

CLARKE INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2023

Halifax, Canada
March 6, 2024

CLARKE INC.

Annual Information Form

FORWARD-LOOKING STATEMENTS AND FUTURE ORIENTED FINANCIAL INFORMATION

Included in this Annual Information Form, and the documents incorporated herein by reference, are forward-looking statements, including future oriented financial information, with respect to Clarke Inc. ("Clarke" or the "Company"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budget", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or equivalents or variations, including negative variations, of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements rely on certain underlying assumptions, which if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements.

Risks and uncertainties include, among others, risks and uncertainties relating to the Company's investment strategy, general market risk, potential lack of diversification in the Company's investments, the sale of Company investments and subsidiaries, commodity market risk, legal and regulatory risks, dividends are not guaranteed, share liquidity, interest rates and foreign currency fluctuations, risks associated with investment in derivative instruments and reliance on key executives. Other risks and uncertainties relating to the hospitality industry include environmental considerations, uninsured losses, competition, concentration of sales among a small number of customers, the seasonality of hotel operating income, potential labour disruptions and cyber risks. These and other factors are described in "Risks and Uncertainties".

Although the Company has attempted to identify important factors that could cause actual actions, events or results, or cause actions, events or results not to be estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

All references to "\$" or "dollars" are references to Canadian Dollars, unless otherwise specified. In the following discussion, references to "the Company" and to "Clarke" are to Clarke Inc. and its subsidiary companies, and to the companies pre-existing Clarke's incorporation whose business Clarke Inc. has acquired, unless the context requires otherwise.

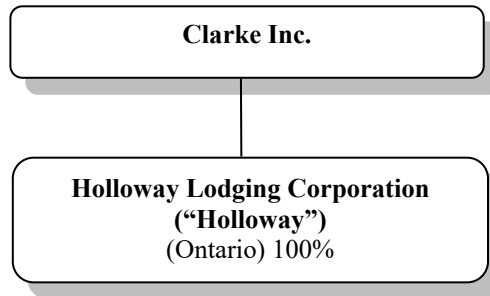
Information in this document is as at the date of the Company's most recent financial year end, December 31, 2023, unless otherwise stated.

CORPORATE STRUCTURE

Clarke was incorporated as 3442896 Canada Inc. pursuant to the *Canada Business Corporations Act* (the "CBCA") on December 9, 1997 and changed its name to "Clarke Inc." on January 26, 1998. The Company's registered and head office is located at 145 Hobsons Lake Drive, Suite 106, Halifax, Nova Scotia, B3S 0H9.

Intercorporate Relationships

The following chart represents the Company's summarized organizational structure at December 31, 2023:



The Company and its subsidiaries operate or have additional interests in other subsidiaries that do not meet the materiality thresholds for disclosure set out in Form 51-102F2 of the Canadian Securities Administrators.

GENERAL DEVELOPMENT OF THE BUSINESS

2021

The COVID-19 pandemic continued to adversely impact the Company's hotel and ferry operations in 2021. In response, the Company continued to safeguard employee and customer safety, maintain financial liquidity, closely monitor cash outlays, and apply for government funding and subsidies where available.

On January 15, 2021, the Company sold a hotel located in Slave Lake, AB, which was leased to a third party under a lease agreement. Gross proceeds were \$2.4 million. After closing costs and a vendor take-back loan ("VTB") receivable of \$2.2 million, the net cash proceeds were \$0.2 million. The VTB originally had a one-year term and an interest rate of 10%. \$1.0 million of this VTB was repaid early by the borrower during 2021. The remaining loan of \$1.2 million has been extended at an 13% interest rate to January 15, 2025.

On March 22, 2021, the Company completed a substantial issuer bid by repurchasing 20,524 of its Common Shares.

On April 21, 2021, the Company entered into a co-ownership agreement ("COA") with two other co-investors to acquire a one-third interest in a real estate development project under construction. The project is located at 1111 Atwater Avenue in downtown Montreal, QC, and involves a 38-storey building including seniors' housing, rental units, and luxury condominiums. The terms of the deal included cash consideration of \$21.1 million and the assumption of the Company's share of the construction financing. The Company holds the right to exit the COA for consideration equal to the Company's investment plus a 6.0% return ("the 1111 Atwater Put Option"). On December 21, 2023, the Company finalized the exit of its one-third ownership in the 1111 Atwater Avenue development.

In May 2021, the Company began phase one of construction activities on excess land in Ottawa, ON located on Carling Avenue (the “Carling Avenue Development”). The development is expected to consist of a multi-building residential rental complex. Phase one of the Carling Avenue Development consists of two residential towers with 404 rental units. Phase two will consist of three residential towers with 612 rental units.

On June 25, 2021, Stephen Cyr, former Vice President and Chief Financial Officer of the Company, resigned and Tom Casey, Clarke’s then Vice President of Finance, was appointed Chief Financial Officer. On October 29, 2021, Paola Calce, former Vice President and General Counsel of the Company, resigned. This position was not replaced.

Effective September 30, 2021, holders of the Company’s publicly traded Series B convertible debentures (the “Debentures”) approved amendments to the terms of the Debentures, which: (i) extended the maturity date of the Debentures from February 28, 2023 to January 1, 2028; and (ii) amended the interest rate on the Debentures from 6.25% to 5.50% beginning on April 30, 2023.

Over the period of January 2021 through November 2021, the Company divested of 28,000,000 common shares of Trican for gross proceeds of \$68.8 million and realized gains of \$30.8 million.

2022

The COVID-19 pandemic continued to adversely impact the Company’s hotel operations during 2022, although our hotels showed significant improvement in 2022 compared to 2021 and 2020, and particularly, in the last half of 2022. While it is difficult to perfectly compare pre-Pandemic results to current results due to hotel renovations and the modification of use and/or target markets for certain assets, our revenues in both the third and fourth quarters essentially recovered to pre-pandemic levels.

On April 8, 2022, the Company renewed a mortgage payable of \$14.6 million with a fixed interest rate of 4.55%, which was due to mature in November 2022. The renewed mortgage has a fixed interest rate of 3.91%, an amortization period of fifteen years, a five-year term and matures in April 2027. The mortgage is secured by two hotels.

On June 13, 2022, the Company acquired the Stanford Inn & Suites in Grande Prairie, AB, for a gross purchase price of \$11.6 million, which was paid in cash and by drawing on the Company’s revolving credit facilities.

On October 4, 2022, the Company entered into a \$85.0 million credit facility with a major Canadian bank for the construction of phase one of its Carling Avenue Development. The facility is available to the Company as construction costs are incurred, bears interest at the lender’s prime rate and has a three-year term. The Company began making draws on this facility in 2023.

On October 13, 2022, the Company extended a credit facility comprised of a \$20.2 million term loan and a \$15.0 million revolving line of credit, which matured on September 1, 2022. The loan facility was extended to mature on October 1, 2023. The term loan has a fixed interest rate of 6.55% and a 12-year amortization period. The revolving line of credit bears interest at prime plus 1.40%. The credit facility is secured by five hotels and was renewed for an additional four years in 2023, upon its maturity.

On October 31, 2022, the Company redeemed \$15.8 million of its Debentures at par from the holders of the Debentures on a pro rata basis. The cash outlay, including \$0.5 million of accrued interest, was \$16.2 million.

On March 16, 2022, the Company amended and extended its 1111 Atwater Put Option to December 31, 2022 and on November 1, 2022, the Company exercised this right which bound the Company’s co-investors to purchase the Company’s interest. The closing of the transaction was further extended in 2023 and closed on December 21, 2023.

2023

On February 9, 2023, using its revolving credit facilities, the Company repaid a term loan of \$11.0 million, which was due to mature on November 20, 2023 and was secured at the time by a second lien on five hotels and three investment properties.

On April 24, 2023, one of the Company's pension plans purchased a group buy-out annuity for its members for a cash outlay of \$4.5 million.

On July 28, 2023, the Company redeemed the remaining Debentures for a cash outlay of \$35.4 million, which included \$0.5 million of accrued interest. The Company recorded a net loss of \$0.8 million on the redemption, representing the difference between their carrying value and principal amount. To finance the Debenture redemption, the Company drew \$35.0 million on an unsecured credit facility. This facility bears interest at 6.00% and has interest-only payments until January 1, 2028, whereby afterwards the facility will continue as a revolving line of credit due on demand. This credit facility is due to an entity owned by the Company's Chairman and his immediate family member.

On October 13, 2023, the Company amended one of its revolving lines of credit, increasing the maximum borrowing capacity from \$40.0 million to \$55.0 million. The Company pledged an additional hotel property and its ferry operations, both previously unencumbered as part of this amendment. In addition to this incremental security, the facility is secured by a registered charge on five hotel properties and one office building. The facility bears interest at prime plus 1.50%, or based on a spread to banker's acceptance.

On October 20, 2023, the Company sold two of its office buildings in Houston, TX for aggregate net proceeds of \$7.5 million.

On October 30, 2023, the Company renewed an existing credit facility that matured on October 1, 2023. The \$55.0 million credit facility is comprised of a \$25.0 million term loan and a \$30.0 million revolving line of credit. The revolving line of credit bears interest at prime plus 1.00% and the term loan bears interest at a four-year fixed rate of 6.95% with a 25-year amortization period. The credit facility has a four-year term and continues to be secured by a registered charge on five hotel properties.

Construction continued on phase one of the Carling Avenue Development. Phase two pre-construction activities are also ongoing. Phase two will be constructed where the Company's Travelodge® Ottawa West hotel was located. In 2023, the Company finalized plans to close this hotel, which occurred on November 24, 2023 to allow for the required demolition for phase two. Demolition started shortly after the closure. We expect to both complete the construction of phase one and break ground on phase two in 2024.

On December 21, 2023, the Company finalized the exit of its one-third ownership in the 1111 Atwater Avenue development. The Company received net proceeds of \$26.2 million, including cash of \$16.5 million and a \$9.7 million loan receivable from one of the former partners in the development. The loan is secured by the borrower's 50% stake in the 1111 Atwater Avenue development. The Company remains a guarantor on the construction loan of the 1111 Atwater Avenue development for an aggregate amount of \$27.7 million. The Company has an indemnity agreement with its former partners for this guarantee until it is released. The Company expects the guarantee to be released in 2024.

During the year ended December 31, 2023, the Company converted one hotel to a residential asset. This 82-unit asset was renovated in phases over the past two years, de-branded and completed at the end of 2023. This was a major milestone for the Company that we will use as an example if similar opportunities exist. In addition, the Company commenced the partial conversion of one hotel into a mixed-use asset, which includes the renovation and conversion of approximately 100 hotel rooms being converted into 80 residential units. We will continue to explore more long-term stay offerings and potential residential conversions if these are deemed accretive to the Company.

Subsequent to December 31, 2023, the Company, agreed to sell the shares of a wholly owned subsidiary, Holloway Lodging US Inc. ("HLUS") to an entity owned by the Company's Chairman, Mr. George Armoyan and his immediate family member for US\$3.2 million. The primary asset of HLUS is a vacant office building located at 222 Benmar Drive, in Houston, TX. The transaction constitutes a "related party transaction" pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is exempt from the requirements to obtain a formal valuation and minority shareholder approval in connection with the sale in reliance on the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the fair market value of the transaction does not exceed 25% of the Company's market capitalization. The transaction was reviewed and approved by the Board of Directors of the Company, excluding Mr. George Armoyan, who abstained from voting on the matter. The transaction is subject to certain post closing adjustments and is expected to close in March 2024.

BUSINESS OPERATIONS

The Company is an investment and real estate company with holdings in a diversified group of businesses and across real estate sectors. The Company operates primarily in Canada. The Company continually evaluates the acquisition, retention, and disposition of its holdings and changes in its asset mix should be expected. Our objective is to maximize shareholder value. While not the perfect metric, we believe that Clarke's book value per share, together with the dividends paid to shareholders, is an appropriate measure of our success in maximizing shareholder value over time.

We attempt to maximize shareholder value by allocating capital to investments that we believe will generate high returns and reallocating capital over time as needed. In doing this, Clarke's goal is to identify investments that are either undervalued or are underperforming and may be in need of positive change. These investments may be companies, securities or other assets, and they may be public or private entities. Clarke seeks active involvement in the governance and/or management of the company in which it invests. In these cases, Clarke will have acquired the security with a view of changes that could be made to improve the underlying company's performance and maximize the company's value. When Clarke believes that an investee company has implemented appropriate changes and/or the value of the investee company has reached or exceeded its intrinsic value, Clarke may sell its investment. Clarke has a diverse and significant portfolio of direct real estate holdings across the hospitality, commercial, industrial, and residential sectors. We do not believe in limiting ourselves to specific types of investments. Clarke generally invests in industries that have hard assets, including manufacturing, industrial, energy and real estate businesses.

Description of Reporting Segments

The Investment segment represents the Company's ferry business, investment properties and until its disposition, the 1111 Atwater Avenue development. The Hospitality segment consists of the Company's ownership, management and operation of hotels.

The Other category is not a segment and is disclosed for reconciliation purposes. The Other category consists of treasury and executive functions, the Company's pension plans, its unsecured related party credit facility and its Debentures until their redemption. Revenue in the Other category is primarily investment management fees.

A comparative analysis of revenue and other income by reporting segment is set out in the table below.

Revenue and Other Income <i>(in thousands of dollars)</i>	Year ended		Year ended	
	December 31, 2023		December 31, 2022	
	\$	%	\$	%
Investment segment	8,677	11.2	7,786	11.6
Hospitality segment	68,502	88.4	56,427	84.0
Other	325	0.4	2,975	4.4
Eliminations	(24)	-	(18)	-
Total revenue and other income	77,480	100.0	67,170	100.0

Investment Segment

Clarke employs a team of professionals who are dedicated to the selection and review of investment opportunities. These individuals identify businesses with strong underlying fundamentals or strong asset value that are undervalued in the public market or present an opportunity for Clarke to improve shareholder value through strategic, operational and other improvements. Clarke often seeks an active role in the businesses in which it invests, particularly where such involvement could yield greater shareholder value. The Clarke investment team monitors existing and prospective investments and makes regular adjustments to the Company's investment portfolio with the objective of allocating capital to those investments that are expected to generate the best returns.

The Company's material investment properties include land and buildings under development on Carling Avenue in Ottawa, ON, one residential building in St. John's, NL and one vacant office building in Houston, TX.

Hospitality Segment

The Hospitality segment is comprised of the hotel and hospitality operations of Holloway. Holloway owns 15 hotels across Canada of which 11 hotels are limited-service properties and 4 hotels are full-service properties. Of the hotels operated by Holloway, 13 hotels are operated under internationally recognized hotel brands and 2 hotels are independent.

Employees

The Company and its subsidiaries currently employ approximately 550 employees and contractors and approximately one-quarter of these employees are unionized.

Properties

The following table lists the Company's owned properties at December 31, 2023:

Location	Description	Relevant Operating Entity
Grande Prairie, AB	Holiday Inn® hotel	Holloway
Grande Prairie, AB	Quality Inn® hotel	Holloway
Grande Prairie, AB	Super 8® hotel	Holloway
Grande Prairie, AB	Stanford Inn & Suites	Holloway
Slave Lake, AB	Super 8 hotel	Holloway
Whitecourt, AB	Quality Inn hotel	Holloway
Whitecourt, AB	Super 8 hotel	Holloway
Drayton Valley, AB	Super 8 hotel	Holloway
Fort Nelson, BC	Super 8 hotel	Holloway
Fort St. John, BC	Super 8 hotel	Holloway
Whitehorse, YT	Quality Inn hotel	Holloway
Whitehorse, YT	Sternwheeler Hotel	Holloway
Yellowknife, NT	Quality Inn hotel	Holloway
Yellowknife, NT	Super 8 hotel	Holloway
London, ON	DoubleTree® by Hilton hotel	Holloway
St. John's, NL	Latitude Living residential building	Holloway
Ottawa, ON	Residential buildings and land under development	Holloway
Houston, TX	Vacant office building	Holloway
Forestville, QC	Vacant land	Clarke

The following table lists the Company's leased properties at December 31, 2023:

Location	Description	Relevant Operating Entity
Rivière-du-Loup, QC	Land	La-Traverse Rivière-du-Loup – St. Siméon ("TRDL"), a division of Clarke Inc.
Rivière-du-Loup, QC	Office premises	TRDL
St. Siméon, QC	Office premises	TRDL
Halifax, NS	Office premises	Clarke
Toronto, ON	Office premises subleased to a third party	Clarke

RISKS AND UNCERTAINTIES

An investment in the Company's securities involves risks. In addition to the other information contained in this Annual Information Form, the documents incorporated by reference herein and the Company's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. Any of the matters highlighted in these risk factors could have a material adverse effect on Clarke's business, results of operations and financial condition. Certain of the Company's risks are applicable for both of its segments.

Investment segment

Investment Strategy

Clarke often seeks to invest in under-performing businesses and real estate assets with the objective of implementing operational and other changes that are intended to improve operating and financial performance. The failure by Clarke to effect positive change in one or more of these investments, could result in the loss of some or all of its investment, which could have a material adverse effect on Clarke's business, results of operations and financial condition.

Potential Lack of Diversification

At any particular time, Clarke may have a significant portion of its assets invested in a single or small number of investments. In the event that such investments are unsuccessful, Clarke could incur significant losses which could, in turn, have a material adverse effect on Clarke's business, results of operations and financial condition.

The Sale of the Company's Investments

From time to time, the Company may sell certain investments and these dispositions may result in significant financial gains or losses. Due to the one-time nature of these transactions, the Company's financial results at any particular time may not be indicative of future results. Furthermore, sale agreements may provide for certain post-closing adjustments and indemnities, which may require Clarke to make payments in future periods. Clarke cannot accurately predict all future payments that may be required as a result of these transactions.

Dividends are not Guaranteed

The Board determined in fiscal 2016 that it would be in the best interest of the Company to cease paying a regular dividend and has since declared and paid two special cash dividends and one dividend-in-kind to holders of its Common Shares. Any future dividends are not guaranteed and will only be paid if, as and when declared by the Board. Even if the dividend policy is reinstated, the amount of any regular dividend is not guaranteed and may fluctuate from time to time. The Company depends on cash on hand and cash flow generated and, when applicable, distributed by its subsidiaries and investee companies to pay dividends. There can be no assurance regarding the amount of cash flow generated or distributed by these companies or whether the amount of cash flow distributed by these companies will be sufficient to fund any dividend by the Company. If the Board determines that it would be in the best interest of the Company, it may not declare a dividend to shareholders or may reduce or suspend any regular dividend then paid by the Company, which could cause the market price of the Common Shares to fall.

Share Liquidity Risk

The Common Shares of the Company are relatively illiquid. Such illiquidity may limit an investor's ability to buy or sell the Common Shares at any point in time. If a holder of Common Shares needed to liquidate such Common Shares, the proceeds on the sale might be significantly less than the market price of the Common Shares at that time.

Interest Rate and Foreign Currency

From time to time, Clarke may invest in interest bearing and/or foreign currency denominated investments. These expose Clarke to interest rate and/or currency risks in that the value of the interest rate or Canadian dollar compared to the interest rate and/or foreign currency of the underlying security may change during the period in which the investment is held. The principal lever for managing interest rate and currency risk is investment in derivative instruments, such as futures, forward contracts, options and/or swaps. Clarke may attempt to limit extreme volatility from such interest rate and currency fluctuations using derivative instruments, but does not expect to eliminate all volatility.

Derivative Risk

A derivative is an instrument whose value is derived from the performance of other investments, securities or economic factors such as the movement of interest rates, exchange rates or market indices. Typically, derivatives take the form of a contract to buy or sell a specific commodity, currency, stock or market index, such as futures, forward contracts, an option or a swap. Derivatives can be used for hedging purposes – such as to hedge exposure to interest rates or exchange rates, or for non-hedging purposes – where there may be opportunities for investing directly in the derivative with a view to generating investment gains. Clarke may invest in derivatives for hedging purposes, to manage its exposure to changes in interest rates and currency

rates. There are various risks in connection with derivatives, which may include limiting potential gains, settlement risk, higher volatility than the underlying instrument, difficulty in unwinding or closing the contract and limited liquidity.

Reliance on Key Executives

Clarke is dependent on certain key executives for the successful operation of its business. The departure of one or more of these key executives could have a material adverse effect on Clarke's business, results of operations and financial condition.

COVID-19 Pandemic and Other Pandemic or Epidemic Risks

Pandemics, epidemics or outbreaks of an infectious disease could have an adverse impact on Clarke's results, business, financial condition or liquidity. While the effects of the COVID-19 pandemic materially subsided in 2022 and the Company's business has substantially returned to pre-pandemic levels, any additional resurgence of COVID-19 or another pandemic, epidemic or outbreak, could precipitate or aggravate the other risk factors included in this Annual Information Form, which in turn could further materially adversely affect Clarke's business, financial condition, liquidity, results of operations, and profitability, including in ways that are not currently known to us or that we do not currently consider to present significant risks. The pace of recovery of certain industries following a pandemic cannot be accurately predicted, nor can the impact on Clarke's business and operations, real estate valuations, securities, cash flows, results of operations and Clarke's ability to obtain additional financing or re-financing.

Principal Shareholder

Mr. Armoyan exercises control or direction over 10,601,501 Common Shares, which represents approximately 76% of the issued and outstanding Common Shares. Since Mr. Armoyan acts as Clarke's Chairman, President and Chief Executive Officer, he is in a position to exert significant influence on the corporate actions that Clarke takes, particularly when shareholder approval is required. Mr. Armoyan is entitled to vote his shares in his own interests, which may not always be in the interests of shareholders generally.

Hospitality segment

Real Estate

The Company has significant real estate holdings, and, therefore, is subject to risks generally incident to the ownership of real property and hotels particularly. The underlying value of the properties and operations depends on the Company's ability to generate positive cashflows and income. These may be adversely affected by changes in national or local economic conditions, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, particularly in older structures, changes in real estate assessed values and property taxes payable on such values and other operating expenses, changes in governmental laws, regulations, rules and fiscal policies, changes in zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses). When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult to both acquire and sell real property. Finally, governments can, under eminent domain laws, expropriate or take real property for less compensation than an owner believes the property is worth. Many of these factors are beyond the Company's control.

Liquidity

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the Company's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Company needed to liquidate a property, the proceeds on the sale might be significantly less than the aggregate

carrying value of such property. In addition, given our large focus on hotel properties, the Company is exposed to the adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type.

Environmental Matters

The Company's real estate properties are subject to various federal, state, provincial, territorial and municipal laws relating to environmental matters. These laws provide that the Company could be liable for the costs of removal of certain hazardous, toxic or regulated substances released on or in the properties or disposed of at other locations sometimes regardless of whether the Company knew of or was responsible for their presence. The failure to remove, remediate or otherwise address such substances or locations, if any, could adversely affect the Company's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Company by private plaintiffs. In addition, environmental laws and regulations may change in the future and the Company may become subject to more stringent environmental laws and regulations. Compliance with more stringent environmental laws and regulations could have a material adverse effect on the Company's business, financing condition or results of operations.

Uninsured Losses

The Company obtains and maintains insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms considered appropriate, taking into account all relevant factors. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, the affected property, but the Company would continue to be obliged to repay any recourse mortgage indebtedness on such property. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim not covered by, or in excess of, the insurance coverage could have a material adverse effect on the Company's business, financing condition and results of operations.

General Economic Environment

As with any commercial enterprise, the Company is subject to risks associated with general economic conditions. These risks include the degree to which the overall economy is expanding or contracting, rate of inflation, unemployment rate, level of consumer confidence, and the effects of government initiatives. Any deterioration of the general economic conditions may adversely affect business levels of the Company.

Potential Labour Disruptions

One of the Company's hotels and its ferry operations are subject to collective bargaining agreements. The Company's relations with its employees could deteriorate due to disputes related to, among other things, wage or benefit levels or the Company's response to changes in government regulation of workers in the workplace.

Due to the fluctuating level of economic activity in certain markets in which the Company operates, particularly its significant operations in Alberta and British Columbia, in periods of high economic activity it can be difficult to attract and retain staff. In such a period, the Company may seek to hire individuals from foreign countries under applicable government programs in response to labour shortages. Any labour shortage or stoppage caused by disagreements with employees, including unionized employees, or due to market or other conditions could adversely affect the ability of the hotel properties to operate and could result in the temporary closure of particular hotel properties, the reduction of occupancy and room revenue or reputational damage. Any such labour difficulties could have a material adverse effect on the Company's financial results and financial condition.

Hotel Industry

The Company is subject to the operating risks inherent in the hotel industry. In addition to the specific conditions discussed in more detail below, these risks include:

- changes in general and local economic conditions;
- changes in the level of business and commercial travel and tourism;
- increases in the supply of accommodations in local markets;
- the recurring need for renovation, refurbishment and improvement of hotel properties;
- changes in operating costs (whether due to inflation or otherwise), including wages, prices of supplies, energy costs, property taxes and construction and maintenance costs that may result from inflation, government regulations, changes in interest rates or currency fluctuations;
- availability of financing for operating or capital requirements;
- seasonal fluctuations in hotel operating income produced throughout the year; and
- other factors, including acts of terrorism, natural disasters, extreme weather conditions and labour shortages, work stoppages or disputes.

Competition

The hotel industry is highly competitive. Holloway's properties face significant local competition from other hotels and independent hosts such as Airbnb. Some of the competitors of Holloway's hotels may have greater marketing and financial resources than Holloway. The number of competitive hotel properties in a particular area, especially due to new competitors entering the markets, could have a material adverse effect on the occupancy rates and the average daily rate of properties in that particular area.

Customer Concentration

In some of the markets in which Holloway operates, the customer base may be concentrated due to the types of industries established in those markets. The business levels achieved by Holloway in these markets rely on the ongoing presence and financial stability of these customers. If these customers withdrew from these markets, Holloway could experience a decline in revenue. In particular, a number of Holloway's hotels are situated in markets that rely on oil and natural gas development and servicing, and the presence or absence of such development influences the level of business in these markets.

Franchised Hotels

The majority of the Company's hotel properties are subject to a franchise agreement. The continuation of the hotel franchise agreements is subject to compliance with specified operating standards and other terms and conditions. Such standards are subject to change over time, in some cases at the discretion of the franchisor, and may restrict a franchisee's ability to make improvements or modifications to a hotel property without the consent of the franchisor. Franchisors periodically inspect licensed properties to confirm adherence to such operating standards. The failure of a hotel property to conform to such standards or of Holloway to maintain such standards or adhere to such other terms and conditions could result in the loss or cancellation of the franchise agreement and potential liquidated damages. It is possible that a franchisor could condition the continuation of a franchise agreement on the completion of capital improvements which Holloway determines are too expensive or otherwise unwarranted in light of general economic conditions or the operating results or prospects of the affected hotel property. In that event, Holloway may elect to allow the franchise agreement to lapse. If a franchise were terminated, Holloway may seek to obtain a suitable replacement franchise for the hotel property. However, there can be no assurance that Holloway would be able to obtain a suitable replacement franchise on acceptable terms or at all. The loss of a franchise agreement could have a material adverse effect upon the operations or the underlying value of the hotel property covered by the franchise because of the loss of associated name recognition, marketing support and centralized reservation systems provided by the franchisor.

Laws Concerning Employees

The operations of Holloway's hotels are subject to employment and labour laws governing matters such as minimum wage, working conditions, and overtime. Certain provinces in which Holloway operates have recently increased the minimum wage. A significant proportion of Holloway's personnel are paid at rates related to the minimum wage and, accordingly, existing and further increases in the minimum wage will increase Holloway's labour costs and could have an impact on Holloway's operating results.

Potential Conflicts of Interest

Holloway is subject to various conflicts of interest with its shareholder and associates, including Directors of Clarke, who are engaged in a wide range of business activities including hotel management, acquisition and ownership. In particular, a Director of Clarke, Mr. Staniloff is a member of the board of two entities that own the development and/or master franchise rights for a multitude of hotel brands in Canada. In addition, both Mr. Armoyn and Mr. Staniloff have various ownership stakes in a number of hotels across Canada.

Holloway may also become involved in other transactions which conflict with the interests of the foregoing. The Directors of Clarke and associates or affiliates may from time to time deal with persons, firms, institutions or corporations with which Holloway may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of Holloway.

Availability of Additional Capital

The acquisition of real estate investments, hotels, ongoing renovations, and improvements required to maintain and operate real property are capital intensive. The Company maintains availability on its two secured credit facilities which can be used to manage working capital fluctuations and to provide short-term financing in the event of acquisitions, developments, or renovations.

If the Company is unable to secure additional capital for acquisitions, required improvements or, if necessary, working capital, it would be required to curtail these activities, which could have a material adverse effect on its results of operations and financial condition.

Debt Financing

The Company holds debt in connection with the acquisition of its real estate properties, including mortgage financing and other borrowings. Therefore, it is subject to the risks associated with debt financing, including the risks that cash flow from operations will be insufficient to meet required payments of principal and interest, the risk that existing debt will not be able to be refinanced or that the terms of any such refinancing will not be as favourable and the risk that necessary capital expenditures for such purposes as renovations and other improvements will not be able to be financed on favourable terms or at all. In such circumstances, if the Company were in need of capital to repay indebtedness, it could be required to dispose of one or more of its properties at times which may not permit realization of the maximum return on such investments or could be required to agree to additional financing on unfavourable terms. The Company's financing arrangements contain covenants that could restrict its ability to operate its business. Failure to comply with the restrictions in its financing arrangements could result in accelerated payment requirements. In connection with its financing arrangements, the Company has granted security interests over all of its hotels, investment properties and its ferry operations. If the Company is not able to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or sale.

Acquisitions

The Company may acquire additional real estate properties that meet certain investment criteria. Acquisitions entail risks. The Company may not be able to successfully integrate, finance or operate an acquired property and the financial and operational results of an acquired property may not be consistent with, or may be worse than anticipated. If an acquired property does not perform consistently with expectations, additional investment

may be required to improve results or avoid a breach of certain covenants. Either result could have a material adverse effect on the Company's financial condition and results of operations.

Cyber Risks

The Company relies on its information technology systems, including its networks, equipment, hardware, software, telecommunications, and other information technology (collectively, "IT systems"), and the IT systems of its third-party service providers such as the hotel franchisors, to operate its business. IT systems are subject to an increasing threat of continually evolving cybersecurity risks including computer viruses, security breaches, and cyberattacks. In addition, the Company is subject to the risk of unauthorized access to its IT systems or its information through fraud or other means. The Company's operations also depend on the timely maintenance, upgrade and replacement of its IT systems, as well as pre-emptive expenses to mitigate cybersecurity risks and other IT systems disruptions.

Any cybersecurity incidents or other IT systems disruption could result in a detriment to operations, destruction or corruption of data, security breaches, financial losses from remedial actions, the theft or other compromise of confidential or otherwise protected information, fines and lawsuits, or damage to the Company's reputation. Any such occurrence could have an adverse impact on the Company's financial condition and results of operations.

DIVIDENDS

The declaration and payment of dividends is at the discretion of the Board and subject to compliance with certain requirements of the Company's lending agreements.

During 2016, the Board decided to cease the Company's regular dividend because the Company's internally generated cash flow had been insufficient to fully finance the then regular dividend payments, as a result of various investments the Company had made that did not generate recurring cash flows. From time to time, the Company has paid special dividends on its Common Shares. Any future dividends are not guaranteed and will only be paid if, as and when declared by the Board. Even if the Company reinstates a regular dividend policy, the amount of any regular dividend is not guaranteed and may fluctuate from time to time.

During the three most recently completed fiscal years, the Company has not declared or paid dividends. The last dividend paid by the Company was a special dividend, paid in 2020.

DESCRIPTION OF SHARE CAPITAL

The Company has an unlimited number of Common Shares authorized, of which 13,958,157 were issued and outstanding as at March 6, 2024. Clarke also has an unlimited number of first and second preferred shares authorized, of which none were issued and outstanding as at March 6, 2024.

Holder of Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares. Each Common Share entitles the holder thereof to one vote. Holders of Common Shares are entitled to receive, subject to the preferences accorded to holders of first and second preferred shares, or any other shares of the Company ranking senior to the Common Shares, dividends, if, as and when declared by the Board from time to time. In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Company's affairs (a "Distribution"), holders of Common Shares are entitled, subject to the preferences accorded to holders of first and second preferred shares or any other shares of the Company ranking senior to the Common Shares from time to time, to share equally, share for share, in the remaining property of the Company.

Subject to the filing of articles of amendment in accordance with the CBCA, the Board may at any time issue first or second preferred shares, in one or more series. The Board may fix the designation, rights, privileges, restrictions and conditions attaching to each series, including the amount, if any, specified as being payable preferentially to such series on a Distribution, voting rights, if any, and dividend rights, if any.

The Company periodically files normal course issuer bids to purchase its securities. The Board and senior management are of the opinion that, from time to time, the purchase of Common Shares at the prevailing market price may be a worthwhile use of funds and in the best interest of the Company and its shareholders.

Repurchases under the Company's normal course issuer bids ("NCIB") and substantial issuer bid ("SIB") for the years ended December 31, 2021, 2022 and 2023 are as follows:

Bid Date	Expiry	Type	Maximum #	Repurchased #
June 29, 2020	June 28, 2021	NCIB	795,024	795,024
January 27, 2021	March 22, 2021	SIB	n/a	20,524
June 29, 2021	June 28, 2022	NCIB	733,608	451,500
June 29, 2022	June 28, 2023	NCIB	711,543	237,025
July 4, 2023	July 3, 2024	NCIB	699,232	31,600*

*Including repurchases up to and including the date of this document.

Stock Option Plan and Long-Term Incentive Plan

At the Company's Annual General and Special Meeting held on May 7, 2021, the Company's shareholders approved a stock option plan previously adopted by the Board on August 7, 2014 for directors, officers, employees and consultants (the "Stock Option Plan"). The purpose of the Stock Option Plan is (a) to enable the Company to attract and retain qualified officers, employees, directors and consultants; (b) to promote a proprietary interest in the Company on the part of officers, directors and employees of the Company and consultants to the Company, by providing such persons with the opportunity to acquire an equity interest in the Company or augment their equity interest in the Company, as the case may be; (c) to provide an additional incentive to officers, employees, directors and service providers in their efforts on behalf of the Company; and (d) to promote the profitability of the Company.

The maximum number of Common Shares reserved for issuance under the Stock Option Plan and all other security-based compensation arrangements of the Company, at any time, shall not exceed 7.5% of the total issued and outstanding Common Shares. Unless otherwise provided in the applicable option agreements, all options granted under the Stock Option Plan ("Options") shall vest and become exercisable as follows: (a) one third of the Options shall vest on the first anniversary of the date of grant; (b) an additional third of the Options shall vest on the second anniversary of the date of grant; and (c) the final third of the Options shall vest on the third anniversary of the date of grant.

As of December 31, 2023, there were no outstanding Options. The Stock Option Plan is administered by the Company upon the recommendation of the Chairman of the Board, who establishes exercise prices at not less than market price on the date of grant. Reference is made to the employee Stock Option Plan and Units in the notes to the consolidated financial statements of the Company for the years ended December 31, 2023 and 2022 and incorporated by reference herein.

Effective January 1, 2022, long term incentive compensation consisted of units of the Company (the "Units"). The Units were intended to incentivize certain employees in a similar manner as a stock option, however, the Units did not allow the employee to purchase common shares of the Company. Instead, the Units must be cash-settled for their value above the Company's current stock price when exercised. The 262,500 Units outstanding under this plan were cancelled in 2023 before any had been exercised.

MARKET FOR SECURITIES

The Common Shares of the Company are listed on the Toronto Stock Exchange under the symbol "CKI". The trading summary for the most recent fiscal year are as follows:

Month	Common Share Price			Volume #
	High \$	Low \$	Close \$	
January 2023	12.40	11.31	12.11	26,280
February 2023	13.00	12.00	13.00	48,240
March 2023	13.75	11.90	12.50	51,960
April 2023	12.86	11.98	12.85	254,380
May 2023	13.51	12.01	13.51	95,830
June 2023	13.98	12.52	12.93	28,220
July 2023	13.60	13.00	13.45	17,060
August 2023	13.75	12.50	13.75	15,800
September 2023	14.24	13.51	13.90	16,100
October 2023	13.91	13.04	13.60	35,910
November 2023	13.85	13.01	13.60	56,800
December 2023	14.28	13.50	14.28	34,140

ESCROWED SECURITIES

To the Company's knowledge, no securities of Clarke are held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Information on the directors and certain officers of the Company, including their municipalities of residence, principal occupations and term as a director of the Company as at December 31, 2023 is as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the Company</u>	<u>Director Since</u>	<u>Principal Positions in Past Five Years</u>
GEORGE ARMOYAN Montreal, QC, Canada	Chairman, President & Chief Executive Officer	2014	Executive Chairman, G2S2 Capital Inc. Officer of the Company (2012)
BLAIR COOK ⁽¹⁾ St. John's, NL, Canada	Director	2012	Partner, Executive Finance Partners, former CFO, Mara Renewable Corporation, former CFO, Horizon Maritime Services Ltd.
CHARLES PELLERIN ⁽¹⁾ Victoriaville, QC, Canada	Director	2010	President, Pellerin Potvin Gagnon S.E.N.C.R.L.
MARC STANILOFF Calgary, AB, Canada	Director	2019	President & CEO, Superior Lodging Corp.
JANE RAFUSE ⁽¹⁾ Halifax, NS, Canada	Director	2021	Former CFO of Holloway Lodging Corporation
TOM CASEY Halifax, NS, Canada	Chief Financial Officer	—	Former VP Finance of Holloway Lodging Corporation (2017) and former VP Finance of Clarke Inc. (2020)
TOMER COHEN Halifax, NS, Canada	Executive Officer	—	VP of Investments of Clarke Inc. (2021) Investment Manager (2019)

⁽¹⁾Member of the Audit Committee.

The term of office of each director will expire at the subsequent annual meeting of shareholders or at the time at which his or her successor is elected or appointed, or earlier if any director otherwise dies, resigns, is removed or is disqualified.

As of the date hereof, the directors and executive officers of the Company, as a group, held or controlled 10,629,526 Common Shares, representing approximately 76% of the issued and outstanding Common Shares.

No director or executive officer of the Company is, as at the date of this Annual Information Form, or was, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including a personal holding company), that:

1. was subject to an order (as defined in Form 51-102F2 of National Instrument 51-102 – *Continuous Disclosure Obligations*) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
2. was subject to an order (as defined in Form 51-102F2 of National Instrument 51-102 – *Continuous Disclosure Obligations*) that was issued after the director or executive officer 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.

No director, executive officer or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company thereof,

1. is, as at the date of this Annual Information Form, or was, within 10 years before the date of this Annual Information Form, a director or executive officer of any company, including Clarke, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
2. has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been 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, executive officer or shareholder; or
3. has been subject to:
 - (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, except as follows:
 - (i) on October 9, 2009, the Nova Scotia Securities Commission (the "Commission") approved a settlement agreement (the "Settlement") between Clarke and Geosam Investments Limited ("Geosam Investments") and staff of the Commission. The Settlement related to the Commission's investigation of a 2005 trade by Clarke and Geosam Investments in the securities of Advanced Fiber Technologies Income Fund ("AFT") that was initially announced by Clarke in February 2008. In the Settlement, Clarke and Geosam Investments acknowledged that they acted contrary to the public interest in failing to exercise sufficient due diligence relating to information concerning AFT. The Settlement acknowledged that Clarke, between 2005 and 2008, approved new internal policies and procedures and that Clarke and Geosam Investments co-operated with the Commission in its investigation. Under the Settlement, Clarke and Geosam Investments paid an administrative penalty of \$400,000 (of which Clarke paid \$300,000) and \$15,000 each toward costs of the

investigation. A special committee of the Board oversaw the Settlement on behalf of Clarke; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Certain directors and officers of the Company are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. Directors and officers of the Company are required to disclose existing and potential conflicts in accordance with the requirements of the CBCA. In a circumstance where a director declares an interest in any material contract or material transaction being considered at a meeting, the director generally recuses himself or herself from the meeting during the consideration of the matter and does not vote on the matter.

LEGAL PROCEEDINGS AND REGULATORY ACTION

From time to time, Clarke is involved in various claims and litigation arising in the normal course of business. There are currently no material proceedings or pending legal proceedings to which the Company is or is likely to become a party.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2023. No penalties or sanctions have been imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision. Except as disclosed elsewhere in this Annual Information Form, the Company has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

During 2023, the Company entered into a number of related party transactions in the normal course of operations and measured at fair value. The parties and value of the transactions are fully disclosed in the Company's consolidated financial statements for the year ended December 31, 2023. The document is incorporated by reference herein and is available on SEDAR+ at www.sedarplus.ca under Clarke's issuer profile.

TRANSFER AGENTS AND REGISTRARS

The transfer agent of the Company is:

Computershare Investor Services Inc.
1500 Robert-Bourassa Blvd, 7th Floor
Montreal, QC H3A 3S8

INTERESTS OF EXPERTS

The independent auditors of the Company are:

PricewaterhouseCoopers LLP
2000 Barrington Street, Suite 1101
Halifax, NS B3J 3K1

The consulting actuaries of the Company are:

Eckler Ltd.
1801 McGill College Avenue
Suite 1460
Montreal, QC H3A 2N4

None of the experts have an interest in any class of securities of the Company that exceeds one percent of the outstanding securities of such class. PricewaterhouseCoopers LLP is independent of the Company based on the *Rules of Professional Conduct* of the Chartered Professional Accountants of Canada.

ADDITIONAL INFORMATION

Additional information relating to Clarke may be accessed through the SEDAR+ website at www.sedarplus.ca. Additional information, including directors' and officers' remuneration, principal holders of Clarke's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in Clarke's information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in Clarke's financial statements and management discussion and analysis for the year ended December 31, 2023. Requests for copies of any filed documents may also be sent to the Corporate Secretary of Clarke, at 3400 One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4.

FORM 52-110F1 – AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee charter is attached as an appendix to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee of the Company consists of Blair Cook (Chair), Charles Pellerin and Jane Rafuse. The Board has determined that Mr. Cook, Mr. Pellerin and Ms. Rafuse are independent as defined under National Instrument 52-110 – *Audit Committees* ("NI 52-110"). The Board has determined that all members of the Audit Committee are financially literate as defined under NI 52-110. In considering the criteria for financial literacy, the Board looks at the ability of a director to read and understand a statement of financial position, a statement of earnings and a cash flow statement of a wide range of industries, as the Company operates as a diversified investment company.

Relevant Education and Experience of Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

- Mr. Cook is a Partner at Executive Finance Partners and the former CFO of Mara Renewable Corporation. In addition, Mr. Cook was previously the Chief Financial Officer of Clarke. Mr. Cook is Chairman of and was appointed to the Audit Committee following his appointment to the Board in 2012. Mr. Cook also serves as a corporate director for TerraVest Industries Inc ("TerraVest"). Mr. Cook holds a Bachelor of Business Administration from Acadia University, a Masters of Business Administration from St. Mary's University and obtained his Chartered Professional Accountant's designation in 1995.
- Mr. Pellerin is the Principal Partner and President of one of the largest independent accounting firms in Quebec, Pellerin Potvin Gagnon S.E.N.C.R.L. and was appointed to the Audit Committee in 2014. Mr. Pellerin also serves as the Executive Chairman of TerraVest. Mr. Pellerin holds a Bachelor degree in accounting from Ottawa University, and a post graduate diploma in accounting from the University of Trois-Rivieres, Quebec. He has been a member of the Quebec Order of the Chartered Accountants since 2000.
- Ms. Rafuse is the former Chief Financial Officer of Holloway Lodging Corporation. Ms. Rafuse was appointed to the Board in 2021 and the Audit Committee in 2023. Ms. Rafuse was a member of Holloway Lodging Corporation's executive team from the Company's inception in 2006 until 2020 and brings significant hotel industry experience to the Company. As a CPA, CA and CMC, Ms. Rafuse also brings significant financial reporting and analysis experience to the Audit Committee. Ms. Rafuse holds a Bachelor of Business Administration degree from Acadia University, obtained her Chartered Professional Accountant's designation in 1989 and her Certified Management Consultant designation in 2000.

Pre-Approval Policies and Procedures

The Audit Committee has approved a pre-approval policies and procedures policy which it uses to evaluate auditor independence and appropriate audit and non-audit services. The policies are included in the Audit Committee charter attached as an appendix to this Annual Information Form.

Audit Fees

PricewaterhouseCoopers LLP was reappointed as the Company's independent auditor during the year ended December 31, 2023. Their fees billed for 2023 and 2022 are detailed below:

	2023	2022
	\$	\$
Audit fees	210,000	194,000
Audit-related fees	17,500	55,000
Tax fees	15,000	15,000
Total	242,500	264,000

The nature of each category of fees is described below.

- Audit fees were paid for professional services rendered by the auditor for the audit of the annual financial statements of the Company, and for services provided in connection with statutory and regulatory filings or engagements.
- Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements, and are not reported under the audit fees caption above. Certain services consist of assurance and related services for specific investment and other transactions and new developments both in Company policies and accounting standards. In 2022, other services consisted of the review of the interim financial statements for the three, six and nine months ended March 31, June 30 and September 30.
- Tax fees were paid for tax compliance services.

APPENDIX: AUDIT COMMITTEE CHARTER

1. COMMITTEE ROLE

1.1 Overseeing Role

The committee's role is to act on behalf of the Board of Directors and oversee all material aspects of the Company's financial reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The audit committee shall monitor the qualitative aspect of financial reporting to shareholders and on Company processes for the management of financial risk and for compliance with significant applicable legal and regulatory requirements in respect of the financial affairs of the Company.

1.2 Coordination and Relationships

The role also includes coordination with other Board committees and the maintenance of strong, positive working relationships with management, auditors, counsel, and other committee advisers.

2. COMMITTEE MEMBERSHIP, PROCEDURES AND ORGANIZATION

2.1 Committee Members

The committee shall consist of at least three independent directors. Only independent directors shall serve on the committee except as otherwise permitted by securities law rules relating to composition of audit committees. A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company. For this purpose, a material relationship means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment, subject to certain relationships being deemed to be material by securities law rules relating to composition of audit committees.

Every audit committee member must be financially literate except as otherwise permitted by securities law rules relating to composition of audit committees. For the purposes of this mandate, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The committee shall have access to its own counsel and other advisers at the committee's sole discretion.

2.2 Annual Appointments, Chairmanship, Vacancies

Committee appointments shall be approved annually by the Board, and the Board shall designate the chairperson of the committee. The Board may at any time remove or replace any member of the committee and may fill any vacancy in the committee. Any member of the committee ceasing to be a director shall cease to be a member of the committee.

2.3 Secretary

The Secretary of the Company shall be the Secretary of the committee, unless otherwise determined by the committee.

2.4 Quorum and Method of Meeting

The quorum for meetings shall be the majority of the members of the committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

2.5 Conduct of Meetings

Meetings of the committee shall be conducted as follows:

- the committee shall meet, on a regular basis, at such times and at such locations as the chair of the committee shall determine;
- notice of every meeting shall be given to the external auditors, who shall be entitled to attend and be heard thereat;
- the external auditors or any member of the committee may call a meeting of the committee;
- the external auditors and members of management shall, when required by the committee, attend any meeting of the committee.

3. COMMITTEE OPERATING PRINCIPLES

3.1 Overriding Principles of Operation

The committee shall fulfill its responsibilities within the context of the following overriding principles:

- (a) *Communications* - The chairperson and others on the committee shall, to the extent appropriate, have contact throughout the year with senior management, other committee chairpersons, and other key committee advisers, external auditors, internal auditors (if any), all as applicable to strengthen the committee's knowledge of current and prospective issues relevant to the committee.
- (b) *Annual Plan* - The committee shall develop an annual plan responsive to the primary committee responsibilities detailed herein. The annual plan shall be reviewed and approved by the Board.
- (c) *Meeting Agenda* - Committee meeting agendas shall be the responsibility of the committee chairperson, with input from committee members and the Chief Financial Officer. It is expected that the chairperson would also ask for management, the auditors and other key committee advisers, and perhaps others, to participate in this process.
- (d) *Committee Expectations and Information Needs* - The committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management in general, those responsible for internal audit, and external parties, including external auditors. Written materials required shall be received from management, auditors, and others at least one week in advance of meeting dates. Meeting conduct will assume Board members have reviewed written materials in sufficient depth to participate in committee/Board dialogue.

- (e) *External Resources* - The committee is authorized to access internal and external resources, as the committee requires, to carry out its responsibilities and to determine the compensation to be paid to such external resources, including independent counsel.
- (f) *Committee Meeting Attendees* - The committee shall request members of management, external auditors and legal counsel, as applicable, to participate in committee meetings, as necessary, to carry out the committee responsibilities. Periodically and at least annually, the committee shall meet in private session with only the committee members. It shall be understood that external auditors, the Chief Financial Officer, or legal counsel may, at any time, request a meeting with the audit committee or committee chairperson with or without management or any other management attendance. In any case, the committee shall meet in executive session separately with external auditors, at least annually.
- (g) *Reporting to the Board of Directors* - The committee, through the committee chairperson, shall report periodically, as deemed necessary, but at least semi-annually, to the Board. In addition, summarized minutes from committee meetings shall, in a timely manner, be available to each Board member.
- (h) *Committee Self-Assessment* - The committee shall review, discuss, and assess its own performance as well as the committee role and responsibilities and the committee's compliance with codes of conduct; and seek input from senior management, the Board, and others on the foregoing. Changes in roles and/or responsibilities, if any, shall be recommended to the Board for approval.

4. COMMITTEE'S RELATIONSHIP WITH EXTERNAL AUDITORS

4.1 External Auditors' Report to Board and Audit Committee

The external auditors, in their capacity as independent public accountants, shall be responsible to the Board and the audit committee as representatives of the shareholders.

4.2 Reporting Matters

As the external auditors review financial reports, they shall report thereon to the committee and the Board; and, in particular, shall do so on all material relevant issues of importance to the committee; and, in particular, without limitation, those issues that are reasonably considered to be of importance to the committee, based on its mandate as described herein, and those issues that may be responsive to requests of the committee. The Board or committee shall review such reports in their overseeing capacity.

4.3 Annual Review of Auditors

The committee shall annually review the performance (effectiveness, objectivity, and independence) of the external auditors. The committee shall require a formal written statement from the external auditors as to their independence. Additionally, the committee shall discuss with the external auditors relationships or services that may affect auditors' objectivity or independence. If the committee is not satisfied with the auditors' assurances of independence, it shall take or recommend to the full Board appropriate action in connection therewith.

4.4 Significant Issues

If the external auditors identify significant issues relative to the overall Board responsibility that have been communicated to management but, in their judgment, have not been adequately addressed, they should communicate these issues to the committee chairperson.

4.5 Annual Review

The committee shall annually review financial management with the auditors, and shall review with the auditors and management, together and separately, any new appointment of a Chief Financial Officer or any key financial executives.

4.6 Internal Controls over Financial Reporting ("ICFR")

The committee shall require that management, through the officer or manager responsible for ICFR, annually review with the committee the performance and effectiveness of the ICFR framework and certification process.

4.7 Duties of Committee Relating to External Auditors

The duties of the committee, as they relate to the external auditors, shall include:

- (a) the review of management's recommendations for the appointment of the external auditors and to recommend to the Board a firm of external auditors to be engaged;
- (b) if there is a proposed change of external auditors, the review of all issues related to such proposed change, including the information to be included in the notice of change of auditors called for in continuous disclosure rules under applicable securities laws, including National Instrument 51-102 of the Canadian Securities Administrators, and the planned steps for an orderly transition;
- (c) the review of all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 of the Canadian Securities Administrators, on a routine basis, whether or not there is to be a change of external auditors;
- (d) the review of the engagement letter of the external auditors;
- (e) the review of the performance, including the fee, scope and timing of the audit and other related services, of the external auditors and the recommendation to the Board the compensation of the external auditor;
- (f) the review of the audit plans of the external auditors, as well as inquiry into the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts;
- (g) the review and pre-approval of the nature of and fees for any non-audit services performed for the Company by the external auditors and considering whether the nature and extent of such services could detract from the auditors' independence in carrying out the audit function;

- (h) the oversight and review, separately with the auditors and with management, upon the completion of the audit, or prior thereto where appropriate, of:
 - (i) the contents of the auditors' report;
 - (ii) the scope and quality of the audit work performed;
 - (iii) the adequacy of the Company's financial and auditing personnel;
 - (iv) the co-operation received from the Company's personnel during the audit and any problems encountered by the external auditors and any restrictions on the auditors' work;
 - (v) the internal resources used;
 - (vi) the evaluation of internal controls with the external auditors, together with management's response to recommendations of the external auditors, including in respect of subsequent follow-ups or any identified weaknesses in the Company's system of internal control for detecting accounting and reporting financial errors, fraud and defalcations, unethical acts or omissions, legal violations, and non-compliance with the Company's code of conduct;
 - (vii) the terms of reference of the internal auditor (if any);
 - (viii) any proposed changes in accounting policies, any presentation of the impact of significant risks and uncertainties, and any estimates, accruals, provisions and judgments of management that may in such cases be material to financial reporting; as well as other sensitive matters such as measurement and disclosure of related party transactions;
 - (ix) the appropriateness of management's annual and quarterly discussion and analysis of operations for the annual and quarterly report and its consistency with financial statements;
 - (x) any report or opinion proposed to be rendered in connection with the year-end consolidated financial statements;
 - (xi) any significant transactions which were not a normal part of the Company's business;
 - (xii) the nature and substance of material accruals, reserves and other estimates; and
 - (xiii) the financial statements included in the annual report with management and external auditors to determine that the external auditors are satisfied with the disclosure and content of the financial statements to be presented to shareholders.
- (i) the provision to the external auditors of quarterly financials and releases and management's discussion and analysis, for its records,
- (j) the monitoring of financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related views of the external auditors thereon, and the basis for audit conclusions and

important conclusions on interim and/or year-end audit work, all in advance of the public release of financial information,

- (k) the approval of the Company's annual audited financial statements, in conjunction with the report of the external auditors thereon and those of its subsidiaries, and
- (l) the oversight and providing of assistance in resolving disagreements between management and the external auditors regarding financial reporting.

5. SPECIFIC DUTIES OF THE AUDIT COMMITTEE

5.1 Accounting, Disclosure, Practices and Governance

The duties of the committee as they relate to overseeing accounting and disclosure policies and practices and other significant and related corporate governance matters are as follows:

- (a) the review of changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a material impact on the Company's financial reporting as reported to the audit committee by management or external auditors;
- (b) the review of the appropriateness of the accounting policies used in the preparation of the Company's financial statements and consideration of recommendations for any material changes to such policies;
- (c) the review of the status of material contingent liabilities as reported to the committee by management;
- (d) the review of the status of income tax returns and potentially material tax matters as reported to the committee by management;
- (e) the review of any material errors or omissions in the current or prior year's financial statements;
- (f) the review of policies and practices of officers' expenses and benefits, including the use of Company assets and of inquiries on results of examinations done through internal control or the external auditors;
- (g) overseeing the establishment of adequate procedures for the review of public disclosure that includes financial information extracted from the Company's financial statements, and the periodic assessment of the adequacy of such procedures;
- (h) the review with the Board, before their release to the public, of all public disclosure documents containing audited or unaudited financial information, including any prospectus, the annual report to shareholders, annual and quarterly financial statements and, management's discussion & analysis, press releases, and such other items that require the approval of the Board; and
- (i) the review of any other disclosure required in respect of the audit committee and its activities, including any disclosure required in the Company's annual information form and management information circular.

5.2 Other Specific Duties

Other specific duties of the committee shall be:

- (a) the production of a calendar of activities to be undertaken by the committee for each year and submitting of the calendar in an appropriate format to the Board within a reasonable period of time following each annual meeting of shareholders;
- (b) the review of and report to the Board on any difficulties and problems that may arise with regulatory agencies which are likely to have a material financial impact;
- (c) the establishment of procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (d) the review and approval of the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

6. MATTERS THAT ARE NOT THE RESPONSIBILITY OF THE AUDIT COMMITTEE

The following matters are, among others, matters which are not the responsibility of the committee:

- (a) conducting audits or determining that financial statements are complete and accurate and are in accordance with generally accepted accounting principles;
- (b) being responsible for overseeing compliance by others under codes of conduct of the Company; and
- (c) being responsible for overseeing risk management other than financial risk management.