



WATERLOO BREWING LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting of the shareholders (the "**Meeting**") of Waterloo Brewing Ltd. (the "**Corporation**") will be held via live audio webcast on Tuesday, July 21, 2020 at 3:00 p.m. (Eastern Daylight Time) to:

1. receive the financial statements for the year ended January 31, 2020 and the report of the auditors thereon;
2. elect directors;
3. appoint the auditors and authorize the directors to fix their remuneration; and
4. transact such further business as may properly be brought before the meeting or any adjournment thereof.

This year, out of an abundance of caution, in light of the current COVID-19 public health emergency and to protect the Corporation's employees, shareholders and other stakeholders, the Corporation is holding the Meeting in a virtual only format which will be conducted via live audio webcast. All shareholders, regardless of their geographic location or equity ownership, will have an equal opportunity to participate in the Meeting and engage with directors and management of the Corporation as well as with other shareholders. Shareholders will not be able to attend the Meeting in person. At the Meeting, you will have the opportunity to ask questions and vote on a number of important matters.

We encourage you to participate in the Meeting. Registered shareholders and duly appointed proxyholders will be able to attend, participate, vote and ask questions at the Meeting online at <https://web.lumiagm.com/272908217>. Non-registered shareholders (being shareholders who hold their shares through a securities dealer or broker, bank, trust company or trustee, custodian, nominee or other intermediary) who have not duly appointed themselves as their proxy will be able to attend the Meeting only as guests. Guests will be able to listen to the Meeting but will not be able to vote or ask questions. Inside this document, you will find important information and detailed instructions about how to participate in the Meeting.

DATED at Kitchener, Ontario, the 15th day of June, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*George Croft*"

George Croft, President and Chief Executive Officer

Shareholders who are unable to attend the meeting are requested to date, sign and return in the envelope provided for that purpose, the enclosed form of proxy. To be effective, the completed form of proxy must be received by **Computershare Investor Services Inc., the transfer agent of the Corporation, at 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1, before 3:00 p.m. (Eastern Daylight Time) on July 17, 2020.**

A copy of the Annual Report and the Management Information Circular accompany this Notice. The Management Information Circular provides additional information relating to the matters to be dealt with at the meeting and is deemed to form part of this Notice of Annual Meeting.

WATERLOO BREWING LTD.
MANAGEMENT INFORMATION CIRCULAR

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INVITATION TO SHAREHOLDERS

Dear shareholders:

On behalf of the Board of Directors and management of Waterloo Brewing Ltd., we are pleased to invite you to attend the annual meeting of shareholders that will be held this year on **Tuesday, July 21, 2020 at 3:00 p.m. (Eastern Daylight Time)**, which will be conducted in a virtual only format via live audio webcast at <https://web.lumiagm.com/272908217>. Shareholders will not be able to attend the meeting in person. A summary of the information shareholders will need to attend the meeting online is provided below in the section entitled "Voting and Proxies".

This year, out of an abundance of caution, in light of the current COVID-19 public health emergency and to protect the Corporation's employees, shareholders and other stakeholders, the Corporation is holding the Meeting in a virtual only format which will be conducted via live audio webcast. All shareholders, regardless of their geographic location or equity ownership, will have an equal opportunity to participate in the Meeting and engage with directors and management of Waterloo Brewing Ltd. as well as other shareholders.

The annual meeting is your opportunity to vote on a number of important matters as well as hear first-hand about our financial performance and strategic plans for the future. The enclosed management information circular describes the business to be conducted at the meeting and provides information on Waterloo Brewing Ltd.'s executive compensation and corporate governance practices. Registered shareholders and duly appointed proxyholders will be able to attend, participate, vote and ask questions at the meeting online at <https://web.lumiagm.com/272908217>. Non-registered shareholders who have not duly appointed themselves as their proxy will be able to attend the meeting only as guests. Guests will be able to listen to the meeting but will not be able to vote or ask questions. Your participation in the meeting is important to us and we value your input as shareholders. You can vote by attending the virtual meeting online, or alternatively by telephone, via the internet or by completing and returning the enclosed form of proxy or voting instruction form.

We look forward to welcoming you at the meeting and thank you for your continued support.

Sincerely,

(signed) "George Croft"

George Croft, President and Chief Executive Officer

VOTING, ATTENDING AND PROXIES

Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by management of Waterloo Brewing Ltd. (the “Corporation” or “Waterloo Brewing”) to be used at the annual meeting (the “Meeting”) of shareholders of the Corporation (“Shareholders”) to be held at 3:00 p.m. (Eastern Daylight Time) on July 21, 2020 for the purposes set out in the accompanying Notice of Annual Meeting of Shareholders of Waterloo Brewing (the “Notice of Meeting”) in a virtual only format which will be conducted via live audio webcast at <https://web.lumiagm.com/272908217>. It is expected that the solicitation will be made primarily by mail, supplemented possibly by telephone or other personal contact by management or regular employees of the Corporation and/or the Corporation’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”). The cost of any such solicitation will be borne by the Corporation. Except as otherwise indicated, information contained herein is given as of June 15, 2020.

Virtual Only Meeting

This year, out of an abundance of caution, in light of the current COVID-19 public health emergency and to protect the Corporation’s employees, shareholders and other stakeholders, the Corporation is holding the Meeting in a virtual only format which will be conducted via live audio webcast. All Shareholders, regardless of their geographic location or equity ownership, will have an equal opportunity to participate in the Meeting and engage with directors and management of the Corporation as well as with other Shareholders.

For the annual meeting of shareholders of the Corporation in 2021 and subsequent years, the Corporation’s current intention is to return to a physical meeting format for such meetings.

Participation at the Meeting

Registered Shareholders and duly appointed proxyholders who participate in the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided they are connected to the internet and comply with all of the requirements set out in the sections below entitled “How to Vote” and “Attendance and Participation in the Meeting”. Non-registered Shareholders who have not duly appointed themselves as their proxies may still attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote or ask questions at the Meeting. See the sections below entitled “How to Vote” and “Attendance and Participation in the Meeting” below.

Voting Information

Please read this section carefully, as it contains important information regarding how to vote your common shares. We have sent or caused to be sent forms of proxy to our registered Shareholders and voting instruction forms to our non-registered Shareholders.

Appointment, Time for Deposit and Revocability of Proxy

Each of the persons named in the enclosed form of proxy is an officer of the Corporation. **A Shareholder desiring to appoint some other person (who need not be a Shareholder) to attend and act for him, her or it at the Meeting may do so either by inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy. Such Shareholder must also register such proxyholder once he, she or it has submitted a form of proxy. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. To register a proxyholder, Shareholders MUST visit <https://www.computershare.com/WaterlooBrewing> by July 17, 2020 at 3:00 p.m. (Eastern**

Daylight Time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email. If a Shareholder wishes to vote by proxy, the proxy to be used at the Meeting must be delivered to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (fax: +1-866-249-7775 within North America or +1-416-263-9524 from all other countries). A proxy should be executed by the Shareholder or his or her attorney in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Proxies to be used at the Meeting must be delivered to Computershare Investor Services Inc. so as to be received no later than 3:00 p.m. (Eastern Daylight Time) on Friday, July 17, 2020 (or at least 48 hours, excluding Saturdays, Sundays and holidays before any adjournment or postponement of the Meeting) or delivered to the Chairman of the Meeting via email at info@waterloobrewing.com at least 24 hours prior to the commencement of the Meeting, or any adjournment thereof, in order for the proxy to be voted. As an alternative to completing and submitting a proxy for use at the Meeting, a Shareholder may vote electronically on the internet at www.investorvote.com or by telephone by contacting Computershare Investor Services Inc. at +1-866-732-8683. Votes cast electronically or by telephone are in all respects equivalent to, and will be treated in the same manner as, votes cast via a paper form of proxy. Shareholders who wish to vote using internet or by telephone should follow the instructions provided in the enclosed form of proxy. Votes cast electronically or by telephone must be submitted no later than 3:00 p.m. (Eastern Daylight Time) on Friday, July 17, 2020 or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting.

A proxy given by a Shareholder may be revoked as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the registered and head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or delivered to the Chairman of the Meeting via email at info@waterloobrewing.com at least 24 hours prior to the commencement of the Meeting, or any adjournment thereof or in any other manner permitted by law. If a Shareholder who has submitted a proxy attends the Meeting via the webcast (other than as a guest) and has accepted the terms and conditions when entering the meeting online, any votes cast by such Shareholder on a ballot will be counted and the submitted proxy will be disregarded. The registered and head office of the Corporation is located at 400 Bingemans Centre Drive, Kitchener, Ontario N2B 3X9. If a Shareholder has voted on the internet or by telephone and wishes to change such vote, such Shareholder may vote again through such means before 3:00 p.m. (Eastern Daylight Time) on Friday, July 17, 2020 or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting.

Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name and thus are considered non-registered beneficial Shareholders. Only registered holders of common shares or the persons they appoint as their proxyholder are permitted to vote at the Meeting. However, in many cases, common shares beneficially owned by a person (a "**Beneficial Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including, among others, banks, trust companies, securities dealers, brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Beneficial Holder deals with in respect of the common shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. Beneficial Holders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of common shares can be recognized and acted upon at the Meeting. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will have distributed copies of the Notice of Meeting, this Circular and the enclosed form of proxy to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. If you are a Beneficial Holder, your Intermediary will be the entity legally entitled to vote your common shares at the Meeting. Common shares held by an Intermediary can only be voted upon the instructions of the Beneficial Holder. Without specific instructions, Intermediaries are prohibited from voting common shares.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Holder may call a toll-free telephone number or access the internet to provide instructions regarding the voting of common shares held by such Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Holder receiving a voting instruction form cannot use that voting instruction form to vote common shares directly at the Meeting, as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such common shares voted.

Beneficial Holders should ensure that instructions respecting the voting of their common shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary or Broadridge, as applicable. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders in order to ensure that their common shares are voted at the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purpose of voting common shares registered in the name of their Intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the Intermediary and vote the common shares in that capacity. **Beneficial Holders who wish to attend the Meeting and indirectly vote their common shares as a proxyholder, should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and/or Broadridge, as applicable, and return the same in accordance with the instructions provided by their Intermediary and/or Broadridge, as applicable, well in advance of the Meeting. In addition, such Beneficial Holders must register himself, herself or itself as a proxyholder once he, she or it has submitted a proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the meeting. To register a proxyholder, the Beneficial Holder MUST visit <https://www.computershare.com/WaterlooBrewing> by July 17, 2020 at 3:00 p.m. (Eastern Daylight Time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email.**

In any case, the purpose of the above noted procedures is to permit Beneficial Holders to direct the voting of the common shares which they beneficially own. Beneficial Holders should carefully follow the instructions and procedures of their Intermediary or Broadridge, as applicable, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

Pursuant to National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), the Corporation is distributing copies of proxy-related materials in connection with the Meeting directly to non-objecting beneficial owners of common shares and the Corporation intends to pay for delivery to objecting beneficial owners. The Corporation is not relying on the notice-and-access delivery procedures set out in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

Exercise of Discretion by Holders of Proxies

The form of proxy provided to Shareholders with the Notice of Meeting and this Circular provides the Shareholder with an opportunity to specify that the common shares registered in his, her or its name shall be voted or withheld from voting in respect of certain of the matters to be considered at the Meeting. On any ballot at the Meeting, the common shares represented by proxies in favour of management nominees will be voted or withheld from voting in respect of the election of directors and the reappointment and remuneration of the auditors, in each case in accordance with the specifications made by Shareholders in the manner referred to above. **In respect of proxies in which Shareholders have not specified the manner of voting, the common shares represented by proxies**

in favour of management nominees will be voted: (i) FOR the election as directors of each of the persons listed as nominees in this Circular; and (ii) FOR the reappointment of KPMG LLP as auditors of the Corporation and to authorize the board of directors to fix the auditor's remuneration.

The enclosed form of proxy confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the Notice of Meeting or other matters which may properly come before the Meeting. As of the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters, which are not now known to management, should properly come before the Meeting, the common shares represented by proxies in favour of management nominees will be voted on such matter in accordance with the best judgment of the proxy nominee.

How to Vote

Shareholders may vote by proxy before the Meeting or vote at the Meeting, as described below:

Voting by proxy before the Meeting

You may vote before the Meeting by completing your form of proxy or voting instruction form in accordance with the instructions provided therein. Beneficial Holders should also carefully follow all instructions provided by their Intermediaries or Broadridge to ensure that their common shares are voted at the Meeting. Voting by proxy is the easiest way to vote. It means you are giving someone else the authority to attend the Meeting and vote on your behalf.

The Corporation's proxyholders named in the enclosed form of proxy will vote (or withhold from voting) the common shares in respect of which they are appointed as proxies in accordance with your instructions, including on any ballot at the Meeting. If there are changes to the items of business or new items properly come before the Meeting, a proxyholder can vote as he or she sees fit.

You can appoint someone else to be your proxy. This person does not need to be a Shareholder. See the section below entitled "Appointment of a Third Party as Proxy".

There are three ways for registered Shareholders to vote by proxy before the Meeting:

(a) Telephone voting - You may vote by calling the toll-free telephone number 1-866-732-VOTE (8683) Toll Free. You will be prompted to provide your control number printed on the form of proxy. If you vote by telephone, you may not appoint a person as your proxy other than the Waterloo Brewing proxyholders named in the form of proxy or voting instruction form. Please follow the voice prompts that allow you to vote your common shares and confirm that your instructions have been properly recorded.

(b) Internet voting - You may vote by logging on to the website indicated on the form of proxy (www.investorvote.com). Please follow the website prompts that allow you to vote your common shares and confirm that your instructions have been properly recorded.

(c) Return your form of proxy by mail - You may vote by completing, signing and returning the form of proxy in the postage-paid envelope provided.

Proxies, whether submitted through the Internet or by telephone or mail as described above, must be received by Computershare (100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, fax: +1-866-249-7775 within North America or +1-416-263-9524 from all other countries) no later than 3:00 p.m. (Eastern Daylight Time) on Friday, July 17, 2020 or at least 48 hours, excluding Saturdays, Sundays and holidays before any adjournment or postponement of the Meeting. Your common shares will be voted in accordance with your instructions as indicated on the proxy.

The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

Beneficial Holders will receive a Notice of Meeting and notice of availability of proxy materials and voting instruction form indirectly through their Intermediary or Broadridge. The Notice of Meeting and notice of availability of proxy materials contains instructions on how to access our proxy materials and return your voting instructions. You should follow the voting instructions of your Intermediary or Broadridge. Intermediaries or Broadridge may set deadlines for voting that are further in advance of the Meeting than those set out in this Circular. You should contact your Intermediary or Broadridge for further details.

Voting at the Meeting

A registered Shareholder or a Beneficial Holder who has appointed themselves or a third-party proxyholder to represent them at the Meeting, will appear on a list of Shareholders prepared by Computershare, the transfer agent and registrar for the meeting. To have their common shares voted at the Meeting, each registered Shareholder or proxyholder will be required to enter their control number or Username, as applicable, provided by Computershare at <https://web.lumiagm.com/272908217> prior to the start of the meeting. In order to vote, Beneficial Holders who appoint themselves as a proxyholder MUST register with Computershare at <https://www.computershare.com/WaterlooBrewing> after submitting their voting instruction form in order to receive a Username (please see the information under the heading below entitled “Appointment of a Third Party as Proxy” and “Attendance and Participation at the Meeting”).

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the meeting.

Appointment of a Third Party as Proxy

The following applies to Shareholders who wish to appoint someone as their proxy other than the Waterloo Brewing proxyholders named in the form of proxy or voting instruction form. This includes Beneficial Holders who wish to appoint themselves as their proxy to attend, participate, vote or ask questions at the Meeting. Shareholders who wish to appoint someone other than the Waterloo Brewing proxyholders as their proxy to attend the Meeting as their proxy and vote their common shares MUST submit their form of proxy or voting instruction form, as applicable, appointing that person as their proxy AND register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Control Number that is required to vote at the Meeting.

- **Step 1: Submit your proxy or voting instruction form:** To appoint someone other than the Waterloo Brewing proxyholders as your proxy, insert that person’s name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a Beneficial Holder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your Intermediary or Broadridge, follow all of the applicable instructions provided by your Intermediary or Broadridge AND register yourself as your proxy, as described below. By doing so, you are instructing your Intermediary or Broadridge to appoint you as your proxy. It is important that you comply with the signature and return instructions provided to you by your Intermediary or Broadridge. See the section below entitled “Attendance and Participation in the Meeting”.

If you are Beneficial Holder located in the United States and wish to vote at the Meeting or, if permitted, appoint a third party as your proxy, in addition to the steps described below in the section entitled “Attendance and Participation in the Meeting”, you must obtain a valid legal proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included with the legal proxy form and the voting information form sent to you, or contact your Intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your broker, bank or

other agent, you must then submit such legal proxy to the Computershare. Requests for registration from Beneficial Holders located in the United States that wish to vote at the Meeting or, if permitted, appoint a third party as their proxy must be sent by e-mail to uslegalproxy@computershare.com or by courier to: Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada M5J 2Y1, and in both cases, must be labelled "Legal Proxy" and received no later than 3:00 p.m. (Eastern Daylight Time) on Friday, July 17, 2020 or at least 48 hours, excluding Saturdays, Sundays and holidays before any adjournment or postponement of the Meeting. You will receive a confirmation of your registration by email after we receive your registration materials.

Step 2: Register your proxyholder: To register a third party proxyholder, Shareholders must visit <https://www.computershare.com/WaterlooBrewing> by July 17, 2020 at 3:00 p.m. (Eastern Daylight Time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to vote or ask questions at the Meeting but will be able to attend as a guest.

Attendance and Participation in the Meeting

The Corporation is holding the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. Attending the Meeting online enables registered Shareholders and duly appointed proxyholders, including Beneficial Holders who have duly appointed themselves as their proxy, to participate in the Meeting and ask questions, all in real time. Registered Shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting. Guests, including Beneficial Holders who have not duly appointed themselves as their proxy, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote or ask questions.

- Log in online at <https://web.lumiagm.com/272908217>. We recommend that you log in at least one hour before the Meeting starts.
- Click "I have a Login" and then enter your control number or Username (see below) and Password "waterloo2020" (case sensitive).

OR

- Click "Guest" and then complete the online form.

Registered Shareholders: The 15-digit control number located on the form of proxy or in the email notification you received is your control number. If you are using a 15-digit control number to login to the online meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, do not accept the terms and conditions, in which case you can only enter the meeting as a guest.

Duly appointed proxyholders: Computershare will provide the proxyholder with a Username by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described in "Appointment of a Third Party as Proxy" above.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

Revocation of Proxy

If you are a registered Shareholder, you may change a vote you made by proxy by voting again by any of the means, and by the deadlines, described in the section above entitled "Voting by proxy before the Meeting". Your new instructions will revoke your earlier instructions.

If you are a registered Shareholder and you voted by proxy, you can revoke your voting instructions at any time up to and including the last business day preceding the day of the Meeting or any adjournment by (i) sending a notice in writing (from you or a person authorized to sign on your behalf) to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada M5J 2Y1; or (ii) any other manner permitted by law.

If you have followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke your previous proxy.

If you are a Beneficial Holder, contact your Intermediary or Broadridge to find out how to change or revoke your voting instructions and the timing requirements, or for other voting questions. Intermediaries may set deadlines for the receipt of revocation notices that are farther in advance of the Meeting than those set out above and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the proxy card or voting instruction form to ensure it is given effect at the Meeting.

Voting Deadline

If voting by proxy, your proxy must be received by Computershare (Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada M5J 2Y1) no later than 3:00 p.m. (Eastern Daylight Time) on Friday, July 17, 2020 or at least 48 hours, excluding Saturdays, Sundays and holidays before any adjournment or postponement of the Meeting.

The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice. The Corporation reminds shareholders that only the most recently dated voting instructions will be counted and any prior dated instructions will be disregarded.

Voting Questions

Registered shareholders may contact the Transfer Agent, at 1-800 564 6253 (toll free in North America) or +1 (514) 982 7555 (outside North America), for any voting questions.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or an executive officer of the Corporation at any time since the beginning of its last completed financial year, proposed nominee for election as a director of the Corporation or any associate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting (other than the election of directors), except as disclosed in this Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at June 15, 2020, the Corporation had 35,195,083 issued and outstanding common shares (being the only outstanding class of voting securities of the Corporation). Each common share entitles the holder to one vote in respect of any matter that may come before the Meeting. Pursuant to the *Business Corporations Act* (Ontario) (the "**Act**"), the Corporation will prepare a list of Shareholders as of June 15, 2020, the record date fixed for determining Shareholders entitled to receive notice of and attend and vote at the Meeting. Each Shareholder named on the list is entitled to one vote for each common share shown opposite his, her or its name on the list, except to the extent that he, she or it has transferred ownership of any of his, her or its common shares after the record date and the transferee thereof produces properly endorsed share certificates for or otherwise establishes that he, she or it owns the shares and demands not later than ten days before the date of the Meeting that his, her or its name be included in the list, in which case such transferee is entitled to one vote for each of his, her or its common shares at the Meeting. Shareholders may examine the list during usual business hours at the offices of Computershare Investor Services Inc., the Corporation's transfer agent, at 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1, and at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding common shares of the Corporation, other than:

	Approximate Number of Common Shares Beneficially Owned, Directly or Indirectly, Controlled or Directed	Percentage of Outstanding Common Shares
Benbrick Holdings Inc. ⁽¹⁾	8,964,436	25.47%
Kernwood Limited ⁽²⁾	4,315,299	12.26%

Notes:

- (1) Peter Schwartz, a director of the Corporation, indirectly controls Benbrick Holdings Inc. Stan Dunford, a director of the Corporation, indirectly owns 6,001,997 of the common shares of the Corporation held by Benbrick Holdings Inc.
- (2) Kernwood Limited, an associate of Edward H. Kernaghan, is controlled by Edward James Kernaghan and directly holds 4,315,299 common shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Receipt of Financial Statements

The audited comparative financial statements of the Corporation for the financial year ended January 31, 2020, together with the report of the auditors thereon, copies of which accompany this Circular, will be presented to the Shareholders at the Meeting.

Election of Directors

The articles of the Corporation provide for a minimum of three and a maximum of twelve directors. The board of directors (the “**Board**” or the “**Board of Directors**”) of the Corporation has fixed the number of directors to be elected at the Meeting at six. All of the nominees for election as directors of the Corporation are currently directors of the Corporation and have been directors since the respective dates indicated below.

It is proposed that each of the persons whose name appears below be elected as a director to serve until the close of the next annual meeting of shareholders of the Corporation or until his office is earlier vacated in accordance with the by-laws of the Corporation. **Unless a Shareholder directs that his, her or its shares are to be withheld from voting in connection with the election of directors, the persons named in the enclosed form of proxy will vote FOR the election of the nominees whose names are set forth below.** Management does not contemplate that any of the following nominees will be unable to serve as a director, but if that should occur for any reason before the Meeting the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion.

Name, Place of Residence and Position(s) with the Corporation	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned or Controlled or Directed
Edward H. Kernaghan ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada Director	Senior Investment Advisor, Kernaghan & Partners Ltd.	April 2004	4,315,299 ⁽⁴⁾
Stan G. Dunford Ontario, Canada Director	Chairman and Chief Executive Officer, Republic Live and Chairman, Akumin Inc.	June 2008	6,001,997 ⁽⁵⁾
Peter J. Schwartz ⁽³⁾ Ontario, Canada Chairman of the Board	Chairman of the Board, Laurence Capital Corp. and Kognitiv Corp.	June 2008	8,964,436 ⁽⁶⁾
David R. Shaw ^{(1)(2) (3)} Ontario, Canada Director	Non-Executive Chairman, LHH Knightsbridge and Chairman, Axsium Group	September 2008	60,000
George Croft Ontario, Canada President, Chief Executive Officer and Director	May 2008 to present – President and Chief Executive Officer of the Corporation	June 2010	868,341 ⁽⁷⁾
John Bowey ⁽¹⁾⁽²⁾ Ontario, Canada Director	May 2010 to present - Senior Counsel and Past Chairman, Deloitte & Touche LLP	September 2010	20,500

Notes:

- (1) The Audit Committee is currently composed of Edward H. Kernaghan, John Bowey and David R. Shaw all of whom are independent.
- (2) Member of the Nominating and Corporate Governance Committee.
- (3) Member of the Compensation Committee.
- (4) Kernwood Limited, an associate of Edward H. Kernaghan, is controlled by Edward James Kernaghan and directly holds 4,315,299 common shares.
- (5) These common shares are held by Benbrick Holdings Inc. and are beneficially owned by Mr. Dunford through his holding of units of Laurence Capital Fund III L.P., which is controlled by Laurence Capital Corp.
- (6) These common shares are held by Benbrick Holdings Inc., which is indirectly controlled by Laurence Capital Corp. which is controlled by Peter Schwartz.
- (7) Mr. Croft also beneficially owns 896,667 options each exercisable for one common share of the Corporation, 66,667 at a price of \$3.18 per share until April 12, 2022, 30,000 at a price of \$3.59 per share until September 12, 2022, 100,000 at a price of \$3.91 per share until April 26, 2023, 600,000 at a price of \$3.65 per share until May 14, 2024 and 100,000 at a price of \$2.79 per share until April 9, 2025.

Information as to the shareholdings of each nominee has been provided by each such nominee.

Majority Voting for Election of Directors

The Board has adopted a “majority voting” policy, pursuant to which if a nominee for election as director does not receive a greater number of votes “for” than votes “withheld” at a meeting of shareholders, such nominee shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Nominating and Corporate Governance Committee will consider such offer and make a recommendation to the Board as to whether or not to accept it. Notwithstanding the foregoing, the Board shall accept the offer of resignation absent exceptional circumstances.

The Board will determine whether or not to accept the resignation within 90 days following the meeting of shareholders. Waterloo Brewing will announce the decision of the Board in a press release with respect to whether the Board has decided to accept such director’s resignation. If the Board determines not to accept the resignation, the press release will state the reasons for that decision.

The director who tendered such resignation will not be part of any deliberations of any Board committee (including the Nominating and Corporate Governance Committee if such director is a member thereof) or the Board pertaining to the resignation offer.

The “majority voting” policy only applies in circumstances involving an uncontested election of directors. For the purposes of the policy, an “uncontested election of directors” means that the number of nominees for election as a director is not more than the number of directors proposed to be elected to the Board.

Cease Trade Orders, Penalties and Sanctions and Bankruptcies

No proposed director of the Corporation is, or within 10 years before the date hereof, has been: (a) a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) 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 (b) 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. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

No proposed director of the Corporation has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

No proposed director of the Corporation has, within the 10 years before the date hereof, 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 director.

Appointment and Remuneration of Auditors

At the Meeting, it is proposed that KPMG LLP, Chartered Accountants, Waterloo, Ontario, be re-appointed as auditors of the Corporation to hold office until the next annual meeting of shareholders at remuneration to be fixed by the Board. KPMG LLP was first appointed auditors of the Corporation in June 1995.

The Board recommends that Shareholders vote FOR the re-appointment of KPMG LLP as auditors of the Corporation and to authorize the Board to fix the remuneration of the auditors. Unless a Shareholder directs that his, her or its shares are to be withheld from voting in connection with the appointment of the auditors, the persons named in the enclosed form of proxy will vote FOR the appointment of KPMG LLP as auditors of the Corporation and to authorize the Board to fix the remuneration of the auditors. A majority of the votes cast by Shareholders at the Meeting is required to approve the appointment of the auditors and to authorize the directors to fix the remuneration of the auditors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Corporation's compensation levels for its executive officers are administered by the Board based on recommendations made by the Compensation Committee. The Corporation's executive officers consist of its President and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. The members of the Compensation Committee are named under the heading "Compensation Committee" below. With respect to compensation for executive officers of the Corporation other than the President and Chief Executive Officer, the Board reviews the recommendations of the Compensation Committee and discusses them with the President and Chief Executive Officer.

The objective of the compensation program is to attract and retain top level executive and director talent to lead the Corporation while maximizing shareholder value. The compensation program is designed to reward the achievement of both short and long term strategic and operational objectives.

The Corporation's process for determining executive compensation is accomplished by relying solely on recommendations provided to the Board of Directors by the Compensation Committee, with a discussion of those recommendations amongst the Board of Directors. The Compensation Committee's objective in setting compensation levels is that the aggregate compensation received by executive officers be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size. The Compensation Committee reviews third party data to benchmark the executive's compensation against comparable companies within industries similar to Waterloo Brewing.

Managing Compensation Related Risk

The Compensation Committee has considered the implications of the risks associated with the Corporation's compensation policies and practices. At the present time, the Compensation Committee has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation. The Corporation currently uses several practices to discourage or mitigate excessive risk-taking including, among other things: (i) strong corporate governance oversight and culture; (ii) requiring that the Board approve the Corporation's strategic business plan and budgets, which are considered in the context of assessing performance and awarding incentives; (iii) using an appropriate mix of pay, including fixed and performance-based compensation with short and longer term performance conditions; and (iv) retaining discretion to adjust annual incentive payments to take into account unexpected events.

The Board, in consultation with the Compensation Committee, will continue to review the Corporation's approach to executive compensation and, if deemed appropriate in the Corporation's circumstances, will consider alternative or supplemental compensation arrangements to mitigate and discourage excessive risk-taking.

Financial Instruments

As of the date hereof, the Corporation does not have a formal policy that restricts the purchase by its Named Executive Officers (as hereinafter defined), directors or other employees of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer, director or employee. To the knowledge of the Corporation, none of the Named Executive

Officers or directors have purchased any such financial instruments. The Corporation will continue to review whether a formal policy in this regard is necessary or advisable as the Corporation continues to execute its business plan and gain further market visibility.

Elements of Executive Compensation

The Corporation's executive compensation program includes base salary and variable pay that includes short and longer-term components. This combination of base and variable pay for performance compensation aligns executive and Corporation interests both in the short-term and over the longer-term. These components are typical of executive compensation programs in public companies of similar size and complexity and align well with the "pay for performance" compensation philosophy.

a) Base Salary

Waterloo Brewing strives to provide base salaries that are generally competitive with the salaries received by persons with similar qualifications and responsibilities who are employed by other companies of corresponding size. Waterloo Brewing considers base salary to be a significant factor in attracting and retaining top level leadership personnel.

In fiscal 2020, the Board of Directors approved a salary of \$375,000 for the President and Chief Executive Officer, George Croft, a salary of \$190,000 for the Chief Financial Officer, David Birch and a salary of \$270,000 for the Chief Operating Officer, Russell Tabata.

Salary determinations for the executive officers are made by the Compensation Committee upon the recommendation of the President and Chief Executive Officer (other than his own salary). The President and Chief Executive Officer provides assistance and guidance to the Compensation Committee in determining appropriate salaries for the executives (other than his own salary). In making recommendations to the Compensation Committee, the President and Chief Executive Officer relies on marketplace salary ranges, comparisons to similar companies, annual trends and other benefits. The Compensation Committee (and the Board of Directors) considers similar information in determining the appropriate salary for the President and Chief Executive Officer.

b) Cash Bonus Plan

The objective of the cash bonus plan is to further align the interests of the Corporation's employees with those of the Shareholders by encouraging maximization of earnings before interest, taxes, depreciation and amortization ("**EBITDA**"). Management and salaried staff are eligible to participate in the cash bonus plan. The total amount available for bonuses is directly related to the Corporation's EBITDA for each fiscal year. A bonus pool will be established in a fiscal year if the Corporation's EBITDA exceeds EBITDA earned in the prior fiscal year. The bonus pool for the year increases if a higher level of profitability is achieved. The Corporation believes that disclosing the EBITDA targets for a fiscal year would be seriously prejudicial to the Corporation's interests. Given their forward looking nature and that they were developed taking into account the Corporation's business strategies, plans and initiatives and its expectations regarding financial and operational performance, the targets are confidential and commercially sensitive information in a competitive industry. Disclosing such targets would also place a very significant forward looking expectation on the Corporation's business which may be wrongly perceived by Shareholders as an indication of the future growth of the Corporation.

Cash bonuses for executive officers are approved by the Board of Directors and paid from the bonus pool. Bonuses for management and salaried staff are at the discretion of the President and Chief Executive Officer and subject to achievement of the Corporation's earnings target.

c) Option-Based Awards

The Option Plan is administered by the Compensation Committee of the Board and is designed to give each option holder an interest in preserving and maximizing shareholder value in the long term, to enable the Corporation to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance. The Compensation Committee has the sole discretion to determine the key

employees to whom it recommends that grants of options be made and to determine the terms of the options forming part of such grant. The Compensation Committee prepares recommendations on the allocation of stock options and presents these recommendations to the Board for modification or approval. Any grant by and any determination made by the Compensation Committee requires confirmation by the Board of Directors.

During the year ended January 31, 2020, the following options were granted to executives:

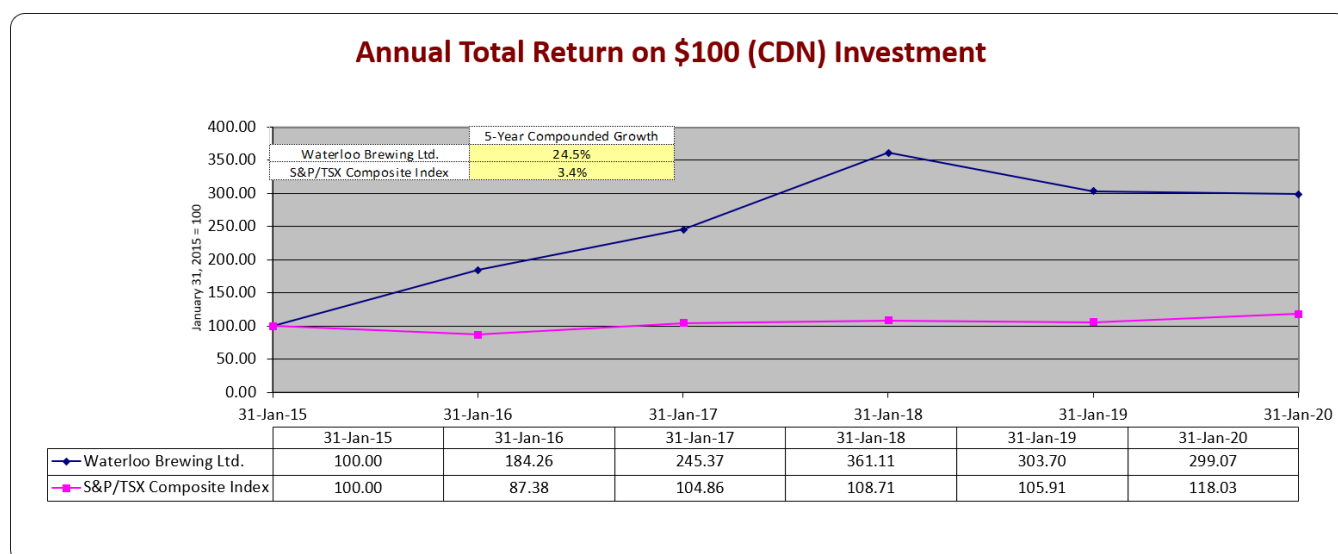
Option Holder	Date granted	# of options	Exercise Price Per Option	Expiry Date
George H. Croft, President, Chief Executive Officer, and Director	May 14, 2019	600,000	\$3.65	May 14, 2024
Russell N. Tabata, Chief Operating Officer	May 14, 2019	600,000	\$3.65	May 14, 2024
David J. Birch, Chief Financial Officer	May 14, 2019	80,000	\$3.65	May 14, 2024

d) Other Compensation

The Corporation provides benefits and perquisites as part of the compensation package. Benefits are maintained at a level that is considered competitive with similar companies. Other compensation includes medical and dental insurance, RRSP contributions, car allowance and payment and/or reimbursement of automobile operating costs.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total return on the common shares of the Corporation with the cumulative total return of the S&P/TSX Composite Index. The graph indicates the relative values for each year as at January 31, with 2015 being indexed at 100.



The Corporation's share performance over the last five years has been strong in comparison to the S&P/TSX Composite Index. Overall, the Corporation's compensation for its executive officers follows the share performance graph trend. From and including fiscal 2016, the Corporation has reported stronger results on average and the share performance has improved since fiscal 2016, and the Corporation's shares performed better than the

S&P/TSX Composite Index for three years of the five year period and for the overall period. Non-equity based incentives (cash bonuses) were earned in fiscal 2016 through fiscal 2020, based on the Corporation meeting the EBITDA targets discussed above, as applicable, in such years. Accordingly, executive compensation has been generally aligned to the overall trend in the above performance chart throughout the five year period.

Summary Compensation Table

The following table sets forth the compensation earned in the financial years ended January 31, 2020, January 31, 2019, and January 31, 2018 by: (a) George H. Croft, the President and Chief Executive Officer of the Corporation; (b) David Birch, Chief Financial Officer of the Corporation; and (c) Russell Tabata, the Chief Operating Officer of the Corporation (collectively, the “**Named Executive Officers**”).

Name and principal position	Year ended January 31,	Salary (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽²⁾	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
George H. Croft, President & Chief Executive Officer	2020	375,000	508,200	322,500	Nil	Nil	23,198	1,228,898
	2019	363,000	93,100	337,100	Nil	Nil	23,965	817,165
	2018	310,000	91,227	224,485	Nil	Nil	29,465	655,177
David J. Birch, Chief Financial Officer ⁽³⁾	2020	190,000	67,760	75,000	Nil	Nil	30,655	363,415
	2019	185,000	190,050	171,700	Nil	Nil	28,254	575,004
Russell N. Tabata, Chief Operating Officer	2020	270,000	508,200	232,500	Nil	Nil	19,141	1,029,841
	2019	260,000	74,480	241,200	Nil	Nil	19,347	595,027
	2018	230,000	64,323	166,555	Nil	Nil	18,716	479,594

Notes:

- (1) The Corporation accounts for stock options using the fair value based method and the fair value of the award on the grant date has been determined using the Black-Scholes fair value option pricing model and the following assumptions for the financial year ended January 31, 2020: (i) weighted average fair value per option: \$0.85; (ii) weighted average share price \$3.69; (iii) weighted average exercise price: \$3.65; (iv) expected volatility: 31.8%; (v) dividend yield: 2.7%; (vi) risk free interest rate: 1.3%; and (vii) weighted average expected life in years: five.
- (2) Other compensation consists primarily of: (i) amounts paid to the Named Executive Officers for their personal RRSPs as part of their employment contracts; and (ii) benefit of personal use of a company vehicle for each of the Named Executive Officers.
- (3) David Birch was appointed Chief Financial Officer on February 8, 2018.

Employment Agreements and Termination and Change of Control Benefits

In May 2008, the Corporation entered into an employment agreement with George Croft, the President and Chief Executive Officer of the Corporation. The agreement was amended in May 2014. The agreement provides for payment of an annual base salary to Mr. Croft, which for the current fiscal year ending January 31, 2021 is \$375,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Croft is also entitled to receive other benefits and perquisites, including participation in the Corporation’s benefit plans, discretionary bonuses and participation in the Option Plan and/or other incentive plans in effect from time to time. If the agreement is terminated by the Corporation without cause, the Corporation will pay Mr. Croft a lump sum equal to 12 months compensation (including salary and benefits). If Mr. Croft’s employment is terminated with cause, the Corporation has no additional obligation. Mr. Croft’s agreement also includes change of control provisions. If control over the Corporation changes, Mr. Croft can elect to terminate his employment with the Corporation within 12 months of the change of control and be entitled to the payment of 18 months compensation plus benefits. The employment

agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Corporation. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of employment by the Corporation for any reason.

In February 2018, the Corporation entered into an employment agreement with David Birch, the Chief Financial Officer of the Corporation. Mr. Birch's employment agreement provides for payment of an annual base salary to Mr. Birch, which for the current fiscal year ending January 31, 2021 is \$190,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Birch is also entitled to receive other benefits and perquisites, including participation in the Corporation's benefit plans, discretionary bonuses and participation in the Option Plan and/or other incentive plans in effect from time to time. If the agreement is terminated by the Corporation without cause, the Corporation will pay Mr. Birch a lump sum equal to 12 months compensation (including salary and benefits). If Mr. Birch's employment is terminated with cause, the Corporation has no additional obligation. Mr. Birch's agreement also includes change of control provisions. If control over the Corporation changes, Mr. Birch can elect to terminate his employment with the Corporation within 12 months of the change of control and be entitled to the payment of 12 months compensation plus benefits. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Corporation. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of employment by the Corporation for any reason.

In May 2009, the Corporation entered into an employment agreement with Russell Tabata, the Chief Operating Officer of the Corporation. The agreement was amended in May 2014. This agreement provides for payment of an annual base salary to Mr. Tabata, which for the current fiscal year ending January 31, 2021 is \$270,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Tabata is also entitled to receive other benefits and perquisites, including participation in the Corporation's benefit plans, discretionary bonuses and participation in the Option Plan and/or other incentive plans in effect from time to time. If the agreement is terminated by the Corporation without cause, the Corporation will pay Mr. Tabata a lump sum equal to 12 months compensation (including salary and benefits). If Mr. Tabata's employment is terminated with cause, the Corporation has no additional obligation. Mr. Tabata's agreement also includes change of control provisions. If control over the Corporation changes, Mr. Tabata can elect to terminate his employment with the Corporation within 12 months of the change of control and be entitled to the payment of 12 months compensation plus benefits. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Corporation. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of employment by the Corporation for any reason.

In addition, the employment agreements for the President and Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer include/included an annual lump-sum payment for RRSP purposes.

Incentive Plan Awards

Outstanding option-based awards

The following table sets forth all option-based awards outstanding at the end of the financial year ended January 31, 2020 for each of the Named Executive Officers (as applicable).

Name	Option based awards				
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of vested options as at January 31, 2020	Value of vested unexercised in-the-money options (\$) ⁽¹⁾
George H. Croft, President & Chief Executive Officer	66,667	\$3.18	April 12, 2022	33,333	1,667
	30,000	\$3.59	September 12, 2022	20,000	Nil
	100,000	\$3.91	April 26, 2023	33,333	Nil

	600,000	\$3.65	May 14, 2024	Nil	Nil
	100,000	\$2.79	April 9, 2025	Nil	Nil
David J. Birch, Chief Financial Officer	13,334	\$3.18	April 12, 2022	Nil	Nil
	20,000	\$3.59	September 12, 2022	10,000	Nil
	150,000	\$3.94	February 8, 2023	50,000	Nil
	60,000	\$3.91	April 26, 2023	20,000	Nil
	80,000	\$3.65	May 14, 2024	Nil	Nil
	40,000	\$2.79	April 9, 2025	Nil	Nil
Russell N. Tabata, Chief Operating Officer	36,000	\$1.54	May 5, 2020	36,000	60,840
	30,000	\$2.29	April 25, 2021	30,000	28,200
	40,000	\$3.18	April 12, 2022	20,000	1,000
	30,000	\$3.59	September 12, 2022	20,000	Nil
	80,000	\$3.91	April 26, 2023	Nil	Nil
	600,000	\$3.65	May 14, 2024	Nil	Nil
	100,000	\$2.79	April 9, 2025	Nil	Nil

Notes:

- (1) The closing price of the common shares of the Corporation on the TSX on January 31, 2020 was \$3.23 per share.

Incentive plan awards – value vested or earned during the year ended January 31, 2020

The following table sets forth all awards in which the value vested or was earned during the financial year ended January 31, 2020 for each of the Named Executive Officers.

Name	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽¹⁾
George H. Croft, President & Chief Executive Officer	\$82,001	\$322,500
David Birch, Chief Financial Officer	\$19,000	\$75,000
Russell Tabata, Chief Operating Officer	\$49,400	\$232,500

Notes:

- (1) These amounts represent annual bonuses paid under the Corporation's cash bonus plan.

Description of the Option Plan

The Corporation has in place a stock option plan adopted in 1995 (as most recently approved by shareholders in June 2018) (the “**Option Plan**”) for directors, officers and key employees of the Corporation. Under the Option Plan, the Corporation may grant options to purchase common shares of the Corporation to such directors, officers and key employees of the Corporation as the Board deems advisable. The Option Plan provides that the maximum number of common shares of the Corporation issuable upon the exercise of options shall not exceed such number which represents 10% of the issued and outstanding common shares of the Corporation from time to time. As a result, should the Corporation issue additional common shares in the future, the number of common shares issuable under the Option Plan will increase accordingly. As of the date of this Circular and pursuant to the Option Plan, the maximum number of common shares issuable upon exercise of options is 3,519,508, and 278,671 options remain issuable under the Option Plan. The Option Plan is considered an “evergreen” plan, since the common shares covered by options which have been exercised shall be available for subsequent grants under the Option Plan and the number of options available to grant increases as the number of issued and outstanding common shares of the Corporation increases. The exercise price (which is payable in full upon exercise (or in accordance with the cashless exercise provision of the Option Plan)) shall be set by the Board in accordance with the applicable rules of the TSX at the date the option is granted and the term of any option shall not exceed 10 years. The Board also approves the vesting period or periods of options granted under the Option Plan. Under the rules of the TSX, unallocated option entitlements under a stock option plan that does not provide for a fixed number of shares for issuance, such as the Corporation’s Option Plan, must be specifically approved every three years by Shareholders. Such approval was last obtained at the Corporation’s annual and special meeting of Shareholders held on June 6, 2018. The Corporation does not provide financial assistance to participants under the Option Plan to facilitate payment of the exercise price of options.

As at June 15, 2020, options to acquire 3,240,837 common shares (which represent 9.2% of the currently issued and outstanding common shares of the Corporation) had been granted and were outstanding pursuant to the Option Plan and 3,512,324 common shares (representing 10.0% of the currently issued and outstanding common shares of the Corporation) have been issued upon exercise of options previously granted under the Option Plan. Options to acquire common shares of the Corporation were granted under the Option Plan during the financial year ended January 31, 2020 to: (i) the Named Executive Officers on May 14, 2019 (1,280,000 options); and (ii) to other key employees on May 24, 2019 (250,000 options) and 60,000 options at various dates throughout the year.

The annual burn rate of options granted under the Option Plan in respect of: (i) fiscal 2020 was 4.5%; (ii) fiscal 2019 was 1.9%; and (iii) fiscal 2018 was 2.4%. “Annual burn rate” is the number of options granted under the Option Plan during the applicable fiscal year divided by the weighted average number of common shares of the Corporation outstanding for the applicable fiscal year, as required to be calculated and disclosed pursuant to Sections 613(p) and 613(d)(iii) of the TSX Company Manual.

The Option Plan also has the following terms, among others:

1. the number of common shares of the Corporation reserved for issuance to any one person shall not exceed 5% of the outstanding common shares of the Corporation (on a non-diluted basis);
2. the exercise price for each option is the “market price” on the date the option is granted. The “market price” is equal to the weighted average price at which the common shares of the Corporation have traded on the TSX on the five trading days immediately preceding the date on which the option is granted;
3. options are generally granted with a three year vesting period and expire five years from the grant date;
4. options terminate within a period of time following an optionholder ceasing to be a director, officer or employee of the Corporation or of a subsidiary of the Corporation. However, in the event of death, options will expire at the earlier of the end of the original option period or 6 months after the date of death;
5. the number of common shares issuable to insiders of the Corporation at any time pursuant to all of the Corporation’s share compensation arrangements shall not exceed 10% of the outstanding common shares on a non-diluted basis and the number of common shares issued to insiders of the Corporation, within any

one year period, pursuant to all of the Corporation's share compensation arrangements, shall not exceed 10% of the outstanding common shares on a non-diluted basis;

6. options are not transferable otherwise than by will or by the laws of descent and distribution, and options are exercisable, during the holder's lifetime, only by the holder; however, subject to regulatory approval, options may be transferred to a personal holding corporation in certain circumstances or to a registered retirement savings plan established for the sole benefit of the option holder;
7. if the date on which an option expires occurs during or within nine business days after the last day of a trading black-out period imposed pursuant to the Corporation's insider trading policy (as may be amended from time to time), then the expiry date of such option shall be the date (a "**Black-Out Option Expiry Date**") that is 10 business days following the date of expiry of the trading black-out period. If a new trading black-out is imposed prior to the Black-out Option Expiry Date, the Black-out Option Expiry Date shall be the date that is 10 business days following the expiry of the new trading black-out period;
8. a cashless exercise provision for the exercise of options under the Option Plan, which provides that an optionee may, rather than exercise options which he or she is entitled to exercise under the Option Plan, elect in lieu of receiving the common shares to which such optionee would have been entitled on exercise of such options ("**Designated Shares**"), to surrender such options in exchange for the number of common shares, disregarding fractions which, when multiplied by the fair value per common share (which shall be the weighted average trading price of the common shares on the TSX during the five (5) days preceding the date of determination) of the Designated Shares, is equal to the product of the number of Designated Shares times the difference between the fair value and the exercise price per share of the Designated Shares;
9. accelerated vesting of options under the Option Plan at the Board's discretion in the event of: (i) a Take-Over Bid or Issuer Bid (as such terms are defined in the Option Plan) (other than a "normal course" Issuer Bid) made for all or any of the issued and outstanding common shares; or (ii) a Change of Control (as defined in the Option Plan) of the Corporation; and
10. Schedules for the form of Option Agreement and Confirmation for options issued, as well as a form for optionees to use to exercise options (on a cash and cashless basis).

A copy of the Option Plan is available under the Corporation's SEDAR profile at www.sedar.com as filed on July 31, 2015.

The Board of Directors may, with TSX approval, at any time amend, modify or terminate the Option Plan if and when it is advisable in the discretion of the Board of Directors, except that shareholder approval is required in respect of:

- (a) any amendments to the maximum number of common shares reserved for issuance under the Option Plan;
- (b) any amendment which reduces the exercise price of an option that is held by an insider of the Corporation;
- (c) any amendment extending the term of an option held by an insider of the Corporation beyond its original expiry date except as otherwise permitted by the Option Plan;
- (d) any amendment which increases the limit on grants of options to insiders of the Corporation under the Option Plan;
- (e) the inclusion in the Option Plan of amendment provisions granting additional powers to the Board of Directors to amend the Option Plan or option entitlements thereunder without shareholder approval; and

- (f) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Where shareholder approval is sought for amendments under subsections (b) (c) or (d) above, the votes attached to common shares held directly or indirectly by insiders of the Corporation benefiting from the amendment must be excluded.

Other than as specified above, the Board of Directors may approve all other amendments to the Option Plan or options granted under the Option Plan. Without limiting the generality of the foregoing, the following types of amendments would not require shareholder approval:

- (a) amendments of a “housekeeping” or ministerial nature including, any amendment for the purpose of curing any ambiguity, error or omission in the Option Plan or to correct or supplement any provision of the Option Plan that is inconsistent with any other provision of the Option Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX);
- (c) the addition or modification of a cashless exercise feature, payable in securities or cash of the Corporation, which provides for a full deduction of the number of underlying common shares from the Option Plan reserve;
- (d) amendments respecting administration of the Option Plan;
- (e) any amendment to the vesting provisions of the Option Plan or any option;
- (f) any amendment to the early termination provisions of the Option Plan or any option, whether or not such option is held by an insider of the Corporation, provided such amendment does not entail an extension beyond the original expiry date;
- (g) amendments necessary to suspend or terminate the Option Plan; and
- (h) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Pension Plan Benefits

The Corporation does not maintain any pension plans.

Compensation of Directors

During the financial year ended January 31, 2020, the directors earned compensation for serving as members of the Board as set out in the following table.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Edward H. Kernaghan	\$40,000	Nil	Nil	Nil	Nil	Nil	\$40,000
Stan G. Dunford	\$22,000	Nil	Nil	Nil	Nil	Nil	\$22,000
Peter J. Schwartz	\$38,500	Nil	Nil	Nil	Nil	Nil	\$38,500
David R. Shaw	\$40,000	Nil	Nil	Nil	Nil	Nil	\$40,000
John Bowey	\$42,500	Nil	Nil	Nil	Nil	Nil	\$42,500
Total (\$)	\$183,000	Nil	Nil	Nil	Nil	Nil	\$183,000

Incentive Plan Awards

Outstanding option-based awards

There were no option-based awards outstanding at the end of the financial year ended January 31, 2020 for any of the directors of the Corporation except for George Croft as disclosed above for the Named Executive Officers under “Incentive Plan Awards – Outstanding option based awards”.

Incentive plan awards – value vested or earned during the year ended January 31, 2020

There were no incentive plan awards for any of the directors that vested or were earned during the financial year ended January 31, 2020 except for George Croft. The value of Mr. Croft’s incentive plan awards that vested during the financial year ended January 31, 2020 is disclosed above for the Named Executive Officers under “Incentive Plan Awards – value vested or earned during the year ended January 31, 2020”.

Directors’ and Officers’ Insurance

During the financial year ended January 31, 2020, the Corporation participated in directors’ and officers’ liability insurance coverage of \$15 million for the benefit of all the directors and officers of the Corporation in such capacity and as a group. The premium cost paid by the Corporation for directors’ and officers’ liability insurance for this period was \$191,160. The coverage contains a deductible of \$250,000, payable by the Corporation for any loss.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as of January 31, 2020 the number of securities issuable upon exercise of outstanding options, the weighted exercise price of such outstanding options and the number of securities remaining available for future issuance under all equity plans previously approved by the Shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by securityholders	2,839,337 ⁽¹⁾	3.59	713,074 ⁽²⁾

Notes:

- (1) Common shares issuable under the Option Plan as of January 31, 2020 pursuant to outstanding options (which represented approximately 8.1% of the issued and outstanding common shares of the Corporation as at January 31, 2020).
- (2) Common shares, of which as of January 31, 2020: (i) 683,636 remained issuable under the Option Plan (which represented 1.9% of the issued and outstanding common shares of the Corporation as at January 31, 2020); and (ii) 29,438 remained issuable under the Corporation’s Employee Stock Purchase Plan (which represented 0.1% of the issued and outstanding common shares of the Corporation as at January 31, 2020).

Employee Stock Purchase Plan

The Corporation has in place an Employee Stock Purchase Plan, a payroll-deduction plan, adopted in 1996 (as amended in June 2012) (the “**ESPP**”), as an incentive to employees of the Corporation to purchase common shares of the Corporation. The Corporation does not provide financial assistance or match the whole or part of the securities being purchased under the ESPP.

As at June 15, 2020, 585,562 common shares (which represent approximately 1.7% of the currently issued and outstanding common shares of the Corporation) have been issued to date under the ESPP and 29,438 common

shares (which represent approximately 0.1% of the currently issued and outstanding common shares of the Corporation) were available for issuance under the ESPP. The maximum number of common shares issuable under the ESPP is 615,000 common shares (which represent approximately 1.7% of the issued and outstanding common shares of the Corporation as at June 15, 2020).

The annual burn rate of common shares issued under the ESPP in respect of: (i) fiscal 2020 was 0.09%; (ii) fiscal 2019 was 0.06%; and (iii) fiscal 2018 was 0.04%. "Annual burn rate" is the number of common shares of the Corporation issued under the ESPP during the applicable fiscal year divided by the weighted average number of common shares of the Corporation outstanding for the applicable fiscal year, as required to be calculated and disclosed pursuant to Sections 613(p) and 613(d)(iii) of the TSX Company Manual.

The other material terms of the ESPP are:

1. full-time employees of the Corporation, other than executive officers, who the Board deem to be eligible to participate in the ESPP before January 15 of each year, are eligible to participate in the ESPP;
2. the number of common shares available under the ESPP in a particular year is the number of common shares which the Board determines is available in such year and the overall maximum number of common shares available under the ESPP which is currently limited to 29,438 common shares (which represent approximately 0.1% of the currently issued and outstanding common shares of the Corporation as at June 15, 2020);
3. the maximum amount which an employee may select for annual payroll deduction is set by the Corporation for each employee;
4. the purchase price for common shares issued under the ESPP shall not be lower than the relevant "market value" less a discount as determined by the Board but not exceeding 10% of the "market value", where "market value" means the weighted average price per common share of the Corporation on the TSX on the five trading days prior to January 15 in the year in which the employee purchases the common shares;
5. the number of common shares issuable to insiders of the Corporation at any time pursuant to all of the Corporation's share compensation arrangements shall not exceed 10% of the outstanding common shares on a non-diluted basis; the number of common shares issued to insiders of the Corporation, within any one year period, pursuant to all of the Corporation's share compensation arrangements, shall not exceed 10% of the outstanding common shares on a non-diluted basis; and the number of common shares of the Corporation reserved for issuance under the ESPP for any one person shall not exceed 5% of the outstanding common shares of the Corporation (on a non-diluted basis);
6. the interests of employees under the Plan are not transferable, however, subject to regulatory approval, an employee's rights to acquire common shares under the ESPP may be transferred to a personal holding corporation in certain circumstances or to a registered retirement savings plan established for the sole benefit of the option holder; and
7. in the event that the employment of an employee with the Corporation terminates for any reason whatsoever, including the death of the employee, prior to February 1 of the year following the relevant employee purchase date, the amount of monies deducted from his pay cheques subsequent to the employee purchase date shall be returned to the employee or the employee's estate within 30 days from the date of such termination, and neither the employee nor his estate, as the case may be, shall be entitled to receive any shares to which the deducted amounts related and shall have no claim against the Corporation, its Board of Directors or officers other than for the return of deducted amounts.

The Board of Directors may, with TSX approval, at any time amend, modify or terminate the ESPP if and when it is advisable in the discretion of the Board of Directors, except that shareholder approval is required in respect of:

- (a) any amendments to the maximum number of shares reserved for issuance under the ESPP;

- (b) any amendment which reduces the minimum permitted purchase price of a share under the ESPP;
- (c) any amendment which increases the limits on shares issuable or issued to insiders or other persons under the ESPP;
- (d) the inclusion in the ESPP of amendment provisions granting additional powers to the Board of Directors to amend the ESPP without shareholder approval; and
- (e) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Where shareholder approval is sought for amendments under subsections (b) or (c) above, the votes attached to shares held directly or indirectly by insiders of the Corporation benefiting from the amendment will be excluded.

Other than as specified above, the Board of Directors may approve all other amendments to the ESPP or shares issued under the ESPP. Without limiting the generality of the foregoing, the following types of amendments would not require shareholder approval:

- (a) amendments of a “housekeeping” or ministerial nature including, any amendment for the purpose of curing any ambiguity, error or omission in the ESPP or to correct or supplement any provision of the ESPP that is inconsistent with any other provision of the ESPP;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX);
- (c) amendments respecting administration of the ESPP;
- (d) any amendment to the early termination provisions of the ESPP;
- (e) amendments necessary to suspend or terminate the ESPP; and
- (f) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

A copy of the ESPP is available under the Corporation’s SEDAR profile at www.sedar.com as filed on August 13, 2012.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof and during the financial year ended January 31, 2020, there was no indebtedness owed to the Corporation or to any other entity, which such indebtedness is, or was at any time during the most recent completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, by any individuals who, at any time during financial year ended January 31, 2020, were directors, executive officers, proposed nominee for election as a director of the Corporation or associates of the foregoing, including in connection with the purchase of securities of the Corporation.

CORPORATE GOVERNANCE DISCLOSURE

The Corporation is committed to attaining and upholding high standards of corporate governance which reflect current legal and regulatory requirements as well as emerging practices. The Board of Directors believes that sound corporate governance practices are essential to the effective, efficient and prudent operation of the Corporation and to the enhancement of shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation’s affairs and in light of opportunities or

risks which the Corporation faces. The directors are kept informed of the Corporation's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

The Corporation and the Board of Directors recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its employees and Shareholders. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value. The Corporation's corporate governance practices are in compliance with applicable Canadian requirements. The Corporation continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

The Board of Directors has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Corporation and its Shareholders, given its size.

Cognizant of these regulatory requirements and the evolution of best practices, the Board has been, and will continue to be, proactive in reviewing and amending the Corporation's governance practices.

Statement of Corporate Governance Practices

The following is a description of the Corporation's corporate governance practices in view of current Canadian securities regulations and the aforementioned Canadian Securities Administrators' initiatives.

Director Independence

A director is considered independent only where the Board of Directors determines that the director has no direct or indirect material relationship with the Corporation or its subsidiaries. A "material relationship" is defined in National Instrument 52-110 - *Audit Committees* ("NI 52-110") to mean any relationship, which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgement.

On an annual basis, the Board of Directors reviews each relationship that a director has with the Corporation in order to determine whether the director is or remains independent.

The following table sets out the directors of the Corporation and identifies those directors who are independent, those directors who are not independent, and the relationship of the non-independent directors to the Corporation. A majority of the Board are and will be independent once all persons proposed for election as directors at the Meeting are approved by Shareholders. The Chairman of the Board, Peter J. Schwartz, is also independent.

Table of Directors' Relationships to the Corporation

Name of Director	Independent (Yes/No)	Relationship to Corporation
Edward H. Kernaghan	Yes	
David R. Shaw	Yes	
Stan G. Dunford	Yes	
Peter J. Schwartz	Yes	

Name of Director	Independent (Yes/No)	Relationship to Corporation
John Bowey	Yes	
George Croft	No ⁽¹⁾	See footnote (1) below

Notes:

(1) Mr. Croft is not independent as he is the President and Chief Executive Officer of the Corporation and has been since May 2008.

The Board takes the following steps to ensure directors exercise independent judgement. Each director must disclose all actual or potential conflicts of interest and refrain from voting on matters in which such director has a conflict of interest. In addition, the director must excuse himself or herself from any discussions or decisions on any matters in which the director is precluded from voting as a result of a conflict of interest.

Directorships with Other Reporting Issuers

The following directors of the Corporation currently serve on the board of directors of reporting issuers (or the equivalent in a jurisdiction outside of Canada) other than the Corporation as listed below:

Name	Name of Reporting Issuer	Exchange
Edward H. Kernaghan	Boralex Inc.	TSX
	Exco Technologies Limited	TSX
	Obsidian Energy Ltd.	TSX, NYSE
	Black Diamond Group Limited	TSX
David R. Shaw	Fiera Capital Corporation	TSX
	Sleep Country Canada Holdings Inc.	TSX
Stan G. Dunford	Akumin Inc.	TSX

Board Meetings and Attendance

Meetings of the non-management directors at which members of management (including the President and Chief Executive Officer) are not in attendance are generally held immediately after regularly scheduled Board meetings. In addition, the Corporation's Board committees operate under approved charters and chair mandates, and can and do meet and operate independently of non-independent directors and management in fulfilling their mandates and making recommendations to the Board.

The following is a summary of the meetings of the Board and the meetings of the Audit and Compensation Committees of the Board held during fiscal 2020 and the attendance at these meetings by the directors:

Name of Director	Board Meetings Attended	Audit Committee Meetings Attended	Compensation Committee Meetings Attended
Edward H. Kernaghan	5 of 5	4 of 4	1 of 1
Stan G. Dunford	5 of 5	N/A	N/A
Peter J. Schwartz	5 of 5	N/A	1 of 1
David R. Shaw	5 of 5	4 of 4	1 of 1

Name of Director	Board Meetings Attended	Audit Committee Meetings Attended	Compensation Committee Meetings Attended
John Bowey	5 of 5	4 of 4	N/A
George Croft	5 of 5	N/A	N/A

The current Chairman of the Board is Peter Schwartz who was independent throughout fiscal 2020. Mr. Schwartz's role and responsibilities as Chairman of the Board include: (i) approving information submitted by management to the Board; (ii) approving the agenda for Board meetings; (iii) leading meetings of the non-management directors and Board of Directors; and (iv) serving as liaison between the non-management directors and the President and Chief Executive Officer.

The Nominating and Corporate Governance Committee, which currently consists of David R. Shaw, John Bowey and Edward H. Kernaghan, meets as required to fulfil its responsibilities.

Mandate and Composition of the Board of Directors

The Board is responsible for the stewardship of the Corporation and supervising the management of the business and affairs of the Corporation. The Board acts in accordance with the Act, the Corporation's articles and by-laws, the Corporation's Code of Business Conduct, the Board's mandate and all other applicable laws and regulations, including those of the Ontario Securities Commission and the TSX.

The responsibilities of the Board are:

1. Adopting a mission statement, vision for the future and strategic planning process for the Corporation and approving, on an annual basis, a strategic plan for the Corporation, which takes into account, among other things, the opportunities and risks of the Corporation's business.

The Board believes that management is responsible for the development of the Corporation's strategic plan, while the Board is responsible for reviewing, questioning, validating and ultimately approving the strategies proposed by management and monitoring their implementation. A portion of each regularly-scheduled Board meeting shall be devoted to the review and discussion of the Corporation's strategic initiatives and their implementation. The Board shall also hold separate strategic planning sessions with management from time to time.

2. Selecting and appointing the President and Chief Executive Officer, overseeing the evaluation, performance and compensation of the President and Chief Executive Officer and other senior officers, providing advice and counsel to management and adopting and monitoring a senior management succession planning process.
3. Evaluating to the extent feasible the integrity of the Corporation's senior management and their creation of a culture of integrity within the Corporation.
4. Adopting policies and guidelines regarding the corporate governance of the Corporation, in compliance with applicable laws and regulations.

Consistent with this responsibility, the Board has approved the Corporation's Code of Business Conduct, which is designed to deter wrongdoing and is applicable to directors, officers and employees. The Board has also approved the Corporation's Corporate Disclosure Policy, which outlines the principles, policies and procedures governing the Corporation's disclosure of material information. The Board has also adopted a "majority voting" policy for the election of directors as described elsewhere herein.

5. Fixing the compensation of the directors, implementing processes for maintaining a board of appropriate size, with suitable expertise and experience, establishing Board committees and mandates for such committees and annually evaluating the overall effectiveness of the Board, its members and committees.

The Board is responsible for approving position descriptions for each of the directors, the President and Chief Executive Officer and the chairs of each Board committee, all of which are consistent with their roles and responsibilities as described above.

6. Reviewing and approving, through the Audit Committee, the Corporation's operating and financial plans and budgets, including the identification by management of the principal risks of the Corporation's business and the implementation by management of appropriate systems to manage such risks.
7. Verifying, through the Audit Committee, the integrity of the Corporation's internal control and management information systems.
8. (a) Reviewing and on any applicable advice of the Audit Committee, approving, prior to their public dissemination:
 - (i) interim and annual financial statements and notes thereto;
 - (ii) management's discussion and analysis of financial condition and results of operations;
 - (iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
 - (iv) forecasted financial information and forward-looking statements; and
 - (v) all press releases and other documents in which financial statements, earning forecasts, results of operations or other financial information is disclosed;
- (b) Approving dividends and distributions, material financings and capital expenditures, changes to authorized capital, the issue, repurchase or redemption of shares or debt securities, and all material divestitures and acquisitions; and
- (c) Considering, providing input and approving, as appropriate, other matters of strategic importance to the Corporation or other matters which significantly impact its operations which are brought to the Board's attention. At each regularly-scheduled meeting, the directors shall receive and discuss reports on the operation of the Corporation, reports on the overall financial and legal position of the Corporation and its subsidiaries, and, as applicable, issues of current relevance in the beer industry or in respect of the Corporation.
9. Approving a policy for the Corporation's communications with shareholders, other stakeholders and the general public and establishing measures to receive feedback from the Corporation's investors.
10. Providing orientation materials to new directors and providing such continuing education to directors on an ongoing basis as may be necessary.

All directors of the Corporation are expected to review Board and committee meeting agendas and related materials in advance of all meetings and receive and review reports of all Board and committee meetings. Directors are also expected to attend and participate in, as much as possible, all Board and committee meetings.

The Board shall have access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties and shall be entitled to retain, at the Corporation's expense, such advisors as it requires.

The Board shall meet regularly without the directors who are members of management and without any director who is not considered an independent director.

The Board shall be comprised of a majority of independent directors.

Committees of the Board

The Corporation currently has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Set out below is a description of each committee, its mandate and its activities. Each committee reviews its mandate annually and changes to committee mandates are approved by the Board.

The committees of the Board invite the participation of the President and Chief Executive Officer and other members of management at their meetings, as appropriate, to provide information and expertise and to support communication between the Board and management. During a part of each meeting, as required, every committee also holds an “in camera” session attended by only the appointed members of the committee.

Audit Committee

The Audit Committee is currently composed of three directors, Mr. Bowey (Chair), Mr. Kernaghan and Mr. Shaw, all of whom are financially literate and independent within the meaning of NI 52-110. The Audit Committee Charter requires the committee to consist of at least three members from the Board of Directors, each of whom shall be independent.

The Audit Committee reviews accounting and financial reporting procedures and methods. It also reports and makes recommendations to the Board on financial statements and the related reports of management and external auditors, including the appointment and terms of their engagement and their reports relating to accounting and financial matters.

Under the Board guidelines, the members of the Audit Committee, the Chief Financial Officer and the external auditors have unrestricted direct access to, and communication with, each other to assist them in carrying out their respective duties.

Further information concerning the Audit Committee, including the complete text of the Audit Committee Charter, its members and pre-approval policies and the external auditor service fees paid by the Corporation, is set out in the Corporation’s Annual Information Form for the financial year ended January 31, 2020 under the heading “Audit Committee Information”.

Compensation Committee

The Compensation Committee is currently composed of Mr. Kernaghan (Chair), Mr. Schwartz and Mr. Shaw all of whom are independent directors. The Board believes that all members of the Compensation Committee have the relevant experience allowing them to fully assume the responsibilities related to compensation of executive officers and the skills and experience required to make responsible decisions regarding policies and practices of the Corporation. In particular, Mr. Kernaghan sits on the Human Resources Committee for another public company. Mr. Schwartz, during his career, has held various executive positions in corporations or organizations that led him to develop and implement policies and practices with respect to compensation. Mr. Shaw is Non-Executive Chairman and Chairman of LHH Knightsbridge and Axsium Group, respectively, which requires him to oversee compensation practices. Moreover, Committee members all have financial skills. Mr. Kernaghan and Shaw are also members of the Audit Committee of the Corporation.

The mandate of the Compensation Committee is to provide oversight of the Corporation's general human resources policies and practices. The Committee reviews the organization structure and appointments and ensures succession planning for senior management. The Committee also approves the total compensation design for senior management, directors and also provides the annual evaluation of the performance of the Chief Executive Officer. More specifically, the mandate of the Committee is to:

- Review and report to the Board on the Corporation's long-range plans for recruiting, developing, rewarding and retaining key personnel and for the succession of senior management (the President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and their direct reports);
- Recommend to the Board senior level appointments and terminations;
- Review the performance of senior officers of the Corporation;
- Review annually the compensation of directors;
- Recommend compensation policies for the Corporation and specific compensation for senior officers and consider the implications of the risks associated with the Corporation's compensation policies and practices;
- Oversee the design and administration of the Corporation's Employee Stock Purchase Plan and the Option Plan; and
- Review and recommend to the Board the granting of stock options under the Option Plan.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is currently composed of Mr. Shaw (Chair), Mr. Bowey and Mr. Kernaghan, all of whom are independent directors. The process by which the Board identifies new candidates is through recommendations of the Nominating and Corporate Governance Committee whose responsibility it is to establish qualifications and procedures to identify new candidates based on corporate law and regulatory requirements as well as relevant education and experience related to the business of the Corporation.

The mandate of the Nominating and Corporate Governance Committee is:

- to be responsible for the recommendation of new nominees to the Board and in so doing it identifies, reviews the qualifications of, and interviews potential candidates for election to the Board based on the requirements of the Nominating and Corporate Governance Committee and the Board;
- monitor the Corporation's system of corporate governance, having regard to legal and regulatory requirements as well as current best practices, to report recommended actions to be taken by the Board, and more specifically to:
 - review as required the composition of the Board and its committees having regard to size, independence from management and the relevant experience and backgrounds of the members;
 - review as required the performance of the Board, individual directors and the Chairman;
 - review as required the mandates and performance of all Board committees having regard to their mandates;
 - review as required the corporate relationships of each director with a view to assessing their independence from management and the existence of any possible conflicts of interest;
 - recommend as required a slate of directors for election at the annual meeting of shareholders and in connection with that seek suggestions for new nominees and review such suggestions;
 - monitor compliance by the directors with the Corporation's Code of Business Conduct and investigate any infractions thereof; and

- review the report on corporate governance to be included in the management information circular prepared for the annual meeting of shareholders.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct (the “Code”) to encourage and promote high standards of ethical business conduct. The Code is applicable to all directors, officers and employees of the Corporation. The Code is reviewed by all directors, officers and employees of the Corporation. A copy of the Code is available under the Corporation’s SEDAR profile at www.sedar.com as filed on December 6, 2006.

Under the Code, directors, officers and employees are expected to report situations of non-compliance with respect to the Code to their supervisor and ultimately the President and Chief Executive Officer. The Board monitors compliance with the Code by requiring management to advise it of any reports received regarding violations of the Code.

The Board ensures directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest by asking such Board member to abstain from discussions and approvals relating to such transaction.

Representation of Women on the Board and in Executive Offices

The Corporation has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board formally consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive officer positions. However, informally, in identifying and selecting director or executive officer nominees, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin, as one among the many factors taken into consideration during the search process. The Corporation also considers, among other things, the qualifications, personal qualities, business background and relevant experience of individual candidates as well as the overall composition of the Board or executive office with a view to identifying and selecting the best and most complementary candidates. The Nominating and Corporate Governance Committee and the Board intend to consider whether the Corporation should adopt specific policies and practices regarding the representation of women on the Board and in executive office positions, including the setting of targets for such representation.

As at the date hereof, no women are members of the Board and no women hold executive officer positions.

Orientation and Education

The Corporation provides new directors with access to the President and Chief Executive Officer and all other senior management to provide each director with an understanding of the Corporation and its business. The Chairman reviews with new directors the role of the Board, its committees and its directors and the expectations of each member including the rules and regulations with regard to the trading of the securities of the Corporation. Updates on the Corporation’s business and activities are provided to directors on a regular basis to ensure that directors have the necessary knowledge about the Corporation’s business to meet their obligations as directors. All directors are also encouraged to visit the Corporation’s facilities with a view to enabling them to better understand the Corporation’s business.

Position Descriptions

The Board has developed written position descriptions for the Chairman and the Chair of each Board committee. The Board has also developed a written position description for the President and Chief Executive Officer.

Assessments

The Board currently takes responsibility for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors. The Board does not make regular formal

assessments of the Board, the committees or the individual directors but satisfies itself on an informal basis, from time to time, that the Board, its committees and the individual directors are performing effectively.

Director Term Limits

The Corporation has not adopted term limits for directors on the Board or other mechanisms of board renewal as the Board is of the view that it is in the Corporation's best interests to retain experienced board members who are familiar with the Corporation's business and can provide continuity to its management. Instead, the Board currently assesses the performance of directors based on their ability to continue to make a meaningful contribution.

Shareholder Relations

The Board, the Chairman, the President and Chief Executive Officer and the Chief Financial Officer are responsible for various facets of investor relations, corporate communications and public relations. Together they deal with investor concerns and ensure that investor inquiries receive a timely and appropriate response. Shareholders are provided with a full opportunity at the Corporation's annual meeting to question senior management directly with respect to the Corporation's strategies and activities.

Governance Compliance

The Corporation and the Board believe that up to the present time the corporate governance procedures implemented by the Corporation have been appropriate for its operations. The Corporation will continue to reassess its corporate governance procedures on an ongoing basis and as amendments are made to applicable securities regulations.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth elsewhere herein, no "informed person" (as such term is defined under applicable securities laws) of the Corporation or proposed nominee for election as a director of the Corporation, or any associate or affiliate of any informed person or proposed nominee, has or had a material interest, direct or indirect, in any transaction since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management of the Corporation knows of no matters to come before the Meeting other than as set forth in the accompanying Notice of Meeting. However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

ADDITIONAL MATTERS

Normal Course Issuer Bid

On January 8, 2020, the Corporation announced its intention to make a normal course issuer bid ("**NCIB**") for up to 1,000,000 common shares, representing approximately 2.8% of the issued and outstanding shares of the Corporation at the time of the announcement of the NCIB. The NCIB commenced on January 10, 2020 and will terminate on January 9, 2021, or such earlier date on which purchases under the NCIB have been completed. Purchases of common shares under the NCIB will be made through the facilities of the TSX or other alternative Canadian trading systems at the market price of the common shares at the time of acquisition. The maximum number of shares that may be purchased on a daily basis, subject to any approved exceptions, will be 2,387 common shares. All purchased shares will be cancelled by the Corporation. During the twelve month prior to the announcement of the NCIB, the Corporation purchased 359,600 common shares for cancellation through the facilities of the TSX at a volume weighted average trading price of \$3.44 per common share under a normal course

issuer bid which provided for the purchase for cancellation of up to 1,000,000 common shares and expired on January 9, 2020. As of the date of this Circular, the Corporation has purchased 469,415 common shares under the NCIB.

The Corporation has entered into an automatic share purchase plan with a broker in connection with the NCIB to allow for the purchase of shares during certain pre-determined blackout periods. Outside of these pre-determined blackout periods, shares will be purchased at the discretion of senior management of Waterloo Brewing.

Shareholders may obtain, free of charge, a copy of the notice of intention to make a normal course issuer bid, which was approved by the TSX, by contacting the Corporation at info@waterloobrewing.com or calling 1-(800) 567-0810.

Additional Information

Additional information relating to the Corporation is on SEDAR at www.sedar.com or in the Investor Relations section of the Corporation's website at www.waterloobrewing.com. Additional copies of the Corporation's financial statements and MD&A are available by contacting the Corporation at info@waterloobrewing.com or calling 1-(800) 567-0810.

Financial information is provided in the Corporation's comparative financial statements and MD&A for the financial year ended January 31, 2020.

Board Approval

Except as otherwise indicated, the information contained herein is given as of June 15, 2020. The contents and the sending of this Circular have been approved by the Board.

Dated June 15, 2020.

(signed) *"George Croft"*

George Croft
President & Chief Executive Officer