

# **ROCKY MOUNTAIN LIQUOR INC.**

## **NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR**

### **Annual General Meeting and Special Meeting of Shareholders**

**Sheraton Centre Toronto Hotel  
123 Queen Street West  
Toronto, ON  
December 5, 2018 10:00 am EST**

## **NOTICE OF MEETING**

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

**NOTICE** is hereby given that the Annual and Special General Meeting of the shareholders of Rocky Mountain Liquor Inc. (the "Corporation") will be held December 5, 2018 at Sheraton Centre Toronto Hotel, 123 Queen Street West, at the hour of 10:00 am (EST) (the "Meeting") for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2017, and the report of the auditors thereon.
2. To fix the number of directors to be elected at the Meeting at four (4).
3. To consider, and if thought advisable, to pass a resolution appointing directors of the Corporation for the ensuing year.
4. To consider, and if thought advisable, to pass a resolution appointing Grant Thornton LLP, Chartered Accountants, as auditor, for the ensuing year and to authorize the directors to fix the auditors remuneration.
5. To consider, and if fit to pass, the continuation of the Corporation's Stock Option Plan as adopted on August 23, 2010.
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**

October 19, 2018

### **Notice and Access System**

The Canadian Securities Administrators have adopted amendments to NI 54-101 and National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102") that are intended to improve communications between reporting issuers and shareholders in the proxy voting process. The amendments came into force on February 11, 2013, and highlights include: (i) the introduction of a "notice-and-access" system for sending proxy-related materials to registered and beneficial owners of securities; (ii) enhanced disclosure requirements regarding the beneficial owner voting process; and (iii) simplifying the process for appointing beneficial owners of securities as proxy holders for the purposes of attending and voting at shareholder meetings.

Under the notice-and-access provisions, reporting issuers are permitted to deliver proxy-related materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to registered and beneficial owners. The notice package must include: (i) the relevant form of proxy or voting information form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the information circular and other material disclosure documents if applicable; and (iv) a plain-language explanation of how the new notice-and-access system operates and how proxy-related materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to registered and beneficial owners electronically (*eg.* electronic mail). This notice package must be mailed to registered and beneficial owners from whom consent to electronic delivery has not been received.

Under the amended rules, the notice-and-access system can also be used by reporting issuers to deliver annual financial statements and corresponding management discussion and analysis required under NI 51-102. Consistent with the period of time within which a reporting issuer must fulfill requests for paper copies of proxy-related materials, any person using the notice-and-access system must ensure that proxy-related materials are on the non-SEDAR website for a period of one year from the date of posting.

The Company intends to use, to the fullest extent possible, notice-and-access for its proxy-related communications with Shareholders.

Notwithstanding the new notice-and-access system, the *Business Corporations Act* (Alberta) ("ABCA") subjects the Company to two additional requirements. First, the Company must deliver the annual financial statements to registered shareholders unless such registered shareholders inform the issuer in writing that they do not want a copy of the annual financial statements. A registered shareholder that does not waive the delivery of the annual financial statements must be provided a written copy of such statements unless they provide written consent to electronic delivery. Second, the Company is required to deliver a printed copy of the information circular to a registered shareholder unless such shareholder provides written consent to electronic delivery. In order to ensure compliance with the ABCA, registered Shareholders will be mailed a copy of this information circular unless the Company has received written consent to the electronic delivery hereof.

Computershare Trust Company of Canada ("Computershare"), the Company's transfer agent, is the approved intermediary for mailing proxy related materials to registered owners.

### **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., Computershare Trust Company of Canada, 9<sup>th</sup> Floor, Proxy Department, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or via Internet Voting as described below no later than 10:00 am EST, December 3, 2018, 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 11478-149 Street, Edmonton, AB T5M 1W7, ("Registered Office") or with the Computershare Trust Company of Canada, 9<sup>th</sup> Floor Proxy Department, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or via Internet Voting as described in the next section no later than 10:00 am EST, December 3, 2018 or in case of adjournment no later than 10:00 am EST 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.

### **Internet Voting**

The Corporation's Shareholders may use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not later than 10:00 am EST, December 3, 2018 or 48 hours prior to the time of any adjournment of the Annual General Meeting of Rocky Mountain Liquor Inc. **The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Rocky Mountain Liquor Inc. Annual General Meeting and to convey a Shareholder's voting instructions. Please note that if a Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, a Shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

### **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 Registered Office of the Corporation, or with the Proxy Dept., Computershare Trust Company of Canada, Proxy Department, 9<sup>th</sup> floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, no later than 10:00 am EST on December 3, 2018 or in case of adjournment no later than 10:00 am EST 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 October 18, 2018, which is the record date for the Meeting, there were 56,791,788 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 October 18, 2018 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 other than Peter J. Byrne (jointly with Joan Byrne), and Allison Radford is:

Company Name	Common Shares Owned	Convertible Debentures Owned	Total Common Shares Assuming Conversion of Debentures	Percentage of Outstanding Common Shares on a Diluted Basis
Battalion Consol Corp. along with Joint Actor 2627786 Ontario Inc.	2,708,000	\$1,108,000	7,140,000	11.7%

Details relating to percent ownership by Peter J. Byrne (jointly with Joan Byrne), and Allison Radford can be found on page 7 of this document.

### **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 consolidated financial statements of the Corporation for the 12 month period ending December 31, 2017 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. 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 continuation of the Stock Option Plan of the Corporation unless the shareholder giving the proxy has indicated his/her will to vote against with respect of such matters.**

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

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and fix the number of directors to be elected at the Meeting to four (4) directors to hold office until the next annual general meeting or until their successors are elected or appointed.

**The persons named in the enclosed form of proxy will vote in favour of fixing the number of directors to be elected to be four (4) as mentioned above unless the shareholder signatory of the proxy has indicated his/her will to abstain from voting.**

The shareholders are invited to elect the 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/her 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	Place of Residence	Main Occupation	Date of Appointment to the Board of Directors	Number of Common Shares Held/Controlled as at October 18, 2018	Percentage of Common Shares Issued and Outstanding
Frank Coleman, Chairman and Director (1)	Newfoundland, Canada	President and CEO of the Coleman Group of Companies	November 14, 2007	4,892,452	8.6
Robert Normandeau, Director (1)	Nova Scotia, Canada	President of SeaFort Capital	November 14, 2007	250,000	0.4
Peter J Byrne, Chief Executive Officer and Director	Alberta, Canada	CEO	December 1, 2008	25,242,452	44.5
Allison Radford, Chief Operating Officer and Director (1)	Alberta, Canada	COO	June 15, 2009	7,924,263	14.0

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

#### **4. Appointment of the Auditors of the Corporation**

Management proposes that Grant Thornton be appointed as auditors of the Corporation for the fiscal year ending December 31, 2018, 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 Grant Thornton 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 56,791,788 common shares issued and outstanding. On a fully diluted basis there would be 84,251,788 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, 2017				56,791,788
Private Placement (conversions)			0	
Agent Options (exercised)			0	
Employee Options (exercised)			0	
Director Options (exercised)			0	
Cancelled via Common Share NCIB during 2017			0	
Issued December 31, 2017 to October 18, 2018			0	
<b>Issued and Outstanding October 18, 2018</b>				<b>56,791,788</b>
<b>Convertible Debenture</b>				
Outstanding December 31, 2017	\$0.25	April 2021		27,460,000
Cancelled via Debenture NCIB during 2018			0	
Issued and outstanding Convertible Debenture October 18, 2018				<u>27,460,000</u>
<b>Total Fully Diluted October 18, 2018</b>				<b>84,251,788</b>

As a group, the officers, directors and related parties of the Corporation own 38,309,167 common shares (67.5%). This is 45.5% 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, 2017, the Corporation had three NEOs:

Peter J Byrne, President and Chief Executive Officer ("CEO")  
Sarah Stelmack, Chief Financial Officer ("CFO")  
Allison Radford, Chief Executive Officer ("COO")

### **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 for the executive officers are reviewed biennially to reflect external factors such as inflation as well as overall corporate performance and the executive's performance.

Beginning in 2015, annual incentive is based on the officer's ability to achieve performance targets as set by the members of the Board on an annual basis. No annual incentive was approved or paid for 2016 or 2017 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. Incentive plan payments were not granted in 2017. The total cash compensation amounts included herein includes all salary paid in 2017.

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 CEO, COO and CFO declined stock options in the most recently completed year, however management 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, 2017.

Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other (1) Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Peter J. Byrne, Chief Executive Officer	2017	175,000	N/A	nil	nil	N/A	N/A	1,317	176,317
	2016	175,000	N/A	nil	nil	N/A	N/A	1,228	176,228
	2015	155,769	N/A	nil	41,798	N/A	N/A	1,682	199,249
Sarah Stelmack, Chief Financial Officer (2)	2017	120,000	N/A	nil	nil	N/A	N/A	57	120,057
	2016	14,346	N/A	nil	nil	N/A	N/A	62	14,408
	2015	101,539	N/A	nil	15,763	N/A	N/A	43	117,345
Allison Radford, Chief Operating Officer	2017	160,000	N/A	nil	nil	N/A	N/A	1,317	161,317
	2016	160,000	N/A	nil	nil	N/A	N/A	1,228	161,228
	2015	160,000	N/A	nil	38,215	N/A	N/A	1,178	199,393

**Notes:**

- (1) 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 employee health and dental benefit plan payments.
- (2) Ms. Stelmack was on maternity leave for a portion of each of the 2016 and 2015 years.

**Incentive Plan Awards**

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

There were no options granted to the NEOs to purchase or acquire securities of the Corporation during 2017. There are no outstanding options at the end of the financial year ended December 31, 2017 for NEOs.

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

No option-based awards, share-based awards or non-equity incentive plan compensation was paid to NEOs, nor was any value vested or earned by NEOs during the financial year ended December 31, 2017.

## **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, CFO and COO have entered into employment agreements as of May 12, 2015 with revolving terms. 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 CFO and 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 for involvement on the Board of Directors and Audit Committee. The Chairman of the Board of Directors earns an additional \$5,000 in fees/options and the Chairman of the Audit Committee earns an additional \$1,000 in fees/options.

<b>Name</b>	<b>Fees Earned (\$)</b>	<b>Share- Based Awards (\$)</b>	<b>Option- Based Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
Frank Coleman	24,000	N/A	nil	N/A	N/A	N/A	24,000
Robert Normandeau	20,000	N/A	nil	N/A	N/A	N/A	20,000

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

There remain no options previously 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, December 31, 2017.

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

There were no options or share-based awards for which 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, December 31, 2017.

### **Employment Contracts**

As of the fiscal year ended December 31, 2017, the Corporation had signed employment contracts with Peter J. Byrne, Allison Radford and Sarah Stelmack with revolving terms.

### **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:

Andersons Liquor Inc., a subsidiary 100% owned by Rocky Mountain Liquor Inc. has entered into a commercial sub-leasing agreement with Byrne Alberta Ltd. for the following property; 4515 - 47 Avenue, Rocky Mountain House, for \$1,300 per month. This aggregate rental amount is subject to change based on rental escalations in the head lease and also does not include common area or occupancy costs, which are also paid by Andersons. For this property 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.

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.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights at December 31, 2017	Number of securities remaining available for issuance under equity compensation plans (including outstanding securities reflected in the first Column) <sup>(1)</sup>
Equity compensation plans approved by security holders	500,000	\$0.07	2,000,000
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**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, 2017, the Corporation had 56,791,788 common shares issued and outstanding. While 10% of the outstanding common shares at December 31, 2017 would be 5,679,179 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 Radford. 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 Radford. 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 National Instrument 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 Master's Degree in economics from Dalhousie University and is a director of the North West Company.

#### **Robert Normandeau**

Mr. Normandeau is President of SeaFort Capital, an investment company based in Halifax, Nova Scotia. Prior to joining SeaFort Capital in May 2012, Mr. Normandeau was the President and Chief

Executive Officer of Clarke Inc. Mr. Normandeau previously 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 director of Canada's Venture Capital and Private Equity Association.

#### Allison Radford

Mrs. Radford 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 Andersons, she worked at Deloitte & Touche LLP, receiving her Chartered Accountant designation in 2005. Mrs. Radford is the Vice Chair of the Alberta Liquor Store Association. Mrs. Radford holds a Bachelor of Commerce degree from Memorial University and the ICD.D designation from the Institute of Corporate Directors.

#### *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, 2008, 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".

#### *Change in External Auditor*

On September 6, 2018 at the request of the Board of Directors, MNP LLP ("former auditor") agreed to resign as the Company's external auditors and Grant Thornton LLP ("successor auditor") agreed to act as external auditors until the close of the next Annual General Meeting. The Company filed a notice of a change in auditor on September 20, 2018, along with letters from the former auditor and successor auditor.

There were no modifications contained in any of the audit reports prepared by the former auditor since the beginning of the Company's relevant period (as defined in NI 51-102) as having commenced at the beginning of the Company's two most recently completed financial years and ending on September 6, 2018, the date of termination of former auditor. The former auditor had been



appointed since 2008.

In the opinion of the Company, there have been no “reportable events” (as defined in NI 51-102) between the Company and the former auditor or the successor auditor. Refer to attached Appendix “C” for reporting package on change in external auditor.

#### *External Auditor Services Fees*

The aggregate fees billed during the below periods by the Corporation’s external auditors in the last three (3) fiscal years are as follows, as billed by former auditor, MNP LLP:

Fiscal Year Ending	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2017	75,000	Nil	6,500	5,705
December 31, 2016	72,500	Nil	6,500	5,530
December 31, 2015	70,000	nil	6,500	5,355

#### **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 Mrs. Allison Radford 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 Mrs. Radford 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:

Name	Name of Reporting Issuer	Name of Exchange of Market	Position
Frank Coleman	The North West Company Inc.	TSX	Director
	Emera Newfoundland & Labrador Holding Inc. (wholly owned subsidiary of Emera Incorporated)	TSX	Past Director
	FP Resources Limited	TSX	Past Director
	Newfoundland Light and Power Co. Ltd	Montreal Exchange	Past Director
Robert Normandeau	Clarke Inc.	TSX	Past Director
	Shermag Inc.	TSX*	Past Director
	Versacold Income Fund	TSX*	Past Trustee
	Art In Motion Income Fund	TSX*	Past Trustee
	Cinram International Income Fund	TSX	Past Trustee
	General Donlee Income Fund	TSX	Past Trustee
	TerraVest Income Fund	TSX	Past Trustee

\* Delisted following privatization

#### Orientation and Continuing Education:

In 2015 Mrs. Radford completed the ICD-Rotman Directors Education Program, earning her ICD.D.

The Board does not provide mandatory continuing education for the directors. The Board is comprised of persons skilled in retailing, financing and governance, and is therefore able to perform efficiently.

#### Ethical Business Conduct:

The Corporation does not have a written code of ethics 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:

On September 12, 2018 the Company announced it had formed a Special Committee to explore strategic alternatives. The Special Committee of the Board is comprised of Rob Normandeau and Peter Byrne. There can be no assurance that this exploration process will result in a transaction. The Company does not currently intend to disclose further developments with respect to this process, unless and until the Board appoints a financial advisor, approves a specific transaction, or otherwise concludes the review of strategic alternatives.

#### 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, 2017. These documents and other financial information pertaining to the Corporation may be obtained on SEDAR's website 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 Financial Officer of the Corporation, at 11478-149 Street, Edmonton, Alberta, T5M 1W7.

#### **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, October 19, 2018

## **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 National Instrument 52-110 and 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 security holders.

#### 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 counselor 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.
- (i) "**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.
- (j) "**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.
- (k) "**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.
- (l) "**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.
- (m) "**Escalating Exercise Price Mechanism**" has the meaning ascribed thereto in Section 7 of the Plan.
- (n) "**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.

- (o) "**Event of Termination**" means the termination of employment of the Participant with the Corporation or a subsidiary thereof, with cause.
- (p) "**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.
- (q) "**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.
- (r) "**Final Exchange Bulletin**" has the meaning ascribed thereto in the Exchange Policies.
- (s) "**Insider**" has the meaning ascribed thereto in the Exchange Policies.
- (t) "**Investor Relations Activities**" has the meaning ascribed thereto in the Exchange Policies.
- (u) "**IPO**" means the Corporation's initial public offering.
- (v) "**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.
- (w) "**Participant**" means an Eligible Person who receives a grant of Options pursuant to Section 4.
- (x) "**Qualifying Transaction**" has the meaning ascribed thereto in the Exchange Policies.
- (y) "**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<sup>th</sup> 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 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 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.

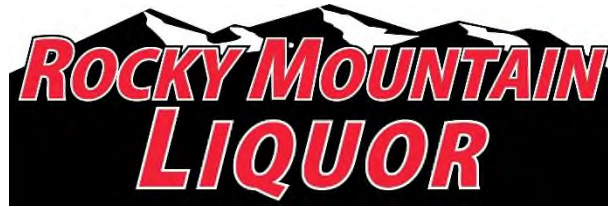
**CONTINUED** this 19<sup>th</sup> day of October 2018.

**ROCKY MOUNTAIN LIQUOR INC**

Per: *"Peter J Byrne" (signed)*

Peter J Byrne  
Chief Executive Officer

## **APPENDIX "C"**



### **NOTICE OF CHANGE OF AUDITOR**

September 8, 2018

- TO:** Alberta Securities Commission  
British Columbia Securities Commission  
Ontario Securities Commission  
Manitoba Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Newfoundland and Labrador Securities Commission  
Nova Scotia Securities Commission  
Autorité des Marchés Financiers du Québec  
Financial and Consumer Affairs Authority of Saskatchewan  
TSX Venture Exchange
- AND TO:** MNP LLP, 10235 - 101 Street, Suite 1600, Edmonton, AB T5K 3G1
- AND TO:** Grant Thornton LLP, 1701 Scotia Place 2, 10060 Jasper Ave, Edmonton, AB, T5J 3R8

**ROCKY MOUNTAIN LIQUOR INC.** (the "Company") hereby gives the following notice in accordance with National Instrument 51-102 -Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators:

#### **TAKE NOTICE THAT:**

1. Effective September 6, 2018 and at the request of the Board of Directors of the Company:
  - (a) MNP LLP, Chartered Professional Accountants (the "Former Auditor"), has agreed to resign as Auditor of the Company; and
  - (b) Grant Thornton LLP, Chartered Professional Accountants (the "Successor Auditor"), has agreed to act as the Company's Auditor until the close of the next Annual General Meeting of the Company.
2. There were no modifications contained in any of the audit reports prepared by the Former Auditor since the beginning of the Company's relevant period (as defined in NI 51-102) as having commenced at the beginning of the Company's two most recently completed financial years and ending on the date hereof.
3. The resignation of the Former Auditor and the appointment of the Successor Auditor have been approved by the Company's Audit Committee and the Board of Directors of the

Company.

4. In the opinion of the Company, there have been no “reportable events” (as defined in NI 51-102) between the Company and the Former Auditor or the Successor Auditor.

Yours truly,

"Sarah Stelmack"

Sarah Stelmack, CFO

**ROCKY MOUNTIAN LIQUOR INC.**