

Management Information Circular

CLARKE INC.

April 13, 2015



CLARKE INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

TO BE HELD ON THE 7th DAY OF MAY, 2015

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the "Meeting") of the shareholders of Clarke Inc. (the "Company" or "Clarke") will be held at the offices of Bennett Jones LLP located at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4 on May 7, 2015 at 9:00 a.m. EST to:

1. receive the consolidated financial statements of the Company for the year ended December 31, 2014 and the auditors' report thereon;
2. elect the directors of the Company;
3. appoint the auditors of the Company and authorize the directors to fix their remuneration;
4. consider and, if thought advisable, pass a resolution approving the stock option plan adopted by the board of directors of the Company on August 7, 2014 and previous stock option grants, as more particularly described in the accompanying Management Information Circular; and
5. transact such further or other business as may properly come before the Meeting or any adjournments thereof.

Shareholders who are unable to be present personally at the Meeting are requested to sign and return, in the envelope provided for that purpose, the form of proxy accompanying this notice. Only holders of common shares of record at the close of business on April 1, 2015 will be entitled to attend the Meeting and to vote in person or by proxy, except to the extent that (a) the shareholder has transferred the ownership of such shares after such date and (b) the transferee of such shares produces a properly endorsed share certificate or otherwise establishes that he or she owns such shares and demands no later than 48 hours before the Meeting that his or her name be included in the list of shareholders entitled to vote at the Meeting.

Dated at Halifax, Nova Scotia this 13th day of April, 2015.

By Order of the Board

(Signed): "Michael Rapps"

Michael Rapps
President and Chief Executive Officer

CLARKE INC.

MANAGEMENT INFORMATION CIRCULAR

MANAGEMENT SOLICITATION

The information contained in this Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Clarke Inc. (the "Company" or "Clarke") for use at the Annual General and Special Meeting (the "Meeting") of shareholders of the Company ("Shareholders") to be held at the offices of Bennett Jones LLP located at 3400 One First Canadian Place, Toronto, Ontario, M5X 1A4 on May 7, 2015 at 9:00 a.m. EST for the purposes set out in the enclosed Notice of Meeting. This solicitation of proxies may be carried out by mail, telephone or personally by officers, employees or representatives of the Company. The cost of solicitation will be borne by the Company.

Information in this Circular is given as at April 13, 2015 unless otherwise specified.

APPOINTMENT AND REVOCATION OF PROXIES

THE ENCLOSED PROXY IS SOLICITED BY THE MANAGEMENT OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM, OTHER THAN THE PERSON NAMED IN THE PROXY, BY INSERTING THE NAME OF SUCH PERSON IN THE SPACE INDICATED IN THE PROXY.

A proxy may be revoked by the Shareholder giving such proxy at any time before it is voted by an instrument in writing executed by the Shareholder or by his duly authorized attorney, or if the Shareholder is a corporation, under its corporate seal or by an officer or attorney duly authorized, and in any such case, deposited either at the head office of the Company up to and including the last business day preceding the Meeting, or with the chairman of the Meeting on the day of the Meeting or adjournment thereof or in any other manner permitted by law.

VOTING OF PROXIES

The shares represented by proxies in favour of management nominees will be voted at the Meeting, except on those matters for which they have been directed to refrain from voting. Where any matter listed on the form of proxy indicates a choice of action, the shares will be voted in accordance with the choice specified by the Shareholder.

IN RESPECT OF PROXIES IN WHICH SHAREHOLDERS HAVE NOT SPECIFIED THE MANNER IN WHICH VOTES ARE TO BE CAST, THE SHARES REPRESENTED BY SUCH PROXIES WILL BE VOTED IN FAVOUR OF ALL SUCH MATTERS SPECIFIED THEREIN.

The form of proxy also confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice of Meeting and other matters which may properly come before the Meeting. Management knows of no matters to come before the Meeting other than those identified in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the shares represented by proxies in favour of management's nominees will be voted on such matters in the discretion of the proxy nominee, unless prohibited by law or regulation.

Notice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to those many Shareholders who do not hold common shares in their own name (referred to in this document as "Beneficial Shareholders"). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of the common shares of the Company ("Common Shares") can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholders' broker or their agent. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker or their nominee is prohibited from voting Common Shares for their clients. The Company does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires brokers or other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is similar to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (e.g. the broker or its nominee) how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions ("Broadridge"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted.

Since the Company does not have access to the names of its Beneficial Shareholders, if a Beneficial Shareholder attends the Meeting, the Company will have no record of their shareholdings or of their entitlement to vote, unless the broker or other intermediary has appointed such Beneficial Shareholder as proxy holder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting should follow the instructions provided on the voting instruction form sent to him or her by the broker or other intermediary, which typically are to insert their own name in the space provided on the voting instruction form sent to them by the broker or other intermediary. By doing so, the broker or other intermediary is instructed to appoint the Beneficial Shareholder as proxyholder. Then the Beneficial Shareholder should follow the signing and return instructions provided by their broker or other intermediary.

The Company is not using "notice-and-access" to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. The Company will send proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of Broadridge. The Company intends to pay for the broker or other intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 "Request for Voting Instructions Made by Intermediary" of National Instrument 54-101.

If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Management is not aware of any material interest of any director or senior officer of the Company, any person who has held such a position since the beginning of the last completed financial year of the Company, any proposed nominee for director of the Company, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors, except that under the Stock Option Plan (as defined herein), directors, officers, employees and consultants of the Company are eligible for grants of Options (as defined herein). See "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan".

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The only voting shares of the Company are its Common Shares. On April 13, 2015, there were 16,448,605 issued and outstanding Common Shares. Each Common Share carries the right to one vote.

Only Shareholders who are the registered holders of Common Shares in the Company record maintained by Computershare Investor Services Inc., Halifax, Nova Scotia at the close of business on April 1, 2015 will be entitled to attend and to vote at the Meeting except to the extent that (a) the Shareholder has transferred the ownership of such Common Shares after such date; and (b) the transferee of such Common Shares produces a properly endorsed share certificate or otherwise establishes that he owns such Common Shares and demands not later than 48 hours before the Meeting that his name be included in the list of Shareholders entitled to vote at the Meeting.

To the knowledge of the directors and officers of the Company, no person beneficially owns or exercises control or direction over shares carrying more than 10% of the voting rights attached to all issued and outstanding shares of the Company on a fully diluted basis, other than Mr. Armoyan, who exercises control or direction over 7,277,665 Common Shares, which is 44.2% of the issued and outstanding Common Shares. Mr. Armoyan has control or direction over 2,577,665 Common Shares through Geosam Capital Inc. In addition, Geosime Capital Inc. and Scotia Learning Centres Incorporated, companies controlled by an immediate family member of Mr. Armoyan, own 3,000,000 and 1,700,000 Common Shares, respectively.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Consolidated Financial Statements and Auditors' Report

The audited consolidated financial statements of the Company for the year ended December 31, 2014 and the auditors' report thereon will be received at the Meeting. The financial statements and the auditors' report can be obtained from Clarke's website at www.clarkeinc.com and they have been reported online on SEDAR at www.sedar.com.

2. Election of Directors

Each of the persons whose names appear hereunder is proposed to be elected as a director of the Company to serve until the next annual general meeting of Shareholders or until his successor is elected or appointed.

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT'S NOMINEES, EXCEPT THOSE DIRECTED TO BE WITHHELD, WILL BE VOTED IN FAVOUR OF THE ELECTION OF SUCH PERSONS AS DIRECTORS OF THE COMPANY.

Name	Office and Principal Occupation	Served as a Director Since	Shares Beneficially Owned, Controlled or Directed
George Armoyan Halifax, Nova Scotia, Canada	President of Geosam Capital Inc. and Executive Chairman of Clarke Inc.; Former President and Chief Executive Officer of Clarke Inc.	June 12, 2014 ⁽²⁾	7,277,665 Common Shares ⁽³⁾
Blair Cook ⁽¹⁾ Halifax, Nova Scotia, Canada	Financial Consultant; Former Vice President Instructional Design and Education Delivery, Smartfirm Interactive Learning (Smartfirm Inc.)	May 15, 2012	NIL
Brian Luborsky ⁽¹⁾ Toronto, Ontario, Canada	Chairman and Chief Executive Officer, Beauty Express Canada Inc.	June 12, 2014	221,608 Common Shares
Charles Pellerin ⁽¹⁾ Victoriaville, Quebec, Canada	President, Pellerin Potvin Gagnon S.E.N.C.R.L.	May 14, 2010	190,000 Common Shares
Michael Rapps Toronto, Ontario, Canada	President and Chief Executive Officer of Clarke Inc.; Former Managing Director of Geosam Capital Inc.	May 15, 2012	40,000 Common Shares

(1) Member of the Audit Committee. Mr. Cook is the Chairman of the Audit Committee.

(2) Mr. Armoyan was previously a director of Clarke from December, 2001 to January, 2010.

(3) See "Voting Shareholders and Principal Holders Thereof".

To the knowledge of the Company, except as disclosed below, none of the proposed directors:

- (a) is or was within the last 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including Clarke, that,
 - (i) was subject to a cease trade order or similar order, or an order that denied the issuer access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days, while that person was acting in that capacity;
 - (ii) was subject to a cease trade order or similar order or an order that denied the issuer access to an exemption under securities legislation, for a period of more than 30 consecutive days, after that person 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) is or was within the last 10 years before the date of this Circular, 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, except as follow:

- (i) Mr. Armoyan, Executive Chairman of the Company, served as a member of the board of directors for HIP Interactive Corp. ("HIP") during the period of May 27, 2005 to June 28, 2005. On July 11, 2005, the Ontario Superior Court of Justice appointed an interim receiver for HIP under the federal Bankruptcy and Insolvency Act. Mr. Armoyan also served as a member of the board of directors of Shermag Inc. ("Shermag"), which on May 5, 2008 announced that it had obtained protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") in the Québec Superior Court. Shermag emerged from CCAA protection in October 2009; and
- (ii) Brian Luborsky, a director of the Company, was an officer and director of Trade Secret Inc. and its subsidiaries, and Pure Beauty Salons & Boutiques Inc., both of which were Delaware corporations with operations in the United States, when they filed a petition for bankruptcy under chapter 11 of title 11, United States Code ("Chapter 11") in the United States Bankruptcy Court for the District of Delaware in July of 2010 and October of 2011 respectively. A final decree was issued in January of 2011 closing the Chapter 11 case of Trade Secret Inc. and Pure Beauty Salons & Boutiques Inc. Mr. Luborsky's family members were the indirect owners of 100% of the common stock of both entities. Additionally, Mr. Luborsky was also an officer and director of Premier Salons Ltd., an Ontario corporation, which filed for bankruptcy in Ontario on December 5, 2014. Mr. Luborsky's family were the indirect owners of 39% of the common stock of this entity;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to 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; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

3. Appointment of Auditors

Management proposes that the Shareholders ratify, confirm and approve the appointment of the current auditors of the Company, PricewaterhouseCoopers LLP ("PWC"), as the auditors of the Company until the next annual general meeting of the Shareholders, or until a successor is otherwise appointed prior thereto, and to authorize the board of directors of the Company (the "Board") to fix the auditor's remuneration.

On March 19, 2015, the Board resolved to appoint of PWC as auditor of the Company to replace Deloitte LLP ("Deloitte") until the next meeting of Shareholders, following the resignation of Deloitte as auditor of the Company on March 4, 2015. Deloitte resigned as auditor of the Company on its own initiative, for commercial reasons.

There are no reportable events (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators), and the reports of Deloitte for the two most recently completed fiscal years, namely the fiscal years ending December 31, 2014 and December 31, 2013, did not express a modified opinion.

Pursuant to National Instrument 51-102, a copy of the reporting package relating to this change of auditor is attached the Circular as Exhibit B which includes: (i) the Company's notice of change of auditors regarding Deloitte's resignation dated March 6, 2015; (ii) a letter of agreement from Deloitte; (iii) the Company's notice of change of auditors regarding PWC's appointment dated March 24, 2015; and (iv) a letter of agreement from PWC.

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT'S NOMINEES, EXCEPT THOSE DIRECTED TO BE WITHHELD, WILL BE VOTED

IN FAVOUR OF THE APPOINTMENT OF THE FIRM OF PRICEWATERHOUSECOOPERS LLP AS AUDITORS OF THE COMPANY.

4. Approval of Stock Option Plan

On August 7, 2014, the Board adopted a new stock option plan (the "Stock Option Plan"), subject to Shareholder and regulatory approval. The purpose of the Stock Option Plan is principally to provide officers, directors and employees of the Company an additional incentive to maximize Shareholder value. Options enable the recipient to benefit from an increase in the price of the Common Shares. Accordingly, this form of compensation is tied to positive Common Share price performance and ensures that recipients only benefit from this form of compensation if Shareholders generally benefit.

The Stock Option Plan is administered by the Company upon the recommendation of the Board. The Company effects the grant of options to purchase Common Shares under the Stock Option Plan ("Options"), in accordance with determinations made by the Board including as to: (a) the persons (from among the eligible participants) to whom Options will be granted; (b) the number of Common Shares which shall be the subject of each Option; (c) the exercise price in respect of each Option; and (d) any and all terms and conditions in addition to those contained in the Stock Option Plan that are to be attached to any or all such Options.

The material terms of the Stock Option Plan are described below. The Toronto Stock Exchange ("TSX") has reviewed and approved such disclosure. The following information is qualified in its entirety by the full text of the Stock Option Plan, which is attached hereto as Exhibit C.

Eligible Participants

Subject to the regulations of the TSX and any securities laws, the following persons are eligible to be granted Options under the Stock Option Plan: (i) any employee of the Company or its subsidiaries; (ii) any director of the Company or its subsidiaries; or (iii) any consultant.

Plan Limit

The total number of Common Shares reserved for issuance under the Stock Option Plan, together with all other security based compensation arrangements (as such term is defined in the TSX Company Manual) established or maintained by the Company, at any time, shall not exceed 10% of the total issued and outstanding Common Shares.

Maximum Issuable in One Year

The aggregate number of Common Shares issuable under the Stock Option Plan and any other security-based compensation arrangements established or maintained by the Company in any one year period shall not exceed 5% of the issued and outstanding Common Shares.

Insider Participation Limit

The aggregate number of Common Shares (a) issued to insiders of the Company within any one-year period, and (b) issuable to insiders of the Company, at any time, under the Stock Option Plan, or when combined with all other security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares.

Maximum Issuable to One Person

The aggregate number of Common Shares issuable to any one participant under the Stock Option Plan and all other security based compensation arrangements of the Company shall not exceed 5% of the issued and outstanding Common Shares.

Determination of Exercise Price

The exercise price of a Common Share underlying an Option granted under the Stock Option Plan will be determined by the Board on the date of the grant of the Option, provided that such exercise price shall not be less than the market price on the date of the grant of the Option. For the purpose of determining the exercise price, the market price of a Common Share, on any particular date, means the volume weighted trading average trading price for the Common Shares on any stock exchange that the Common Shares are listed for the five trading days on which the Common Shares traded immediately preceding such date; provided, however, in the event that the Common Shares are not listed and posted for trading on any stock exchange, the market price shall be the fair market value of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith.

Vesting and Term of Options

It is intended that the Options granted under the Stock Option Plan shall be exercised during a period of time (the "Exercise Period") fixed by the Board, not exceeding seven years from the date of grant of the Option.

The Options shall be subject to such terms of vesting as the Board may determine, in accordance with the Stock Option Plan. Unless otherwise provided in an option agreement, all Options shall vest and become exercisable as follows: (a) 1/3 of the Options shall vest on the first anniversary of the date of grant; (b) an additional 1/3 of the Options shall vest on the second anniversary of the date of grant; and (c) the final 1/3 of the Options shall vest on the third anniversary of the date of grant.

Options which have vested may be exercised in whole or in part at any time and from time to time during the Exercise Period. Subject to other provisions of the Stock Option Plan concerning a termination date, at the expiration of the Exercise Period, any Options which have not been exercised shall expire and become null and void.

Cashless Exercise

With Board approval, a participant may elect to surrender any vested Option, which is otherwise exercisable and, in consideration for such surrender for cancellation, receive a cash payment, or Common Shares having a value, equal to the in-the-money amount of the Options being surrendered. The in-the-money amount of an Option is the positive difference between the market price of the Common Shares issuable on the exercise of such Option or portion thereof, as of the date such Option is surrendered, and the aggregate exercise price of such Option or portion thereof.

Financial Assistance

The Company may provide financing to all participants of the Stock Option Plan for all or any portion of the purchase price of the Common Shares for which an Option is being exercised upon such terms and conditions as the Board may determine including the rate of interest, if any, the term of the financing, the repayment terms, whether such financing shall be made with or without recourse and, the security, if any, to be taken which may include a pledge of the Common Shares for which the financing of the purchase price has been given

Change of Control

In the event of a Change of Control (as defined in the Stock Option Plan) or a determination by the Board that a Change of Control is expected to occur, all outstanding Options granted under the Stock Option Plan shall vest as of the date of such determination and be immediately exercisable until the earlier of: (a) the date which is 90 days following the date of such Change of Control, or such earlier time as may be established by the Board and (b) the expiry date of the Options.

In the event that the Board passes a resolution approving, or the Company enters into an agreement providing for, a transaction which would constitute a Change of Control, the Board may, at its discretion, resolve to permit participants to exercise all vested and unvested Options pursuant to the terms of the Stock Option Plan, conditional upon the occurrence of the Change of Control, and for the purpose of, as applicable, tendering the underlying

Common Shares to the take-over bid or voting such Common Shares in respect of the resolution pertaining to the transaction.

Cessation of Entitlement

Subject to the terms of any particular option agreement, on a participant's termination date, any Options granted to such participant that have not vested prior to the participant's termination date shall terminate and become null and void as of such termination date.

Where a participant's termination occurs as the result of Termination for Cause (as defined in the Stock Option Plan) based on allegations of gross negligence, fraud, breach of fiduciary duty or other acts of willful malfeasance against the Company (or its subsidiaries), all Options, whether or not vested, of the participant shall immediately and automatically terminate for no consideration and be rendered null and void. Where a participant's termination occurs for Termination for Cause other than as set forth above, the participant will have the right to exercise part or all of his or her outstanding vested Options at any time up to and including the earlier of: (i) the date which is 10 days following the date of such participant's termination date; and (ii) the expiry date of the vested Options. Where a participant's termination occurs as the result of death or disability, the participant's legal representative shall have the right to exercise any outstanding vested options at any time up to and including the earlier of: (i) the date which is one year following the termination date of such participant; and (ii) the expiry date of the vested options.

Where a participant's termination occurs for any other reason than outlined above, the participant will have the right to exercise their outstanding vested options at any time up to and including the earlier of: (i) the date which is 30 days following the date of such participant's termination date; and (ii) the expiry date of the vested options.

Assignability and Transferability

Options granted under the Stock Option Plan are non-assignable and non-transferable, except pursuant to laws of succession and, except in the case of the participant's death or incapacity, shall be exercisable or surrendered only by the participant.

Amendment Provisions

It is intended that, under the Stock Option Plan, the Board shall have the power and authority to terminate the Stock Option Plan and to approve amendments to the Stock Option Plan or to Options, without approval of the Shareholders, including, without limitation, for any of the following types of amendments:

- (a) amendments for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or Option or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan;
- (b) amendments necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed;
- (c) amendments to the Stock Option Plan respecting administration of the Stock Option Plan;
- (d) amendments of a "housekeeping" nature;
- (e) changes to the terms and conditions on which Options may be or have been granted pursuant to the Stock Option Plan, including a change to, or acceleration of, the vesting provisions of Options;
- (f) amendments to the treatment of Options on ceasing to be a participant; and
- (g) a change to the termination provisions of Options or the Stock Option Plan which does not entail an extension beyond the original expiry date.

Notwithstanding the above, it is intended that under the Stock Option Plan, Shareholder and stock exchange approval will be required in order to:

- (a) increase the maximum number of Common Shares reserved for issuance under the Stock Option Plan;
- (b) increase any limit on grants of Options set forth in the Stock Option Plan;
- (c) reduce the exercise price in respect of any Option;
- (d) extend the period of time during which an Option must be exercised or surrendered;
- (e) amend the class of eligible participants under the Stock Option Plan;
- (f) cancel any Options and concurrently re-issue such Options on different terms;
- (g) amend the amendment provisions of the Stock Option Plan; or
- (h) make any other amendment to the Stock Option Plan where Shareholder approval is required by any stock exchange on which the Common Shares of the Company are listed.

Options Issued Under the Stock Option Plan Subject to Ratification

The Board adopted the Stock Option Plan on August 7, 2014. On August 18, 2014, the Board granted a total of 500,000 Options to three officers of the Company. These Options may be exercised at a price of \$12.19 until August 18, 2021. However, these Options cannot be exercised until such time that Shareholders have approved and ratified the Stock Option Plan and the option grants. Should the Shareholders fail to approve the Stock Option Plan, these Options will be cancelled immediately after the Meeting.

The Board priced all of the Option grants to the officers at \$12.19, which was the Company's book value per Common Share as at the most recent reporting period. At such date, the Common Shares traded at \$10.96. The volume weighted average trading price of the Common Shares for the five days immediately preceding August 18, 2014 was \$10.47.

See "Statement of Executive Compensation – Outstanding Options".

Shareholder Approval

The rules of the TSX require that the Stock Option Plan be approved by an ordinary resolution passed by a majority of the votes cast by holders of Common Shares present or represented by proxy at the Meeting. The text of the resolution approving the Stock Option Plan is as follows:

"BE IT RESOLVED THAT:

1. The Stock Option Plan authorizing the directors to grant options on Common Shares up to a maximum of 10% of the issued and outstanding Common Shares from time to time, as set forth in Exhibit C to the Circular, be and is hereby ratified and approved, together with all Options granted thereunder as at the date hereof.
2. Any officer or director of the Company be and is hereby authorized for and on behalf of the Company to execute, whether under the corporate seal of the Company or otherwise, and deliver all such documents and instruments, and to do all such acts or things, as may be necessary or desirable to give effect to the foregoing."

The Board has determined that the Stock Option Plan is in the best interests of the Company and the Shareholders and therefore recommends that the Shareholders vote for the resolution approving the Stock Option Plan.

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT'S NOMINEES, EXCEPT THOSE DIRECTED TO BE VOTED AGAINST THE APPROVAL OF THE STOCK OPTION PLAN, WILL BE VOTED IN FAVOUR OF THE APPROVAL OF THE STOCK OPTION PLAN.

STATEMENT OF EXECUTIVE COMPENSATION

1. Compensation Discussion and Analysis

This section is intended to provide Shareholders with a description of the policies and programs regarding compensation of the named executive officers' ("NEOs") for the financial year ended December 31, 2014. The NEOs are the Executive Chairman, President and Chief Executive Officer, Chief Financial Officer, Vice President of Investments and Vice President of Taxation, as listed in the Summary Compensation Table below.

The Company's executive compensation program is administered by the Board, or as necessary, a sub-committee comprised of independent directors appointed thereby. The Board has responsibility for the remuneration of the President and Chief Executive Officer and also approves the remuneration of the other executive officers, after considering the recommendations of the President and Chief Executive Officer. The Board evaluates the performance of the Company's executive officers and continually reviews the design and competitiveness of the Company's incentive compensation programs.

On August 7, 2014, the Board approved a new management compensation plan for the NEOs ("Compensation Plan"), other than Mr. Armoyan, whose compensation program is described under the heading "Supplementary Retirement Plan". While the Compensation Plan was not effective for the 2014 fiscal year, the Board considered the Compensation Plan in determining annual and long-term incentives for the year ended December 31, 2014.

The Company did not retain the services of any compensation consultant during 2014. There is no formal policy in relation to whether a director or NEO is permitted to purchase financial instruments designed to hedge or offset a decrease in market value of Common Shares of the Company.

Objectives of the Compensation Program

The Company's compensation philosophy is to pay NEOs competitive base salaries while tying a significant portion of the NEO's total compensation to financial and share price performance in the form of annual incentive and Options.

Elements of the Compensation Program

NEO compensation (other than Mr. Armoyan's compensation) is comprised of the following three components: base salary, short-term incentive in the form of an annual performance-based cash bonus and long-term incentive in the form of Option grants.

Mr. Armoyan does not receive a base salary or an annual incentive but he is eligible to receive compensation pursuant to a defined benefit plan and a supplementary retirement plan.

Base Salaries

The Company believes that a competitive base salary is a necessary element for attracting and retaining qualified executive officers that have the particular skill sets required by the Company. The amount payable to a NEO as base salary is determined by the NEO's particular experience and qualifications and with reference to market practices at the time. The President and Chief Executive Officer recommends for approval to the Board base salaries for each executive of Clarke.

Performance-Based Bonuses

For the year ended December 31, 2014, NEO performance-based bonuses were determined on a discretionary basis based on individual and corporate performance with consideration given to the terms of the Compensation Plan. Creating value for Shareholders was the primary determinant of annual performance-based compensation. The President and Chief Executive Officer recommends for approval to the Board bonuses for each executive of Clarke.

The Compensation Plan for all NEOs includes a corporate performance component. An individual performance component equal to 25% of the target annual cash bonus applies to the Chief Financial Officer and Vice President of Taxation who each have specific responsibilities. This individual performance component is discretionary and the President and Chief Executive Officer recommends an amount for approval to the Board. The annual cash bonus of NEOs with broader responsibility, such as the President and Chief Executive Officer, is only tied to corporate performance.

The corporate performance component of the annual cash bonus under the Compensation Plan is determined as follows. Each NEO is assigned a notional number of Common Shares ("Assigned Shares") (no Common Shares are issued; they are simply assigned for calculation purposes). Following year-end, each NEO is entitled to receive a cash bonus equal to (i) the positive change in the book value per Assigned Share for 50% of the Assigned Shares and (ii) the positive Shareholder return for 50% of the Assigned Shares. Shareholder return consists of the change in the Common Share price and the dividends paid on the Common Shares during the applicable fiscal year. Each bonus metric is subject to a 5% hurdle rate before any cash bonus is payable.

Options

Options are designed to provide officers, directors and employees of the Company an additional incentive to maximize Shareholder value. Options vest over time to ensure that Option recipients consider the long-term implications of their decisions rather than focus on short-term decision making. Option grants are subject to approval of the Stock Option Plan by Shareholders at the Meeting.

Option grants to NEOs are approved by the Board pursuant to the terms of the Stock Option Plan. Previous grants of Options are taken into account by the Board when considering new Option grants in order to ensure that the Company's decisions regarding a grant of Options are consistent with the Company's compensation philosophy and policies. In determining Option grants, the Board considers the compensation from the Options to be received over the course of the vesting period and not as a lump sum equal to the fair value received on the grant date.

See "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan" for a summary of the material terms and conditions of the Stock Option Plan.

Defined Benefit Plan

The Company maintains a defined benefit plan, in the form of a group pension plan, for eligible participants (the "Defined Benefit Plan"). Mr. Armoyan was the only NEO who was eligible to receive a pension under the Defined Benefit Plan in 2014. Please see the table under the heading "Defined Benefit Plan and Supplementary Retirement Plan" for particulars of defined benefits available to Mr. Armoyan in 2014.

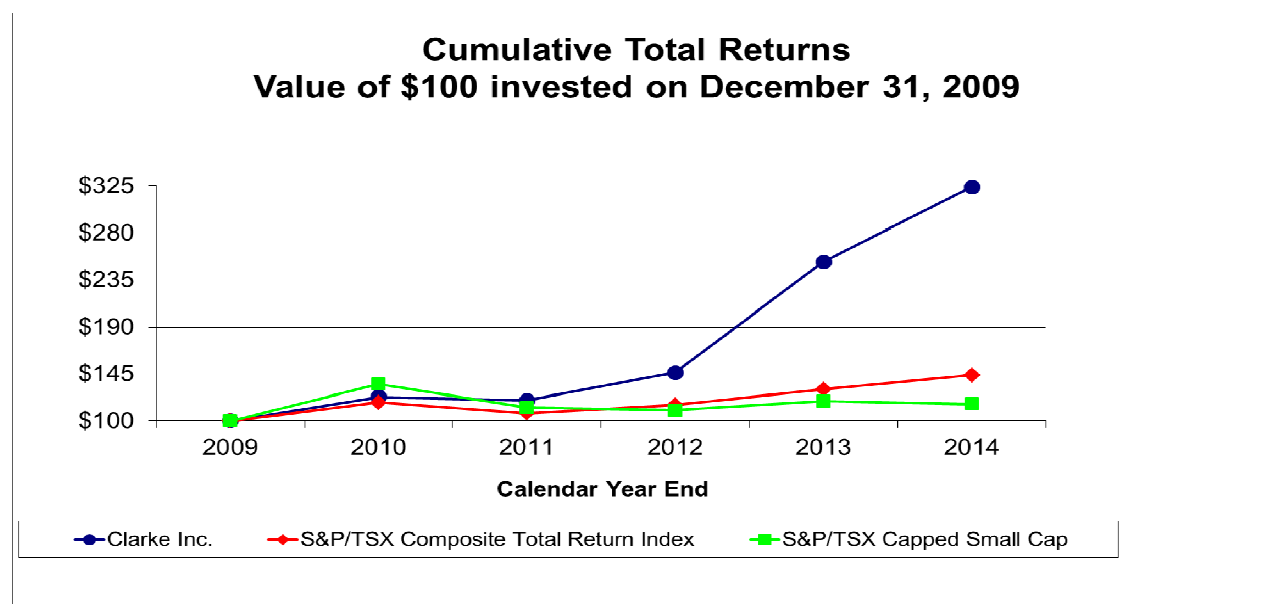
Supplementary Retirement Plan

The Company has provided Mr. Armoyan with a supplementary retirement plan (the "Supplementary Retirement Plan"). The Supplementary Retirement Plan was established to provide retirement benefits to select senior executives. Mr. Armoyan was the only NEO who was eligible to receive a pension under the Supplementary Retirement Plan in 2014. Please see the table under the heading "Defined Benefits Plan and Supplementary Retirement Plan" for particulars of supplementary retirement benefits available to Mr. Armoyan in 2014.

Mr. Armoyan has elected to not receive cash compensation for his services as President and Chief Executive Officer from 2012 to 2014 and now as Executive Chairman. The Board elected to grant to Mr. Armoyan two additional years of credited service in his Supplementary Retirement Plan for each of these years.

2. Performance Graph

The following line graph compares the yearly change in the value of \$100 invested in the S&P/TSX Composite Total Return Index, the S&P/TSX Capped Small Cap Index and the Common Shares for the period December 31, 2009 to December 31, 2014. We have included as Exhibit D a chart showing our book value per Common Share and Common Share price performance for each year since 2002 when Mr. Armoyan assumed responsibility for capital allocation decisions at the Company. We believe this chart better illustrates the long-term performance of the Company.



Calendar Year Ending	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014
Clarke Inc.	100	123	119	146	252	324
S&P/TSX Composite Total Return Index	100	118	107	115	130	144
S&P/TSX Capped Small Cap Index	100	135	113	110	119	116

NEO compensation has not historically been based primarily on the performance of the Common Shares and, as such, NEO compensation may not be directly correlated to the performance of the Common Shares.

3. Summary Compensation Table

The following table sets forth information concerning the compensation paid to our President and Chief Executive Officer, Chief Financial Officer and the other NEOs of the Company for the years ended December 31, 2014, December 31, 2013 and December 31, 2012.

Name and Principal Position	Year	Salary (\$)	Options ⁽¹⁾ (\$)	Annual Non-Equity Incentive Plans (\$)	Pension Value (\$)	All Other Compensation ⁽²⁾ (\$)	Total Compensation ⁽³⁾ (\$)
George Armoyan ⁽⁴⁾ Executive Chairman	2014	-	-	-	871,598	-	871,598
	2013	-	-	-	968,430	-	968,430
	2012	-	-	-	910,700	-	910,700
Michael Rapps ⁽⁵⁾ President and Chief Executive Officer	2014	76,923	849,280	300,000	N/A	-	1,226,203
	2013	-	-	100,000	N/A	-	100,000
	2012	-	-	75,000	N/A	-	75,000
Andrew Snelgrove Chief Financial Officer	2014	130,000	339,712	100,000	N/A	6,500	576,212
	2013	130,000	-	75,000	N/A	6,500	211,500
	2012	130,000	-	50,000	N/A	6,500	186,500
Dustin Haw ⁽⁶⁾ Vice President, Investments	2014	117,692	509,568	225,000	N/A	-	852,260
	2013	-	-	75,000	N/A	-	75,000
	2012	-	-	-	N/A	-	-
Kim Langille ⁽⁷⁾ Vice President, Taxation	2014	130,000	-	100,000	N/A	3,900	233,900
	2013	130,000	-	45,000	N/A	3,900	178,900
	2012	9,500	-	-	N/A	-	9,500

- (1) Options were granted on August 18, 2014. For the purposes of this Circular, pursuant to the reporting requirements in National Instrument 51-102F6 of the Canadian Securities Administrators, option values are measured at the grant date (as opposed to vesting date) fair value using the Black-Scholes option pricing model, with the following assumptions: risk free interest rate of 1.68%, expected dividend yield of 3.65%, expected volatility of 46.78%, expected Option life of 7 years, and estimated fair value per Option of \$3.40. Options generally vest at 33 1/3% per year as of the first anniversary of the date of issuance and expire 7 years from the date of issuance.
- (2) All other compensation relates to contributions made by the Company to a group RRSP.
- (3) The value of perquisites received by each of the NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.
- (4) On July 2, 2014, Mr. Armoyan resigned as President and Chief Executive Officer and was appointed Executive Chairman. Mr. Armoyan does not receive an annual salary but does receive pension benefits. On March 6, 2014, the Board approved an amendment to the Supplementary Retirement Plan of Mr. Armoyan which grants him, effective January 1, 2013, two additional years of credited service for each year that he holds the position of President and Chief Executive Officer or Executive Chairman after January 1, 2013, provided that certain conditions are met. For more information, please see "Defined Benefit Plan and Supplementary Retirement Plan".
- (5) Mr. Rapps was appointed President and Chief Executive Officer effective July 2, 2014, at an annual salary of \$200,000. Between September 18, 2013 and July 2, 2014, Mr. Rapps acted only as a director of the Company. Between May 15, 2012 and September 18, 2013, Mr. Rapps was Vice President, Investments.
- (6) Dr. Haw was appointed Vice President, Investments effective September 18, 2013. Mr. Haw did not receive a salary from September 18, 2013 to December 31, 2013. Dr. Haw received an annual salary of \$110,000 from January 1, 2014 to August 6, 2014. As of August 7, 2014, Dr. Haw receives an annual salary of \$130,000.
- (7) Ms. Langille was appointed Vice President, Taxation, effective December 3, 2012, at an annual salary of \$130,000.

The table above includes significant values for Option grants during 2014 and this requires some explanation. This Circular is required to be drafted in accordance with National Instrument 51-102, which specifies how option grants are required to be valued. National Instrument 51-102 requires an option grant to be valued in its entirety at the grant date using an option pricing model (usually the Black Scholes model). This rule, therefore, implies that an Option recipient is receiving all of the value of the Options granted immediately. This is actually not the case as the Options granted vest over several years and the Option recipient can only exercise their Options once they have vested.

Accordingly, the Board believes that the value of the Options granted should be spread out over the vesting period of the Option, thereby implying that the Option recipient receives some value each year rather than all of the value in the first year.

4. Outstanding Options

The following table sets forth for each NEO all Options of the Company outstanding at the end of the year ended December 31, 2014, each of which is subject to Shareholder ratification.

Name	Options			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)
Michael Rapps	250,000	12.19	August 18, 2021	N/A
Dustin Haw	150,000	12.19	August 18, 2021	N/A
Andrew Snelgrove	100,000	12.19	August 18, 2021	N/A

The Board priced all NEO Option grants at \$12.19, which was the Company's book value per Common Share on the grant date. At such date, the Common Shares traded at \$10.96. The volume weighted average trading price of the Common Shares for the five days immediately preceding August 18, 2014 was \$10.47.

NEOs exercised 10,000 Options in 2014. These Options were granted under Clarke's prior stock option plan, which was closed in 2012 (the "Old Plan"). There are no remaining Options outstanding under the Old Plan. Under the Old Plan, a participant could choose to take ownership of the underlying Common Shares or to take, in cash, the difference between the market price of the underlying Common Shares at exercise and the exercise price of the option on the vesting date, subject to applicable tax deductions. Options exercised by NEOs in the most recently completed financial year were settled in cash.

The only Stock Option Plan of the Company is the Stock Option Plan, which is subject to approval by the Shareholders at the Meeting. See "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan" for a summary of the material terms and conditions of the Stock Option Plan.

5. Incentive Plan Awards

The following table sets forth for each NEO, the value of incentive plan compensation earned during the year ended December 31, 2014.

Name	Options – Value Vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
George Armoyan	-	-
Michael Rapps	N/A	300,000
Andrew Snelgrove	N/A	100,000
Dustin Haw	N/A	225,000
Kim Langille	N/A	100,000

6. Defined Benefit Plan and Supplementary Retirement Plan

The following table sets forth for Mr. Armoyan, the value of pension benefits accrued as at the year ended December 31, 2014.

Name	Years Credited Service ⁽¹⁾ (#)	Annual Benefits Payable (\$)		Accrued Present Value of Obligation at Start of year (\$)	Compensatory Change ⁽²⁾ (\$)	Non-Compensatory Change ⁽³⁾ (\$)	Accrued Present Value of Obligation at Year End (\$)
		Year End	Age 65				
George Armoyan	18.17	324,821	558,746	4,059,513	871,598	872,606	5,803,717

- (1) On March 6, 2014, the Board approved an amendment to the Supplementary Retirement Plan of Mr. Armoyan which grants him, effective January 1, 2013, two additional years of credited service for each year that he holds the position of Chief Executive Officer or Chairman of the Board after January 1, 2013, provided that certain conditions are met. Those conditions were met in 2013 and 2014 and, as such, Mr. Armoyan was credited with a total of three years of credited service for each of 2013 and 2014.
- (2) The "Compensatory Change" column recognizes the years of service credited plus actual change in pensionable earnings versus that assumed to occur.
- (3) The "Non-Compensatory Change" column recognizes the items that are not compensatory, including the change in discount rate from 4.80% to 4.00% and the update in the mortality table used from the preliminary RPP 2014 mortality table for private companies (CPM-RPP2014) projected with scale CPM-A to the final CPM 2014 private mortality table (CPM2014priv) projected with scale CPM-B.

Mr. Armoyan was the only NEO eligible for the Company's Defined Benefit Plan in 2014. Total retirement benefits are based on 2% of the three highest consecutive years of salary. The overall maximum of 66²/₃% of the average compensation applies to the participant. The pension payable under the Supplementary Retirement Plan is reduced for amounts received under the Canada Pension Plan after age 65.

Benefits are reduced by 0.25% for each month between the date of early retirement and the date of the participant's 60th birthday or, if earlier, the date at which the participant's age plus his years of service total 80, if the participant is at least 55 years of age.

Retirement benefits are payable for life, with provision for reduced payments to continue to a surviving spouse. Retirement benefits for Mr. Armoyan are indexed annually at a rate of 75% of the increase in the Consumer Price Index less 1% (to a maximum annual increase of 4%).

7. Termination and Change of Control Benefits

George Armoyan

Mr. Armoyan and the Company have entered into an employment agreement. This agreement provides that in the event of the Company terminating his employment, other than for good reason as defined in the employment agreement, he shall be entitled to a severance allowance for an amount equal to the aggregate value of two times his annual salary, plus all payments and entitlements under applicable labour standards legislation.

The estimated amount payable by the Company in the event of the termination of Mr. Armoyan, assuming such termination occurred on December 31, 2014 (the last day of the Company's most recent fiscal year) is nil. Mr. Armoyan would also be credited with two additional years of service under each of the Company's Defined Benefit Plan and Supplementary Retirement Plan. In addition to the foregoing, Mr. Armoyan would have the right to exercise all outstanding Options granted to him under a stock option plan of the Company on the date that is the sooner of two years from the date of termination or the date the Option would otherwise expire. Mr. Armoyan had no Options outstanding as at December 31, 2014.

Mr. Armoyan's employment agreement requires that Mr. Armoyan will not, during the term of his employment with Clarke or at any time after, without the Company's prior consent, disclose any confidential and proprietary information or trade secrets nor use the same for any other purpose than for the purposes of the Company. For a period of 12 months following Mr. Armoyan's termination, Mr. Armoyan may not solicit, for any purpose that is competitive with the Company, any customer of Clarke for the 12 months preceding the termination or an employee of the Company. Similarly, Mr. Armoyan may not for the 12 months following termination, without the written

consent of the Company, be employed by, otherwise interested in, or permit his name to be used in, any business in direct competition with the Company in the Province of Ontario.

8. Director Compensation

The following table sets forth, for the year ended December 31, 2014, information concerning the compensation paid to the Company's current directors other than directors who are also NEOs.

Name	Fees earned (\$)	Options (\$)	Other Compensation (\$)	Total (\$)
Rex Anthony ⁽¹⁾	11,500	-	-	11,500
Blair Cook	34,000	-	10,000 ⁽²⁾	44,000
Brian Luborsky	13,736	-	-	13,736
Charles Pellerin	27,000	-	-	27,000
Pat Powell ⁽¹⁾	8,250	-	-	8,250

(1) Messrs. Anthony and Powell each resigned from the Board on May 16, 2014.

(2) Mr. Cook receives a quarterly retainer in the amount of \$2,500 to act as a member of the Company's pension management committee, a position which he holds in his capacity as a member of the Board.

Directors of the Company that are also officers or employees of the Company are not compensated for service on the Board, therefore no additional director fees are payable to Messrs. Armoyn and Rapps for their services as directors of the Company.

Effective August 7, 2014, Directors are remunerated on an annual basis by payment of quarterly fees in the amount of \$6,250. To recognize the additional effort required by the duties of a chair, the Chairman of the Audit Committee receives a quarterly fee of \$1,250. The total of such fees paid to directors for the fiscal year ending December 31, 2014 amounted to \$104,486.

After his resignation from the Board, Mr. Powell exercised 30,000 Options in 2014. These Options were granted under the Old Plan. Options exercised by Mr. Powell were settled in cash. For further details regarding the Old Plan, see "Statement of Executive Compensation – Outstanding Options".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company's only equity compensation plan is the Stock Option Plan, which is subject to Shareholder approval at the Meeting. For the material features of the Stock Option Plan, see "Particulars of Matters to be Acted Upon – Approval of Stock Option Plan". The following table sets out information relating to the Company's equity compensation plans in place as of the date of this Circular.

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 column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	Nil	Nil	Nil
Equity compensation plans not approved by security holders	500,000	\$12.19	1,144,861 ⁽¹⁾
Total	500,000	\$12.19	1,144,861 ⁽¹⁾

(1) The total number of Common Shares reserved for issuance under the Stock Option Plan, together with all other security based compensation arrangements (as such term is defined in the TSX Company Manual) established or maintained by the Company, at any time, shall not exceed 10% of the total issued and outstanding Common Shares.

CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors

- (a) The following proposed members of the Board have been determined by the Board to be independent: Messrs. Cook, Luborsky and Pellerin.
- (b) Mr. Rapps, if elected, will be a non-independent member of the Board as he is the President and Chief Executive Officer of the Company. Mr. Armoyan, if elected, will also be a non-independent member of the Board as he is currently the Executive Chairman of the Company and was the President and Chief Executive Officer of the Company from March 1, 2012 to July 2, 2014.
- (c) A majority of the proposed members of the Board (3 of 5) are independent.
- (d) The following table lists the reporting issuers (or equivalent), other than the Company, for which a proposed member of the Board serves as director (or equivalent):

Director	Additional Board Memberships
George Armoyan	N/A
Blair Cook	TerraVest Capital Inc.
Brian Luborsky	N/A
Charles Pellerin	TerraVest Capital Inc.
Michael Rapps	Holloway Lodging Corp.

- (e) The Chairman of the Board shall normally call meetings of the Board. Any committee chairman, the corporate secretary, or any two directors may also call a meeting of the Board.
- (f) Below is a table that summarizes the attendance record of each director for all Board meetings held since January 1, 2014. This list of meetings does not include ad hoc teleconferences with some business completed by consent resolution.

Meeting Date	Attendance Details
March 6, 2014	All members of the Board were in attendance.
May 5, 2014	All members of the Board were in attendance.
June 11/12, 2014	All members of the Board were in attendance.
August 7, 2014	All members of the Board were in attendance.
November 5, 2014	All members of the Board were in attendance.
February 23, 2015	All members of the Board were in attendance.

2. Board Mandate

The mandate adopted by the Board (the "Mandate") is appended hereto as "**Exhibit A**".

3. Position Descriptions

- (a) The Board has developed written position descriptions for the Chairman of the Board and the Chairman of the Audit Committee.

- (b) The Board has developed a written position description for the President and Chief Executive Officer.

4. Meetings of Independent Directors

The independent directors are entitled to hold meetings at which management and non-independent directors are not present, as and when deemed necessary, in order to facilitate candid discussion among the independent directors. The independent directors are encouraged to ask questions and to review all relevant matters. In addition, any item that could involve a potential conflict among one or more directors is voted on by those directors that are not related to the conflict in question.

The Company will take steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Company. Where matters arise at meetings of the Board which require decision making and evaluation that is independent of management and interested directors, the Board will hold an "in-camera" session among the independent and disinterested directors, without management present at such meeting.

The current Chairman of the Board is not independent. In order to provide leadership for independent directors, an independent director will, as required from time to time, chair meetings of independent directors and assume other responsibilities.

5. Board Orientation and Continuing Education

- (a) The Company has adopted a Board Orientation and Continuing Education Policy (the "Board Orientation and Continuing Education Policy") that governs the procedures used to orient new Board members. Pursuant to the terms of the Board Orientation and Continuing Education Policy, each new Board member is provided with a copy of the Mandate, and meets telephonically or in person with each of the Chairman of the Board and the Chairman of the Audit Committee to discuss the role of the Board, the Audit Committee and directors. In addition, each new Board member is presented with a package containing all public filings made by the Company during the preceding 24 months, and meets in person to discuss the nature and operation of the Company's business with the President and Chief Executive Officer and the Chief Financial Officer. Each new Board member is also given the opportunity upon request to retain independent legal counsel, at the Company's expense, to advise him or her with respect to the issues raised by his or her Board membership.
- (b) The Board maintains a continuing education program for directors, pursuant to the Board Orientation and Continuing Education Policy. The Board has tasked management to regularly provide information respecting industry trends, new regulation and other factors of which the directors should be made aware. To this end, management, with the assistance of outside counsel, as appropriate, will deliver reports of industry trends and legal and regulatory developments relevant to the Board. Such reports will be provided annually or more frequently if requested by the Board or considered advisable by management. In addition, each year management will circulate directors' questionnaires, which will be used to gather information that will assist in determining whether existing Board members demonstrate requisite levels of independence and financial literacy. To the extent that any member of the Board requires additional financial education or training to ensure compliance with applicable legal and regulatory standards or relevant best practices, such education or training will be provided by a third party provider. Members of the Board are also permitted to independently arrange additional education or training intended to improve their performance as a member of the Board at the Company's expense, upon approval by the Chairman of the Board.

6. Ethical Business Conduct

- (a) The Board has adopted a written Code of Conduct and Ethics Policy (the "Code") that applies to the directors, officers and employees of the Company. A copy of the Code can be obtained on the

Company intranet or by requesting a copy from the Corporate Secretary of the Company. The Code requires reporting of breaches of its terms, and describes how reports can be made on a confidential basis. Each person filing a report or complaint under the Code has the option of submitting information directly to the Chairman of the Board in circumstances where he or she feels it is appropriate to do so. The Board is responsible for reviewing compliance with the Code and noting any issues that have arisen from non-compliance. The Company has never filed a material change report that pertains to a departure from the Code.

- (b) The Company has implemented a whistleblower policy, where employees and representatives of Clarke (including employees and representatives of the Company's subsidiaries) may report anonymously, if desired, any actual or suspected misconduct. Such reports may be made by letter to either the Chief Financial Officer or the Chairman of the Audit Committee, as appropriate. Any material allegations received by the Chief Financial Officer are reported to the Chairman of the Audit Committee, who then determines the appropriate follow-up action. A copy of the whistleblower policy can be obtained on the Company intranet or by requesting a copy from the Corporate Secretary of the Company.
- (c) The Board takes special precautions to enable directors to exercise independent judgment in considering transactions or agreements in respect of which a director or executive officer has a material interest. The special precautions include: (i) implementing procedures, enshrined in the Code, that require full, true and plain disclosure by directors, officers and employees of all facts and circumstances relating to a transaction or agreement in which any such person has or may have a material interest; (ii) the presentation to the Board of all facts and circumstances relating to each material transaction or agreement in which any director, officer or employee has or may have a material interest; and (iii) the review and approval by the Board of each material transaction or agreement in which any director, officer or employee has or may have a material interest, conducted in each case in the absence of interested persons.

7. Nomination of Directors

- (a) The Board, or as necessary, a sub-committee comprised of independent directors appointed thereby, is responsible for identifying new candidates for nomination to the Board.
- (b) The Board identifies new candidates by taking into account the following considerations: (a) the competencies and skills the Board, as a whole, should possess; (b) the competencies and skills that each existing director possesses and identifies any gaps in knowledge and expertise; (c) the size of the Board and its ability to effectively facilitate decision making; (d) the competencies and skills each new nominee will bring to the Board; and (e) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.
- (c) The Board may appoint a sub-committee comprised of independent directors, as necessary, to assist the Board in developing criteria for the selection of directors and procedures to identify possible nominees; reviewing and assessing qualifications of Board nominees (including potential conflicts of interest); submitting names of the nominees to be brought forward to the next annual Shareholders' meeting or to be appointed to fill vacancies between annual meetings; and determine if any Board member's qualifications, credentials or performance since appointment have changed, or other circumstances arisen, so as to warrant a recommendation that such member resigns.

8. Compensation

- (a) The compensation for the Company's directors and executive officers is reviewed by the Board, or as necessary to ensure an objective process for determining compensation, a sub-committee comprised of independent directors appointed thereby, on an annual basis.
- (b) The Board approves the annual salary, bonus and other benefits of the President and Chief Executive Officer. The Board also oversees the evaluation and performance of the executive

officers other than the President and Chief Executive Officer and, after considering the recommendations of the President and Chief Executive Officer, approves the annual compensation of the other executive officers. The level of executive officer compensation is determined by considering all factors deemed appropriate, including salaries for public companies of comparable size, location and complexity. Annual and long-term incentive compensation for the year ended December 31, 2014 was determined on a discretionary basis in light of individual and corporate performance with consideration given to the terms of the Compensation Plan. Director compensation is set, and periodically reviewed, by the Board. The level of remuneration is designed to provide a competitive level of remuneration relative to directors of comparable entities and corporations.

- (c) No specific compensation consultant or advisor has been retained to assist in determining compensation for the Company's directors and officers.

Please see "Executive Compensation", above, for particulars regarding the Company's compensation policies and practices.

9. Compensation and Risk

The Company recognizes that executive compensation must incentivize an appropriate level of risk. The Company is responsible for ensuring that compensation policies and practices do not encourage undue risk-taking on the part of executives. To this end, practices are in place to mitigate the risks associated with compensation policies and programs.

The Board has considered the implications of the risks associated with the Company's compensation policies and practices and has not identified any risks arising from such policies and practices that are reasonably likely to have a material adverse effect on the Company. The Board will continue to have oversight in the performance objective-setting process in order to reduce the possibility that performance objectives are adopted in a manner that encourages excessive risk-taking.

10. Other Board Committees

The Company currently has no standing committees other than the Audit Committee.

11. Evaluations

Each member of the Board is provided with an annual self-evaluation form, which involves a review of attendance, preparedness and overall contribution to the direction of the Company, measured against the terms of the Mandate. The Board also evaluates its collective effectiveness on an annual basis. This evaluation includes a review of: (i) its Mandate, to make sure that it properly addresses matters that are or should be within its scope; (ii) whether the Board has complied with the terms of the Mandate, and applicable legal and regulatory requirements; (iii) the adequacy, appropriateness and quality of the direction delivered by the Board to management; (iv) the manner in which issues were discussed or debated by the Board; and (v) whether the number and length of meetings of the Board were adequate for the Board to complete its work in a thorough and thoughtful manner. The Audit Committee evaluates their respective effectiveness on an annual basis. This evaluation involves a review of: (i) its charter, to ensure that it properly addresses matters that are or should be within its scope; (ii) whether the Audit Committee complied with the terms of its charter and applicable legal and regulatory requirements; (iii) the adequacy, appropriateness and quality of the information and recommendations that it presented to the Board; (iv) the manner in which issues were discussed or debated by the Audit Committee; and (v) whether the number and length of meetings of the Audit Committee were adequate for the Audit Committee to complete its work in a thorough and thoughtful manner.

12. Director Term Limits and Other Mechanisms of Board Renewal

Each director serves for only a one-year term, to be voted upon annually by the Shareholders. The Board has not adopted director term limits or other mechanisms of board renewal. While the Company recognizes the importance

of adding new perspectives to the Board from time to time, there are benefits to having continuity and directors having in-depth knowledge of each facet of the Company's business, which necessarily takes time to develop. The Company believes that it is important to achieve an appropriate balance of both to ensure the effectiveness of the Board.

13. Women on the Board and in Executive Offices

The Company has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive positions. However, informally, the Company values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy. The Board intends to consider whether it should adopt specific policies and practices regarding the representation of women on the Board and in executive positions, including the setting of targets for such representation. As at the date hereof, no women are members of the Board and one woman holds an executive position, representing approximately 20% of such positions.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors, officers and certain employees of the Company are covered under Directors' and Officers' Liability Insurance policies. The policies include coverage for wrongful acts claimed against directors, officers and such employees by reason of their serving in such capacities. The aggregate limit of liability applicable to those insured directors, officers and employees under the insurance policies is \$5 million. The policies contain clauses that specify deductible amounts of \$25,000 in respect of claims by the Company. The aggregate premium paid by the Company for directors' and officers' liability insurance coverage was \$19,900 for the fiscal year ended December 31, 2014.

Each of the officers and certain employees of the Company have entered into indemnity agreements with the Company in connection with any prior actions as an officer and/or employee of the Company or any of its subsidiaries, consistent with the *Canada Business Corporations Act*.

INDEBTEDNESS OF DIRECTORS, OFFICERS AND EMPLOYEES

There is no indebtedness outstanding to the Company from its current or former directors, officers or employees or their associates, other than routine indebtedness incurred in the normal course of business, except that on February 27, 2013, Clarke Inc. Master Trust issued a mortgage to an entity owned by Rex Anthony, then Chairman of the Board, in the amount of \$750,000. The principal amount outstanding under such mortgage is presently \$630,000.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During 2014, the Company entered into a number of related party transactions. The parties and value of the transactions are fully disclosed in note 24 of the Company's consolidated financial statements for the year ended December 31, 2014 and in the material change report of the Company dated February 11, 2014. Both documents are incorporated by reference herein and available on SEDAR at www.sedar.com under Clarke's issuer profile.

AVAILABILITY OF DOCUMENTS

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2014. Copies of the Company's most recent Annual Information Form, comparative Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2014 filed with various Provincial securities commissions may be obtained, without charge, on request from the Corporate Secretary of the Company.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS ACCOUNTING MEASURES

This Circular makes reference to book value per share. Clarke uses book value per share as a measure of the performance of the Company as a whole. Book value per share is measured by dividing shareholders' equity attributable to equity holders of the Company at the date of the statement of financial position by the number of Common Shares outstanding at that date. Clarke's method of determining this amount may differ from other companies' methods and, accordingly, this amount may not be comparable to that used by other companies. This amount is not a performance measure as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

OTHER MATTERS COMING BEFORE THE MEETING

It is not the intention of the management of the Company to bring any matters before the meeting other than the matters referred to herein. **IT SHOULD BE NOTED, HOWEVER, THAT THE ENCLOSED FORM OF PROXY IS A DISCRETIONARY PROXY AND THE PERSONS NAMED THEREIN ARE AUTHORIZED TO VOTE IN ACCORDANCE WITH THEIR DISCRETION ON ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.**

APPROVAL OF DIRECTORS

The Board has approved the contents and the sending of this Circular.

Dated at Halifax, Nova Scotia this 13th day of April, 2015.

BY ORDER OF THE BOARD

(Signed): "Michael Rapps"

MICHAEL RAPPS

PRESIDENT AND CHIEF EXECUTIVE OFFICER

**CLARKE INC.
MANDATE OF THE BOARD OF DIRECTORS**

1. *Statement of Policy*

The mandate of the board of directors (“Board”) of Clarke Inc. (the “Company”) is to oversee, monitor and evaluate the management of the business and affairs of the Company. The Board shall review, discuss and approve various matters related to the strategic direction, business, operations and organizational structure of the Company with a view to the best interests of the Company and shareholders generally. The Board shall approve certain transactions whose value exceeds management’s authority limits. The types of transactions requiring prior Board approval include: acquisitions or divestitures of subsidiaries, divisions or assets, assumption of significant liabilities other than in the ordinary course of business, and transactions which would materially change the Company’s consolidated revenue or net assets. The Board shall approve banking relationships and key borrowing and financing decisions, appoint the officers of the Company, determine the Directors’ compensation and declare dividends. Responsibilities of the Board are performed by the Board as a whole and the Board establishes committees of the Board to assist the Board in discharging its responsibilities.

2. *Composition and Organization of the Board*

Selection of Members

There is no Human Resources and Corporate Governance Committee (“HRGC”) in place for the Company. The Board assumes all responsibilities of the HRGC for reviewing and recommending candidates for nomination as Directors. The Board approves the final choice of candidates for nomination and election by the shareholders.

Number of Directors

The number of Directors shall be not less than three (3) nor greater than ten (10).

Membership Criteria

The composition of the Board, including the qualifications of its members, shall comply with the applicable requirements of the *Canada Business Corporations Act*, the stock exchanges on which the Company lists its securities and the rules and policies of securities regulatory authorities, as adopted, in force or amended from time to time.

Directors must have an appropriate mix of skills, knowledge and experience in business and a history of achievements. Directors selected should be able to commit the requisite time for all the Board’s business and shall demonstrate integrity, accountability and informed judgment.

Outside and Independent Directors

A majority of the Board shall be composed of outside Directors who are not part of the management of the Company and who are independent (as determined by the Board in accordance with applicable securities laws and regulations).

A majority of the nominees proposed to the shareholders of the Company by its management from time to time for election as Directors at annual general meetings of shareholders shall be outside and independent Directors; and the Board shall use its efforts to maintain such a majority of outside and independent Directors.

Chairperson

The Board shall appoint its chairperson of the Board (the “Chair”) from among the Company’s Directors.

Term of Directors

The Directors are elected by the shareholders at every annual meeting. A Director ceases to hold office upon death, resignation, removal or disqualification under the *Canada Business Corporations Act*.

Resignation of Directors

The resignation of a Director becomes effective at the time a written resignation is sent to the Company, or at the time specified in the resignation, whichever is later.

3. Responsibilities of the Board

In discharging their responsibilities, the Directors owe the following duties to the Company:

- fiduciary duty: they must act honestly and in good faith with a view to the best interests of the Company and be loyal to the Company; and
- duty of care: they must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In discharging their responsibilities, the Directors are entitled to rely on the honesty and integrity of the senior management of the Company and the auditors and other professional advisors of the Company, and should establish and follow processes that enable them to effectively fulfill their overseeing responsibilities.

The Board has the responsibilities outlined below for the stewardship of the Company. "Stewardship" means to oversee, monitor and evaluate management, who are responsible for the day to day conduct of the business. Stewardship includes:

annually adopting and updating the strategic planning process and approving a strategic plan which takes into account, among other things, the opportunities and risks of the business;

- identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- approving the communications policy for the Company;
- overseeing the implementation of the Company's disclosure controls and procedures and internal control over financial reporting;
- overseeing the maintenance by management of practices and processes to assure compliance with applicable laws and appropriate ethical standards, including the adoption by management of corporate policies and procedures and the Company's Code of Conduct and Ethics;
- overseeing the implementation of the Company's management information systems; and
- developing the Company's approach to corporate governance.

4. Relationship with Management

The Board expects that management will seek to maximize shareholder value in a manner that is consistent with good corporate citizenship, including the fair treatment of the Company's employees and the provision of quality service to the public. Management is responsible for the development of long-term corporate strategy, and the role of the Board is to review, question and validate, and ultimately to approve the strategies proposed by management.

To assist the Directors in discharging their responsibilities, the Board expects management of the Company to:

- review and update the Board annually (or more frequently if appropriate) for its approval the strategic plan, and report regularly to the Board on the implementation of the strategic plan in light of evolving conditions;
- prepare and present to the Board annually (or more frequently if appropriate) a business plan and budget and report regularly to the Board on the Company's performance against the business plan and budget; and

- report regularly to the Board on the Company's business and affairs and on any matters of material consequence for the Company and its shareholders.

Additional expectations are developed and communicated during the annual strategic planning and budgeting process and also during regular Board and Board committee meetings.

Management shall put before the Board for its approval all material financial disclosure, business plans, major capital expenditures, capital raising and other major financial activities, executive hiring plans, compensation policies, succession planning, major issues relating to the Company's products or services (such as quality and safety), decisions to devote resources to new lines of business, organizational restructuring plans, proposed acquisitions and divestitures, and all other matters that must by law be approved by the Board.

5. *Expectations and Responsibilities of Directors*

As stewards, directors are expected to establish standards of conduct for the Company, and must set the general moral and ethical tone for the conduct of business, while overseeing the Company's compliance with applicable laws and policies. Without limiting the generality of the foregoing, each member of the Board is expected to:

- lead by example by acting in compliance with applicable laws, applicable internal and external policies and standards set by the Board;
- regularly attend board meetings and important related meetings;
- make a serious commitment to participate actively in committee meetings, if applicable;
- stay informed and current about committee matters and matters regarding corporate governance;
- prepare for meetings, and review and comment on minutes and reports;
- get to know other Board members and build collegial working relationships;
- be an active participant in the Board's annual evaluation and planning efforts;
- engage in open discussion and debate on issues and work collaboratively with all members of the Board;
- encourage input from all members, including those with opposing views;
- disclose all potential conflicts of interest;
- where necessary, seek the advice of experts;
- exercise his or her authority as a Board member to the best of his or her ability, honestly, in good faith, and in the best interests of the Company.

6. *Meetings and Proceedings*

- The Board shall meet as frequently as is determined to be necessary but not less than four times each year.
- The Chair shall normally call meetings of the Board. Any Director, the corporate secretary or any two Directors may also call a meeting of the Board.
- The Chair is responsible for the agenda of each meeting of the Board, including input from other Directors and management of the Company as appropriate. Meetings will include presentations by management or professional advisors and consultants when appropriate and allow sufficient time to permit a full and open discussion of agenda items. Information and materials that are important to the Board's understanding of the agenda items and related topics should be distributed reasonably in advance.
- Unless waived by all Directors, a notice of each meeting of the Board confirming the date, time, place and agenda of the meeting, together with any supporting materials, shall be forwarded to each Director at least three (3) days before the date of the meeting, provided that supporting materials that are not available at the time of mailing may be sent as soon as possible after they become available.
- Meetings may be held in person or by means of telephone, electronic or other communication facilities.
- The quorum for each meeting of the Board is a majority of the Directors. Any matter to be voted upon shall be decided by a majority of the votes cast for a resolution. In the absence of the Chair, the other members may appoint one of their number as chair of a meeting. The Chair or the Chair in his or her absence, shall not have a second or casting vote.
- Any Director who has a conflict of interest in accordance with the Company's Code of Conduct and Ethics, which is applicable to any such Director, shall:
 - disclose such conflict in a timely manner to the Board,
 - not be counted for purposes of determining a quorum for the meeting;

- leave any meeting when the subject matter of the conflict is to be considered, and
 - not vote on such subject matter.
- The corporate secretary shall keep minutes of all meetings of the Board, including all resolutions passed by the Board. Minutes of meetings shall be distributed to the Directors after preliminary approval thereof by the Chair.
- An individual who is not a Director may be invited to attend a meeting of the Board for all or part of the meeting.
- The outside and independent Directors shall regularly meet without inside and non-independent Directors and management present, as and when they wish to do so, to ensure free and open discussion and communication among the outside and independent Directors.

7. *Feedback from Stakeholders*

The Board shall adopt procedures that are designed to provide the Board with appropriate feedback from the Company's stakeholders. These procedures shall include:

- a formal written whistleblower policy that facilitates the submission by employees of confidential complaints relating to accounting matters and breaches of the Company's code of conduct and ethics; and
- written instructions, posted on the Company's website, that will facilitate the receipt by the Company, and under appropriate circumstances the Board, of complaints and other correspondence from all stakeholders, whether or not employed by the Company.

CHANGE OF AUDITOR REPORTING PACKAGE

CHANGE OF AUDITOR NOTICE

March 6, 2015

TO: Nova Scotia Securities Commission

AND TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan, Securities Division
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Ontario Securities Commission
Superintendent of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut
Superintendent of Securities, Yukon

Dear Sirs/Mesdames:

Re: Clarke Inc. — Change of Auditor

This letter constitutes notice, pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators ("**NI 51-102**"), that Deloitte LLP (the "**Former Auditor**") has resigned as the auditor of Clarke Inc. ("**Clarke**" or the "**Company**").

The Company advises as follows:

1. The Former Auditor resigned as auditor of Clarke on March 4, 2015, on its own initiative.
2. The Former Auditor resigned for commercial reasons.
3. The resignation of the Former Auditor as auditor of the Company was considered by the Audit Committee of the Company's Board of Directors and by the Board of Directors of the Company.
4. The Former Auditor's reports for the Company's two most recently completed fiscal years, namely the fiscal years ending December 31, 2014 and December 31, 2013, did not express a modified opinion.
5. There are no reportable events (as that term is defined in NI 51-102).

Dated this 6th day of March, 2015.

CLARKE INC.

Per: /s/Andrew Snelgrove
Name: Andrew Snelgrove
Title: Chief Financial Officer

March 9, 2015

Tel: 902-422-8541
Fax: 902-423-5820

www.deloitte.ca

TO: Nova Scotia Securities Commission

AND TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan, Securities Division
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Ontario Securities Commission
Superintendent of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut
Superintendent of Securities, Yukon

Dear Sirs/Mesdames:

Re: Clarke Inc. — Change of Auditor Notice

In accordance with National Instrument 51-102 Section 4.11(5)(a)(ii), we have reviewed the Change of Auditor Notice (the "Notice") prepared by Clarke Inc. (the "Company") in response to the resignation of Deloitte as the auditor the Company. We confirm that we agree with the following statements made by the Company in the Notice:

1. The Former Auditor resigned as auditor of Clarke on March 4, 2015, on its own initiative.
2. The Former Auditor resigned for commercial reasons.
3. The resignation of the Former Auditor as auditor of the Company was considered by the Audit Committee of the Company's Board of Directors and by the Board of Directors of the Company.
4. The Former Auditor's reports for the Company's two most recently completed fiscal years, namely the fiscal years ending December 31, 2014 and December 31, 2013, did not express a modified opinion.
5. There are no reportable events (as that term is defined in NI 51-102).

Sincerely,



Chartered Accountants

CHANGE OF AUDITOR NOTICE

March 24, 2015

TO: Nova Scotia Securities Commission
AND TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan, Securities Division
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Ontario Securities Commission
Superintendent of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut
Superintendent of Securities, Yukon

Dear Sirs/Mesdames:

Re: Clarke Inc. — Change of Auditor

This letter constitutes notice, pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators ("NI 51-102"), that PricewaterhouseCoopers LLP (the "Successor Auditor") has been appointed as the auditor of Clarke Inc. ("Clarke" or the "Company").

The Company advises as follows:

1. Deloitte LLP (the "Former Auditor") resigned as auditor of Clarke on March 4, 2015, on its own initiative.
2. The Former Auditor resigned for commercial reasons.
3. The Audit Committee and Board of Directors of the Company have considered the resignation of the Former Auditor and have considered and approved the appointment of the Successor Auditor.
4. The Former Auditor's reports for the Company's two most recently completed fiscal years, namely the fiscal years ending December 31, 2014 and December 31, 2013, did not express a modified opinion.
5. There are no reportable events (as that term is defined in NI 51-102).

Dated this 24th day of March, 2015.

CLARKE INC.

Per: /s/Andrew Snelgrove
Name: Andrew Snelgrove
Title: Chief Financial Officer



March 26, 2015

To: Nova Scotia Securities Commission

And to: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan, Securities Division
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Ontario Securities Commission
Superintendent of Securities, Prince Edward Island
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut
Superintendent of Securities, Yukon

Dear Sirs/Mesdames:

Re: Clarke Inc. – Change in Auditor

We have read the statements made by Clarke Inc. in the attached copy of change of auditor notice dated March 24, 2015, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated March 24, 2015.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Accountant

PricewaterhouseCoopers LLP
1601 Lower Water Street, Suite 400, Halifax, Nova Scotia, Canada B3J 3P6
T: +1 902 491 7400, F: +1 902 422 1166, www.pwc.com/ca

*PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

CLARKE INC.

STOCK OPTION PLAN
(Effective August 7, 2014)

The Plan

1. A stock option plan (the "**Plan**") pursuant to which Options to purchase Common Shares may be granted to any Eligible Person is established as at the effective date of this Plan on the terms set forth below. The Plan governs all Options granted from and after the date hereof which are exercisable for Common Shares.
2. This Plan replaces the existing Stock Option Plan of Clarke Inc. (the "**Corporation**").

Purpose

3. The principal purposes of this Plan are: (a) to enable the Corporation (and its subsidiaries) to attract and retain qualified officers, employees, directors and consultants; (b) to promote a proprietary interest in the Corporation on the part of officers, directors and employees of the Corporation (and its subsidiaries) and consultants to the Corporation (and its subsidiaries), by providing such persons with the opportunity to acquire an equity interest in the Corporation or augment their equity interest in the Corporation, 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 Corporation (and its subsidiaries); and (d) to promote the profitability of the Corporation (and its subsidiaries).

Defined Terms

4. Where used herein, the following terms shall have the following meanings, respectively:
 - (a) "**Board**" means the board of directors of the Corporation;
 - (b) "**Canadian Tax Act**" means the *Income Tax Act* (Canada), as amended;
 - (c) "**Change of Control**" means the occurrence of any of:
 - (i) if a person or group of persons acting jointly or in concert acquire more than 50% of the Common Shares;
 - (ii) the passing of a resolution by the Corporation or the Shareholders to substantially liquidate the assets or wind-up or significantly rearrange the affairs of the Corporation in one or more transactions or series of transactions (including by way of an arrangement, merger or amalgamation) or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such resolution relates to a liquidation, winding-up or re-arrangement as part of a bona fide reorganization of the Corporation in circumstances where the affairs of the Corporation are continued, directly or indirectly, and where the shareholdings remain substantially the same following the reorganization as existed prior to the reorganization); or
 - (iii) the sale by the Corporation of all or substantially all of its assets (other than to a subsidiary of the Corporation in circumstances where the affairs of the Corporation is continued, directly or indirectly, and where the shareholdings of the Corporation remain substantially the same following the sale as existed prior to the sale);

- (d) "**Common Shares**" means the common shares in the capital of the Corporation as presently constituted or any shares in the capital of the Corporation into which such common shares are changed, reclassified, subdivided, consolidated or converted or which are substituted for such common shares, or as such common shares may further be changed, reclassified, subdivided, consolidated, converted or substituted;
- (e) "**consultant**" means a Person, other than a Person who is an employee (as defined in the Canadian Tax Act), or corporation engaged by the Corporation (or a subsidiary) to provide services for an initial, renewable or extended period intended to be 12 months or more;
- (f) "**Corporation**" means Clarke Inc. and includes any successor corporation thereto;
- (g) "**Date of Grant**" of an Option means the date an Option is granted to a Participant under the Plan;
- (h) "**Disability**" means where the Participant: (i) is to a substantial degree unable, due to illness, disease, affliction, mental or physical disability or similar cause, to fulfill his or her obligations as an officer or employee of the Corporation either for any consecutive 12 month period or for any period of 18 months (whether or not consecutive) in any consecutive 24 month period; or (ii) is declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs;
- (i) "**Eligible Person**", subject to the regulations of the Stock Exchange and any securities laws, means: (i) any employee of the Corporation or its subsidiaries; (ii) any director of the Corporation or its subsidiaries; or (iii) any consultant;
- (j) "**Exercise Period**" has the meaning given to that term in Section 15;
- (k) "**Exercise Price**" means, in respect of any particular Option, the price per Common Share at which Common Shares may be purchased under that Option, as the same may be adjusted in accordance with this Plan;
- (l) "**Expiry Date**" has the meaning given to that term in Section 15;
- (m) "**Insider**" means an insider as defined in the Stock Exchange rules, regulations and policies of the Stock Exchange, as amended from time to time;
- (n) "**Market Price**" of a Common Share, on any particular date, means the volume weighted average trading price for the Common Shares on the Stock Exchange for the five trading days on which the Common Shares traded immediately preceding such date; provided, however, in the event that the Common Shares are not listed and posted for trading on any Stock Exchange, the Market Price shall be the fair market value of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith;
- (o) "**Material Change**" has the meaning given to that term in the Securities Act;
- (p) "**Material Fact**" has the meaning given to that term in the Securities Act;
- (q) "**Option**" means an option to purchase Common Shares granted in accordance with the Plan by the Corporation to an Eligible Person;
- (r) "**Option Agreement**" has the meaning given to that term in Section 17;
- (s) "**Participant**" means an Eligible Person who has been granted an Option pursuant to, and in accordance with the terms of, the Plan;

- (t) "**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, agency and, where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (u) "**Plan**" means this Employee Stock Option Plan dated effective August 7, 2014, and as the same may be further amended or varied from time to time;
- (v) "**Securities Act**" means the Securities Act (Ontario), as amended from time to time.
- (w) "**security-based compensation arrangements**" has the meaning given to such term in the Toronto Stock Exchange Company Manual;
- (x) "**Shareholder**" means a holder of one of more Common Shares;
- (y) "**Stock Exchange**" means the Toronto Stock Exchange, or if the Common Shares are not listed on the Toronto Stock Exchange, such other stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market;
- (z) "**subsidiary**", in relation to the Corporation, means any corporation that does not deal at arm's length with the Corporation for the purposes of the Canadian Tax Act;
- (aa) "**Successor**" has the meaning given to that term in Section 30;
- (bb) "**Termination for Cause**" means, unless otherwise defined in the applicable Option Agreement, any act or omission that would entitle the employer of the Participant to terminate the Participant's employment without notice or compensation under the common law for just cause, including, without in any way limiting its meaning under the common law: (i) any improper conduct by the Participant which is materially detrimental to the employer; or (ii) the willful failure of the Participant to properly carry out his or her duties on behalf of the employer or to act in accordance with the reasonable direction of the employer; and
- (cc) "**Termination Date**" means, in respect of a Participant, the date that the Participant ceases to be actively employed by, or provide services as a consultant to or a director of, the Corporation (or a subsidiary) for any reason, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment, consulting relationship or directorship with the Corporation (or a subsidiary). The Board will have sole discretion to determine whether a Participant has ceased active employment or ceased status as a consultant or director and the effective date on which the Participant ceased active employment or status of a consultant or director. A Participant that is an employee of the Corporation (or a subsidiary) will be deemed not to have ceased to be an employee of the Corporation (or a subsidiary) in the case of a transfer of his or her employment between the Corporation (or a subsidiary).

Administration of the Plan

5. The Plan shall be administered by the Corporation upon the recommendation of the Board. The Corporation shall effect the grant of Options under the Plan, in accordance with determinations made by the Board pursuant to the provisions of the Plan and upon the recommendation of the Board, including as to: (a) the Eligible Persons to whom Options will be granted; (b) the number of Common Shares which shall be the subject of each Option; (c) the Exercise Price in respect of each Option (subject to Section 14 hereof); and (d) any and all terms and conditions in addition to (and not inconsistent with) those contained in the Plan which are to be attached to any or all such Options.

6. The Board may from time to time adopt such policies, guidelines, rules and regulations for administering the Plan as it may deem proper and in the best interests of the Corporation.
7. All decisions and interpretations of the Board respecting the Plan or any Options shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives.

Common Shares Available under the Plan

8. The maximum number of Common Shares reserved by the Corporation for issuance under the Plan and all other security-based compensation arrangements of the Corporation, at any time, shall not exceed 10% of the total issued and outstanding Common Shares.
9. Subject to the foregoing maximum number of Common Shares issuable under Section 8:
 - (a) the aggregate number of Common Shares issuable under this Plan and other security-based compensation arrangements of the Corporation in any one year period shall not exceed 5% of the issued and outstanding Common Shares;
 - (b) the aggregate number of Common Shares issuable to any one Participant under the Plan and other security-based compensation arrangements of the Corporation shall not exceed 5% of the issued and outstanding Common Shares;
 - (c) the aggregate number of Common Shares issued to Insiders, within any one-year period, under the Plan and all other security-based compensation arrangements of the Corporation shall not exceed 10% of the issued and outstanding Common Shares; and
 - (d) the aggregate number of Common Shares issuable to Insiders of the Corporation, at any time, under the Plan and other security-based compensation arrangements of the Corporation shall not exceed 10% of the issued and outstanding Common Shares.
10. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised or surrendered in full, any unpurchased Common Shares to which such Option relates shall be available for the purposes of the granting of Options under the Plan.

Grant of Options

11. The Board from time to time may grant Options to Eligible Persons.
12. Each grant of an Option shall be subject to the terms and conditions contained herein and may be subject to additional terms and conditions (not inconsistent herewith) determined by the Board from time to time.

Material Undisclosed Information

13. Notwithstanding any other provision of the Plan, the Corporation shall not, subject to the policies of the Stock Exchange, grant any Option or set an Exercise Price during any period of time where management of the Corporation is aware of any Material Fact or Material Change that has not been disclosed to the public.

Exercise Price

14. The Board shall, at the time an Option is granted under the Plan, fix the Exercise Price in respect of such Option, provided such Exercise Price shall not be less than the Market Price on the Date of Grant.

Term

- Options granted under the Plan may be exercised during a period (the "**Exercise Period**") not exceeding seven years from the Date of Grant, subject to such terms of vesting as the Corporation may determine, in accordance with the Plan. Subject to any of the other provisions of the Plan concerning a Termination Date, at the expiration of the Exercise Period (the "**Expiry Date**"), any Options which have not been exercised shall expire and become null and void.

Vesting of Options

- Unless otherwise provided in the applicable Option Agreement, all Options shall vest and become exercisable as follows: (a) 1/3 of the Options shall vest on the first anniversary of the Date of Grant; (b) an additional 1/3 of the Options shall vest on the second anniversary of the Date of Grant; and (c) the final 1/3 of the Options shall vest on the third anniversary of the Date of Grant.

Option Agreement

- Each grant of an Option to a Participant shall be set forth in an agreement (an "**Option Agreement**") containing the applicable terms and conditions required in the Plan and such other terms and conditions not inconsistent with the Plan, as the Board, in its sole discretion, may deem appropriate. To the extent that any provision of an Option Agreement conflicts with any provision of the Plan, the Plan shall govern and the Option Agreement shall be deemed to be amended to be consistent with the Plan.
- Options granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange on which the Common Shares are listed require such approval.

Exercise or Surrender of Options

- Options shall be exercisable by the Participant by delivering written notice to the Corporation specifying the number of Options being exercised and the Exercise Price accompanied by payment in full by cash, certified cheque or money order of the Exercise Price, for the number of Options for which such exercise is made. As soon as reasonably practicable after the Corporation receives such notice, the Common Shares being the subject thereof shall be allotted and issued to the Participant from treasury as fully paid and non-assessable, provided that the Corporation shall have then received from the Participant payment in full of the Exercise Price for the Common Shares to be purchased.
- As an alternative to the exercise of an Option pursuant to Section 19, a Participant may elect to surrender, at his or her option, in whole or in part for cancellation, unexercised, any vested Option which is otherwise then exercisable and, in consideration for such surrender for cancellation, to receive a cash payment in an amount equal to the positive difference between the Market Price of the Common Shares issuable on the exercise of such Option or portion thereof, as of the date of such Option or portion thereof is surrendered, and the aggregate Exercise Price of such Option or portion thereof surrendered, subject to Section 38. In such case, the Participant shall deliver written notice to the Corporation specifying the election to surrender Options and the number of Options being surrendered. The Board has the sole discretion to consent or disapprove of the election of the Participant to surrender any vested Option pursuant to this Section 20. If the Board disapproves of the election, the Participant may (a) exercise the Option under Section 19, (b), subject to the Board's discretion, exercise the Option under Section 21, or (c) retract the request to surrender such Option and retain the Option. If the Board approves the election, the Corporation shall make the cash payment (less any amounts required to be withheld under applicable laws) to the Participant in respect of the surrendered Option as soon as reasonably practicable.
- As an alternative to the exercise of an Option pursuant to Sections 19 and 20, a Participant may elect to surrender, at his or her option, in whole or in part for cancellation, unexercised, any vested Option which is otherwise then exercisable and, in consideration for such surrender for cancellation, to receive the number of Common Shares from the Corporation having a value equal to the positive difference between the

aggregate Market Price of the Common Shares issuable on the exercise of such Option or portion thereof, as of the date such Option or portion thereof is surrendered, and the aggregate Exercise Price of such Option or portion thereof surrendered, subject to Section 38. In such case, the Participant shall deliver written notice to the Corporation specifying the election to surrender Options and the number of Options being surrendered. The Board has the sole discretion to consent or disapprove of the election of the Participant to surrender any vested Option pursuant to this Section 21. If the Board disapproves of the election, the Participant may (a) exercise the Option under Section 19, (b) subject to the Board's discretion, exercise the Option under Section 20, or (c) retract the request to surrender such Option and retain the Option. If the Board approves the election, the Corporation shall issue the Common Shares to the Participant from treasury (less any amounts required to be withheld under applicable laws) in respect of the surrendered Option as soon as reasonably practicable.

22. If a Participant would be entitled to receive a fraction of a Common Share, the Corporation will instead round down the number of Common Shares to the next lowest whole number and no payment or other adjustment will be made in respect of disregarded fractional interests. In addition, the Corporation may reduce the number of Common Shares actually issued to the Participant to satisfy any applicable tax laws as provided in Section 38.
23. The term "exercise" (or any variation thereof) when used in this Plan will mean "dispose" or "disposal" (or any variation thereof) for the purpose of any cashless disposal of Options in accordance with Section 21.
24. Where the Board approves an election pursuant to Section 20, (i) the Corporation will elect, in prescribed form, in respect of the Options surrendered in accordance with the terms of this Section 24 (and the Corporation will file such election with the Minister of National Revenue in accordance with the Canadian Tax Act), that neither the Corporation, nor any person who does not deal at arm's length (within the meaning of the Canadian Tax Act) with the Corporation, will deduct, in computing income for the purposes of the Canadian Tax Act, any amount in respect of a cash payment made to Participants in consideration for the surrender of their Options; and (ii) the Corporation will provide Participants with evidence in writing of such election. For greater certainty, the Corporation shall have no obligation to, and shall not, make an election in respect of the surrender of an Option unless: (i) such Option was acquired in respect of, in the course of, or by virtue of, the Participant's employment relationship with the Corporation or a person with whom the Corporation does not deal at arm's length with for the purposes of the Canadian Tax Act; and (ii) there is, assuming the election is made, a reasonable basis for the Participant claiming the deduction under paragraph 110(1)(d) of the Canadian Tax Act with respect to the surrender of the Option.

Financial Assistance

25. The Corporation may provide financing to all Participants for all or any portion of the purchase price of the Common Shares for which an Option is being exercised upon such terms and conditions as the Board of Directors of the Corporation may determine including the rate of interest, if any, the term of the financing, the repayment terms, whether such financing shall be made with or without recourse and, the security, if any, to be taken which may include a pledge of the Common Shares for which the financing of the purchase price has been given.

Termination of Employment or Consulting Relationship

26. Subject to the terms of any particular Option and this Section 26, on a Participant's Termination Date, any Options granted to such Participant which have not vested prior to the Participant's Termination Date shall terminate and become null and void as of such Termination Date. In addition, subject to the terms of any particular Option:
 - (a) where a Participant's Termination Date occurs for any reason other than as set forth at Subsections 26(b), (c) or (d), such Participant shall have the right to exercise part or all of his or her outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the

date which is 30 days following the date that such Participant's Termination Date; and (ii) the Expiry Date of the vested Options;

- (b) where a Participant's Termination Date occurs for Termination for Cause other than as set forth at Subsection 26(c), such Participant shall have the right to exercise part or all of his or her outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is 10 days following the date that such Participant's Termination Date; and (ii) the Expiry Date of the vested Options;
- (c) where a Participant's Termination Date occurs for Termination for Cause based on allegations of gross negligence, fraud, breach of fiduciary duty or other acts of willful malfeasance against the Corporation (or its subsidiaries) all Options, whether or not vested, of the Participant shall immediately and automatically terminate for no consideration and rendered null and void; and
- (d) where a Participant's Termination Date occurs as a result of the Participant's death or Disability, the legal representative of the Participant shall have the right to exercise part or all of his or her outstanding vested Options at any time up to and including (but not after) the earlier of: (i) the date which is one year following the Termination Date of such Participant; and (ii) the Expiry Date of the vested Options. Where a Participant is a corporation, the Participant shall be deemed to have died if an individual employed by the Participant who is principally responsible for providing services to the Corporation (or a subsidiary) on behalf of the Participant dies.

27. If a Participant's Termination Date occurs, whether or not such termination is with or without notice, adequate notice or legal notice or is with or without legal or just cause, the Participant's rights shall be strictly limited to those provided for in this Plan, or as otherwise provided in the applicable Option Agreement. Unless otherwise specifically provided in writing, the Participant shall have no claim to or in respect of any Options which may have or would have vested had due notice of termination of employment been given nor shall the Participant have any entitlement to damages or other compensation or any claim for wrongful termination or dismissal in respect of any Options or loss of profit or opportunity which may have or would have vested or accrued to the Participant if such wrongful termination or dismissal had not occurred or if due notice of termination had been given. The Plan does not give any Participant that is an officer, employee or consultant the right to be or to continue to be employed by or provide consulting services to the Corporation (or any subsidiary). This provision shall be without prejudice to the Participant's right to seek compensation for lost employment income or lost employment benefits (other than those accruing under or in respect of the Plan or any Option) in the event of any alleged wrongful termination or dismissal.

Adjustments

28. In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to all or substantially all Shareholders to purchase Common Shares at prices below the Market Price of the Common Shares at the time; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; or (d) that the Corporation fixes a record date for a distribution to all or substantially all the holders of the Common Shares of cash or other assets (other than a dividend in the ordinary course of business); or (e) that the Corporation enters into any transaction or series of transactions whereby all or substantially all of the assets of the Corporation would become the property of another trust, body corporate, partnership or other person (where such transaction would not result in a Change of Control of the Corporation); then subject to Stock Exchange approval, the Board may make such adjustments to the Plan, to any Options and to any related agreements outstanding under the Plan, and make such amendments to any option agreements outstanding under the Plan, as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Participants and/or to provide for the Participants to receive and accept such other securities or property in lieu of Common Shares, and the Participants shall be bound by any such determination. Notwithstanding the foregoing, any adjustments pursuant to this Section 28 shall be

undertaken in such a way so as to ensure compliance with the provisions of subsection 7(1.4) (where an option exchange is undertaken) or the requirements of subsections 110(1.7) and 110(1.8) (where no option exchange is undertaken) of the Canadian Tax Act, if any of those provisions would otherwise be applicable.

29. The adjustments provided for in Section 28 are cumulative and shall apply to successive subdivisions, redivisions, changes, consolidations, reclassifications, capital reorganizations, consolidations, mergers, amalgamations, sales, distributions, issues or otherwise resulting in any adjustment under the provisions of Section 28.
30. Except in the case of a transaction that is, or if completed in accordance with its terms would result in, a Change of Control of the Corporation, if the Corporation enters into any transaction or series of transactions whereby the Corporation would become the property of any other body corporate (a "**Successor**") where, immediately after the transaction, the Successor and the Corporation do not deal at arm's length within the meaning of the Canadian Tax Act, whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Board may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Corporation under the Plan and the related option agreements outstanding on consummation of such transaction, provided that any such assumption shall be structured to the extent feasible to do so, in compliance with the provisions of subsection 7(1.4) of the Canadian Tax Act. Under such an assumption it is intended that any such Successor will succeed to, and be substituted for, and may exercise every right and power of the Corporation under the Plan and the related option agreements with the same effect as though the Successor had been named as the Corporation in the Plan and the related option agreements, and thereafter the Corporation will be relieved of all obligations and covenants under the Plan and such related option agreements and the obligation of the Corporation to the Participants in respect of the Options shall terminate and the Participants shall cease to have any further rights in respect thereof.

Change of Control

31. Notwithstanding any other provisions of the Plan, in the event of a Change of Control of the Corporation or a determination by the Board that a Change of Control is expected to occur, all outstanding Options granted hereunder shall vest as of the date of such determination and be immediately exercisable and to the extent a Participant's Termination Date has not occurred on or before the date of such determination which results in an earlier expiration date of such Service Provider's options each Participant thereof shall have the right to exercise or surrender in accordance with the provisions in Sections 19, 20 and 21 part or all of the Options granted to him or her hereunder at any time up to and including (but not after) the earlier of: (a) the date which is 90 days following the date of such Change of Control, or such earlier time as may be established by the Board, in its absolute discretion; and (b) the Expiry Date of the Options.
32. In the event that the Board passes a resolution approving, or the Corporation enters into an agreement providing for, a transaction which, if completed, would constitute a Change of Control, the Board may at its discretion resolve to permit Participants to exercise all unexercised vested and unvested Options or to surrender all unexercised vested and unvested Options in consideration of the issuance of a number of Common Shares having a fair market value equal to the cash payment the Participant would have received had the Options been surrendered in accordance with Section 19 (less applicable withholdings), in each case, conditional upon the occurrence of the Change of Control, and for the purpose of, as applicable, tendering the underlying Common Shares to the take-over bid or voting such Common Shares in respect of the resolution(s) pertaining to the transaction that would give rise to the Change of Control.

Non-Assignability of Options

33. Each Option granted to a Participant is non-assignable and non-transferable except pursuant to laws of succession and, except in the case of the Participant's death or incapacity, shall be exercisable or surrendered only by the Participant.

Amendment or Termination of Plan

34. The Plan and any issued Options may be amended, modified or terminated with the approval of the Stock Exchange as may be required pursuant to the policies of the Stock Exchange and subject to applicable law. The Board shall have the power and authority to terminate the Plan and to approve amendments to the Plan or to Options, without approval of the Shareholders, including, without limitation, for any of the following types of amendments:
- (a) amendments for the purpose of curing any ambiguity, error or omission in the Plan or Option or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
 - (b) amendments necessary to comply with applicable law or the requirements of any Stock Exchange;
 - (c) amendments to the Plan respecting administration of the Plan;
 - (d) amendments of a "housekeeping" nature;
 - (e) changes to the terms and conditions on which Options may be or have been granted pursuant to the Plan, including a change to, or acceleration of, the vesting provisions of Options;
 - (f) amendments to the treatment of Options on ceasing to be a Participant; and
 - (g) a change to the termination provisions of Options or the Plan which does not entail an extension beyond the original expiry date.
35. Notwithstanding Section 34, approval of the Shareholders shall be required, in accordance with the policies of the Stock Exchange, in order to:
- (a) increase the maximum number of Common Shares reserved for issuance under the Plan;
 - (b) increase any limit on grants of Options set forth in Sections 8 or 9 of the Plan;
 - (c) reduce the Exercise Price in respect of any Option;
 - (d) extend the period of time during which an Option must be exercised or surrendered;
 - (e) amend the class of eligible participants under the Plan;
 - (f) cancel any Options and concurrently re-issue such Options on different terms;
 - (g) amend Sections 34 or 35; or
 - (h) make any other amendment to the Plan where Shareholder approval is required by the Stock Exchange.

Compliance with Laws

36. The Corporation's obligation to issue and deliver Common Shares on the exercise of any Option is subject to:
- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale of such Common Shares;

- (b) the admission of such Common Shares to listing on the Stock Exchange on which Common Shares may then be listed; and
 - (c) the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities or income tax laws of any jurisdiction.
37. The Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities laws and for the listing of such Common Shares on the Stock Exchange.
38. The Corporation or any subsidiary may withhold from any amount payable to a Participant (whether in Shares or cash or other property), either under the Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or subsidiary will be able to comply with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. For greater certainty, the Corporation or any subsidiary shall have the right, in its discretion, to satisfy any such liability for withholding or other required deduction amounts by: (a) making additional withholdings on cash remuneration payable to the Participant in the calendar year as that containing the exercise or surrender of an Option; (b) retaining any Shares or any amount payable, which would otherwise be issued or delivered, provided or payable to a Participant hereunder; and/or (c) requiring a Participant, as a condition to the exercise of an Option, to pay or reimburse the Corporation or subsidiary, as applicable, for any such withholding or other required deduction amounts related to the exercise or surrender of Options.
39. If Common Shares cannot be issued to a Participant upon the exercise of an Option for any reason which, in the opinion of the Board, acting reasonably, would result in undue expense to the Corporation as a result of the Corporation being required to comply with non-Canadian regulatory requirements, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Participant as soon as practicable. In such circumstances, such Participant shall be deemed to have elected to surrender the Option in accordance with Section 19.

Participant's Rights

40. A Participant shall not have any rights as a Shareholder in respect of any Common Shares issuable pursuant to an Option until the issuance of Common Shares upon the exercise of the Option or a portion thereof, and then only with respect to the Common Shares so issued. For greater certainty, a Participant shall not have the right or be entitled to exercise any voting rights, receive dividends or have or be entitled to any other rights as a Shareholder in respect of any Options.

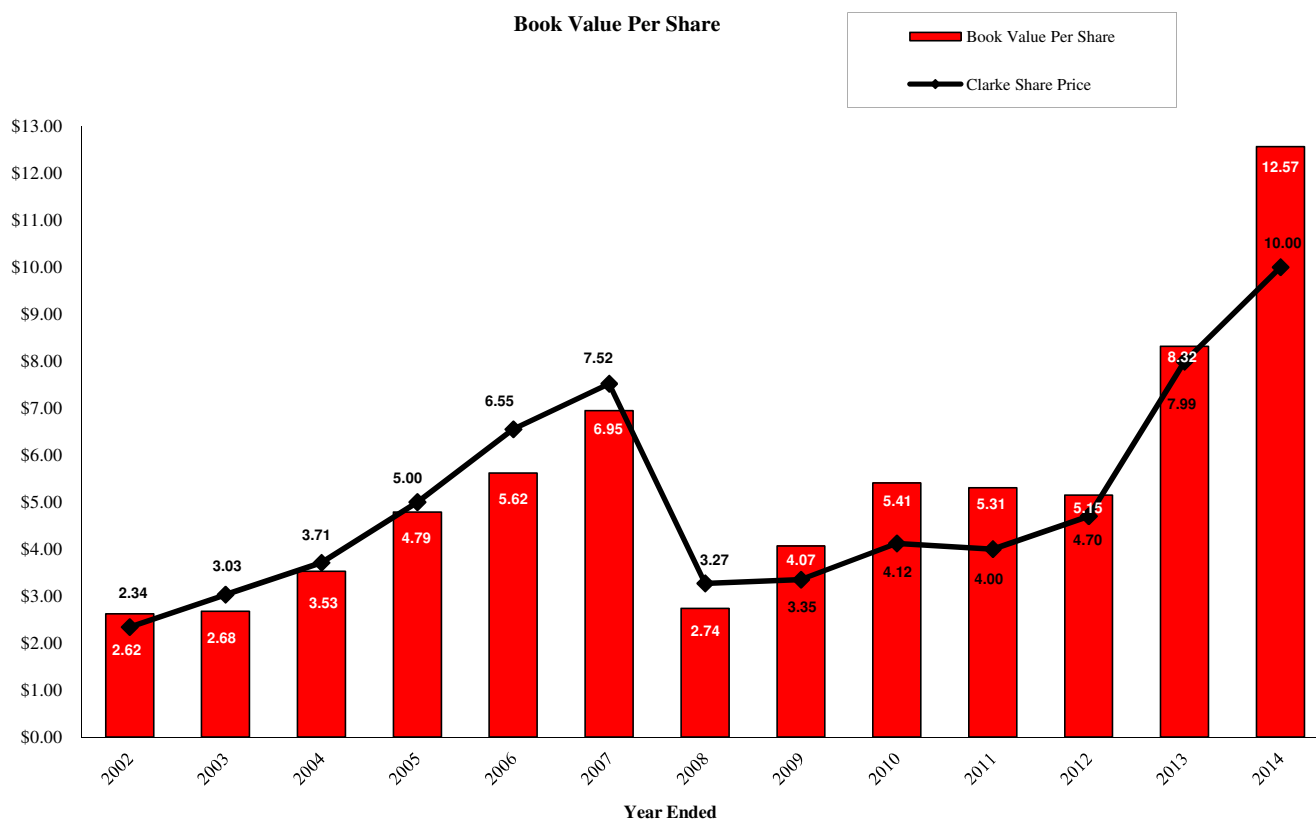
Effective Date

41. The Plan is effective from August 7, 2014.

EXHIBIT D

BOOK VALUE PER COMMON SHARE

The following graph represents the book value per Common Share, compared to public market price per share for the thirteen years ended December 31, 2014.



** Information for the years ended 2002 and 2003 is as at March of the following year. In 2004 the Company's year end was changed to December.*

Book value per share is a non-IFRS accounting measure. See "Cautionary Statement Regarding Use of Non-IFRS Accounting Measures".