

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

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

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of the shareholders of Diamond Estates Wines & Spirits Inc. (the “**Corporation**”) will be held on Tuesday, September 27, 2016 at the National Club, Library Room, 303 Bay Street, Toronto, Ontario M5H 2R1 at 10:00 am (Eastern Daylight Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the fiscal year ended March 31, 2015 and the auditor’s report thereon;
2. to appoint auditors for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
3. to elect each of the directors for the ensuing year;
4. to annually approve the Corporation’s Stock Option Plan;
5. to approve an increase in the number of Deferred Share Units (the “**DSUs**”) authorized for issuance pursuant to the Corporation’s Deferred Share Unit Plan from 1,000,000 DSUs to 2,000,000 DSUs; and
6. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The board of directors of the Corporation has fixed August 18, 2016 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and any adjournment thereof.

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

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

DATED at Toronto, Ontario this 18<sup>th</sup> day of August, 2016.

**BY ORDER OF THE BOARD**

(signed) “J. Murray Souter”

J. Murray Souter  
President and Chief Executive Officer

**NOTES:**

1. Shareholders registered on the books of the Corporation at the close of business on August 18, 2016 are entitled to notice of and to vote at the Meeting.
2. The board of directors of the Corporation has fixed a time that is not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or any adjournment thereof as the time before which the instrument of proxy to be used at the Meeting must be deposited with the Corporation's transfer agent, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

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**MANAGEMENT INFORMATION CIRCULAR**

**For the Annual General and Special Meeting of Shareholders to be held September 27, 2016**

**GENERAL PROXY INFORMATION**

**SOLICITATION OF PROXIES**

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies for use at the annual general and special meeting (the “**Meeting**”) of shareholders of the Corporation (the “**Shareholders**”) to be held on Tuesday, September 27, 2016 at the National Club, Library Room, 303 Bay Street, Toronto, Ontario M5H 2R1 at 10:00 am (Eastern Daylight Time) and at any adjournments thereof, for the purposes set out in the accompanying notice of meeting. The cost of solicitation of proxies will be borne by the Corporation.

**NOTICE-AND-ACCESS**

This year, the Corporation is using the “notice-and-access” system adopted by the Canadian Securities Administrators for the delivery of proxy materials to registered and Non-Registered Holders (as defined below) by posting the proxy materials on the following website: <http://noticeinsite.tsxtrust.com/DiamondEstatesWinesandSpiritsASM2016>. The Corporation mailed a form of proxy and notice of meeting containing, among other things, information about the website availability of the proxy materials for Shareholders who had previously been receiving a paper copy of the proxy materials. Shareholders have the ability to access the proxy materials at <http://noticeinsite.tsxtrust.com/DiamondEstatesWinesandSpiritsASM2016> and to request a paper copy of this Circular and related Meeting by mail, by e-mail or by telephone. Instructions on how to request paper copies may be found (i) by visiting <http://noticeinsite.tsxtrust.com/DiamondEstatesWinesandSpiritsASM2016>, (ii) in the notice of meeting mailed separately, or (iii) by calling toll free 1.866.393.4891.

**APPOINTMENT AND REVOCATION OF PROXIES**

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

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

**DEPOSIT OF PROXY**

ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 48 HOURS PRECEDING THE DAY OF THE MEETING, EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS, OR ANY ADJOURNMENT, WITH THE CORPORATION’S TRANSFER AGENT, TSX Trust

Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, by mail or pursuant to the instructions provided on the form of proxy.

#### **NON-REGISTERED SHAREHOLDERS**

Only Shareholders of record at the close of business on August 18, 2016 (the “**Record Date**”), or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either:

- i. in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- ii. in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant.

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

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

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

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

## EXERCISE OF DISCRETION OF PROXIES

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

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

## VOTING SECURITIES AND PRINCIPAL HOLDERS

The authorized capital of the Corporation consists of an unlimited number of common shares (the “**Common Shares**”) of which 100,137,036 Common Shares are issued and outstanding as fully paid and non-assessable as at August 18, 2016, the Record Date for the Meeting. Each holder of Common Shares of record will be entitled to one vote for each Common Share held at the Meeting.

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

Name	Number of Shares	Approximate Percentage of Total Issued
CDS & Co. <sup>(1)</sup>	34,539,659	34.49%
Oakwest Corporation Limited <sup>(2)</sup>	29,416,382	29.38%

Notes:

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

## EXECUTIVE COMPENSATION

### Named Executive Officers

Pursuant to applicable securities regulations, the Corporation must disclose the compensation paid to its Named Executive Officers (“**NEOs**”) for the two most recently completed financial years. NEOs include the Corporation’s Chief Executive Officer, the Corporation’s Chief Financial Officer and the most highly compensated executive officer, provided that disclosure is not required for those executive officers, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation did not exceed \$150,000. The Corporation’s NEOs include J Murray Souter as President and Chief Executive Officer, and Alan Stratton as Chief Financial Officer, who was appointed on June 17, 2014, replacing Geoff Kritzing who served as Chief Financial Officer from September 24, 2013 to June 17, 2014.

### Compensation Discussion and Analysis

The compensation of management is set by the board of directors of the Corporation (the “**Board**”) pursuant to a compensation program. For the year ended March 31, 2016, the Corporation did not have a formal pre-determined compensation plan. Rather, the Corporation informally assessed the performance of its Named Executive Officers and considered a variety of factors generally, both objective and subjective, when determining compensation levels, including the existing contractual relationships with the Named Executive Officers. For the financial year ended March 31, 2016, the compensation program had the following objectives: (1) to provide a compensation program

that is fair and competitive in order to attract and retain well-qualified and experienced executives within the Corporation; (2) to focus the efforts of executives on business performance; and (3) to recognize individual performance. Following completion of the Corporation's Qualifying Transaction the Corporation adopted a compensation committee (the "**Compensation Committee**") and charter. The Compensation Committee consists of John De Sousa, John Hick and Craig Graham.

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

#### *Base Fees*

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

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

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

#### *Bonus Payments*

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

#### *Long-Term Incentives*

The Board believes that granting stock options to officers, directors, consultants and employees encourages retention and more closely aligns the interests of key personnel with the interests of Shareholders while at the same time not drawing on the limited cash resources of the Corporation. The Corporation granted options to its management and board of directors based on the maximum amount permissible at the time of its initial public offering on March 2, 2012. Additional options were granted to incoming directors and officers upon completion of the Qualifying Transaction on September 24, 2013, and thereafter to new and existing officers, directors and consultants on a case by case basis in keeping with the Corporation's compensation objectives.

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

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

*Risks of Compensation Policies and Practices*

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

*Purchase of Financial Instruments*

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

## Summary compensation table

The following table sets forth compensation earned by the NEOs during the financial years ended March 31, 2015, and March 31, 2016.

Name and Principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Murray Souter, President and CEO <sup>(2)</sup>	2016	162,000	N/A	16,666	N/A	N/A	N/A	Nil	178,666
	2015	167,803	N/A	73,333 <sup>(1)</sup>	N/A	N/A	N/A	4,285	245,421
Alan Stratton, CFO <sup>(3)</sup>	2016	121,500	N/A	19,129	N/A	N/A	N/A	5,000	145,629
	2015	99,890	N/A	22,415	N/A	N/A	N/A	5,000	127,305
Geoff Kritzing, former CFO <sup>(4)</sup>	2015	18,713	N/A	Nil	N/A	N/A	N/A	Nil	78,394
Keith Harris, former CFO <sup>(5)</sup>	2015	N/A	N/A	3,667 <sup>(1)</sup>	N/A	N/A	N/A	Nil	3,667

### Notes:

- (1) Determined using the Black-Scholes pricing model at the date of grant with the following weighted average assumptions: expected life of 4 years, risk free rate of 1.31%, expected dividend yield of 0%, and expected volatility of 100%. The Corporation chose the Black-Scholes pricing model because the Audit Committee feels it is the best model to ascertain a fair, realistic value for options.
- (2) Mr. Souter was appointed as Chief Executive Officer of the Corporation on September 24, 2013 upon completion of the Corporation's Qualifying Transaction. Mr. Souter, who is also a director of the Corporation, did not receive any compensation for his role as a director.
- (3) Mr. Stratton was appointed Chief Financial Officer of the Corporation on June 17, 2014.
- (4) Mr. Kritzing was appointed as Chief Financial Officer of the Corporation on September 24, 2013 upon completion of the Corporation's Qualifying Transaction. Mr. Kritzing resigned as Chief Financial Officer of the Corporation on June 17, 2014.
- (5) Mr. Harris resigned as Chief Financial Officer on September 24, 2013 upon completion of the Corporation's Qualifying Transaction however remained a director of the Corporation and received fees for his role as a director of the Corporation. Mr. Harris continued to serve as a director of the Corporation subsequent to his resignation as Chief Financial Officer and his compensation for the 2014 and 2015 fiscal years reflects compensation as a director of the Corporation.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards granted to the NEOs for the financial year ended March 31, 2016.



Name and Principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Murray Souter, President and CEO	2,000,000	0.20	Sept. 24, 2018	Nil	N/A	N/A	N/A
Alan Stratton, CFO <sup>(2)</sup>	500,000	0.25	June 5, 2019	Nil	N/A	N/A	N/A
Geoff Kritzingler, CFO <sup>(3)</sup>	Nil	Nil	Nil	Nil	N/A	N/A	N/A

**Note:**

- (1) Based on the closing price of the Common Shares on the Exchange on March 31, 2015 being \$0.10.
- (2) Mr. Stratton was appointed as Chief Financial Officer on June 17, 2014.
- (3) Mr. Kritzingler resigned as Chief Financial Officer of the Corporation on June 17, 2014 and was therefore an NEO for an interim period during the fiscal year ended March 31, 2015.

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

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation- Value vested during the year (\$)
Murray Souter, President and CEO	Nil	N/A	N/A
Alan Stratton, CFO <sup>(2)</sup>	Nil	N/A	N/A
Geoff Kritzingler, former CFO <sup>(3)</sup>	Nil	N/A	N/A

**Note:**

- (1) The exercise price of the options was the same as or higher than market price on the date that the options vested, therefore the value was “Nil” on the date of vesting.
- (2) Mr. Stratton was appointed as Chief Financial Officer on June 17, 2014.
- (3) Mr. Kritzingler resigned as Chief Financial Officer of the Corporation on June 17, 2014 and was therefore an NEO for an interim period during the fiscal year ended March 31, 2015.

### Stock Option Plan

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

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

The Stock Option Plan is administered by the Board, which has the authority thereunder to delegate its administration and operation to a special committee of directors appointed from time to time by the Board. Participation is limited to directors, officers, employees and consultants providing services to the Corporation.

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

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

As of the date of the Circular, options to acquire up to 6,682,400 Common Shares of the Corporation have been granted and are outstanding pursuant to the Stock Option Plan. Based on the issued and outstanding capital of the Corporation as of the date of this Circular, an additional 3,331,303 options are available to be granted pursuant to the Stock Option Plan.

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

In the event of being terminated without cause, J. Murray Souter, Chief Executive Office of the Corporation, is entitled to receive twelve (12) months of his base salary plus any accrued amounts to such date owing to Mr. Souter under the Corporation's bonus or stock option plan, payable over a period of six (6) months. Based on Mr. Souter's compensation during the year ended March 31, 2016, were he to be terminated without cause, he would be entitled to receive an aggregate of \$180,000.

#### **DIRECTOR COMPENSATION**

##### **Director compensation table**

The following table describes all compensation provided to the directors of the Corporation, who are not also NEOs, for the most recently completed financial year ended March 31, 2016. Directors of the Corporation did not receive any further compensation during the period from March 31, 2016 to the date of this Circular.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value	All other compensation (\$)	Total (\$)
David Beutel	23,500	23,515	15,750	N/A	N/A	Nil	62,765
Craig Graham	11,000	10,735	833	N/A	N/A	Nil	22,568
Keith Harris	13,375	13,163	833	N/A	N/A	Nil	27,371
John Hick	13,000	13,291	833	N/A	N/A	Nil	27,124
John De Sousa	11,750	12,024	833	N/A	N/A	Nil	24,607
Harold Wolkin,	13,000	13,291	833	N/A	N/A	Nil	27,124

**Notes:**

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

**Incentive Plan Awards**

**Outstanding Option-Based Awards**

The following table sets forth the option-based awards outstanding for the financial year ended March 31, 2016 granted to directors of the Corporation who are not also NEOs.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David Beutel	100,000	0.25	Sep 24, 2018	Nil	N/A	N/A	N/A
	600,000	0.12	Nov 10, 2019	Nil	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	23,515
Craig Graham	100,000	0.25	Sep 24, 2018	Nil	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	10,735
Keith Harris	111,804	0.20	Mar 17, 2017	Nil	N/A	N/A	N/A
	100,000	0.25	Sep 24, 2018	Nil	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	13,163
John Hick	100,000	0.25	Sep 24, 2018	Nil	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	13,291
John De Sousa	100,000	0.25	Sep 24, 2018	Nil	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	12,024
Harold Wolkin	100,000	0.25	Sep 24, 2018	Nil	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A	13,291

**Notes:**

- (1) Based on the closing price of the Common Shares on the Exchange on March 31, 2016 being \$0.105.

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

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

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation- Value vested during the year (\$)
David Beutel	Nil	N/A	N/A
Craig Graham	Nil	N/A	N/A
Keith Harris	Nil	N/A	N/A
John Hick	Nil	N/A	N/A
John De Sousa	Nil	N/A	N/A
Harold Wolkin	Nil	N/A	N/A

Note:

- (1) The exercise price of the options was the same as or higher than market price on the date that the options vested, therefore the value was “Nil” on the date of vesting.

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below sets forth information as at March 31, 2016 with respect to the Corporation’s compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding convertible security (a)	Weighted-average exercise price of outstanding convertible security (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	6,682,400	\$0.17	3,331,303
Equity compensation plans not approved by security holders	Nil	N/A	N/A

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

##### Votes Required

Resolutions to be considered at the Meeting must be approved by the affirmative vote of not less than a majority of the votes cast in respect of that proposal in person or by proxy at the Meeting, with the exception of special

resolutions which require the approval by the affirmative vote of not less than two-thirds of the votes cast in respect of that proposal in person or by proxy at the Meeting.

## ELECTION OF DIRECTORS

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

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

Name and Residence	Principal Occupation For Last Five Years	Period during which served as a director	Shares Held or Beneficially Owned
David Beutel, Toronto, ON	Vice President, Oakwest Corporation	September 23, 2013 to present	Nil <sup>(3)</sup>
Craig Graham, Peterborough, ON <sup>(2)</sup>	Chief Executive Officer and Chairman, Rainmaker Entertainment Inc.	September 17, 2014 to present	Nil <sup>(4)</sup>
Keith Harris, Toronto, ON <sup>(1)</sup>	Private Investor	June 30, 2011 to present	708,300 <sup>(5)</sup>
John Hick, Toronto, ON <sup>(1)(2)</sup>	Corporate Directors and President, John W.W. Hick Consultants Inc.	September 23, 2013 to present	84,000 <sup>(6)</sup>
John De Sousa, Oakville, ON <sup>(2)</sup>	Owner/operator at DeSousa Vineyards/De Sousa Investment Group	February 2011 to present	4,630,629 <sup>(7)</sup>
Murray Souter, Oakville, ON	President and Chief Executive Officer, Diamond Estates Wines & Spirits Inc., Managing Partner, Lodestar Associates Ltd.	September 23, 2013 to present	750,000 <sup>(8)</sup>
Harold Wolkin, Toronto, ON <sup>(1)</sup>	Corporate Director	September 23, 2013 to present	2,024,834 <sup>(9)</sup>

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) David Beutel is an officer and a shareholder of Oakwest Corporation Limited, a company which owns 29,416,382 Common Shares. Mr. Beutel holds options entitling him to purchase 700,000 Common Shares, and Deferred Share Units carrying an aggregate value of \$23,515.
- (4) Mr. Graham holds options entitling him to purchase 100,000 Common Shares, and Deferred Share Units carrying an aggregate value of \$10,735.
- (5) Mr. Harris also holds options entitling him to purchase 211,804 Common Shares, and Deferred Share Units carrying an aggregate value of \$13,163.
- (6) Mr. Hick also holds options entitling him to purchase 100,000 Common Shares, and Deferred Share Units carrying an aggregate value of \$13,291.
- (7) Mr. De Sousa also holds options entitling him to purchase 100,000 Common Shares, and Deferred Share Units carrying an aggregate value of \$12,024.
- (8) Mr. Souter also holds options entitling him to purchase 2,000,000 Common Shares.
- (9) Mr. Wolkin also holds options entitling him to purchase 100,000 Common Shares, and Deferred Share Units carrying an aggregate value of \$13,291.

**David Beutel – Director**

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

**Craig Graham – Director**

Craig Graham is the Chief Executive Officer and Executive Chairman of Rainmaker Entertainment Inc. He has been an owner and operator in a variety of industries including entertainment, technology, retail finance, and manufacturing. Mr. Graham has also been a director of both private and public companies including Entertainment One Income Fund, Specialty Foods Inc., 21<sup>st</sup> Century Investments Inc., Executive Risk Insurance Services, Liquidation World, Sun Gro Horticultural Income Fund, Shanghai Songrui Forestry Products, and Cashway Buildings centres. Mr. Graham has been a director of Rainmaker Entertainment Inc. since June 2010 before becoming Executive Chairman and Chief Executive Officer in November 2012. Mr. Graham also serves as a director of Diamond Estates Wines & Spirits Ltd., the Corporation's wholly-owned subsidiary.

**Keith Harris – Director**

Keith R. Harris is a Chartered Accountant with over 20 years' experience in the investment banking business. He is a corporate director and consultant. He is a member of the Advisory Board of Edgecrest Capital (a private investment bank boutique) having been a founder of the firm in July 2013. Since July 2012, Mr. Harris has been a director of Smart Employee Benefits Inc. (Exchange: SEB). He is also a director of Whiteknight Acquisitions III Inc., a Capital Pool Company listed on the Exchange under the symbol WKA.P. Previously, he was President, Chief Executive Officer and Chief Financial Officer of Stifel Nicolaus Canada Inc. the Canadian broker-dealer subsidiary of Stifel Financial Corp., a financial holding company listed on the New York Stock Exchange. Mr. Harris was previously a director and the audit committee chair of Maudore Minerals Ltd. (Exchange: MAO). In 2002, he was a co-founder and Chief Financial Officer of a Canadian investment bank boutique, Westwind Partners Inc., which was sold to Thomas Weisel Partners Group ("TWPG") in 2008. TWPG was bought by Stifel in 2010. Mr. Harris received a B. Comm. from the University of Toronto in 1975 and received his Chartered Accountant designation in 1977 with Ernst & Young.

**John Hick – Director**

Mr. Hick serves as an independent director of a number of companies, most of which are in the mining sector, and is President and Director of John W. W. Hick Consultants Inc. since 1997. He was President, Chief Executive Officer and a director of Medoro Resources Ltd. from October 2009 to September 2010. Prior thereto, he held senior management and/or director positions with a number of publically listed companies, mainly in the mining sector. In addition to the Corporation, Mr. Hick serves as a director of Algold Resources Ltd., Era Resources Inc., Eurotin Inc., Hudson Resources Inc, Samco Gold Ltd. and Sphinx Resources Ltd. Mr. Hick holds a BA from the University of Toronto, an LLB from the University of Ottawa and was called to the Bar of Ontario in 1978.

**John De Sousa – Director**

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

operates De Sousa Vineyards, a 40 acre vineyard in Niagara supplying quality fruit to Niagara wineries, along with real estate holdings, De Sousa Investment Group.

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

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

**Harold Wolkin** – *Director*

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

**Corporate Cease Trade Orders or Bankruptcies**

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

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

arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

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

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

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

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

Mr. Hick was also a director of the Carpathian Gold when on April 16, 2014, the Ontario Securities Commission issued a permanent management cease trade order, which superseded a temporary management cease trade order (the “**MCTO**”) dated April 4, 2014, against the management of Carpathian Gold. The MCTO was issued in connection with the Corporation’s failure to file its (i) audited annual financial statements for the year ended December 31, 2013, (ii) management’s discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2013, and (iii) corresponding certifications of the foregoing filings as required by National Instrument 52-109 – Certification of Disclosure in the Issuer’s Annual and Interim Filings. The MCTO was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014.

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

#### **APPOINTMENT AND REMUNERATION OF AUDITORS**

At the Meeting, Shareholders will be requested by management of the Corporation to approve a resolution appointing PricewaterhouseCoopers LLP (“**PwC**”) as auditors of the Corporation until the next annual meeting of Shareholders and to authorize the Board to fix their remuneration. MNP LLP, Chartered Accountants, Licensed Public Accountants (formerly MSCM LLP) were the previous auditors of the Corporation, first appointed on June 30, 2011.

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



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

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

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

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

## **APPROVAL OF AMENDMENTS TO THE DEFERRED SHARE UNIT PLAN**

### *Background*

The deferred share unit plan (the "**DSU Plan**") was adopted for the benefit of the Corporation's directors, officers, employees, and consultants. The DSU Plan has been established to assist the Corporation in the recruitment and retention of qualified persons and to encourage share ownership by those who are primarily responsible for the management and growth of the business.

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

On June 21, 2016, the Board approved and adopted an amendment to the DSU Plan to increase the number of DSUs available for issuance pursuant to DSU Plan from 1,000,000 DSUs to 2,000,000 DSUs (the "**DSU Plan Increase**"), subject to the approval of disinterested Shareholders at the Meeting. The Board believes it is prudent to increase the number of DSUs available for future issuance so as to continue to grant DSUs, which is a critical aspect of the Corporation's long-term compensation.

At the Meeting, Shareholders will be asked to approve a resolution. In order to be approved, the resolution must be passed by a majority of the votes cast by the disinterested Shareholders present in person or represented by proxy at the Meeting. Unless such authority is withheld, the management representatives designated in the enclosed form of proxy intend to vote for the approval of the resolution authorizing the DSU Plan Increase.

### *Summary of the DSU Plan*

Set out below is a summary of the DSU Plan. Attached hereto as Appendix "B" is a complete copy of the amended DSU Plan.

### *Administration of Plan*

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

- (a) interpret the DSU Plan and prescribe, modify and rescind rules and regulations relating to the DSU Plan;
- (b) exercise rights reserved to the Corporation under the DSU Plan;
- (c) prescribe forms of notices to be prescribed by the Corporation under the DSU Plan; and
- (d) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the DSU Plan.

#### *Maximum Number of Common Shares Issued*

The maximum number of Common Shares reserved for issuance under the DSU Plan is 1,000,000, which is approximately 1% of the current issued and outstanding. With the increase of available DSUs for issuance under the DSU Plan, the maximum number of Common Shares reserved for issuance would increase to 2,000,000, or approximately 2% of the current issued and outstanding.

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

#### *Transferability*

No right to receive payment of deferred compensation or retirement awards shall be transferable or assignable by any participant under the DSU Plan except by will or loss of dissent and distribution.

#### *Amendments to the DSU Plan*

The Board may at any time, and from time to time, and without disinterested Shareholder approval, amend any provision of the DSU Plan, subject to any regulatory or Exchange requirement at the time of such amendment, including, without limitation:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the DSU Plan including amendments of a “clerical” or “housekeeping” nature;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) amendments to the termination provisions of the DSU Plan;
- (d) amendments necessary or advisable because of any change in application securities laws;
- (e) amendments to the transferability of DSUs;
- (f) amendments relating to the administration of the DSU Plan;
- (g) amendments to preserve the intended tax treatment of the benefits provided under the DSU Plan, as contemplated therein; or

- (h) any other amendment, fundamental or otherwise, not requiring Shareholder approval under applicable laws or the rules of the Exchange;

provided, however, that:

- (i) no such amendment of the DSU Plan may be made without the consent of each affected participant in the DSU Plan if such amendment would adversely affect the rights of such affected participant(s) under the DSU Plan; and
- (j) Shareholder approval shall be obtained in accordance with the requirements of the Exchange for any amendment:
  - (i) to increase the maximum number of Common Shares which may be issued under the DSU Plan;
  - (ii) to the amendment provisions of the DSU Plan; or
  - (iii) to the definition of "Participant".

The DSU Plan Increase is subject to approval of the disinterested Shareholders and of the Exchange. Disinterested Shareholders will be asked at the Meeting, or any adjournment thereof, to consider, and if deemed advisable, adopt the following resolution:

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

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

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

**OTHER BUSINESS**

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

**CORPORATE GOVERNANCE PRACTICES**

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

<b>CORPORATE GOVERNANCE GUIDELINE</b>	<b>THE CORPORATION'S PRACTICE</b>
<b>1. Board of Directors</b>	
(a) Disclose the identity of directors who are independent.	Four of the Corporation's six directors, Harold Wolkin, John Hick, John De Sousa, and David Beutel, are considered independent.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Murray Souter is not considered to be an independent director by reason of his office as Chief Executive Officer. Keith Harris is not considered to be an independent director by reason of his prior office as Chief Financial Officer within the last three years.
<b>2. Board of Directors</b>	
If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>John Hick is a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Era Resources Inc. (TSXV)</li> <li>• Samco Gold Limited (TSXV)</li> <li>• Sphinx Resources Ltd. (TSXV)</li> <li>• Algold Resources Ltd. (TSX)</li> <li>• Hudson Resources Ltd. (TSXV)</li> <li>• Eurotin Inc. (TSXV)</li> </ul> <p>Keith Harris is a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Smart Employee Benefits Inc. (TSXV)</li> <li>• Whiteknight Acquisitions III Inc. (TSXV)</li> </ul> <p>Harold Wolkin is a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Baylin Technologies Inc., (TSX)</li> <li>• Cipher Pharmaceuticals Inc. (TSX and NASDAQ)</li> </ul> <p>David Beutel is a director of the following public companies:</p> <ul style="list-style-type: none"> <li>• Accord Financial Corp. (TSX)</li> <li>• Arius3D Corp. (TSXV)</li> </ul>
<b>3. Orientation and Continuing Education</b>	
Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.	Orientation includes regular Board meetings and monthly updates between the meetings concerning the Corporation's business. Because of the Corporation's relatively early stage of development as a public company it does not currently provide continuing education to Board members and instead relies on director's to pursue their own professional development as each are experienced directors and most belong to professional associations.
<b>4. Ethical Business Conduct</b>	
Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.	The Corporation's developmental stage allows the Board to effectively monitor the ethical conduct of the Corporation and ensure that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and the Exchange.
<b>5. Nomination of Directors</b>	
Disclose what steps, if any, are taken to identify new candidates for board nomination, including:	
(a) who identifies new candidates, and (b) the process of identifying new candidates.	The Board's size and cohesion allow it to effectively perform the duties and functions of a nominating committee. Given the Corporation's present stage of development, the proposed Board composition has been determined to be appropriate. A nomination committee will be created at the appropriate time.
<b>6. Compensation</b>	

<b>CORPORATE GOVERNANCE GUIDELINE</b>	<b>THE CORPORATION'S PRACTICE</b>
Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:	
(a) who determines the compensation; and (b) the process of determining compensation.	The Corporation's Compensation Committee is comprised of John De Sousa, John Hick and Craig Graham, and examines executive compensation on an annual basis, making recommendations on setting such compensation to the Board.  All member of the Compensation Committee are independent members of the Board.
<b>7. Other Board Committees</b>	
If the board has standing committees other than the audit, compensation and nominating committees, describe their function.	The Board does not presently have any standing committees other than the Audit Committee and the Compensation Committee.
<b>8. Assessments</b>	
Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees and its individual directors are performing effectively.	The Board has not adopted formal procedures for assessing its own effectiveness, or that of the Audit Committee, or the individual directors. However, the Corporation believes that its corporate governance practices are appropriate and effective given the Corporation's developmental stage.  The Corporation's method of corporate governance allows for the Corporation to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

### **AUDIT COMMITTEE**

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

#### *Audit Committee Charter*

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

#### *Independence*

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

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

#### *Financial Literacy*

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

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

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

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

John Hick is a lawyer and has served as a director and Chief Executive Officer of a number of public companies and, among other things, provides consulting services to public companies in the areas of corporate restructuring, acquisitions, financial and executive management and financing. He serves on the audit committees of several other public companies.

#### *Audit Committee Oversight*

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

#### *Reliance on Certain Exemptions*

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

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

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

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

#### *Audit Fees*

The following table sets forth the fees paid by the Corporation and its subsidiaries to its auditors for services billed during the financial years ended March 31, 2015 and March 31, 2016:

	<b>2016</b>	<b>2015</b>
Audit fees	174,536	96,700
Tax fees	24,065	20,100
All other fees	\$0	\$14,084
<b>Total</b>	<b>\$198,601</b>	<b>\$130,884</b>

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

#### *Report of the Audit Committee*

In the performance of its oversight function, the Audit Committee reviewed and discussed the Corporation's audited consolidated financial statements as of and for the financial year ended March 31, 2016 with management and the auditors. The audited financial statements were represented to have been prepared in accordance with Canadian generally accepted accounting principles.

The Audit Committee is satisfied that it appropriately fulfilled its mandate to the best of its ability during and for the financial year ended March 31, 2016. The financial statements and Management's Discussion and Analysis for the financial year ended March 31, 2016 are included with the materials made available with this Circular.

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

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the common shares of the Corporation or an associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

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

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

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

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation's annual Management Discussion & Analysis and a copy of this Circular is available to anyone, upon request, from the Corporation at 1067 Niagara Stone Road, Niagara-on-the-Lake, Ontario L0S 1J0 and are accessible through <http://noticeinsite.tsxtrust.com/DiamondEstatesWinesandSpiritsASM2016>. Shareholders may request a paper copy of these materials by calling toll-free 1-866-644-2524. Instructions on how to access the materials online or to request a paper copy may also be found in the notice of meeting mailed separately. All financial information in respect of the Corporation is provided in the comparative financial statements and management discussion & analysis for its recently completed financial year.

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

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

DATED the 18<sup>th</sup> day of August, 2016.

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

(signed) "J. Murray Souter"

J. Murray Souter

President and Chief Executive Officer

**APPENDIX "A"**  
**DIAMOND ESTATES WINES & SPIRITS INC.**

**AUDIT COMMITTEE CHARTER**

Adopted by Resolution of the Board of Directors

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***Primary Objective***

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

***Composition***

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

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

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

***Meetings***

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

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

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



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

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

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

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

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

**APPENDIX “B”**  
**DIAMOND ESTATES WINES & SPIRITS INC.**  
**AMENDED DEFERRED SHARE UNIT PLAN**

**ARTICLE 1**  
**INTRODUCTION**

**1.1**            **Purpose**

The purpose of this Amended Deferred Share Unit Plan is to provide Directors, Executive Officers, Employees, and Consultants (as such terms are defined herein) of Diamond Estates Wines & Spirits Inc. (the “**Company**”) with the opportunity to acquire Deferred Share Units of the Company in order to allow them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Company’s shareholders.

**ARTICLE 2**  
**INTERPRETATION**

**2.1**            **Definitions**

For purposes of the Plan:

- (a)        “**Account**” means the account set up on behalf of each Participant by the Company in accordance with Section 3.6;
- (b)        “**Award Date**” means any date on which a grant of DSUs is made to a Participant;
- (c)        “**Award Market Value**” means the volume weighted average trading price of the Shares on the TSXV on the five (5) trading days immediately preceding the Award Date;
- (d)        “**Board**” means the Board of Directors of the Company as may be constituted from time to time;
- (e)        “**Cash Payment**” is defined in Section 4.7 of the Plan;
- (f)        “**Committee**” means the Compensation Committee of the Board or such other committee of the Board as may be appointed by the Board to administer the Plan, provided, however, that if no Compensation Committee is in existence at any particular time and the Board has not appointed another committee of the Board to administer the Plan, all references in the Plan to “Committee” shall at such time be in reference to the Board;
- (g)        “**Company**” means Diamond Estates Wines & Spirits Inc. and its successors and assigns;
- (h)        “**Consultant**” has the meaning given to it in NI 45-106;
- (i)        “**Deferred Share Unit**” or “**DSU**” means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Company in accordance with Article 4;
- (j)        “**Director**” has the meaning given to it in NI 45-106;
- (k)        “**Distribution Date**” is defined in Section 4.7;
- (l)        “**Distribution Value**” means, with respect to each Deferred Share Unit credited to a Participant’s account, the volume weighted average trading price of the Shares on the TSXV for the five (5) trading days immediately preceding the Distribution Date;

- (m) “**Dividend Equivalents**” means a bookkeeping entry whereby each Deferred Share Unit is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 4.3;
- (n) “**Dividend Market Value**” means the volume weighted average trading price of the Shares on the TSXV for the five (5) trading days immediately following the dividend record date for the payment of any dividend made on the Shares;
- (o) “**DSU Agreement**” has the definition provided in section 3.6;
- (p) “**Eligible Person**” means an individual who is, at the relevant time, an Employee, Executive Officer, Director, or Consultant of the Company or of a Related Entity or a Permitted Assign;
- (q) “**Employee**” means an employee of the Company;
- (r) “**Executive Officer**” has the meaning given to it in NI 45-106;
- (s) “**Insider**” means: (i) a director or senior officer of the Company; (ii) a director or senior officer of a company that is in Insider or subsidiary of the company; (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares; and (v) the Company itself if it holds any of its own securities;
- (t) “**NI 45-106**” means National Instrument 45-106 – *Prospectus Exempt Distributions* or any successor instrument adopted from time to time by the Canadian Securities Administrators;
- (u) “**Participant**” means an Eligible Person who has elected to participate in the Plan in accordance with the terms herein;
- (v) “**Payment Shares**” is defined in Section 4.8;
- (w) “**Performance Period**” means the period of time for performance by the Participant, under this Plan, which period shall be determined by the Board, in its sole discretion, from time to time;
- (x) “**Permitted Assign**” has the meaning given to it in NI 45-106;
- (y) “**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, fund, organization or other group of organized persons, government, government regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, court, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (z) “**Plan**” means this Deferred Share Unit Plan as amended, restated, supplemented or otherwise modified from time to time;
- (aa) “**Related Entity**” means a Person that controls or is controlled by the Company or that is controlled by the same Person that controls the Company;
- (bb) “**Separation Date**” means the date on which the Participant ceases service as a director of, and is not at that time an employee or officer of, the Company or a Related Entity;
- (cc) “**Share**” means a common share of the Company or, in the event of an adjustment contemplated by Section 4.10, such other number or type of securities as the Board may determine;

- (dd) **“Share Compensation Arrangement”** means any share, option, share option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Executive Officers, Employees or Consultants of the Company;
- (ee) **“Source Deductions”** is defined in Section 4.8;
- (ff) **“TSXV”** means the TSX Venture Exchange; and
- (gg) **“TSXV Policies”** means the TSXV Corporate Finance Policies, as they may be amended from time to time.

## **2.2 Certain Rules of Interpretation**

- (a) Whenever the Board or, where applicable, the Committee or any sub-delegate of the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term “discretion” means the sole and absolute discretion of the Board or the Committee or the sub-delegate of the Committee, as the case may be.
- (b) As used herein, the terms “Article” and “Section” mean and refer to the specified Article or Section of this Plan.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, all references to money amounts are to Canadian currency.

## **ARTICLE 3 ADMINISTRATION OF THE PLAN**

### **3.1 Administration of the Plan**

- (a) The Plan shall be administered by the Board and the Board shall have the sole and complete authority, in its discretion, to:
  - (i) grant DSUs to Eligible Persons;
  - (ii) determine the number of DSUs to be granted to Eligible Persons;
  - (iii) interpret the Plan and prescribe, modify and rescind rules and regulations relating to the Plan;
  - (iv) exercise rights reserved to the Company under the Plan;
  - (v) prescribe forms for notices to be prescribed by the Company under the Plan; and
  - (vi) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the Plan.
- (b) The Board’s determinations and actions under this Plan are final, conclusive and binding on the Company, the Participants and all other Persons.
- (c) To the extent permitted by applicable law, the Board may, from time to time, delegate to any specified officer of the Company, or to the Committee, all or any of the powers of the Board with respect to this Plan. In such event, the specified officer or the Committee will exercise the powers

delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the specified officer arising out of or in connection with the administration or interpretation of this Plan in this context is final, binding and conclusive on the Company, the Participants and all other Persons.

### **3.2 Determination of Value if Shares Not Publicly Traded**

If the Shares are not publicly traded on the TSXV, or another recognized stock exchange, at the relevant time such that the Distribution Value and/or the Award Market Value and/or the Dividend Market Value cannot be determined in accordance with the definitions of those terms, such values shall be determined by the Board acting in good faith, or in the absence of the Board, by the Committee acting in good faith.

### **3.3 Eligibility**

Any individual who at the relevant time is an Eligible Person is eligible to participate in the Plan. Eligibility to participate does not confer upon any individual a right to receive an award of Deferred Share Units pursuant to the Plan.

### **3.4 Total Shares Subject to DSUs**

The maximum number of Shares that may be issued pursuant to the Plan shall be two million (2,000,000) and no Deferred Share Unit may be granted if such grant would have the effect of causing the total number of Shares potentially issuable in respect of Deferred Share Units to exceed the above number of Shares reserved for issuance under the Plan.

To the extent Deferred Share Units are cancelled, the Shares subject to such Deferred Share Units shall be added back to the number of Shares reserved for issuance under the Plan and such Shares will again become available for Deferred Share Unit grants under the Plan.

### **3.5 Exemption from Plan Participation**

Notwithstanding any other provision of the Plan, if a Participant is resident in a jurisdiction in which an award of Deferred Share Units under the Plan might be considered to be income which is subject to taxation at the time of such award, the Participant may elect not to participate in the Plan by providing a written notice to the Chief Financial Officer of the Company.

### **3.6 DSU Agreement and Account**

- (a) Upon the grant of DSUs, the Company will deliver to the Participant a DSU agreement (“**DSU Agreement**”) dated as of the Award Date, containing the terms of the DSUs and executed by the Company, and upon delivery to the Company of the DSU Agreement executed by the Participant, such Participant will be a participant in the Plan and have the right to receive Shares on the terms set out in the DSU Agreement and in the Plan. Subject to any specific variations approved by the Board, all terms and conditions set out therein will be deemed to be incorporated into and form part of each DSU Agreement made hereunder.
- (b) An account (“**Account**”) shall be maintained by the Company for each Participant and will show the DSUs credited to a Participant from time to time.

**ARTICLE 4**  
**DEFERRED SHARE UNITS**

**4.1**            **Number of Deferred Share Units**

Deferred Share Units shall be credited to Accounts maintained for each Participant on the books of the Company, as of the Award Date. The number of Deferred Share Units to be credited as of the Award Date shall be determined by dividing: (a) the amount to be paid by, (b) the Award Market Value, with fractions rounded down to the nearest Deferred Share Unit. The number of Deferred Share Units on the Award Date to be credited as of the Award Date in respect of a discretionary grant under Section 4.4 shall be the number of Deferred Share Units as determined by the Board as of the Award Date.

**4.2**            **Vesting**

Deferred Share Units will be fully vested upon being credited to a Participant's Account.

**4.3**            **Credits for Dividends**

A Participant's Account shall be credited with Dividend Equivalents in the form of additional Deferred Share Units as of each dividend payment date in respect of which normal cash dividends are paid on the Shares. Such Dividend Equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of Deferred Share Units recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. The foregoing does not obligate the Company to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

**4.4**            **Maximum Securities**

- (a) Notwithstanding Section 4.1 herein, unless disinterested shareholder approval is obtained (or unless otherwise permitted by the TSXV):
  - (i) The maximum number of Shares which may be reserved for issuance to Insiders under the Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued and outstanding Shares;
  - (ii) The maximum number of DSUs that may be granted to Insiders under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 10% of the issued Shares as calculated on the Award Date; and
  - (iii) The maximum number of DSUs that may be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 5% of the issued Shares calculated on the Award Date.
- (b) For so long as the Company is subject to the requirements of the TSXV, unless disinterested shareholder approval is obtained (or unless permitted otherwise by the TSXV Policies): (i) the maximum number of DSUs that may be granted to a Consultant, within a 12 month period may not result in a number of DSUs exceeding 2% of the number of Shares outstanding at the Award Date; and (ii) the issuance to all persons conducting investor relations activities, within a 12-month period, of a number of Shares exceeding an aggregate of 2% of the Shares outstanding on the Award Date is not permitted.

**4.5**            **Discretionary Grants**

In addition to the payment of Deferred Share Units as contemplated by Sections 4.1 and 4.3 , the Board may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe,

grant additional Deferred Share Units to any Participant. A discretionary grant of Deferred Share Units for a Performance Period to a Participant shall be evidenced by notice in writing from the Company to the Participant.

#### **4.6 Reporting of Deferred Share Units**

Statements of the Deferred Share Unit Accounts will be provided to Participants on an annual basis.

#### **4.7 Distribution Date**

A Participant shall have the right to receive Payment Shares in respect of Deferred Share Units recorded in the Participant's Account on one of the following dates (the "**Distribution Date**"):

- (a) the Separation Date; or
- (b) such later date as the Participant may elect by written notice delivered to the Chief Financial Officer of the Company prior to the Separation Date, provided that in no event shall a Participant be permitted to elect a date which is later than December 1 of the calendar year following the calendar year in which the Separation Date occurs.

The Company may elect, in its sole and absolute discretion, to provide a cash payment to the Participant in lieu of Shares in an amount equal to the Distribution Value of the Deferred Share Units (a "**Cash Payment**"), less any Source Deductions (as such term is defined below).

#### **4.8 Distribution of Deferred Share Units in Payment Shares**

- (a) The Company shall, within 10 business days after the Distribution Date, issue to the Participant a number of treasury Shares equal to the number of Deferred Share Units in the Participant's Account that became payable on the Distribution Date.
- (b) As a condition to the issue of treasury Shares or any Cash Payment in settlement of any Deferred Share Units: (i) the Company shall require such Participant to pay or cause to be paid to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions in connection with the exercise of such Deferred Share Units (the "**Source Deductions**"); or (ii) in the event a Participant does not pay or cause to be paid the amount specified in (i) and is receiving Shares, the Company shall be permitted to: (I) engage a broker or other agent on behalf of the Participant, at the risk and expense of the Participant, to sell a portion of the underlying Shares issued on the exercise of such Deferred Share Units through the facilities of the TSXV, and to apply the proceeds received to the sale of such underlying Shares as necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of the Deferred Share Units, or (II) reduce the number of Shares to be issued to a Participant in respect of redeemed Deferred Share Units in an amount that is equal in value to the cash amount of the Source Deductions and pay the Source Deductions in cash as necessary. In addition, the Company shall be entitled to withhold from any amount payable to a Participant, including the exercise of Deferred Share Units, for a cash payment.

#### **4.9 Death of Participant Prior to Distribution**

Upon the death of a Participant prior to the distribution of the Deferred Share Units credited to the Account of such Participant under the Plan, a Cash Payment shall be made to the estate of such Participant on or about the thirtieth (30th) day after the Company is notified of the death of the Participant or on a later date elected by the Participant's estate in the form prescribed for such purposes by the Company and delivered to the Company's Chief Financial Officer no later than twenty (20) days after the Company is notified of the death of the Participant, provided that such elected date is no later than the last business day of the calendar year following the calendar year in which the Participant dies so that payment can be made on or before such last business day. Such cash payment shall be



equivalent to the amount which would have been paid to the Participant pursuant to and subject to Section 4.8, calculated on the basis that the day on which the Participant dies, or the date elected by the estate, as applicable, is the Distribution Date. Upon payment in full of the value of all of the Deferred Share Units that become payable under this Section 4.9, less any Source Deductions, the Deferred Share Units shall be of no further force or effect and no further payments will be made from the Plan in relation to the Participant.

#### **4.10 Adjustments to Deferred Share Units**

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Company or other distribution of the Company's assets to shareholders (other than the payment of dividends in respect of the Shares as contemplated by Section 4.3), the Account of each Participant and the Deferred Share Units outstanding under the Plan shall be adjusted in such manner, if any, as the Board may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the Plan.

#### **4.11 U.S. Taxpayers**

Eligible Persons who are resident in the United States, or who are otherwise obligated to pay taxes in the United States, should obtain independent tax advice prior to the receipt of DSUs pursuant to the Plan. The Company shall not be liable for, or obligated to pay in whole or in part, any taxes levied against an Eligible Person or other negative tax consequences to an Eligible Person in respect of the grant of DSUs.

#### **4.12 Termination of Employment**

Unless otherwise determined by the Board, in its sole discretion, or specified in the applicable DSU Agreement, on the termination for cause of any Participant, all or a portion of such Participant's DSUs may be forfeited and surrendered without any entitlement accruing to such Participant. If the Participant has an employment agreement or consulting agreement or other services agreement with the Company, the term "cause" shall include any meaning given to that term in such agreement or, if such term is not defined in such agreement, it shall mean any ground which would justify the termination of services of the Participant without notice or payment in lieu thereof pursuant to applicable laws.

### **ARTICLE 5 GENERAL**

#### **5.1 Amendment, Suspension, or Termination of Plan**

- (a) The Board may from time to time amend or suspend the Plan in whole or in part and may at any time terminate the Plan without prior notice. Subject to the rules and policies of the TSXV, applicable law and Section 5.1(b) and subject also to Section 5.1(c) below, the Board may, without notice or shareholder approval, at any time or from time to time, amend, suspend or terminate the Plan for any purpose which, in the good faith opinion of the Board may be expedient or desirable.
- (b) Notwithstanding Section 5.1(a) but subject to Section 5.1(e), the Board shall not materially adversely alter or impair any rights of a Participant or materially increase any obligations of a Participant with respect to DSUs previously awarded under the Plan without the consent of the Participant.
- (c) Notwithstanding Section 5.1(a), none of the following amendments shall be made to this Plan without approval by shareholders or disinterested shareholders (as applicable) by ordinary resolution:
  - (i) amendments to the Plan which would increase the number of securities issuable under the Plan, otherwise than in accordance with the terms of this Plan which permit the Board to

- make equitable adjustments in the event of transactions affecting the Company or its capital;
- (ii) amendments to the Plan which would increase the number of securities issuable to Insiders, otherwise than in accordance with the terms of this Plan;
  - (iii) amendments permitting awards other than DSUs to be made under this Plan;
  - (iv) an amendment that would permit DSUs to be granted to persons other than Eligible Persons on a discretionary basis;
  - (v) an amendment to permit DSUs to be transferred other than for estate settlement purposes; and
  - (vi) amendments deleting or reducing the range of amendments which require shareholders' approval under this Section 5.1(c).
- (d) If the Board terminates or suspends the Plan, previously credited DSUs may, at the Board's election, be distributed to Participants or may remain outstanding and in effect in accordance with the terms of the Plan. If DSUs remain outstanding after Plan termination or suspension, such DSUs shall not be entitled to Dividend Equivalents unless at the time of termination or suspension the Board determines that the entitlement to Dividend Equivalents after termination or during suspension, as applicable, should be continued. Subject to the foregoing sentence, if the Board terminates or suspends the Plan, no new Deferred Share Units will be credited to the Account of a Participant.
- (e) The Board shall not require the consent of any affected Participant in connection with a termination of the Plan in which Payment Shares are issued to the Participant in respect of all such Deferred Share Units.
- (f) The Plan will terminate on the date upon which no further DSUs remain outstanding.

## **5.2 Compliance with Laws**

The administration of the Plan shall be subject to and made in conformity with all applicable laws and any applicable regulations of a duly constituted regulatory authority. Should the Board, in its sole discretion, determine that it is not feasible or desirable to honour an election in favour of Deferred Share Units due to such laws or regulations, its obligation shall be satisfied by means of an equivalent cash payment (equivalence being determined on a before-tax basis). If the Board determines that the listing, registration or qualification of the Shares subject to this Plan upon any securities exchange or under any provincial, state, federal or other applicable law, or the consent or approval of any governmental body or securities exchange is necessary or desirable, as a condition of, or in connection with, the crediting of DSUs or the issue of Payment Shares hereunder, the Company shall be under no obligation to credit DSUs or issue Payment Shares hereunder unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

## **5.3 Reorganization of the Company**

The existence of any Deferred Share Units shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or to create or issue any bonds, debentures, shares or other securities of the Company or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Company, or any amalgamation, combination, merger or consolidation involving the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### **5.4 Assignment**

Rights and obligations under the Plan may be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any company acquiring all or substantially all of the assets or business of the Company.

#### **5.5 DSUs Non-Transferable**

Except as specifically provided herein, Deferred Share Units are non-transferable. Certificates representing Deferred Share Units will not be issued by the Company.

#### **5.6 Participation is Voluntary; No Additional Rights**

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan and any DSU Agreement. In particular, participation in the Plan does not constitute a condition of employment or service nor a commitment on the part of the Company to ensure the continued employment or service of such Participant. Nothing in this Plan shall be construed to provide the Participant with any rights whatsoever to participate or continue participation in this Plan or to compensation or damages in lieu of participation, whether upon termination of service as an Eligible Person or otherwise. The Company does not assume responsibility for the personal income or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

#### **5.7 No Shareholder Rights**

Under no circumstances shall Deferred Share Units be considered Shares or other securities of the Company, nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, nor shall any Participant be considered the owner of Shares by virtue of the award of Deferred Share Units.

#### **5.8 Unfunded and Unsecured Plan**

Unless otherwise determined by the Board, the Plan shall be unfunded and the Company will not secure its obligations under the Plan. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

#### **5.9 Market Fluctuations**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company makes no representations or warranties to Participants with respect to the Plan or the Shares whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to accept all risks associated with a decline in the market price of Shares.

#### **5.10 Participant Information**

Each Participant shall provide the Company with all information (including personal information) required by the Company in order to administer the Plan. Each Participant acknowledges that information required by the Company in order to administer the Plan may be disclosed to the Board and other third parties in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Company to make such disclosure on the Participant's behalf.

**5.11**                    **Indemnification**

Every director of the Company will at all times be indemnified and saved harmless by the Company from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such director may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the director, otherwise than by the Company, for or in respect of any act done or omitted by the director in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

**5.12**                    **Effective Date of the Plan**

This Plan becomes effective on a date to be determined by the Board.

**5.13**                    **Governing Law**

The Plan shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflict of laws.

APPROVED by the Board this 21<sup>st</sup>, day of June, 2016.

## SCHEDULE A TO THE DEFERRED SHARE UNIT PLAN

### FORM OF DSU AGREEMENT

#### DIAMOND ESTATES WINES & SPIRITS INC.

This DSU Agreement is entered into between Diamond Estates Wines & Spirits Inc. (the “**Company**”) and the Eligible Person named below, pursuant to the Company’s Deferred Share Unit Plan (the “**Plan**”), and confirms that on [INSERT GRANT DATE ●] (the “**Grant Date**”), [INSERT NAME OF ELIGIBLE PERSON ●] (the “**Eligible Person**”) was granted [INSERT NUMBER OF DSUs ●] Deferred Share Units (“**DSUs**”), in accordance with the terms of the Plan;

The DSUs will vest upon being credited to the Eligible Person’s account set up by the Company in accordance with the Plan, and on the terms and subject to the conditions set out in the Plan.

**[The performance period for this grant of DSUs commences on the Grant Date and ends at the close of business on [●] (the “Performance Period”).]**

By signing this agreement, the Eligible Person:

- (a) acknowledges that he or she has read and understands the Plan, agrees with the terms and conditions thereof which shall be deemed to be incorporated into and form part of this DSU Agreement (subject to any specific variations contained in this DSU Agreement);
- (b) acknowledges that he or she is responsible for paying any applicable taxes and withholding taxes arising from the exercise of any DSU, as provided in Section 4.8 of the Plan;
- (c) agrees that an DSU does not carry any voting rights;
- (d) acknowledges that the value of the DSUs granted herein is in CAD\$ denomination, and such value is not guaranteed;
- (e) recognizes that the value of a DSU upon delivery is subject to stock market fluctuations; and
- (f) recognizes that, at the sole discretion of the Company, the Plan can be administered by a designee of the Company by virtue of paragraph 3.1(c) of the Plan and any communication from or to the designee shall be deemed to be from or to the Company.

**IN WITNESS WHEREOF** the Company and the Eligible Person have executed this DSU Agreement as of the ● of ●, ●.

**DIAMOND ESTATES WINES & SPIRITS INC.**

Per:

\_\_\_\_\_  
Name:

Title:

\_\_\_\_\_  
Name of Eligible Person

\_\_\_\_\_  
Signature of Eligible Person



