third party advisors to conduct compensation reviews of its competitors' pay levels and practices and has not used a benchmark tool to assess its executive compensation levels.

#### **Option-Based Awards**

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Corporation to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. Previous grants of incentive stock options are taken into account when considering new grants.

The objectives of the Stock Option Plan are to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Corporation. Implementation of a new incentive Stock Option Plan and amendments to the existing stock option plan are the responsibility of the Board of Directors. The COO and the CFO were the only NEOs who were granted stock options during the most recently

completed year. The CEO declined stock options in the most recently completed year, however the CEO may be entitled to receive option based awards, if considered, approved and granted by the Board of Directors, in future years.

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the NEOs for the Corporation's fiscal year ended December 31, 2010.

Name and Principal Position	Year Ended Dec. 31	Salary <sup>(1)</sup> (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Peter J. Byrne Chief Executive Officer	2010	102,900	n/a	nil	100,000	n/a	n/a	nil	202,900
	2009	100,000	n/a	nil	100,000	n/a	n/a	nil	200,000
	2008	8,333	n/a	nil	nil	n/a	n/a	nil	8,333
Allison Byrne Chief Operating Officer	2010	154,349	n/a	60,469 <sup>(2)</sup>	50,000	n/a	n/a	nil	264,818
	2009	150,000	n/a	30,765 <sup>(2)</sup>	45,000	n/a	n/a	nil	225,769
	2008	12,500	n/a	nil	nil	n/a	n/a	nil	12,500
Tracey Bean <sup>(4)</sup> Chief Financial Officer	2010	154,349	n/a	60,469 <sup>(2)</sup>	50,000	n/a	n/a	nil	264,818
	2009	133,562	n/a	30,765 <sup>(2)</sup>	45,000	n/a	n/a	nil	209,327
	2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Notes:**

(1) Mr. Byrne and Ms. Byrne were appointed the Chief Executive Officer and Chief Operating Officer, respectively, in December 2008. For 2008, Mr. Byrne's annual salary was \$100,000 and Ms. Byrne's annual salary was \$150,000.

(2) The Option Based Awards disclosed were awarded in 2010 and 2009. Value on grant date was calculated using the Black Scholes model.

(3) All Other Compensation, being the value of perquisites received by NEOs, including personal benefits provided to the NEOs that is not available to other employees, was not greater than \$50,000 or 10% of his or her salary for the financial year. The value of perquisites is based on the actual cost to the Corporation for items such as club memberships and dues.

(4) Mr. Bean was appointed the Chief Financial Officer in February 2009. Mr. Bean's annual salary for 2009 was \$150,000.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Corporation outstanding at the end of the financial year ended December 31, 2010.

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in (out)-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)
Peter J. Byrne	nil	nil	nil	nil	n/a	n/a
Allison Byrne	150,000	0.29	May 15, 2012	9,000	n/a	n/a
	150,000	0.50	June 2, 2013	(22,500)	n/a	n/a
Tracey Bean	150,000	0.29	May 15, 2012	9,000	n/a	n/a
	150,000	0.50	June 2, 2013	(22,500)	n/a	n/a

**Note:**

- (1) The value of unexercised in-the-money options at December 31, 2010 is the difference between the exercise price of the options and the closing price of our common shares on the TSX Venture Exchange on December 31, 2010, which was \$0.35 per common share.

### *Incentive Plan Awards – Value Vested or Earned during the Year*

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the financial year ended December 31, 2010.

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 earned during the year (\$)
Peter J. Byrne	n/a	n/a	n/a
Allison Byrne	nil	n/a	n/a
Tracey Bean	nil	n/a	n/a

**Note:**

- (1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date based on the difference between the market price at exercise and the exercise price of the options on vesting date.

## Pension and Retirement Plans and Payments Made Upon Termination of Employment

The Corporation does not have in place any pension or retirement plans. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates.

### Termination and change of control benefits

The CEO and the COO have entered into employment agreements as of December 1, 2008 for a two-year term. The respective employment agreements have been extended to November 30, 2011. The respective employment agreements provide that, if employment is terminated without cause or as a result of a change in control of the Corporation, the executive will be entitled to a termination payment equal to 200% (in the case of the CEO) and 150% (in the case of the COO) of the sum of their respective current base salary plus the amount of the most recently received bonus.

### Director Compensation

#### *Director Compensation Table*

The following table sets forth the value of all compensation provided to directors, not including those directors who are also NEOs, for the Corporation's most recently completed financial year.

<u>Name</u>	<u>Fees earned</u>	<u>Share-based awards (\$)</u>	<u>Option-based awards <sup>(1)</sup> (\$)</u>	<u>Non-equity incentive plan compensation (\$)</u>	<u>Pension value (\$)</u>	<u>All other Compensation (\$)</u>	<u>Total <sup>(2)</sup> (\$)</u>
Frank Coleman	8,500	n/a	47,619	n/a	n/a	n/a	56,119
Robert Normandeau	2,500	n/a	47,619	n/a	n/a	n/a	50,119

**Notes:**

(1) The Option-Based Awards disclosed were awarded in 2010, value on grant date was calculated using the Black Scholes model.

(2) The table does not include any amounts paid as reimbursement for expenses.

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth the options granted to the directors of the Corporation, not including those directors who are also NEOs, to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year.

Name	Option-based Awards			Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in (out) the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)
Frank Coleman	150,000	0.32	June 29, 2012	4,500	n/a	n/a
	150,000	0.30-0.39	August 24, 2013	500	n/a	n/a
Robert Normandeau	150,000	0.32	June 29, 2012	4,500	n/a	n/a
	150,000	0.30-0.39	August 24, 2013	500	n/a	n/a

**Note:** (1) The value of unexercised in-the-money options at December 31, 2010 is the difference between the exercise price of the options and the closing price of the common shares on the TSX Venture Exchange on December 31, 2010, which was \$0.35 per common share.

### ***Incentive Plan Awards – Value Vested or Earned during the Year***

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors of the Corporation, not including those directors who are also NEOs, during the most recently completed 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 (\$)
Frank Coleman	nil	n/a	n/a
Robert Normandeau	nil	n/a	n/a

**Note:**

(1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date based on the difference between the market price at exercise and the exercise price of the options on vesting date.

### **Employment Contracts**

As of the fiscal year ended December 31, 2010, the Corporation had signed two employment contracts as of December 1, 2008 for a two-year term, one with Peter J Byrne (Chief Executive Officer) and the other with Allison Byrne (Chief Operating Officer). The respective agreements have been extended until November 30, 2011

### **Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed fiscal year other than benefits and perquisites which did not amount to \$50,000 and ten (10%) percent of the total of the annual salary and bonus of the executive officers or directors or greater per individual.

### **Indebtedness of Directors and Executive Officers**

No director, officer or Associate or Affiliate of any director or officer has been indebted at any time to the Corporation in the most recently completed fiscal year.

### **Interests of Management and Others in Material Transactions**

The directors, officers and principal shareholders of the Corporation have no direct or indirect interest in any material transaction involving the Corporation other than:

Anderson's Liquor Inc. has entered into commercial sub-leasing agreements with Byrne Alberta Ltd. for the following properties: 3 Superior Street, Devon, Store; 304 - 20 Avenue Nisku, Store; 5105 - 50 Street, Drayton Valley, Store; 4515 - 47 Avenue, Rocky Mountain House, Store; and 31 Huron Street, Devon, IT Office for a total amount of \$9,037 per month. This aggregate rental amount is subject to change based on rental escalations in the head leases and also do not include common area or occupancy costs, which are also paid by Andersons. In all of these properties except for Superior Street, Devon, Andersons only pays the contracted amount in the head lease as well as its common area and occupancy costs. Byrne Alberta Ltd. does not collect any other fees or additional charges. In the case of Superior Street, Devon, Andersons pays rents and its occupancy costs for its pro-rata use of the property from Byrne Alberta Ltd.

Copies of the agreements and undertakings will be available for inspection at the registered office of the Corporation.

### **Securities Authorized For Issuance Under Equity Compensation Plans**

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's most recently completed fiscal year.

<b>Plan Category</b>	<b>Number of Securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for issuance under equity compensation plans (including outstanding securities reflected in the first Column) (1)</b>
Equity compensation plans approved by security holders	630,000	\$0.330	2,500,000
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Total	630,000		2,500,000

**Note:**

- (1) The aggregate number of common shares that may be reserved for issuance under the Stock Option Plan shall not exceed 10% of the Corporation's issued and outstanding common shares. At December 31, 2010, the Corporation had 57,797,788 common shares issued and outstanding. While 10% of the outstanding common shares at December 31, 2010 would be 5,779,779 shares, there is a further limitation in the proposed Stock Option Plan. Whereby, the maximum permitted options available for Directors is 1,250,000 and the maximum permitted options for officers, employees, and consultants are 1,250,000.

## **Audit Committee**

### *Charter and Composition of the Audit Committee*

The Charter of the Audit Committee is annexed to this Circular as Appendix "A". The members of the Audit Committee are Frank Coleman, Robert Normandeau, and Allison Byrne. If the vote for the new directors slates is passed by the shareholders, then the Audit Committee will remain as Frank Coleman, Robert Normandeau, and Allison Byrne. Mr. Coleman and Mr. Normandeau are independent members of the committee and form the majority. All members of the Committee by their experience and training as directors of public companies are financially literate to act as member of the Audit Committee as required under Rule 52-110 *Audit Committees*. ("Rule 52-110").

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out below.

#### **Frank J Coleman**

Mr. Coleman is the President and Chief Executive Officer of the Coleman Group of Companies ("Colemans"), a retail food, home furnishings and clothing company based in Newfoundland and Labrador. Prior to joining Colemans in 1986, he was President of Atlantic Consulting Economists, a private consultancy firm based in St. John's, Newfoundland and Labrador. Mr. Coleman also served as Chief Economist with Newfoundland and Labrador Hydro from 1976-1983. Mr. Coleman holds a Bachelor of Arts degree from St. Francis Xavier University and a Masters Degree in economics from Dalhousie University and is a director of the North West Company and president and director of each of Humber Valley Paving Ltd. and Humber Valley Aggregates and Asphalt Ltd.

#### **Robert Normandeau**

Mr. Normandeau is President, Chief Executive Officer of Clarke Inc., an investment company based in Halifax, Nova Scotia. Prior to joining Clarke in April 2005, Mr. Normandeau practiced law in the Toronto office of a major New York-based law firm, where he specialized in corporate finance and mergers and acquisitions. Mr. Normandeau holds a Bachelor of Arts degree (Scholar's Electives) from the University of Western Ontario, a Master of Business Administration degree with a specialization in finance from the University of Toronto, and a Bachelor of Laws degree from the University of Toronto. Mr. Normandeau is admitted to the practice of law in Ontario, Nova Scotia and New York. He serves as a trustee of TerraVest Industries Income Fund and as a director of Clarke Inc.

#### **Allison Byrne**

Ms. Byrne is the Chief Operating Officer of Rocky Mountain Liquor Inc and Andersons Liquor Inc. She was Vice President of Operations at Andersons from April 2007 to February 2009, when she was promoted to Chief Operating Officer. Prior to joining Anderson's, she worked at Deloitte & Touche LLP, receiving her Chartered Accountant designation in 2005. Ms. Byrne also serves as the Chair of the Alberta Liquor Store Association.

### *Audit Committee Oversight*

At no time since the commencement of the Corporation's fiscal year ended December 31, 2008, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors of the Corporation.

### *Reliance on Certain Exemptions*

At no time since the commencement of the Corporation's fiscal year ended December 31, 2010, has the Corporation relied on an exception provided under section 2.4 of Rule 52-110 (*De minimis* Non-Audit Services) or an exemption from Rule 52-110, in whole or in part, granted under Part 8 of Rule 52-110 (Exemptions). However, the Corporation is exempted of certain applications of Part 3 (Composition of the Audit Committee) and Part 5 (Disclosure obligation) of Rule 52-110 because it is a venture issuer, as defined in Rule 52-110.

### *Pre-Approval Policies and Approval*

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services, as described in the Charter of the Audit Committee annexed in this Circular as Schedule "A".

### *External Auditor Services Fees*

The aggregate fees billed during the periods by the Corporation's external auditors in the last three (3) fiscal years are as follows:

<b>Fiscal Year Ending</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2008 *	\$50,000	\$0	\$8,300	\$2,700
December 31, 2009	\$50,000	\$1,200	\$5,000	\$12,750
December 31, 2010	\$65,000	\$1,800	\$5,000	\$17,550

\* Note: As part of the Qualifying Transaction on Dec 1, 2008, Audit Fees were \$60,900 and Other Fees were \$8,850.

### **Corporate Governance Practices**

Regulation 58-101 respecting Disclosure of Corporate Governance Practices ("Regulation 58-101") which came into force on June 30, 2005, set out a series of guidelines for effective corporate governance. The following describes the Corporation's approach to corporate governance respecting Form 58-101 F2 of Regulation 58-101 for the venture issuers such as the Corporation.

#### Board Mandate

The Board of Directors (the "Board") is responsible for the overall stewardship of the Corporation. It may delegate certain duties and responsibilities to committees and to management and reserve certain powers to itself. Nevertheless, it has plenary power over the affairs of the Corporation.

#### Composition of the Board of Directors:

The Board is comprised of four directors. Two of the four directors, Mr. Peter J Byrne and Ms. Allison Byrne are not independent within the meaning of Regulation 58-101 because of their officer duties for the Corporation (Mr. Byrne is Chief Executive Officer and Ms. Byrne is the Chief Operating Officer). Mr. Frank Coleman and Mr. Robert Normandeau, are independents within the meaning of Regulation 58-101. While there are an equal number of independent and non-independent directors, this is not expected to be the case for very long as an additional



independent director is being sought. It is noted that Frank Coleman who is independent is the Chair, and in the event of a tie will hold an additional casting vote.

**Directorships:**

The following current directors of the Corporation are or have been named officers, directors and/or trustees of other issuers:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange of Market</b>	<b>Position</b>
Frank Coleman	North West Company	TSX	Director
	FP Resources Limited	TSX	Past Director
	Newfoundland Light and Power Co. Ltd	Montreal Exchange	Past Director
Robert Normandeau	Clarke Inc.	TSX	President and CEO, Director
	TerraVest Income Fund	TSX	Trustee
	Shermag Inc.	TSX*	Past Director
	Art In Motion Income Fund	TSX*	Past Trustee
	Cinram International Income Fund	TSX	Past Trustee
	General Donlee Income Fund	TSX	Past Trustee
	Versacold Income Fund	TSX*	Past Trustee

\* Delisted following privatization.

**Orientation and Continuing Education:**

The Board doesn't provide continuing education for the directors. Because the Board is comprised of persons skilled in retailing, financing and governance, it is able to perform efficiently.

**Ethical Business Conduct:**

The Corporation does not have a written code of ethical and conduct for the directors and officers. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transaction. All board members have relevant experience which fosters a culture of ethical business conduct and some were also directors of others issuers.

**Nomination of Directors:**

The Corporation does not have a Nominating Committee. The current size of the Board allows the entire Board to take responsibility for finding and nominating new directors.

Compensation Committee:

The Board does not have a Compensation Committee.

The current size of the Board allows the entire Board to take the responsibility for considering compensation for the Corporation's executive officers and directors. In the past, independent directors have been compensated for Board service principally through the issuance of options to purchase shares.

Other Committees:

The Corporation does not have any standing committees other than the Audit Committee.

Board Assessments:

Management and the directors regularly talk with shareholders and receive their comments concerning the efficiency of the Board and of management. The independent directors hold separate scheduled meetings. The Board also conducts regular assessments of its effectiveness and the effectiveness of each of its members.

### **Other Business**

Management of the Corporation is not aware of any amendment to the matters on the agenda as stated in the Notice of the Meeting or of any matter to be brought before the Meeting other than those mentioned in the Notice of Meeting. Should amendments or other matters be brought before the Meeting, the enclosed form of proxy confers to persons thereby named a discretionary right to vote as they deem it sound on amendments concerning the matters on the agenda as stated in the Notice of Meeting or any other matters.

### **Additional Information**

Financial information on the Corporation is included in its financial statements and the accompanying notes for the 12 month period ending December 31, 2010. These documents and other financial information pertaining to the Corporation may be obtained on SEDAR's web site at [www.sedar.com](http://www.sedar.com). Shareholders may also request copies of the Corporation's financial statements and MD&A to the Chief Executive Officer of the Corporation, at #100 10520 178 Street Edmonton, Alberta TS5 2J1.

### **Approval of Management Proxy Circular**

The Board of Directors of the Corporation has approved the contents of this Circular and that it shall be forwarded to the shareholders.

*"Peter J Byrne" (signed)*  
Peter J Byrne, CEO

Edmonton, September 1, 2011

## APPENDIX "A"

### ROCKY MOUNTAIN LIQUOR INC

#### *AUDIT COMMITTEE CHARTER*

##### **1. Purpose**

The Audit Committee (the "Committee") is appointed by the board of directors (the "Board") of Rocky Mountain Liquor Inc (the "Corporation") to assist in the oversight and evaluation of:

- the quality and integrity of the financial statements of the Corporation;
- the internal control and financial reporting systems of the Corporation;
- the compliance by the Corporation with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the Corporation's independent auditors;
- the performance of the Corporation's Chief Financial Officer; and
- any additional duties set out in this charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board concerning accounting and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Corporation.

The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the Corporation's financial statements or that those financial statements are in accordance with generally accepted accounting principles, or
- guaranteeing the report of the Corporation's independent auditor.

The fundamental responsibility for the Corporation's financial statements and disclosure rests with management. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

## **2. Reports**

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality or integrity of the Corporation's financial statements;
- compliance by the Corporation with legal or regulatory requirements in respect of financial matters and disclosure;
- the performance and independence of the Corporation's independent auditor;
- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the Corporation; and
- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the Corporation's publicly filed documents.

## **3. Composition**

The members of the Committee shall be three or more individuals who are appointed by the Board (and may be replaced) by the Board. As per Policy 3.1 of the TSX Venture Exchange, the majority of the Committee members shall be "independent directors" (in accordance with the definition of "independent director" from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Corporation's shares are listed for trading);

Each of the independent directors of the Committee shall meet the standards for independence required by applicable regulatory, stock exchange and securities law requirements and, without limitation, and all of the committee members shall be financially literate (or acquire that familiarity within a reasonable period after appointment). This shall, at a minimum, include 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 that can reasonably be expected to be raised by the Corporation's financial statements. No member of the Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Corporation (other than remuneration for acting in his or her capacity as a director or employee). Without the approval of the board, no member of the Committee shall concurrently serve on the audit committee of more than two other public companies or on the audit committee of a competitor or client.

#### **4. Responsibilities**

##### *A. Independent Auditors*

The Committee shall:

- Recommend to the Board the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation.
- Establish the compensation of the independent auditor.
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and the Board.
- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.
- Adopt policies and procedures for the pre-approval of the retention of the Corporation's independent auditor for all audit and permitted non-audit services (subject to any restrictions on such services imposed by applicable legislation), including procedures for the delegation of authority to provide such approval to one or more members of the Committee.
- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Schedule "A".

##### *B. The Audit Process, Financial Statements and Related Disclosure*

The Committee shall, as it determines to be appropriate:

- Review with management and the independent auditor:
  - the planning and staffing of the audit by the independent auditor;
  - before public disclosure, the Corporation's annual audited financial statements and quarterly unaudited financial statements, the Corporation's accompanying disclosure of Management's Discussion and Analysis (MD&A) and earnings press releases and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;
  - the adequacy of the procedures for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in the immediately preceding paragraph;
  - financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally

(consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance;

- any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Corporation's financial statements;
  - all critical accounting policies and practices used;
  - all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
  - the use of "pro forma" or "adjusted" non-GAAP information;
  - the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the Corporation's financial statements;
  - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;
  - the adequacy of the Corporation's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies; and
  - the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the Corporation's consolidated financial statements.
- Review with management the Corporation's guidelines and policies with respect to risk assessment and the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
  - Review with the independent auditor:
    - the quality as well as the acceptability of the accounting principles that have been applied;
    - any problems or difficulties the independent auditor may have encountered during the provision of its audit -related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the Corporation's response to that letter or communication; and

- any changes to the Corporation's significant auditing and accounting principles and practices suggested by the independent auditor and members of management.
- Review with management all related party transactions and the development of policies and procedures related to those transactions.
- Oversee appropriate disclosure of the Committee's charter, and other information required to be disclosed by applicable legislation in the Corporation's public disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's securityholders.

### *C. Compliance*

The Committee shall, as it determines appropriate:

- Review with the Corporation's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Corporation's financial statements or accounting policies.
- Review with the Corporation's Chief Financial Officer legal matters that may have a material impact on the financial statements or accounting policies.
- Establish procedures for:
  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of the Corporation with concerns regarding any accounting or auditing matters.
- Periodically review with management the need for an internal audit function.

### *D. Insurance*

- review periodically insurance programs relating to the Corporation and its investments.

### *E. Delegation*

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee.

## **5. Meetings**

The Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Committee should strive to be at all meetings. The Committee shall meet separately, periodically, with management and the independent auditors and may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend meetings of the Committee or with any members of, or advisors to, the Committee. The Committee also may meet with the investment bankers, financial analysts and rating agencies that provide services to, or follow, the Corporation. The Committee may form and delegate authority

to individual members and subcommittees where the Committee determines it is appropriate to do so.

## **6. Independent Advice**

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the Corporation, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

## **7. Annual Evaluation**

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this charter.
- Review and assess the adequacy of its charter (including with respect to the procedures regarding the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements) and recommend to the Board any improvements to this charter that the Committee determines to be appropriate.



## **SCHEDULE "A"**

### **Qualifications, Performance and Independence of Independent Auditor**

- Review the experience and qualifications of the senior members of the independent auditor's team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by the Corporation of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.

## APPENDIX "B"

### ROCKY MOUNTAIN LIQUOR INC.

#### STOCK OPTION PLAN

Adopted on February 26, 2008 and amended and restated on August 23, 2010.

##### 1. Purpose of Plan

The purpose of this stock option plan (the "**Plan**") is to provide directors, officers, employees and technical consultants of Rocky Mountain Liquor Inc (the "Corporation") the opportunity, through stock purchase options, to acquire an increased proprietary interest in the Corporation as an incentive for such persons to contribute to the future growth and development of the Corporation.

##### 2. Definitions

In this Plan, capitalized terms not otherwise defined in this Plan have the meanings set forth below. Notwithstanding the foregoing, where defined terms used herein are also defined in the Exchange Policies and there are discrepancies between said defined terms, the defined term used in the Exchange Policies shall prevail over the defined term used in this Plan during such period of time as the Corporation's Shares are listed on the Exchange.

- (a) "**Administrators**" means the Board of Directors or such committee of the Board of Directors to whom the Board of Directors delegates its powers hereunder.
- (b) "**Board of Directors**" means the board of directors of the Corporation.
- (c) "**Black Out Period**" means a period imposed by the Corporation during which directors, officers and designated employees or Consultants of the Corporation or any subsidiary thereof cannot trade Shares pursuant to any policy adopted by the Corporation respecting restrictions on trading in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation or in respect of an Insider of the Corporation, that Insider, is subject).
- (d) "**Business Day**" means each day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Canada;
- (e) "**Change of Control**" means any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the Company's property and assets; or if the Company (through its directors) approves of any plan or proposal for the liquidation or dissolution of the Company or the merger or amalgamation of a Company with another person or persons;

- (f) "**Company**", unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual.
- (g) "**Completion of the Qualifying Transaction**" means the date the Final Exchange Bulletin is issued by the Exchange.
- (h) "**Consultant**" means a technical consultant whose particular industry expertise IS required to evaluate a proposed transaction for the Corporation.
- (h) "**Disability**" means an illness, disease, injury, mental or physical disability or similar mental or physical state of the Participant that causes the Participant to be unable to fulfil his or her obligations to the Corporation or a subsidiary thereof, as applicable, for a period of 90 consecutive days or for an aggregate of 180 days in any 365 day period.
- (i) "**Discounted Market Price**" shall mean the closing trading price per Share on the Exchange on the last trading day preceding (i) the issuance of a news release in respect of the Option grant, or (ii) the date of grant, as applicable, on which there was a closing price (less the applicable discount), or, if the Shares are not listed on any stock exchange, a price determined by the Administrators.
- (j) "**Eligible Person**" means a director, officer, Employee or Consultant of the Corporation and, at that person's discretion and subject to any required regulatory approvals and conditions, an Eligible Person may include a Company that is wholly-owned by the person, a registered retirement savings plan established by or for the person, or a registered retirement income fund established by or for the person.
- (k) "**Employee**" means:
  - (i) an individual who is considered an employee of the Corporation under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- (l) "**Escalating Exercise Price Mechanism**" has the meaning ascribed thereto in Section 7 of the Plan.

- (m) "**Event of No Fault Termination**" means the termination of employment of the Participant with the Corporation or a subsidiary thereof (i) without cause (including retirement, Disability or removal, discharge or other termination other than as a result of an Event of Termination), or (ii) upon the death of the Participant.
- (n) "**Event of Termination**" means the termination of employment of the Participant with the Corporation or a subsidiary thereof, with cause.
- (o) "**Exchange**" means the TSX Venture Exchange or, if the Shares are not then listed and posted for trading on the TSX Venture Exchange, any stock exchange in Canada on which such shares are listed and posted for trading.
- (p) "**Exchange Policies**" means the policies of the TSX Venture Exchange set forth in the TSX Venture Exchange Corporate Finance Manual or the policies of another Exchange, as the case may be.
- (q) "**Final Exchange Bulletin**" has the meaning ascribed thereto in the Exchange Policies.
- (r) "**Insider**" has the meaning ascribed thereto in the Exchange Policies.
- (s) "**Investor Relations Activities**" has the meaning ascribed thereto in the Exchange Policies.
- (t) "**IPO**" means the Corporation's initial public offering.
- (u) "**Outstanding Shares**" at the time of any share issuance or grant of Options means the aggregate number of Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including, if listed thereon, the Exchange.
- (v) "**Participant**" means an Eligible Person who receives a grant of Options pursuant to Section 4.
- (w) "**Qualifying Transaction**" has the meaning ascribed thereto in the Exchange Policies.
- (x) "**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Ontario) as from time to time amended, supplemented or re-enacted.

### 3. Administration

The Plan shall be administered by the Administrators, who will have the sole and complete authority to interpret the Plan and to adopt, amend and rescind any administrative guidelines, to make all other determinations and to take all such actions necessary or advisable for the implementation and administration of the Plan, subject to shareholder approval if required by the Exchange. All decisions and determinations of the Administrators respecting the Plan shall be binding and conclusive on the Plan and Participants (and their legal personal representatives).

#### 4. Grant of Options

The Administrators may from time to time designate Participants to whom options ("Options") to purchase common shares of the Corporation ("Shares") may be granted and the number of Shares to be optioned to each, subject to the following requirements (and subject to such additional restrictions and limitations as the Exchange Policies may impose or the Administrators may determine from time to time):

- (a) the aggregate number of Shares reserved for issuance to directors is 1,250,000 Shares of which as of June, 15, 2009, 1,250,000 Shares have been issued;
- (b) the aggregate number of Shares reserved for issuance to officers, Employees and Consultants is 1,250,000 Shares of which as of June 15, 2009, no Shares have been issued;
- (c) the aggregate number of Shares reserved for issuance on exercise of all Options issued under the Plan at any given time shall not exceed 10% of the number of Outstanding Shares;
- (d) the Shares reserved for issuance to any one Participant (other than a Consultant) in a 12- month period shall not exceed 2% of the number of Outstanding Shares;
- (e) the Shares reserved for issuance to any one Consultant in a 12-month period shall not exceed 2% of the number of Outstanding Shares;
- (f) no Options may be granted to any person providing Investor Relation Activities, promotional or other market-making services;
- (g) the Shares that are reserved for issuance on exercise of Options granted pursuant to this Plan that are cancelled, terminated or expire in accordance with the terms of the Plan prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Plan;
- (h) all Option grants pursuant to this Plan shall be subject to the Exchange Policies; and
- (i) no fractional Shares may be purchased or issued under the Plan.

#### 5. Option Agreements

A written agreement will be entered into between the Corporation and each Participant to whom an Option is granted hereunder, which agreement will set out the number of Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Administrators, all in accordance with the provisions of this Plan. The agreement will be in such form as the Administrators may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with this Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen, and the rules of any regulatory body having jurisdiction over the Corporation.

## 6. Option Term

- (a) The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, be such period as may be determined by the Administrators at the time of grant, provided that no Option may be exercised beyond three years from the date of grant.
- (b) Notwithstanding Section 6 (a), the Options which were issued in April 2008 to each of Frank J. Coleman in the amount of 357,137 Shares, Robert Normandeau in the amount of 357,137 Shares, Brian Luborsky in the amount of 357,137 Shares, and Kenneth Chalmers in the amount of 178,589 Shares are exercisable, subject to provisions of the Plan requiring acceleration of rights of exercise and as determined by the Administrators at the time of the grant, provided that no Option may be exercised beyond five years from the date of grant.
- (c) Should the expiration date for an Option granted to any Participant fall within a Black Out Period or within nine Business Days following the expiration of a Black Out Period, the expiration date for such Option shall be automatically extended without any further act or formality to that date which is the 10<sup>th</sup> Business Day after the end of the Black Out Period, such 10<sup>th</sup> Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding anything else herein contained, the 10 Business Day period referred to in this Section 6 may not be extended by the Administrators.

## 7. Exercise Price

Subject to the Exchange Policies, the exercise price (the "Exercise Price") of any Option shall be fixed by the Administrators when such Option is granted, provided that such price shall not be less than an Exercise Price established in accordance with the TSX Venture Exchange Policy 4.4. The Corporation must obtain disinterested shareholder approval for any reduction in the Exercise Price of an Option that is held by an Insider of the Corporation.

In order to encourage the early exercise of options granted under the Plan, the Administrators may implement an approach whereby they establish multiple conversion prices (an "**Escalating Exercise Price Mechanism**") for a single grant of options, provided however, that each such grant is in accordance with the terms of this Plan with each conversion price set on the date of grant at a level that (i) equals or exceeds the Discounted Market Price, and (ii) is approved by the Exchange in advance as required by Exchange Policies. By way of example and for greater clarity, the Administrators may grant options that have an exercise price set at the Discounted Market Price during the first 365 days following the grant, an exercise price set at the Discounted Market Price plus 7.5% during the next 365 days (days 366- 730 from the date of grant) and an exercise price set at the Discounted Market Price plus 15% during the final 365 days (days 731- 1,095 from the date of grant).

In the event that an Escalating Exercise Price Mechanism has been established for any options and a Change of Control shall occur, then all options that vest on an accelerated basis in accordance with the terms of Section 8 of the Plan shall be exercisable at the price in effect under the terms of the Escalating Exercise Price Mechanism, measured as at the date that the Change of Control is publicly announced.

## 8. Vesting

The Administrators may, in their sole discretion, determine the time during which Options shall vest and the method of vesting, acceleration of vesting (including, without limitation, in the case of a takeover bid), or that no vesting restriction shall exist. Notwithstanding the foregoing, all Options granted to Participants prior to Completion of the Qualifying Transaction shall automatically vest on Completion of the Qualifying Transaction.

In the event that Change of Control shall occur, all unvested issued and outstanding options shall vest immediately.

## 9. Exercise of Option

Subject to the Plan, a Participant (or his or her legal personal representative) may exercise from time to time by delivery to the Corporation, at its head office or as otherwise set out in the option agreement, of a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the Participant a certificate or certificates, representing such Shares in the name of the Participant or the Participant's legal personal representative.

## 10. Transferability

All benefits, rights and options accruing to a Participant hereunder shall be non-assignable and non-transferable unless specifically provided herein and may not be made subject to execution, attachment or similar process otherwise than by will or the laws of descent and distribution.

## 11. Alteration in Shares

Appropriate adjustments, as regards Options granted or to be granted, in the number of Shares that are available for purchase and/or in the purchase price for such Shares under the Plan and to the maximum number of Shares available for issuance under the Plan shall be made by the Administrators, acting reasonably, to give effect to the number of Shares of the Corporation resulting from subdivisions, consolidations or reclassifications of the Shares, the payment of stock dividends by the Corporation (other than cash dividends) or other changes in the capital stock of the Corporation that the Administrators may, in their discretion, consider relevant for purposes of ensuring that the rights of the Participants are not prejudiced thereby (including amalgamations, mergers, reorganizations, liquidations and similar material transactions). Upon any such adjustments being made, the Participant shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

## 12. Ceasing to be an Eligible Person

(a) Each Option shall provide that:

- (i) upon the occurrence of an Event of Termination, the right of the relevant Participant to exercise Options that have become exercisable (i.e. vested) shall cease immediately without taking into account any notice or severance period to which the Participant may be entitled whether by contract or at law;

- (ii) upon the occurrence of an Event of No Fault Termination, the Options granted to the relevant Participant that have become exercisable (i.e. vested) shall terminate on the date prescribed by the Administrators, which date shall be the earlier of (i) the expiry time on the expiry date of such Option; and (ii) the expiry time on the date that is: (A) 90 days following the date of the Event of No Fault Termination (which date shall be calculated without reference to any notice or severance period to which the Participant may be entitled whether by contract or at law); (B) one calendar year from the date of the Event of No Fault Termination if the Event of No Fault Termination is the death of the Participant; and
  - (iii) upon the occurrence of an Event of Termination or Event of No Fault Termination, all Options granted to the relevant Participant that are not then exercisable (i.e. not vested) shall terminate immediately.
- (b) Notwithstanding any other provision of this Plan, Options granted prior to Completion of the Qualifying Transaction to any Participant that does not continue as a director, officer, Consultant or Employee of the Resulting Issuer (as defined in the Exchange Policies), shall terminate on the date that is the later of (i) 12 months after Completion of the Qualifying Transaction, and (ii) 90 days after the Participant ceases to become a director, officer, technical consultant or Employee of the Resulting Issuer.

### 13. Regulatory Authorities Approvals

The Plan shall be subject to the approval, if required, of the Exchange. Any Options granted prior to such approval shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

### 14. Amendments to and Administration of the Plan

- (a) The provisions of this Plan (including without limitation, the form of certificate evidencing the Options or any instrument to be executed pursuant to the Plan) may be amended at any time and from time to time without the consent of the Participants or other Eligible Persons upon the approval of the Administrators, in its sole and absolute discretion, including, without limitation, as follows:
- (i) amendments of a "housekeeping" nature, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
  - (ii) amendments necessary to comply with the provisions of applicable law or the applicable Exchange Policies;
  - (iii) amendments to the vesting provisions of any Option;
  - (iv) amendments to the termination provisions of any Option that does not entail an extension beyond the original expiration date;



- (v) amendments to the definition of Eligible Persons or otherwise relating to the eligibility of any Participant;
- (vi) amendments respecting the administration of the Plan;
- (vii) amendments necessary to suspend or terminate the Plan; and
- (viii) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable Exchange Policies,

provided however, that the Administrators will not, without the approval of the shareholders of the Corporation, amend the Plan in any manner that requires shareholder approval, and no amendment to the Plan may be made without: (i) obtaining the consent of the Participant if such amendment would adversely alter or impair the existing rights of such Participant in respect of Options granted to, or Shares that have been acquired under the Plan prior to the date of such amendment by, such Participant; and (ii) if applicable, obtaining any required regulatory approval to such amendment.

- (b) The Plan, as amended, shall govern the rights and obligations of the Corporation and the Participants with respect to all then outstanding Options.

#### 15. Termination of Plan

The Administrators may suspend, discontinue or terminate this Plan at any time without the consent of the Participants or other Eligible Persons, in the Administrators sole and absolute discretion. If the Plan is so suspended, discontinued or terminated, no further Options shall be granted, but the Options then outstanding shall continue in full force and effect in accordance with the provisions of this Plan.

#### 16. Shares Duly Issued

Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefor in accordance with the terms of the Option and the issuance of Shares thereunder will not require a resolution or approval of the Board of Directors of the Corporation.

#### 17. Miscellaneous

- (a) *Grants to Participants.* If Options are granted to an Employee, Consultant or Management Company Employee, the Corporation represents that such person is a *bona fide* Employee, Consultant or Management Company Employee, as the case may be, and is otherwise eligible to participate under the Plan, at the time such Options are granted.
- (b) *Compliance with Statutes and Regulations.* The granting of Options and the sale and delivery of Shares under this Plan shall be carried out in compliance with applicable statutes and with the regulations of governmental authorities and applicable stock exchanges, including without limitation, statutory "hold" periods for the distribution of securities pursuant to applicable securities laws. If the Administrators determine in their discretion that, in order to comply with any such statutes or regulations, certain

action is necessary or desirable as a condition of or in connection with the granting of an Option or the issue or purchase of Shares under an Option, that Option may not be exercised in whole or in part unless that action shall have been completed in a manner satisfactory to the Administrators.

- (c) *Right to Employment or Other Relationship.* Nothing in the Plan or any Option (including, without limitation, the selection of any person as a Participant and the granting of any Option) shall: (i) confer upon any person any right to continue in the employ of the Corporation or any subsidiary thereof; (ii) be construed, interpreted or otherwise deemed to be a guarantee of any such right; or (iii) affect in any way the right of the Corporation or any subsidiary thereof to discharge, terminate or otherwise cease his or her employment or relationship with the Corporation or any subsidiary, as the case may be, at any time for any reason whatsoever, with or without cause.
- (d) *Application of Policies.* Notwithstanding any other provision of the Plan, each Participant shall be subject to the terms and restrictions contained in the Corporation's policies on trading of securities of the Corporation, including without limitation, any applicable Black Out Period, as same may be instated, amended, modified, supplemented, replaced or restated from time to time, in connection with any withdrawal, sale, disposition or other transfer of Shares under the Plan.
- (e) *Rights of Participants.* No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation or any of its subsidiaries in respect of any Shares upon exercise of any such Option until such Shares have been paid for in full and issued to such person in accordance with the Plan. Participation in the Plan by a Participant shall be voluntary.
- (f) *Rights to Issue Other Securities.* The Corporation shall not by virtue of this Plan or any Options be in any way restricted from declaring and paying stock dividends, issuing further Shares or other securities, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.
- (g) *No Liability.* None of the Corporation, any member of the Board of Directors or committee thereof, or any officer, agent, representative or advisor to the Corporation shall be liable to any Participant for any loss resulting from (i) a decline in the market value of any Shares purchased by a Participant pursuant to the Plan, (ii) any change in the market price of the Shares between the date of grant and the time of purchase of the Shares pursuant to any such grant and/or (iii) any exercise of discretion by the Board of Directors or such committee of the Board of Directors to whom the Board of Directors delegates its powers hereunder.
- (h) *Successor Corporation.* The Plan applies without any further formality or action to any corporation resulting from the amalgamation of the Corporation with one or more other corporations.
- (i) *Currency.* Unless otherwise specified, all references to amounts of money in the Plan refer to Canadian currency.
- (j) *Governing Law.* The Plan, and any and all determinations made and actions taken in connection with the Plan, shall be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

- (k) *Subject to Approval.* To the extent a provision of the Plan requires regulatory approval which is not received, such provision shall be severed from the remainder of the Plan until the approval is received and the remainder of the Plan shall remain in full force and effect.

**CONTINUED** this 1<sup>st</sup> day of September 2011.

**ROCKY MOUNTAIN LIQUOR INC**

Per: "Peter J Byrne" (signed)

Peter J Byrne  
Chief Executive Officer

## **APPENDIX “C”**

### **EMPLOYEE STOCK SAVINGS PLAN**

**Adopted August 23, 2010**

#### **SECTION 1 GENERAL**

##### **1.1 Application**

The shares described in this document are those Common shares of Rocky Mountain Liquor Inc (the “Employer” or the “Company”) which will be purchased through the facilities of the Toronto Venture Stock Exchange or other exchange as required, from time to time, pursuant to this Employee Stock Savings Plan (the “Plan”).

##### **1.2 Delivery of Documents**

Any documents incorporated by reference in this Plan text, but not delivered herewith, will be provided without charge upon written or oral request made to the Employer, and such documents are incorporated herein by reference. Any Employee of the Company who participates in the Plan may obtain a copy of the Plan by written request to the Employer. Annual reports for the previous fiscal year are also available upon written request.

#### **SECTION 2 INTRODUCTION**

The purpose of the Plan is to make available to eligible Employees of the Employer a means of acquiring, through regular payroll deductions and the Employer’s contribution, the Employer’s Common shares so that the Employee can benefit from the growth in the value of the Company.

As part of the Plan, participants may elect to acquire shares through a Retirement Savings Plan (“RSP”) a Tax Free Savings Account (“TSFA”) or through a Non-Registered Plan. The assets comprising the RSP portion of the Plan will be invested, used and applied by the Trustee for the purpose of providing retirement income, as defined by the Income Tax Act (Canada) (the “Income Tax Act”), to the Annuitant (as defined below) under the RSP after the Maturity Date (as defined below) for that portion of the Plan.

Participants may also elect to have any or all of the Common shares they acquire pursuant to the Plan transferred from the Non-RSP or TSFA portion of the Plan to the RSP portion of the Plan.

Participation in the Plan is voluntary and the Employer is not making any recommendation to the Employees as to whether they should or should not participate.

#### **SECTION 3 PARTICIPATION**

The Administrator as defined in Section 4.1 will maintain a list of eligible employees, from either Rocky Mountain Liquor Inc. or Anderson’s Liquor Inc. (“Eligible Employees”). The Chief Executive Officer of Rocky Mountain Liquor Inc, may in his sole discretion, waive the three month waiting period. Eligible Employees may elect to enrol as participants in the Plan in any

calendar month in which they are eligible by completing and delivering to the Employer, by the 5<sup>th</sup> day of the calendar month in which they want to start to participate in the Plan, appropriate forms provided by the Employer.

Shares issued in this Plan, combined with the shares issued under all other share compensation plans adopted by the company, must not exceed 10% of the issued and outstanding shares of the Company. The number of shares issued to insiders under all security based compensation plans including this plan may not exceed 10% of the issued and outstanding shares. The rights of participants under the Plan are non-transferable.

### **3.1 Contributions Under the Plan**

#### *3.1.1 Employee Contributions*

Participants may contribute, by way of biweekly payroll deductions, for investment under the Plan, an amount of their regular salary ranging from a minimum of 0% to a maximum of 10% (based upon 1% increments), excluding bonuses, deferred compensation, overtime pay, statutory holiday pay, severance payments or any special incentive compensation payments. If a participant's regular salary changes, the payroll deduction will be automatically changed accordingly.

#### *3.1.2 Changes to an Employee's Contribution Level*

An Employee can change his or her designated percentage of payroll deduction contributed (including electing that no payroll deduction to be made) to the Plan by giving the Company a completed Enrolment/Change Form indicating the change by the 5<sup>th</sup> day of the calendar month in which the Employee wants to change his or her contribution level to be effective. An Employee can change his or her contribution level under the Plan once per calendar year.

#### *3.1.3 Employer Contributions*

The Employer will contribute an amount of funds equal to 50% of the Employee's contribution accumulated during that month to a maximum of 5% of the Employee's regular salary, which contribution will be combined with the Employee's contribution to acquire Common shares of the Company. The Employer is required to withhold appropriate income taxes on the value of the Employer's contribution.

#### *3.1.4 Vesting of Contributions*

Employer contributions may not be held in RRSP, RESP or TFSA accounts or any other tax deferred or similar investments approved by Federal, provincial or municipal governments. Employer contributions will be only held in investment accounts approved by the employer in accordance with their instructions to the trustee that may change from time to time upon 30 days notice.

For employer contributions, the amounts will vest one year from the employer contribution. For any contributions that do not vest, they will be forfeited by the participant and will be used by the Trustee for future employer contributions.

#### *3.1.5 Restriction on Sale of Common Shares*

There will be a 12 calendar month restriction on the sale of any Common shares acquired under this Plan as long as the participant remains in the employ of the Company after acquiring any shares. By participating in this Plan, each participant authorizes the Company to direct the Trustee (as defined below) to retain any Common shares acquired under this Plan for a period of 12 months.

### *3.1.6 Contribution Instructions*

Participants may direct that:

- (i) Any shares acquired previously under the Plan be transferred from the non-registered portion or the TFSA portion of their account to the RSP portion;
- (ii) Any or all of their payroll deductions and the Company's contributions be contributed to the non-registered portion of their personal account;
- (iii) Any or all of their payroll deductions and the Company's contributions be contributed to the RSP portion of their personal account.
- (iv) Any or all of their payroll deductions and the Company's contributions be contributed to the TFSA portion of their personal account.

The Annuitant under the RSP portion of a participant's account is the participant (the "Annuitant").

The Annuitant is responsible for ensuring that contributions to the RSP portion of the Plan do not exceed amounts permitted under the Income Tax Act.

### *3.1.7 Maturity Date*

The "Maturity Date" for the RSP portion of the Plan is the earliest of:

- (a) The last day of the year during which the Annuitant in respect of the RSP portion of the Plan reaches age 71; and
- (b) The date specified by the Annuitant in a written notice to the Trustee, given at least 90 days prior to the proposed Maturity Date.

Contributions may only be made to the RSP portion of the Plan prior to the Maturity Date. The Trustee will, on written application by the Annuitant, refund to the participant, from whom the contributions were made, an amount established to be in excess of the amount permitted as a contribution to the Plan by the Income Tax Act by contributing such excess to the participant's non-registered portion of their personal account.

## **SECTION 4                      ADMINISTRATION OF THE PLAN**

### **4.1                      The Administrator**

The Plan is administered by the Chief Financial Officer of the Company or such other person as the Company may from time to time designate (the “Administrator”). The Administrator is empowered to interpret the Plan, to resolve any ambiguities and to decide questions of eligibility to participate. The Administrator does not have any fixed term and may be removed at any time by the Employer. The Administrator may participate in the Plan, if otherwise eligible.

### **4.2                      The Trustee**

The Employer has designated a Trust Company (the “Trustee”) to open and maintain accounts in the names of the participants and to arrange for the purchase, through the facilities of the Toronto Stock Exchange, of the Employer’s shares. The Employer may substitute the Trustee and may also terminate the service of the Trustee provided such substitution or termination, as the case may be, shall be on 90 days notice given by the party effecting the action. The current Trustee is Valiant Trust Company.

### **4.3                      Registration of RSP Portion**

The Trustee will apply on behalf of each Annuitant to register the RSP portion of the Plan attributable to that Annuitant as a Registered Retirement Savings Plan under the Income Tax Act. Each Annuitant, by participating in the Plan, authorizes the Company and the Trustee to act as his or her agent for this purpose, for the purpose of receiving and making contributions to the RSP portion of the Plan and for the purpose of administering the RSP portion of the Plan.

### **4.4                      Costs and Expenses**

The Employer will pay all administration expenses in connection with the operation of the Plan. Commissions and other charges in connection with sales, withdrawals and Common share certificate issuing fees are payable to the participants who order the transactions for their account.

### **4.5                      Reports and Voting**

The Trustee will deliver to each participant, as promptly as practicable, by mail or otherwise, all notices of meetings, forms of proxy, statements and other material distributed by the Company to its holders of shares. There is no charge to the participants for the Trustee’s retention of share certificates, or in connection with notices or other such material. Whole Common shares allocated to a participant’s account (including Common shares subject to a 12 month restriction on sale) shall be voted by the Trustee in accordance with the directions, if any, of the participant and if no direction has been received will not be voted.

## **SECTION 5                      INVESTMENT**

### **5.1                      Investment of Funds**

All Employee and Employer contributions are invested in the Employer's Common shares. Employee contributions are withheld by the Employer without any interest or benefit accruing to the participant.

### **5.2                      Acquisition of Shares**

The Employer will deduct the authorized amount from each participant's biweekly salary payment and by the last working day of each pay period in which the contributions were made will forward the Employee's contribution along with the Employer's contribution to the Trustee and direct the Trustee in writing to purchase the requisite number of Common shares through the facilities of the Toronto Stock Exchange. All directions will be based on the combined Employee and Employer contributions. The Trustee will purchase such shares through the facilities of the Toronto Stock Exchange or such other stock exchange, as directed in writing by the Employer, from time to time in the Trustee's sole discretion, within 10 working days (subject to available trading volume of shares) of receiving the Employee's and Employer's contributions and written directions from the Employer. The Employer specifically acknowledges that it has no control over the Trustee with respect to the time, price, amount and manner of the purchases of shares or the choice of broker through which the purchases are made.

The number of shares purchased depends upon the trading price of the Employer's shares at the time purchases are made and the total amount of contributions invested. The Employer will be responsible for all brokers' commissions, or similar fees incurred in connection with such purchases.

### **5.3                      Allocations**

Allocations are made to the Non Registered portion, TFSA portion, or the RSP portion of each participant's account in proportion to the contributions received and the shares acquired pursuant to the participant's contribution instructions. Allocations are made in full and fractional shares. At all times the Common share purchased with the participant's contribution and the Company's contributions are held for the account of the participant and / or Annuitant.

In the event that cash or share dividends or share splits are paid the participant's accounts will be credited without charge with all dividends paid in respect of the full shares and any fractional Common shares held in their accounts. However, all dividends and share splits attributable to Common shares which are subject to the 12 month restriction on their sale will be held in trust for the participant by the Trustee and shall be releasable to the participant at the same time that the related Common shares are no longer subject to the 12 month restriction on sale. The Company will be responsible for any fees charged by the Trustee for such distributions.

Each participant receives quarterly confirmation from the Trustee, which will include all changes, if any, in the amount of Common shares held for the participants account.



## **SECTION 6**

## **TRANSFERS AND WITHDRAWALS**

### **6.1 Transfers and Withdrawals- Non Registered and TFSA Portion of Personal Account**

Participants, their personal representatives or their beneficiaries, as the case may be, may at any time direct, by written notice to the Trustee, that the Non Registered portion or the TFSA portion of their personal accounts be dealt with in any of the following ways;

a) The Trustee deliver to them, subject to the other terms and conditions of the Plan, a certificate for any or full shares credited to their account(s). Upon such request the Trustee will be entitled to charge share certificate issuing fees or other similar charges which shall be payable by the participant; however, the Company will pay such charges for one share certificate per participant per calendar year. Notwithstanding any other provision of the Plan, no fractional share certificates will be issued;

b) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares. The Trustee shall sell shares on the Exchange, within five (5) days (subject to available volumes) following the date that notice was given by the participant and received by the Trustee. Within three (3) working days following such sale and receipt of funds, the Trustee will mail to the participant a cheque for the proceeds, less the regular brokerage commission or other similar charges which shall be payable by the participant. The Company will pay the applicable charge for one sale per calendar year per Participant, provided that the sale is conducted through such registered broker dealer as the Trustee directs, or;

c) That any or all full shares be transferred to the RSP portion of the Plan or, subject to the other terms and conditions of the Plan to a self-directed Registered Retirement Savings Plan.

In some instances, it may not be possible to contribute the full Non Registered Plan or TFSA portion of a participant's personal account to a self-directed Registered Retirement Savings Plan. Participants shall provide the Trustee with such documentation as the Trustee may reasonably require in connection with any of the above.

### **6.2 Transfers and Withdrawals – RSP Portion of Personal Account**

Subject to Section 7.3, an Annuitant, his or her personal representatives or beneficiaries, as the case may be (in this Section 6.2 a "beneficiary"), may at any time direct that the RSP portion of the Plan be dealt with in any of the following ways;

a) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares. The Trustee shall sell shares on the Exchange, within five (5) trading days (subject to available volumes) following the date that notice is received by the Trustee from the beneficiary. Within three (3) working days following such sale and the receipt of funds, the Trustee will mail to the beneficiary, unless otherwise directed by the beneficiary, a cheque for the proceeds, less all deductions required to be withheld and less the regular brokerage commission or other similar charges, which shall be payable by the beneficiary (except as provided in Section 4.4). and make a lump sum payment of the balance to the beneficiary. The Trustee will remit any deductions withheld directly to the Canada Customs and Revenue Agency. The Company will pay the

applicable charges for one sale per calendar year per participant, provided that the sale is conducted through each registered broker dealer as the Company directs;

b) The Trustee transfer any or all full shares to a self-directed Registered Retirement Savings Plan owned by the Annuitant, if the Annuitant is under age 71;

c) The Trustee transfer any or all full shares to a Registered Retirement Income Fund owned by the Annuitant;

d) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares and assist the Annuitant in instructing the service provider of his or her choice to use such proceeds to acquire an annuity selected by the Annuitant that complies with the requirements of the Income Tax Act;

e) The Trustee transfer any or all full shares to another Retirement Savings Vehicle, to the extent permitted by the Income Tax Act; or

f) To any combination of the above.

Participants shall provide the Trustee with such documentation as the Trustee may reasonably require in connection with any of the above.

### **6.3 Maturity of RSP Portion**

If the Annuitant wishes to maintain the tax deferred status of the RSP portion of the Plan after the Maturity Date, the Annuitant must provide notice in writing to the Trustee at least 90 days prior to the Maturity Date, stating the name of the company from whom an annuity or Registered Retired Income Fund (as defined by the Income Tax Act) is to be purchased and, to the extent permitted by the Income Tax Act, the desired terms of the annuity or Registered Retired Income Fund. The Trustee will assist the Annuitant in contacting the service provider of his or her choice with respect to the purchase of an annuity or Registered Retired Income Fund by the Annuitant, however the Annuitant is solely responsible for ensuring that any annuity or Registered Retirement Income Fund so acquired qualifies under the Income Tax Act for purchase by the RSP portion of the Plan. The Annuitant may also direct that shares be transferred to a Registered Retirement Income Fund in accordance with Section 6.2.

If the Annuitant fails to provide timely notice in writing to the Trustee, on the Maturity Date, the Trustee will sell the assets of the RSP portion of the Plan, deduct and remit any withholding tax required by the Income Tax Act and deposit the net proceeds in a non-interest bearing deposit account to the credit of the Annuitant in full commutation of the retirement income payable under the RSP portion of the Plan. All expenses relating to the maintenance of such account will be borne by the participant and any such expenses will be deducted from the net proceeds.

### **6.4 Transfers and Withdrawals of RSP Portion**

Notwithstanding anything in this Plan, before the Maturity Date, amounts are payable from the RSP portion of the Plan:

a) During the Annuitant's lifetime, solely to the Annuitant or the account of the Annuitant in accordance with written instructions from the Annuitant; and

b) Following the Annuitants death, in accordance with Section 8.2

## **SECTION 7                      TERMINATION OF EMPLOYMENT**

### **7.1                      Termination Settlement**

If a participant ceases to be an Employee for any reason, including death or retirement, the participant shall be deemed to have ceased to be a participant in the Plan and payroll deductions will be cancelled. The Employer shall advise the Trustee that the participant has ceased to be an Employee of the Company. The participant and/or Annuitant shall instruct the Trustee as to the disposition of all of his or her account assets, within 60 days of the termination of employment of the participant. Participants may request any combination of the options outlined in this Section 7, but if they have an RSP, then those assets must be withdrawn from the Employer's group RSP. It is the responsibility of the participant, his or her personal representative, or the beneficiary of such participant, as the case may be, to instruct the Trustee. A failure to instruct the Trustee on a timely basis could result in adverse tax consequences to the participant.

For employer contributions, the amounts will vest one year from the employer contribution. For any contributions that do not vest, they will be forfeited by the participant and will be used by the Trustee for future employer contributions.

### **7.2                      Non Registered or TFSA Portion of Personal Account**

Participants, their personal representatives or their beneficiaries, as the case may be, may direct that the Non Registered or TFSA portion of their personal accounts be disposed of as follows:

- a) A certificate for any or all full shares credited to their accounts be delivered to them;
- b) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares and deliver a cheque for the proceeds less regular brokerage commission or other similar charges which shall be payable by participant;
- c) Any or all full shares be transferred to a self-directed Registered Retirement Savings Plan if the participant is under age 71; or
- d) A cheque for the value of any un-invested funds held in the account of the participant and for the value of any fractional shares held in the account, which fractional shares will be purchased by the Trustee, be issued or that such funds be transferred to a self-directed Registered Retirement Savings Plan or self-directed Spousal Registered Retirement Savings Plan of the participants choice.

In some instances, it may not be possible to contribute the full Non Registered or TFSA portion of a participant's personal account to a self-directed Registered Retirement Savings Plan. Any applicable brokerage fees, certificate issuance fees, transfer fees or other similar charges shall be payable by the participant.

Any assets remaining in a former Employee's account, under this Plan, 12 calendar months after the date that the former participant's employment with the Company was terminated will be sold and the cash proceeds distributed to the last address on record.

### **7.3 RSP Portion of Personal Account**

Annuitants, their personal representatives or their beneficiaries, as the case may be, may direct that the RSP portion of their personal accounts be disposed of as follows

- a) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares, and deduct and remit any tax required to be withheld, and make a lump sum payment of the balance to the participant, their personal representative or their beneficiary, as the case may be;
- b) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares and transfer the proceeds to a self-directed Registered Retirement Savings Plan established for the Annuitant and of the Annuitant's choice, if the Annuitant is under age 71;
- c) The Trustee transfer any or all full shares to a self-directed Registered Retirement Savings Plan established for the Annuitant and of the Annuitant's choice, if the Annuitant is under age 71;
- d) The Trustee transfer any or all full shares to a Registered Retirement Income Fund owned by the Annuitant;
- e) The Trustee sell, subject to the other terms and conditions of the Plan, any or all of their full shares and assist the Annuitant in instructing the service provider of his or her choice to use such proceeds to acquire an annuity selected by the Annuitant that complies with the requirements of the Income Tax Act;
- f) The Trustee transfer any or all full shares to another Retirement Savings Vehicle permitted by the Income Tax Act; or
- g) The Trustee shall acquire any fractional shares held in the account and shall pay the proceeds of any fractional shares and any un-invested funds, at the Annuitant's direction, to the Annuitant (net of any required tax withholding) or to a Registered Retirement Savings Plan, Registered Retirement Income Fund or other Retirement Savings Vehicle permitted by the Income Tax Act that has been established for the Annuitant.

If an Annuitant fails to provide notice to the Trustee, the Trustee shall on the last day of the year during which the Annuitant reaches age 71, and subject to the Income Tax Act and deposit the net proceeds in a non-interest bearing deposit account to the credit of the Annuitant in full commutation of the retirement income payable under the RSP. All expenses relating to the maintenance of such account will be borne by the Annuitant and any such expenses will be deducted from the net proceeds. Any applicable brokerage fees, transfer fees or other similar charges shall be payable to the Annuitant.

### **7.4 No Contribution In Last Pay Period**

Where employment is terminated, for any reason, there will be no Employer contributions or Employee contributions made during the last pay period of employment.

### **7.5 Discharge of Obligations**

Settlement in the manner herein provided shall serve as full discharge of all obligations of the Employer and the Trustee to a participant and/or Annuitant under the Plan.

## **SECTION 8**

## **DEATH, DISABILITY OR LEAVE OF ABSENCE**

### **8.1 Death**

If a participant or former participant should die, his or her Beneficiary under the Plan (the “Beneficiary”) or estate of the deceased participant, as the case may be, shall be entitled to receive all account assets of the participant, except fractional shares which will be purchased by the Trustee as described under the heading “Termination Settlement” and any portion of the Plan for which the participant’s spouse is the Annuitant.

### **8.2 RSP Portion – Death of Annuitant**

If the Annuitant dies prior to the Maturity Date, the Trustee may realize the assets in the RSP portion of the Plan and, subject to the deduction of all proper charges, including income tax required to be withheld, hold the proceeds in trust for payment in a lump sum to the person or persons who are the designated Beneficiary pursuant to Section 8.1, upon receipt by the Trustee of those documents that the Trustee reasonably requires.

### **8.3 Short Term Disability**

In the event that a participant receives compensation under any short disability Plan of the Company, the Employee’s compensation under the short-term disability Plan will be considered “regular salary” for the purpose of contributions to this Plan. The Employee will be able to continue to participate in this Plan while on short-term disability. If the participant is not receiving compensation from which the Company can make the necessary payroll deductions, the participant will be required to provide the Company with a cheque in the amount of his or her contribution by the 15<sup>th</sup> day of each calendar month in which the participant wants to make the contribution.

### **8.4 Parental Leave**

In the event that a participant takes a parental leave pursuant to a program of the Company, the participant can continue to make contributions to the plan based on his or her regular salary in the last calendar month prior to taking parental leave. If the participant is not receiving compensation from which the Company can make the necessary payroll deductions, the participant will be required to provide the Company with a cheque in the amount of his or her contribution by the 15<sup>th</sup> day of the calendar month in which the participant wants to make the contributions.

### **8.5 Other Disability or Leave of Absence**

In the event that a participant becomes disabled or takes a leave of absence other than in the circumstances referred to above, continued participation in the Plan will be at the discretion of the Administrator. The Administrator can suspend the participant temporality for any period of time or after 6 months the Administrator may terminate the participant and pay out the vested shares.

## SECTION 9

## DESIGNATION OF BENEFICIARY

### **9.1 Appointment of Beneficiary**

A participant may designate a person or persons to receive the benefits payable under the Non Registered portion of the Plan in the event of the participant's death and may, by written notice given to the Trustee, alter or revoke such designation from time to time, subject to applicable laws which restrict or alter the participant's ability to designate a beneficiary. An Annuitant may designate a person or persons to receive the benefits payable under the Annuitants RSP portion of the Plan in the event of the participant's death and may, by written notice given to the Trustee alter or revoke the designation from time to time, subject to applicable laws which restrict or alter the Annuitant's ability to designate a beneficiary. A notice shall be in such form and executed in such form and executed in such manner as the Trustee may require.

### **9.2 No Living Beneficiary**

If, at the death of the participant, the person designated as the beneficiary with respect to the account shall not be living, such amount as may be payable on or after the participant's death shall be paid out to the estate of the participant.

### **9.3 Obligations of Beneficiary**

The Trustee may require the execution and delivery of additional documents by a Beneficiary in order to be assured that the account assets are properly distributed in accordance with the terms of this Plan text.

## SECTION 10

## PLAN AMENDMENT AND TERMINATION

### **10.1 Plan Amendment or Termination**

Subject to Section 10.2, the Employer reserves the right to discontinue use of payroll deductions at any time in the event such action is deemed advisable, in its judgement, and it also reserves the right to amend or terminate the Plan, in whole or in part, at any time. Any such amendment or termination will not result in the forfeiture of any funds deducted from the salary of any participant or contributed by the Employer on behalf of any participant, or any dividends or other distributions in respect of such Common shares, effective before the effective date of amendment or termination of the Plan.

### **10.2 Amendments to the RSP Portion of the Plan**

The Company or the Trustee may from time to time, in its sole discretion, amend the RSP portion of the Plan with the concurrence of the Canada Customs and Revenue Agency and, if applicable, the concurrence of provincial tax authorities, however, any amendments may not have the effect of disqualifying the RSP portion of the Plan as a Registered Retirement Savings Plan as defined by the Income Tax Act.

### **10.3 Trustee Duties**

No amendment, change or modification shall be made to the Plan, which will, without the Trustee's written consent, alter the duties of the Trustee.

## **SECTION 11 MARKET FLUCTUATION**

There is no guarantee under the Plan against loss because of market fluctuation. All of the Employee and Employer contributions will be invested in shares of the Company, the value of any participant's and/or Annuitant's assets in the Plan will fluctuate as the trading price of the shares fluctuates on the Toronto Stock Exchange.

## **SECTION 12 INCOME TAXES**

The value of the Employer's contribution is treated as income from employment for participants under present Canadian tax laws and will be reported by the Employer as required by applicable laws. Such amount is also added to the adjusted cost base to the participant of the shares acquired under the Plan. The Employer is required to withhold appropriate income taxes on the value of the Employer's contribution.

The Subsequent sale of the shares by the Employee generally results in the recognition of a taxable capital gain or an allowable capital loss under the Canadian tax law by the participant. In the event dividends are paid, the participant will be subject to income tax on the dividends except if the shares were in the RSP portion of a participant's account or spousal RSP.

Provided the shares are listed on a prescribed stock exchange, then the shares will be "qualified investments" (within the meaning of the Income Tax Act) for the RSP. A participant who contributes the shares to his or her RSP will become entitled to a deduction in computing income equal to the fair market value of such shares at the time they are so contributed within the limits set out in the Income Tax Act for deductions for contributions to a RSP. A participant who contributes shares from the Non Registered or TFSA portion of their account to a RSP will be deemed to have disposed of such shares for proceeds of disposition equal to the fair market value thereof at that time.

Canadian tax laws are complex and subject to change and each participant is responsible for determining how such tax laws and charges may affect his or her tax position. Each participant should contact his or her own financial or personal advisor to determine what effect, if any, participation in the Plan may have on the participant's tax and other responsibilities.

## **SECTION 13 ASSIGNMENT OF INTEREST**

No right of a participant under the Plan and no interest in an account is capable, either in whole or in part, of being sold, assigned, pledged or hypothecated, whether by way of security or otherwise.

## **SECTION 14 OFFER FOR SHARES OF THE COMPANY**

In the event that, at any time, an offer to purchase is made to all holders of shares of the Employer, a notice of such offer shall be given by the Trustee to each participant to enable such participant to tender his or her shares held in the Plan to such offer.

**SECTION 15  
RECLASSIFICATION**

**SUBDIVISION, CONSOLIDATION, CONVERSION OR**

Appropriate adjustments in the number of shares held by the Trustee in the Plan shall be made to give effect to adjustments in the number of shares of the Company resulting from subdivisions, consolidations, reclassifications, exchanges or conversions of the shares of the Company, the payment of stock dividends by the Company, amalgamations, arrangements or other reorganizations affecting the Company or other relevant changes in the capital of the Company.

**SECTION 16**

**TRADING ON UNDISCLOSED INFORMATION**

Participants in the Plan are reminded that trading based on insider or undisclosed information is an illegal activity and that people conducting securities transactions based on such insider or undisclosed information are subject to prosecution. Notwithstanding anything contained elsewhere in the Plan, the Employer shall be entitled to delay the purchase or sale of shares under the Plan in circumstances where the Company is required by law to disclose certain information to the public markets, but has not yet made such disclosure, or where such disclosure has been made on a confidential basis, pursuant to applicable law and regulation.

**SECTION 17**

**APPLICABLE LAWS**

The Plan shall be construed and the rights and obligations of the parties there under determined in accordance with the laws of the Province of Alberta.