

**TWC ENTERPRISES LIMITED**

**Annual Information Form  
For the Year Ended December 31, 2020**

**March 31, 2021**

# TWC Enterprises Limited Annual Information Form

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**INTRODUCTION**

This Annual Information Form incorporates by reference sections of the audited consolidated financial statements of TWC Enterprises Limited (“TWC” or the “Company”) for the years ended December 31, 2020 and 2019 (the “Financial Statements”) contained in the Annual Report prepared in respect of the year ended December 31, 2020 (the “Annual Report”). A complete copy of the Annual Report is available on the Company’s website, at [www.twcenterprises.ca](http://www.twcenterprises.ca) or through the SEDAR website maintained by the Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com).

In this Annual Information Form, amounts are stated in Canadian dollars unless otherwise indicated.

**FORWARD-LOOKING STATEMENTS**

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words “anticipate”, “believe”, “may”, “continue”, “estimate”, “expects”, “will” and words of similar expression, constitute “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; and other factors including risks and uncertainties relating to the COVID-19 pandemic referred to in the Company’s filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward- looking statements. The Company does not assume the obligation to update or revise any forward-looking statements.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in TWC’s filings with Canadian securities regulatory authorities. TWC undertakes no obligation, except as required by law, to update publicly or otherwise any forward-looking information, whether as a result of new information, future events or otherwise, or the above list of factors affecting this information.

Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from the Company, governments (federal, provincial and municipal), regulatory authorities, businesses and customers, there is inherently more uncertainty associated with the Company’s assumptions as compared to prior periods. These assumptions and related risks, many of which are confidential, include but are not limited to management expectations with respect to the factors above as well as general economic conditions, which includes the impact on the economy and financial markets of the COVID-19 pandemic and other health risks.

**ITEM 1 CORPORATE STRUCTURE**

**1.1 Name, Address, and Incorporation**

The Company was incorporated on October 22, 1997 under the *Canada Business Corporations Act* as a wholly owned subsidiary of Russel Metals Inc. under the name Century Continental Transportation Corporation. The Company’s articles were amended on November 18, 1997 to change its name to Tri-White Corporation. In August 2003, the Company announced the completion of the consolidation of its issued and outstanding common shares on the basis of two pre-consolidation shares for one post-consolidation share. The Company’s articles were amended on July 22, 2010 to change its name to ClubLink Enterprises Limited. On May 15, 2014, shareholders approved the Company’s name change from ClubLink Enterprises Limited to TWC Enterprises Limited. The Company’s articles were amended on June 25, 2014 to change its name to TWC Enterprises Limited. The address of the registered office of the Company is 55 City Centre Drive, Suite 1000, Mississauga, Ontario, L5B 1M3. The Company’s executive offices are located at 15675 Dufferin Street, King City, Ontario L7B 1K5.

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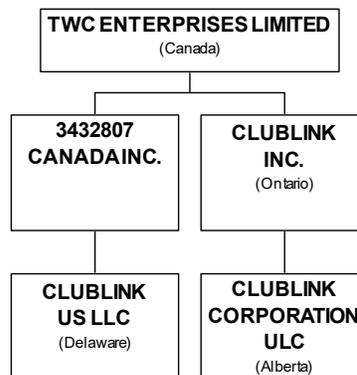
**ITEM 1 CORPORATE STRUCTURE (CONT'D)**

**1.1 Name, Address, and Incorporation**

The common shares of TWC are listed for trading on the Toronto Stock Exchange under the symbol "TWC".

**1.2 Intercorporate Relationships**

The following chart illustrates the inter-corporate relationships of TWC and its primary operating subsidiaries. TWC directly or indirectly owns all of the voting securities of the subsidiaries listed below. The jurisdiction in brackets following the corporate name is the jurisdiction of incorporation, continuance, or organization.



**ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS**

**2.1 Three Year History**

**General**

TWC was previously engaged in rail and port operations based in Skagway, Alaska which operate under the trade name White Pass & Yukon Route ("White Pass"). The railway stretches approximately 110 kilometres (67.5 miles) from Skagway, Alaska to Carcross, Yukon. In addition, White Pass operates three docks, primarily for cruise ships. White Pass was divested on July 31, 2018.

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**ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS (CONT'D)**

**Golf Club Operations**

TWC is engaged in golf club operations under the trademark, “ClubLink One Membership More Golf.” TWC is Canada’s largest owner and operator of golf clubs with 48.5 18-hole equivalent championship and 3.5 18-hole equivalent academy courses (including one managed property) at 37 locations, in Ontario, Quebec and Florida.

TWC’s golf clubs are strategically organized in clusters that are located in densely populated metropolitan areas and resort destinations frequented by those who live and work in these areas. By operating in these areas, TWC is able to offer golfers a wide variety of unique membership, corporate event, and resort opportunities. TWC is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

TWC’s Ontario/Quebec Region is organized into two clusters: the major metropolitan areas of Southern Ontario and Muskoka, Ontario’s premier resort area, extending from Hamilton to Huntsville to Pickering, with a particularly strong presence in the Greater Toronto Area; and Quebec/Eastern Ontario, extending from the National Capital Region to Montreal, including Mont-Tremblant, Quebec’s premier resort area.

The Florida Region includes eight 18-hole equivalent championship golf courses.

In past years, growth has been driven, in part, by: (a) the acquisition of operating golf course properties (b) long-term lease arrangements, and (c) the addition of new product through the conversion of daily fee golf clubs into member or hybrid golf clubs. Hybrid golf clubs are available for daily fee (public) play and reciprocal access by members and provide a home club for members with reciprocal access to the TWC system. This growth has now abated, and the number of Canadian properties has remained constant as evidenced below:

<b>Canada</b>					
	<b>Daily Fee Golf Course <sup>(a)</sup></b>	<b>Hybrid Golf Courses <sup>(a)</sup></b>	<b>Member Golf Courses <sup>(a)</sup></b>	<b>Managed Golf Courses</b>	<b>Total<sup>(a)</sup></b>
2018	2.0	7.0	32.5	1.0	42.5
2019	2.0	7.0	32.5	1.0	42.5
2020	2.0	5.0	32.5	1.0	40.5
2021	2.0	5.0	32.5	1.0	40.5

(a) 18-hole equivalent championship golf courses operated during the year, excluding academy courses.

In addition, TWC owns or controls development sites that would permit construction of another three 18-hole championship golf courses in Canada.

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**ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS (CONT'D)**

**2.1 Three Year History**

**2018**

On December 14, 2018, ClubLink announced that Club de Golf Fontainebleau was sold to the shareholders of Club de Golf Rosemère. ClubLink retains a management fee arrangement for Fontainebleau.

**2019**

On August 16, 2019, TWC purchased a 50% interest in a real estate management company and various real estate housing investments with ownership percentages ranging from 11.67% to 23.33% for \$14,501,000.

During 2019, TWC purchased 5,188,257 units of Automotive Properties REIT which had a value of \$63,037,000 at December 31, 2019.

**2020**

On February 4, 2020, ClubLink sold Greenhills Golf Club.

On May 21, 2020, ClubLink sold Harwood, a property held for future development.

On July 13, 2020, ClubLink sold Club de Golf Val des Lacs.

During 2020, TWC purchased a further 1,333,400 units of Automotive Properties REIT for a total of 6,521,657 units which had a market value of \$69,847,000 at December 31, 2020.

**COVID-19**

The Company recognizes the impact COVID-19 has on its properties along with its operations. All of the Company's properties were closed on March 20th. Renaissance and Scepter re-opened on April 15th and the rest of the Florida properties re-opened on May 2nd. Ontario properties re-opened on May 16th and Quebec properties re-opened on May 20th as governmental orders were lifted. Certain food and beverage operations were also mandated to be closed in the fall of 2020 due to government imposed lockdowns. This has and will continue to impact into 2021 certain revenue streams such as corporate events, banquets, weddings and food and beverage.

In March, ClubLink activated its Crisis Management Team which was mandated to maintain a safe environment for our members, customers, and employees, coordinating efforts across our portfolio, standardizing communications, and responding as circumstances demand.

With the guidance of public health authorities, and at the direction of various levels of government, ClubLink has implemented measures to help reduce the spread of COVID-19 including:

- temporarily eliminating services deemed to be risky;
- intensified cleaning, focusing staff efforts on cleaning high-touch point areas at all our properties using approved cleaning products;
- management offices are staffed but doors are locked;
- non critical maintenance work has been deferred;
- added additional hand sanitizers to help customers and employees maintain recommended practices for hand washing; and
- posted health and safety best practice reminders to increase awareness of the most current guidelines.

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**ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS (CONT'D)**

***COVID-19 (cont'd)***

The Company modified property access to limit the number of people at large, reduce group gatherings and maintain physical distance between customers. As restrictions have been lifted and more services have been re-introduced, access to the property still requires an appointment (for example, pre-booked tee times). A “greeter” position was created and stationed at the entrance to each property, with the sole responsibility being to approve access to the property and educate incoming customers on current COVID-19 operating procedures and expectations.

The Company adopted a mandatory mask or face covering policy for all indoor public spaces at all properties including the corporate office. This includes all staff, customers and visitors entering the bathrooms, golf shops, halfway houses, bistros, and all other common areas. A COVID-19 screening questionnaire was also introduced for all members and guests prior to accessing a property. Ontario properties are following the mandatory COVID-19 screening of employees and visitors prior to entering the workplace, including outdoor workplaces.

It is expected that the above protocols will be in place for the 2021 operating season. The Company is actively monitoring the ongoing developments with regards to COVID-19 and are committed in ensuring a healthy and safe environment, adjusting our service model as necessary.

***Highland Gate Development***

TWC has been pursuing the development of its Highland Gate property in Aurora, Ontario as part of a joint venture with Geranium Homes.

The development plan contains 158 single family detached homes, a seven storey multi-unit residential building with 114 units, a 10-metre landscaped buffer between existing rear yards and adjacent new streets, 7.6 kilometres of off-street trails resulting in a total pedestrian network consisting of 10.2 kilometres, and building a major new 21-acre park in the first phase of the development.

In 2019, there were five closings of this first phase along with build-out of two model homes. Approximately one-half of the remaining homes are subject to firm contracts which close in either 2021 or 2022.

***Glen Abbey Development***

TWC previously announced a long-term plan to transform Glen Abbey Golf Club and dedicate more than half (approximately 124 acres) of the privately-owned site to the public as permanent, publicly accessible green space by filing three development applications on November 10, 2016 with the Town of Oakville. The mixed-use development will deliver approximately 107,000 sf office and 69,000 sf retail space, along with a housing development consisting of 3,222 units compatible with the current character of the Oakville community and consistent with the provincial directive to focus growth within Oakville's built boundary.

ClubLink's three development applications, Official Plan and zoning by-law amendments and the Draft Plan of Subdivision, were deemed complete on November 10, 2016, the date they were received by the Town. Each of these applications have been appealed to the Local Planning Appeal Tribunal (“LPAT”).

The 20 week LPAT hearing for this file has now been scheduled for August 9, 2021.

The development application process at Glen Abbey may take several years to conclude and accordingly the property will be operated as a golf course by the Company for the immediate future.

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**ITEM 2 GENERAL DEVELOPMENT OF THE BUSINESS (CONT'D)**

***Kanata Development***

ClubLink has been working with two local developers on development options at Kanata Golf and Country Club in Ottawa. A development application was submitted to the City of Ottawa on October 8, 2019 and deemed complete on October 17, 2019. On October 25, 2019, the City of Ottawa filed a Superior Court application in order to have ClubLink comply with an agreement compelling a certain amount of open space known as the 40% Agreement. On February 19, 2021, ClubLink was notified that the Superior Court upheld the City's application. ClubLink and its partners are considering options of appeal. A LPAT hearing has been scheduled for this file on January 17, 2022.

***Woodlands Developments***

ClubLink is working with a local Florida developer to explore development options at Woodlands Country Club in Tamarac, Florida.

**2.2 Significant Acquisitions**

None noted other than acquisitions previously described.

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**ITEM 3 DESCRIPTION OF THE BUSINESS**

TWC operates in golf club operations. The corporate operations segment manages the operations of the business segment.

**GOLF CLUB OPERATIONS**

**1. Summary of Operations**

ClubLink's golf clubs are strategically organized in clusters that are located in densely populated metropolitan areas and resort destinations frequented by those who live and work in these areas. By operating in Regions, ClubLink is able to offer golfers in their region a wide variety of unique membership, daily fee, corporate event and resort opportunities. ClubLink is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

Revenue at all golf club properties is enhanced by cross-marketing, as the demographics of target markets for each are substantially similar. Revenue is further improved by corporate golf events, business meetings and social events that utilize golf capacity and related facilities at times that are not in high demand by ClubLink's members.

Member and Hybrid Golf Club revenue is maximized by the sale of flexible personal and corporate memberships that offer reciprocal playing privileges at ClubLink golf clubs. In recent years, ClubLink has been focusing on providing enhanced value for its memberships as well as cultivating a family type atmosphere at its golf clubs.

Daily fee golf club revenue is maximized through unique and innovative marketing programs.

ClubLink also has annual membership programs, which are unique to each Region. These product offerings include Players Card and Players Club in the Ontario/Quebec Region; as well as ClubLink Card Holder in the Florida Region. While traditional full privilege golf members have been declining, ClubLink has been focusing on these supplemental categories to replace annual dues revenue.

Golf club operating costs include substantial fixed costs and, accordingly, once break-even revenue has been achieved, a substantial portion of incremental revenue less cost of goods sold flows directly to net operating income. The golf club operations are managed by a centralized administrative system. All administrative, accounting, information systems, marketing, finance, human resource and payroll functions are performed at the corporate office, located in Ontario adjacent to King Valley Golf Club, along with the Florida Regional office adjacent to Palm Aire Golf Club. The Company's size and centralized administration provides cost advantages in purchasing supplies and services and permits a golf club to be operated with fewer employees resulting in ClubLink's golf clubs having lower operating costs than a golf club managed by a single golf club owner. This also allows employees at the golf course property to focus on providing optimal member and guest experiences.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**(a) Golf Club Operations – Ontario/Quebec Region**

ClubLink's Ontario/Quebec Region is organized into two clusters: the major metropolitan areas of southern Ontario and Muskoka, Ontario's premier resort area, extending from London to Huntsville to Pickering, with a particularly strong presence in the Greater Toronto Area; and Quebec/Eastern Ontario, extending from the National Capital Region to Montreal, including Mont-Tremblant, Quebec's premier resort area.

In addition, ClubLink owns or controls development sites that would permit construction of another three 18-hole equivalent championship golf courses, which are all adjacent to its existing golf clubs.

In 2021, ClubLink will operate 25 Ontario/Quebec Region Member Golf Clubs in three categories as follows:

Prestige:	Greystone, King Valley, RattleSnake Point
Platinum:	Blue Springs, DiamondBack, Eagle Creek, Emerald Hills, Glencairn, Grandview, Heron Point, Islesmere, Kanata, King's Riding, Lake Joseph, Le Maître, Rosèmere (managed), Rocky Crest, Wyndance
Gold:	Caledon Woods, Country Club, Georgetown, Glendale, GreyHawk, Hautes Plaines, National Pines, Station Creek

On February 4, 2020, Greenhills Golf Club was sold.

In 2021, ClubLink will operate five Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

Hybrid – Prestige:	Glen Abbey
Hybrid – Gold:	Cherry Downs, The Club at Bond Head
Hybrid – Silver:	Bethesda Grange, Hidden Lake

On July 13, 2020, Val des Lacs was sold.

Hybrid Golf Clubs are available for daily fee (public) play, reciprocal access by other ClubLink Members and provide a home club for Members with reciprocal access to the ClubLink system.

In 2021, ClubLink will operate two Ontario/Quebec Region Daily Fee Golf Clubs as follows:

Daily Fee:	Grandview Inn, Rolling Hills
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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**1. Summary of Operations (cont'd)**

**(a) Golf club operations – Ontario/Quebec Region (cont'd)**

The Golf Clubs in Muskoka/Southern Ontario currently operated by the Company and the year in which they commenced operations are set out below.

**Member Golf Clubs**

***Acquisitions***

Emerald Hills Golf Club (1993)  
Heron Point Golf Links (1993)  
King Valley Golf Club (1994)  
Greystone Golf Club (1994)  
DiamondBack Golf Club (1997)  
The Country Club (2006 – land lease expiry after 2022 golf season)  
Glendale Golf and Country Club (2010)

***Developed***

The Lake Joseph Club (1997)  
RattleSnake Point Golf Club (1999)  
Rocky Crest Golf Club (2000)  
Grandview Golf Club (2001)  
Glencairn Golf Club (2004)  
Wyndance Golf Club (2007)

***Daily Fee Conversions***

Blue Springs Golf Club (1999 – originally purchased in 1998)  
King's Riding Golf Club (2000 – formerly Aurora West purchased in 1997)  
Station Creek Golf Club (2002 – formerly Gormley Green Golf Club purchased in 1998)  
Georgetown Golf Club (2003 – purchased in 1998)  
Caledon Woods Golf Club (2003 – formerly Bolton Golf Club purchased in 1998)  
National Pines Golf Club (2005 – originally leased in 2004 – land lease expiry after 2024 golf season)

**Hybrid Golf Clubs**

Cherry Downs Golf Club (acquired in 1993)  
Glen Abbey Golf Club (acquired in 1999)  
The Club at Bond Head (daily fee conversion in 2010 – originally leased in 2009 – land lease expiry after 2021 golf season)  
Bethesda Grange (daily fee conversion in 2010 – formerly Rolling Hills Championship course purchased in 1998)  
Hidden Lake Golf Club (2014)

**Daily Fee Golf Clubs**

***Acquisitions***

Rolling Hills Golf Club (1998)

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**1. Summary of Operations (cont'd)**

**(a) Golf club operations - Ontario/Quebec Region (cont'd)**

The Golf Clubs in Quebec/Eastern Ontario currently operated by the Company and the year in which they commenced operations are set out below:

***Acquisition***

Kanata Golf & Country Club (1997)  
Eagle Creek Golf Club (2007)  
Club de Golf Islesmere (2007)

***Developed***

Le Maître de Mont-Tremblant (2001)  
Predator at GreyHawk (2002)  
Club de Golf Le Fontainebleau (2003) (renamed Rosèmere)

***Daily Fee Conversions***

Club de Golf Hautes Plaines (2003 - formerly Le Dome purchased in 1998)  
Talon at GreyHawk (2004 - formerly a Daily Fee golf course purchased in 1997)

The operating resorts owned by the Company and the year in which they commenced operations are set forth below:

**Resorts**

The Lake Joseph Club (1997 – constructed)  
Sherwood Inn (1998 – acquired)  
Rocky Crest Resort (1998 – acquired)  
Grandview Inn (1998 – acquired – 2012 closed)

In 2021, TWC will operate The Lake Joseph Club, Rocky Crest Resort and Sherwood Inn.

The Lake Joseph Club and Rocky Crest Resort operate seasonally from May to October, while Sherwood Inn is available during the off-season for group bookings and weekend bookings.

Resort revenue is maximized by the integration of high-quality golf facilities, which is recognized throughout the leisure industry as a key amenity for successfully attracting corporate groups, and leisure business.

TWC's remaining Muskoka land holdings, excluding golf course development sites, include zoned and serviced land that are capable of supporting a substantial number of resort rooms/villas, conference facilities and residential homes.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**1. Summary of Operations (cont'd)**

**(b) Golf club operations - Florida Region**

ClubLink's Florida Region includes eight 18-hole equivalent championship golf courses.

In 2021, TWC is operating six Florida Region Golf Clubs as follows:

- Eagle Trace
- Club Renaissance
- Scepter
- Sandpiper
- Palm-Aire (Cypress/Oaks), Palm-Aire (Palms)

In 2019, Heron Bay Golf Club was closed.

In 2020, Woodland Golf and Country Club was closed as part of the mandated closures from the COVID-19 pandemic. Due to years of declining performance, it was not re-opened.

The Golf Clubs in Florida currently operated by the Company and the year in which they commenced operations are set out below:

**Member Golf Clubs – by Acquisition**

- Scepter Golf Club (2010 – closed 2016)
- Eagle Trace (2013)

**Hybrid Golf Clubs – by Acquisition**

- Heron Bay Golf Club (2010 – closed 2019)
- Club Renaissance (2010)
- Sandpiper Golf Club (2011 – formerly a Member golf course purchased in 2010)
- Woodlands Country Club (2011 – closed 2020)

**Daily Fee Golf Clubs – by Acquisition**

- Palm-Aire Country Club (Cypress/Oaks) (2011)
- Palm-Aire Country Club (Palms) (2011)

**2. Operating Revenue Analysis**

Canadian Golf club operating revenue for the years ended December 31, 2020 and 2019 is recorded as follows:

<b>(thousands of dollars)</b>	<b>2020</b>	<b>2019</b>	<b>% Change</b>
Annual dues	\$ 48,081	\$ 49,783	(3.4)%
Corporate events, guest fees and cart rentals	35,408	35,348	0.2%
Food and beverage	14,642	40,052	(63.4)%
Merchandise, rooms and other	11,301	15,659	(27.8)%
	<b>\$ 109,432</b>	<b>\$ 140,842</b>	<b>(22.3)%</b>

**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**2. Operating Revenue Analysis (cont'd)**

*(i) Yield Management of Operating Revenue*

TWC schedules corporate and charitable events at its golf clubs to generate revenue during non-peak times. TWC's multiple golf clubs allow an event to change its venue each year while minimizing event day preparations through continuity of event host. TWC is able to offer corporate events at its golf courses because normal play can be accommodated at another nearby TWC golf course. As a result of its efforts to manage playing patterns, TWC is generally able to offer less congested golf courses and faster playing times. The number of rounds that can be played on a golf course is TWC's primary saleable inventory. TWC looks to optimize the number of rounds played and revenue generated per round at each golf club by considering member and daily fee golf club playing patterns. TWC creates marketing programs to generate rounds during non-peak playing times at our hybrid and daily fee golf clubs.

*(ii) Non-Golf Operations at the Golf Clubs*

TWC actively solicits non-golf functions such as weddings, bat/bar mitzvahs, Christmas parties, meetings and other functions to increase utilization of its clubhouse facilities.

*(iii) Complementary Business Opportunities*

TWC's brand name recognition in Ontario, Quebec and Florida has facilitated a number of cross-promotional programs with corporations that have similar target consumers. These programs have contributed to increased exposure of TWC golf clubs and resorts. Many of TWC's members are owners and senior managers of companies. These members use TWC's golf clubs and resorts for relationship management, team building, management seminars and other business needs.

TWC is constantly reviewing opportunities to generate ancillary revenue, such as corporate event sponsorship, renting advertising space on tournament scoreboards and at other discrete locations at its golf clubs and resorts and in its member communications.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**2. Operating Revenue Analysis (cont'd)**

*(iv) Membership Sales*

ClubLink has advertised in Ontario and Quebec and believes that it has created strong brand recognition in these golfing communities. The marketing program highlights the value of the Company's innovative and flexible membership plan, pricing structure and reciprocal play privileges granted to ClubLink members. The Company's membership sales program is executed by professional sales personnel whose compensation is largely commission-based. Proactive membership sales efforts are targeted at a broad range of potential members, particularly corporations and their employees.

The membership fee structure is different for each member golf club and is determined by a number of factors, including location, market demand, number of members, quality of the golf course and related facilities. Each member has defined regional and inter-regional playing privileges, subject to availability, at all other ClubLink golf clubs.

ClubLink markets memberships to both individuals and corporations. A corporate membership allows the corporation to designate an individual, usually a senior employee, who is entitled to membership benefits on a season-by-season basis. Corporations and families with multiple memberships benefit from ClubLink's tiered membership fee structure. Few traditional private clubs offer transferable corporate memberships and ClubLink believes that it fulfills a market need for this kind of membership. Having a significant corporate membership provides ClubLink with the opportunity to promote ancillary revenue generating concepts, including corporate golf camps, logoed merchandise sales and corporate events.

To enhance its appeal to existing and prospective members, the Company upgrades acquired facilities and provides new value-added services to its members, such as access to ClubCorp's golf clubs around the world and ClubLink's LinkLine reservation system. A single phone call to the LinkLine reservation system allows a member to reserve a tee-time at any ClubLink golf club. This system provides members with greater accessibility to available tee times. Starting in 2012, ClubLink now accepts on-line tee time bookings. This allows members to book tee times at their convenience.

ClubLink's resort properties provide corporate groups and leisure guests with access to ClubLink's cluster of resort golf clubs in the Muskoka market, north of Toronto.

Resort revenue is maximized by increasing use of the resorts including bed nights and use of complementary facilities through the integration of high-quality golf facilities. Access to on-site golf is recognized throughout the leisure industry as a key amenity for successfully attracting corporate groups and leisure business.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**3. Direct Operating Expenses**

All ClubLink properties are managed through a centralized administration system. As a multi-golf club and resort operator, the Company is able to achieve overhead and operating efficiencies not possible by owners of individual golf clubs or resorts. For example, the Company employs a centralized marketing staff to serve all of its golf clubs and resorts. Insurance policies for the Company's portfolio of properties are consolidated under a master insurance policy. The Company's volume purchasing power also enables it to achieve savings not available to smaller buyers in the purchase of most merchandise, food and beverage supplies, turf and clubhouse supplies and maintenance equipment. Beneficial terms also include volume discounts and extended payment terms.

The Company believes that an ongoing commitment to the development of management information systems will increase its operating effectiveness. Accordingly, resources continue to be expended on the development of management information systems that support efficient management of the Company's business.

The Company believes that it can acquire a golf club without proportionately increasing its corporate office staff. Therefore, each future golf club addition will decrease the average cost of administration per golf club. ClubLink believes that its average cost of administration per golf club is significantly below that experienced by many of its smaller competitors.

ClubLink has been able to attract employees that are highly qualified in managing a business many times larger than the business constituted by a single golf course property. ClubLink's current size and its future growth potential have contributed significantly to ClubLink's ability to attract highly qualified and motivated employees.

Canadian golf club direct operating expenses for the years ended December 31, 2020 and 2019 are recorded as follows:

<b>(thousands of dollars)</b>	<b>2020</b>		<b>2019</b>		<b>% Change</b>
Cost of sales	<b>\$ 10,188</b>		\$ 20,509		(50.3)%
Labour and employee benefits	<b>30,400</b>		58,944		(48.4)%
Utilities	<b>5,714</b>		6,458		(11.5)%
Selling, general and administrative	<b>2,307</b>		3,635		(36.5)%
Property taxes	<b>2,099</b>		2,175		(3.5)%
Insurance	<b>1,791</b>		1,681		0.1
Repairs and maintenance	<b>2,286</b>		3,257		(29.8)%
Fertilizers and pest control products	<b>1,258</b>		1,616		(22.2)%
Fuel and oil	<b>699</b>		1,033		(32.3)%
Other operating expenses	<b>6,477</b>		10,267		(36.9)%
<b>Total direct operating expenses</b>	<b>\$ 63,219</b>		\$ 109,575		(42.3)%

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**4. Member Service**

It is TWC's objective to ensure that all members enjoy enhanced experiences when using TWC's facilities. This is achieved by ensuring that employees are properly trained in providing this level of service and by hiring qualified employees.

Member services initiatives in recent years included enhancement of member surveys and the creation of a dedicated member service department.

**5. Specialized Skill and Knowledge**

Since its inception, TWC's golf development team has constructed the following golf clubs: The Lake Joseph Club (1997 - 27 holes), RattleSnake Point Golf Club (1999 - 45 holes), King's Riding Golf Club (2000 - 18 holes), Rocky Crest Golf Club (2000 - 18 holes), Grandview Golf Club (2001 - 18 holes), Le Maître de Mont-Tremblant (2001 - 18 holes), Predator at GreyHawk Golf Club (2002 - 18 holes), Club de Golf Le Fontainebleau (2003 - 18 holes), Caledon Woods Golf Club (2003 - 18 holes), Glencairn Golf Club (2004 - 27 holes), Talon at GreyHawk Golf Club (2004 - 18 holes) and Wyndance Golf Club (2007 - 27 holes).

As at the date of this Annual Information Form, TWC has no plans to proceed with development at any greenfield properties within its budgeting horizon.

**6. Competition**

The Company operates in a competitive marketplace. Although TWC believes that it is the largest market participant that actively pursues its clustering and reciprocal play strategy in Canada, it is possible for a competitor to enter this market at any time and develop greater name recognition and have more extensive financial, marketing and personnel resources than TWC. In addition, TWC competes with individual golf and country clubs in those areas in which it operates its golf clubs. The Company also competes with resorts in the markets in which it operates golf resorts as well as other vacation destinations.

**(a) Golf Clubs in Canada**

The ownership and operation of golf courses is highly fragmented with few multi-golf club companies. The Company believes that, as the owner of a network of golf clubs with experienced management and a demonstrated ability to execute transactions, the Company has a competitive advantage in its ability to acquire well located, well designed member golf clubs and operate them in a cost efficient manner.

In recent years there has been a significant increase in the supply of golf product in the Ontario/Quebec Region, which has impacted demand and price negatively. Management believes that this may not be a short-term condition. While TWC has certain competitive advantages which will offset, in part, the impact of this increased competition, it has been affected by these influences particularly in the sale of new golf memberships and corporate event market.

**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**6. Competition (cont'd)**

***(b) Golf Clubs in the United States***

The ownership and operation of golf courses is highly fragmented and extremely competitive. As our Florida Region is not yet mature, the Company is developing programs, such as annual Sports Club membership to differentiate itself from other operators. ClubLink's marketing programs are tailored to highlight these differences.

***(c) Resorts in Canada***

The Company's resorts operate in a competitive marketplace. The marketplace is serviced by numerous small companies that operate resorts in close geographic proximity to the Company's resorts. In addition, ClubLink competes for the corporate group and leisure business with several large and small companies that operate resorts in other geographic markets. Many of these companies have greater name recognition and more extensive financial, marketing and personnel resources than the Company. If competitors offer a better resort product at comparable or lower prices, this could have a material adverse effect on the revenue generated by ClubLink's resorts.

The Muskoka region and areas that compete with Muskoka for guests, have seen significant investment of capital in recent years in the form of additional new resorts, the refurbishment of existing resorts and the sale of fractional product, which has resulted in the availability of improved resort product. The impact of this change in the market has been offset somewhat by a thorough review of the cost structure of ClubLink's Muskoka resorts to ensure that the operations remain as efficient as possible.

**7. Pricing**

***Golf Clubs***

The pricing of memberships is dependant on the level of golf club (i.e. prestige, platinum, gold or silver). This is further broken down into different levels of pricing depending upon the number of pre-existing memberships held by a company or family. For instance, first level pricing applies for the first membership owned by a company or family and extends to third level pricing for the third or higher person to join from a company or family. Third level pricing is typically about 60% to 75% of first level pricing for a golf club. Membership pricing can fluctuate depending upon specific promotions that are being offered at any particular pointing time.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**7. Pricing (cont'd)**

***Golf Clubs (cont'd)***

The pricing of principal/corporate annual dues, excluding applicable taxes, for 2020 is also dependant on the level of golf club and its geographic location within the cluster as follows:

	<b>Southern Ontario and Muskoka</b>	<b>Quebec/Eastern Ontario</b>
<b>Prestige</b>	\$6,780 - \$7,240	N/A
<b>Platinum</b>	\$5,525 - \$6,110	\$3,950 - \$4,860
<b>Gold</b>	\$4,550 - \$5,000	\$3,260 - \$4,030
<b>Silver</b>	\$3,040 - \$4,385	N/A

Pricing for spousal annual dues is typically at a price level which is approximately 75% of the principal annual dues.

The pricing of other items such as banquets, guest fees and corporate events is dependant on factors such as the property, time of day, volume, time of year and availability.

***Resorts***

The pricing of resort stays is variable throughout the year and is impacted by factors such as expected availability, the time of year and competitive pressures.

**8. Brand**

ClubLink has grown to become Canada's largest owner and operator of golf clubs. This has been accomplished by providing services and conditions that deliver a superior golf and golf resort experience. ClubLink believes that its operating history, profile and reputation in the golf industry have contributed to advantages in the following areas which are material to its operations:

- a) the Company is often the preferred choice among vendors of golf course properties;
- b) the Company's brand is enhanced by cross-promotional programs with other high-end brand names that recognize the value of the Company's brand; and
- c) the ClubLink brand and reputation is strengthened by an enhanced company wide focus on member services.

The phrase "ClubLink One Membership More Golf" was registered during 2011 as a trademark in Canada.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
GOLF CLUB OPERATIONS (CONT'D)**

**9. Seasonality**

The quarterly earnings performance of the Company reflects the highly seasonal nature of the business segments. The majority of revenue and earnings from the Canadian golf operations occur during the second and third quarters of the year. Accordingly, the quarterly reported net earnings of the Company will fluctuate with those of the underlying business segments.

**10. Environmental Protection**

In response to regulatory requirements concerning the quality of water and quantity of water usage in the environment (which is an especially sensitive issue in the Oak Ridges Moraine area, north of Toronto), TWC has developed practices and procedures regarding its golf course water use which allow each property to be more self-sustaining. These practices include the construction of reservoirs which allow TWC to store and re-use rainwater and run-off.

TWC has also established acceptable practices for the monitoring of water quality standards at its golf courses.

**11. Employees**

The Company employed an aggregate of approximately 500 employees at December 31, 2020. The seasonal nature of the Company's business results in the total number of its employees fluctuating during the year. In 2020, at the height of the golf and resort season, the number of full time and part time employees, including seasonal employees, was approximately 4,000.

**12. Foreign Operations**

TWC's golf clubs in the United States consist of the Florida Region. The Florida Region includes eight 18-hole equivalent championship golf courses.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)**

**ENVIRONMENTAL POLICIES**

The operation of golf courses involves the use and storage of hazardous material such as herbicides, pesticides, fertilizers, motor oil and gasoline. Under various federal, provincial and local laws and regulations, an owner or an operator of a golf course may become liable for the cost of removing such hazardous substances released in and/or on its property or adjacent properties and for the remediation of these properties. Such laws often impose liability regardless of whether a property owner or operator knew of, or was responsible for, the release of hazardous materials. Such laws also impose liability for damage to the environment caused by the construction and development of real estate.

TWC's golf courses are constructed and managed with a high level of environmental awareness. In addition, ClubLink's turf management team is highly knowledgeable and receives extensive training regarding the proper use of pesticides and chemicals required to promote healthy golf course conditions and compliance with applicable regulations. However, certain risks are associated with the use of these items and the overall affect a golf course has on the surrounding habitat including nearby waterways.

TWC also maintains and operates water and sewage treatment plants at some of its properties which are subject to Ministry of Environment rules and regulations regarding compliance of potable water quality and septic system discharge.

A committee of the Board of Directors has been established to ensure appropriate policies and standards are maintained for environmental stewardship. All costs associated with the monitoring of environmental regulations and compliance matters have been reflected in TWC's financial statements.

TWC believes that it has adopted appropriate practices and procedures and maintains adequate insurance to address environmental contingencies.

TWC manages a number of risks in its business segments in order to achieve an acceptable level of risk without hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks.

In addition to the risks described elsewhere in this MD&A, this section describes the principal risks that could have a material and adverse effect on the Company's financial condition, results of operations, cash flows or business, as well as cause actual results to differ materially from expectations expressed in or implied by forward-looking statements. The risks described below are not the only risks that could affect the Company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect TWC's financial condition, results of operations, cash flows or business.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)**

**RISKS AND UNCERTAINTIES**

TWC manages a number of risks in each of its business segments in order to achieve an acceptable level of risk without hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks.

***COVID-19 and Other Pandemic or Epidemic Diseases***

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. Outbreaks, or the threat of outbreaks of viruses or other contagions or epidemic or pandemic diseases, including the recent COVID-19 outbreak, may lead to prolonged voluntary or mandatory building closures, business closures, government restrictions on travel and gatherings, quarantines, self-isolation and physical distancing. The impact of these measures may lead to a general shutdown of economic activity and disrupt workforce and business operations both in Canada and the World. Such occurrences, including the outbreak of COVID-19, could have a material adverse effect on debt and capital markets, and the ability to provide certain services to golf members if social distancing regulations remain in place. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. The pace of recovery following such occurrences cannot be accurately predicted, nor can the impact on the Company’s asset valuations, cash flows, results of operations and the Company’s ability to obtain additional financing or re-financing and ability to make dividend payments to shareholders.

Specifically, such enhanced risks associated with COVID-19 include, but are not limited to:

- the negative impact on Canadian and global debt and equity capital markets, including both pricing and availability;
- ability to access capital markets at a reasonable cost;
- the trading price of the Company’s shares;
- uncertainty associated with the costs and availability of resources required to provide the appropriate/required levels of service to our members and maintenance of our courses;
- a material reduction in annual dues revenue and related collections due to associated financial hardship and non-essential business orders governing the closure of certain businesses;
- a material increase in resignations potentially caused by both the resulting economic crisis and the inability of businesses to operate;
- uncertainty with property valuations resulting from the impact of a potential decline in revenue;
- issues delivering services due to illness, Company or government imposed isolation programs, restrictions on the movement of personnel, closures and supply chain disruptions;
- uncertainty associated with costs, delays and availability of resources required to complete major course maintenance and capital projects on time and budget;
- the impact of additional legislation, regulation and other government interventions in response to the COVID-19 pandemic;

The foregoing is not an exhaustive list of all risk factors.

Developments regarding the COVID-19 pandemic have resulted in a substantive shift in management’s focus towards ensuring the continued safety of our employees, compliance with guidelines and requirements issued by various health authorities and government organizations, and continuity of other critical business operations. We remain focused on delivering our key business operations in a responsible manner.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
RISKS AND UNCERTAINTIES (CONT'D)**

***Economic & Business Risk***

A decline in the economic environment and its impact on disposable income in areas where TWC operates may have an adverse effect on operating revenue. The Company's business segments are dependent upon discretionary spending by consumers and corporations which in turn is impacted by general economic conditions.

An extended recession could materially affect revenue and financial performance as discretionary spending declines.

The ability to attract and retain full privilege golf members and the number of rounds played at hybrid and daily fee golf clubs have historically been dependent upon (i) discretionary spending by consumers and corporations, which may be affected by general economic conditions in the markets that it operates, and (ii) the popularity of golf as a leisure activity. There is no certainty that current levels of participation will be sustained or increase in the future. A decrease in the overall number of golfers, their rates of participation and consumer or corporate spending on golf, individually or collectively, could have a material adverse effect on the Company's business, financial condition and results of operations. Given that a substantial portion of the Company's golf activities are carried out in Southern Ontario, the results of operations will depend heavily on the financial condition of this market.

A decline in the economic environment and its impact on disposable income in areas where TWC's clusters are located may have an adverse effect on the Company's golf club operations revenue. The Company believes this is mitigated and that revenue from member clubs would remain relatively constant since a member is committed to pay annual dues and consume a food and beverage minimum to maintain their membership. While the sale of new memberships may decline in such circumstances, almost all Member Golf Clubs have a membership base that generates sufficient operating revenue to sustain profitable operations at that property.

Corporate event bookings, which represent a material portion of the Company's golf revenue, are susceptible to major changes in the economic environment.

***Foreign Currency Risk***

TWC operates both in Canada and the United States and reports its earnings in Canadian dollars. Certain TWC borrowings have a base currency of US dollars as well. Fluctuations in exchange rates could affect the cost of capital or the contribution from operations in the United States, and the value of the Company's investments in the United States.

***Availability of Credit/Liquidity***

No assurance can be given that borrowings will be available to the Company or its subsidiaries to replace existing credit facilities on terms acceptable to the Company, if at all. Failure to renew or replace credit facilities as they mature would require TWC to obtain alternative sources of capital, which may include the sale of assets or the issuance of equity at prices that may be dilutive to current shareholders.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
RISKS AND UNCERTAINTIES (CONT'D)**

***Renewal Risk***

TWC is exposed to renewal risk on its maturing borrowings. This is mitigated due to a total of 90% (December 31, 2019 – 96%) of TWC's consolidated borrowings is fully amortizing over the remaining term to maturity and only 10% (December 31, 2019 – 4%) of TWC's borrowings is subject to this risk.

***Interest Rate Risk***

TWC is exposed to market risk related to interest rate fluctuations. However, the majority of TWC's borrowings has fixed interest rates over its remaining term to maturity, with only 10% (December 31, 2019 – 4%) of its debt subject to this risk.

***Risks Associated with Information Systems***

Golf club operations rely on information systems in its business to obtain, rapidly process and analyze data to manage:

- its tee sheet and reservation system;
- its member database;
- the accurate billing of receivables and collections from members;
- the accurate accounting for and payment to vendors; and
- the processing of financial data.

Results of operations could be adversely affected if these systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the action of third parties.

***Competition***

The competitive environment in all business segments is evolving. There have been significant additions to alternative products in the golf club, resort and tourism sectors in Ontario. While the Company has certain competitive advantages which management believes will offset, in part, the impact of this increased competition, it has been affected by these developments.

The Company faces strong competition in the Florida golf marketplace from golf clubs that have been reducing their golf fees to maintain market share. TWC believes its pricing is competitive and is striving to differentiate their product by ensuring a quality golfing experience.

***Key Management***

The Company's success depends upon the continued contribution of key management, some of whom have unique talents and experience and would be difficult to replace quickly. The loss or interruption of the services of a key executive could have a material adverse effect on our business during the transitional period that would be required to restructure the organization or for a successor to assume the responsibilities of the key management position.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
RISKS AND UNCERTAINTIES (CONT'D)**

***Litigation***

The Company and certain of its subsidiaries are defendants in a number of legal actions. Although the outcome of these claims cannot be determined, in the opinion of management, the resolution of these matters is not expected to have a material adverse effect on the Company's financial position or results of operations.

***Laws Concerning Employees***

The Canadian golf operations are subject to minimum wage and employment laws governing such matters as rate of pay, benefits, working conditions, overtime and tip credits. The Company believes it is in compliance with these laws and regulations. A significant number of employees are paid at rates which are at or slightly higher than the minimum wage level and accordingly, further increases in the minimum wage could increase the Company's labour costs.

***Regulatory Environment***

TWC and its subsidiaries are subject to regulation by numerous agencies involving minimum wage, the serving of alcohol and adherence to environmental constraints. Changes in these regulations, and their application, can impact the cost and efficiency of each business segment.

***Loss of Reputation***

"ClubLink One Membership More Golf" currently enjoys a recognizable brand name in its operating market. Damage to this brand could have a negative impact on the affairs of the Company. If the Company does not meet or exceed customer expectations, this brand could suffer. We have endeavoured to reduce this risk by ongoing employee training and a company-wide focus on customer service excellence.

***Environment***

TWC's golf courses are managed with a high level of environmental awareness. In addition, TWC's turf management team is highly knowledgeable and receives extensive training regarding the proper use of pesticides and chemicals required to promote healthy golf course conditions and compliance with applicable regulations. However, certain risks are associated with the use of these materials and the overall effect a golf course has on the surrounding habitat, including nearby waterways.

Phase 1 environmental assessments are completed prior to the acquisition of any property. Once the property is acquired, environment assessment programs ensure continued compliance with all laws and regulations governing environment and related matters.

The Company believes that it has adopted appropriate practices and procedures and maintains adequate insurance to address environmental contingencies. As part of our environmental policies, TWC monitors, controls and manages environmental issues by way of measures for waste prevention, minimization and recycling of any waste products. A committee of the Board of Directors has been established to ensure appropriate policies and standards are maintained for environmental stewardship.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
RISKS AND UNCERTAINTIES (CONT'D)**

***Weather and Climate Change***

Extraordinary weather conditions brought about by climate change involving extended dry or wet periods or exceptional hot or cold temperatures could impact the condition of golf courses and the demand for golf. Severe weather conditions include hurricanes, micro-bursts, flooding and droughts. Management believes that its geographically diverse operations may serve to reduce the impact of severe weather conditions.

***Hospitality Industry***

The Company is susceptible to a downturn in the hospitality industry due to the fact that it operates resorts and also hosts large corporate outings at all of its properties. This includes the potential for cancellations due to concerns about the Coronavirus. The Company has cancellation policies to help mitigate lost revenue in this regard.

***Real Estate***

TWC is subject to risks inherent in the acquisition, development, ownership and financing of real estate in general and the operations, rehabilitation and development of golf courses and recreational real estate in particular, such as the risk of depreciation in the value of land and federal, provincial and municipal governmental regulations, including environmental, sewer, water, zoning and similar regulations. It is possible that enactment of new laws, changes in the interpretation or enforcement of applicable laws, rules and regulations or the decision of any authority to change or refuse a change to current zoning classification may have an adverse effect on the value of these golf facilities and related real estate.

***Exchange of Confidential Information***

This risk involves the utilization of members' confidential information, particularly in direct marketing. The potential dissemination of such information to the wrong individuals could cause significant damage to our relationship with our members and customers and could result in legal action. Various initiatives, such as a corporate privacy policy, have been implemented which seek to minimize the possibility that this may occur.

TWC is also involved in payment card industry ("PCI") compliance, a rigorous set of standards leveraging the latest security technology, such as encryption, to ensure the protection of customer credit card information. These capabilities are being introduced and implemented by TWC in accordance with the ongoing PCI certification program.

***Income and Commodity Tax Amounts***

The operations of TWC are relatively complex and related tax interpretations, regulations and legislation that pertain to TWC's activities are subject to continual change. The Company collects and pays income and commodity taxes to various taxation authorities.

The audit and review activities of the Internal Revenue Services and Canada Revenue Agency and other jurisdictions' tax authorities affect the ultimate determination of the actual amounts of commodity taxes payable or receivable, income tax liabilities and income tax expense. Therefore, there can be no assurance that taxes will be payable as anticipated and/or that the amount and timing of receipt of use of the tax-related assets will be as currently expected.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
RISKS AND UNCERTAINTIES (CONT'D)**

***Risk of Loss Not Covered by Insurance***

The Company generally maintains insurance policies related to our business, including casualty, general liability and other policies covering our business operations, employees and assets; however, TWC would be required to bear all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the insurance coverage may not be sufficient to pay the full current market value or current replacement cost of the property. In the event of an uninsured loss, the Company could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Assurance cannot be provided that the Company will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost. Due to the cost involved, the Company has chosen not to purchase catastrophic wind (hurricane) insurance for its southeast Florida golf clubs.

***Integration of Acquisitions***

Integration activities include the review and alignment of accounting policies, employee transfers and moves, information systems, optimization of service offerings and establishment of control over new operations. Such activities may not be conducted efficiently and effectively, negatively impacting service levels, competitive position and expected financial results.

TWC has a team that performs the integration function. This team applies an integration model, based on experiences from numerous previous integrations, which enhances and accelerates the standardization of TWC's business processes and strives to preserve the unique qualities of acquired operations. The integration process begins with strategic, pre-closing analysis and planning, and continues after closing with the execution of a plan. Integrated operations are re-evaluated and assessed regularly, based on timely feedback received from the integration team.

***Land Leases***

TWC has certain golf clubs that it operates, which are under lease arrangements. The following are the golf clubs under lease with expiration dates:

- The Club at Bond Head: December 31, 2021
- The Country Club: December 31, 2022
- National Pines Golf Club: November 15, 2024

Unless the terms of our leases are extended, the properties, together with any improvements that we have made, will revert to the property owners upon expiration of the lease terms. As the terms of our leases expire, we may not be able to renew these leases or find alternative locations that meet our needs on favourable terms, or at all. If we are unable to renew our expiring leases, our business and financial results could be materially adversely affected. The leases also provide that the landlord may increase the rent over the term of the lease, as well as obligate us to pay a variety of costs such as cost of insurance, taxes, maintenance and utilities. Breaching the terms of a lease may result in the Company incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that a significant number of our leases are terminated on that basis, our business and financial results could be materially adversely affected.

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**ITEM 3 DESCRIPTION OF THE BUSINESS (CONT'D)  
RISKS AND UNCERTAINTIES (CONT'D)**

***Data, Security and Privacy Breaches***

Information security risks have increased in recent years because of the proliferation of new technologies and the increased sophistication of perpetrators of cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events. Cyber threats in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent. Cyber attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information systems and networks, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. They could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which could materially adversely affect our business and financial results.

The Company collects and maintains proprietary and confidential information related to the business and affairs, including our members, suppliers and employees. We store and process such internal data both at onsite facilities and at third-party owned facilities. Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to members, suppliers, employees or other confidential or sensitive data or information, which could potentially result in additional costs to the Company to enhance security or to respond to occurrences, violations of privacy or other laws or regulations, penalties or litigation. In addition, media or other reports of perceived security vulnerabilities of the Company's systems, even if no breach has been attempted or has occurred, could adversely impact the Company's brand and reputation and materially impact its business and financial results.

While the Company has dedicated resources and utilizes third party technology products and services to help protect the Company's information technology systems and infrastructure as well as its proprietary and confidential information against security breaches and cyber-incidents, such measures may not be adequate or effective to prevent, identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could be in excess of any available insurance, and could materially adversely affect its business and financial results.

**ITEM 4 DIVIDENDS**

The declaration and payment of dividends on TWC's common shares are at the discretion of the Board of Directors. The Company introduced a regular dividend policy in 2000. The following are details for 2018 to 2020.

<b>Date of declaration</b>	<b>Record date</b>	<b>Distribution date</b>	<b>Cash/stock</b>	<b>Amount per share</b>
March 2, 2018	March 15, 2018	March 29, 2018	Cash	0.02
May 3, 2018	May 31, 2018	June 15, 2018	Cash	0.02
August 2, 2018	August 31, 2018	September 14, 2018	Cash	0.02
November 5, 2018	November 30, 2018	December 14, 2018	Cash	0.02
March 6, 2019	March 15, 2019	March 29, 2019	Cash	0.02
May 2, 2019	May 31, 2019	June 14, 2019	Cash	0.02
August 1, 2019	August 30, 2019	September 13, 2019	Cash	0.02
November 4, 2019	November 29, 2019	December 13, 2019	Cash	0.02
February 28, 2020	March 13, 2020	March 31, 2020	Cash	0.02
April 29, 2020	May 29, 2020	June 15, 2020	Cash	0.02
August 6, 2020	August 31, 2020	September 15, 2020	Cash	0.02
November 2, 2020	November 30, 2020	December 15, 2020	Cash	0.02

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**ITEM 5 DESCRIPTION OF CAPITAL STRUCTURE**

The following is a description of the material rights, privileges, restrictions and conditions attached to the authorized preferred shares and common shares. This summary is qualified in its entirety by the full text of such attributes contained in the articles of the Company.

Currently, the authorized share capital of the Company consists of an unlimited number of preferred shares, issuable in series, ("Preferred Shares") of which none have been issued to date, and an unlimited number of shares of one class designated as common shares ("Common Shares"), of which 24,612,461 Shares were issued and outstanding as of March 31, 2021.

*Preference Shares*

The Board of Directors of the Company may issue Preferred Shares at any time and from time to time in one or more series. Prior to issuance of a particular series, the Board of Directors may determine, subject to the limitations set out in the articles, the designation, preferences, rights, conditions, restrictions, limitations or prohibitions to attach to the shares of such series including the rate or rates, the dates of payment thereof, the redemption price and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions.

Preferred Shares of each series are entitled to preference over Common Shares with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets among shareholders. Preferred Shares of each series rank on parity with Preferred Shares of every other series with respect to priority in payment and distribution as outlined above.

The holders of Preferred Shares are not entitled as such, except where specifically provided, to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting unless and until the Company from time to time fail to pay dividends for a period aggregating two years on Preferred Shares of any one series according to the terms thereof, but only so long as any of those dividends on Preferred Shares are outstanding. The holders of Preferred Shares are entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof.

The approval of the holders of Preferred Shares to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Preferred Shares as a class or to create Preferred Shares ranking in priority to or on parity with Preferred Shares may be given in such a manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by an affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Preferred Shares duly called for that purpose.

*Common Shares*

Subject to the prior rights provided to the holders of Preferred Shares, if any, each holder of Common Shares is entitled to receive notice of and to attend all meetings of shareholders of the Company and to vote thereat, except meetings at which only holders of a specified class of shares (other than Common Shares) or specified series of shares are entitled to vote. At all meetings at which notice must be given to the holders of Common Shares, each holder of Common Shares is entitled to one vote in respect of each Common Share held by the holder.

The holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other of the shares of the Company, to receive any dividend declared by the Company and to receive the remaining property of the Company on a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

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**ITEM 6 MARKET FOR SECURITIES**

The Common Shares of the Company are listed and posted for trading on the Toronto Stock Exchange under the symbol "TWC". During fiscal 2020, the price of the Common Shares traded from a low of \$7.96 to a high of \$17.05. The following table sets forth the reported high and low trading prices and trading volumes by month of the Company's Common Shares as reported by the Toronto Stock Exchange for the year ended December 31, 2020.

Month	Price (\$)		Volume
	High	Low	
January	13.80	12.85	304,553
February	14.00	13.00	194,967
March	13.11	8.25	120,674
April	9.15	7.96	93,898
May	9.85	8.00	104,675
June	11.73	9.61	169,843
July	11.27	10.95	168,843
August	11.90	11.10	927,337
September	11.10	10.49	19,634
October	12.01	11.03	186,852
November	16.91	11.50	364,748
December	17.05	15.43	35,268
Totals			2,691,044

**ITEM 7 ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

To management's knowledge, there are no ClubLink shares held in escrow or subject to contractual restrictions on transfer.

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**ITEM 8 DIRECTORS AND OFFICERS**

**Name, Address, Occupation and Security Holding**

The directors and officers of the Company and their municipalities of residence and principal occupations are set forth below. Except as otherwise stated below, during the past five years all officers and directors have been employed in various capacities by the Company or by the companies or firms indicated opposite their names and in the biographies described herein.

To management's knowledge, none of the directors or officers listed below have been affiliated with a public company that has (a) had a cease trade order issued against it (b) been subject to bankruptcy proceedings in the last ten years (except as disclosed below) or (c) been subject to securities sanctions or penalties.

<b>Name and Residency</b>	<b>Office</b>	<b>Director Since</b>	<b>Current Principal Occupation</b>	<b>Number of Shares Owned<sup>(4)</sup> (as of March 31/21)</b>
Fraser R. Berrill <sup>(3)</sup> Toronto, Ontario, Canada	Director	May 9, 2018	Advisor	15,226
Patrick S. Brigham <sup>(2)(3)</sup> Toronto, Ontario, Canada	Director	June 30, 2009	Chairman and Chief Executive Officer of Brigham Holdings Inc.	304,059
Paul Campbell <sup>(2)(3)</sup> Toronto, Ontario, Canada	Director	May 20, 2010	Advisor	11,616
Samuel J.B. Pollock <sup>(1)(2)</sup> Toronto, Ontario, Canada	Director	June 4, 2008	Senior Managing Partner, Brookfield Asset Management Inc.	NIL
Angela Sahj <sup>(1)</sup> Mississauga, Ontario, Canada	Director	May 9, 2018	Officer, Morguard Corporation	NIL
K. (Rai) Sahi Mississauga, Ontario, Canada	Director, Chairman & CEO	October 23, 1997	Chairman & Chief Executive Officer, Morguard Corporation	19,400,511
Andrew Tamlin Newmarket, Ontario, Canada	Chief Financial Officer	N/A	Chief Financial Officer, ClubLink Enterprises Limited	5,000
Donald W. Turple <sup>(1)(3)</sup> Vancouver, BC, Canada	Director	November 23, 1998	Advisor	85,403
Jack Winberg <sup>(2)(3)</sup> Willowdale, Ontario, Canada	Director	June 30, 2009	President and Chief Executive Officer of the Rockport Group	573,256

(1) Member of Audit Committee

(2) Member of Compensation, Governance and Nominating Committee

(3) Member of the Environmental, Health and Safety Committee

(4) Common shareholdings of the Company include common shares beneficially owned, controlled or directed

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For the Year Ended December 31, 2020**

**ITEM 8 DIRECTORS AND OFFICERS (CONT'D)**

**Name, Address, Occupation and Security Holding (cont'd)**

Fraser R. Berrill is the President of Fragin Holdings Limited, a private investment company, and former President, Chief Executive Officer and director of Renasant Financial Partners Ltd., a financial services and technology trading organization. He has served as a director of several public and private companies and is a former Board Chair of Vicwest Inc., formerly Vicwest Income Fund. Mr. Berrill is also a member of the Board of Governors of the University of Windsor. Mr. Berrill is a member of the Law Society of Upper Canada and holds a designation of Chartered Director from McMaster University.

Patrick S. Brigham, Honorary Consul to Finland, is the Chairman and Chief Executive Officer of Brigham Holdings Inc. a Toronto based investment company. Mr. Brigham founded Sunquest Vacations Ltd. in 1972 and was its Chief Executive Officer until its sale in 1995. Mr. Brigham was a director of ClubLink Corporation from December 1995 until privatization in July 2009.

Paul Campbell is the Chairman of CPX Transportation and Project Lead for KingSett Capital on the Royal York Hotel. Paul currently serves on the MaRs Real Estate Committee and is a Trustee of Cominar REIT. Mr. Campbell previously served on the advisory board of 20 Vic Management Inc. until 2017. Prior to October 1, 2010, Mr. Campbell served as President and Chief Executive Officer of SITQ Inc. since October 2001. SITQ Inc. was the office building, hotel and residential real estate investment, management and development arm of CDP Capital, the fund manager of Caisse de depot et placement du Quebec. In the past, Mr. Campbell was also the President and Chief Executive Officer of Revenue Properties Company Limited. Mr. Campbell holds the Chartered Director Designation from McMaster University.

Samuel J.B. Pollock is a corporate director. Mr. Pollock is Senior Managing Partner and Global head of Infrastructure of Brookfield Asset Management Inc. Mr. Pollock joined Brookfield's financial services operation in 1994 and has held various senior positions in the organization, including leadership of the company's financial advisory services and merchant banking operations.

Angela Sahi has been Vice President, Corporate Development for Morguard since 2005. Ms. Sahi has responsibility for performing strategic evaluation of potential U.S. acquisitions and market analysis to identify performance characteristics and business opportunities. Prior to joining Morguard, Angela was a Consultant with both Ernst & Young's Real Estate Advisory Group and Business Rick Services Group. She also worked in Ernst & Young's Audit and Tax groups. Ms. Sahi has a Bachelor of Arts (Honors) and Gold Medal from the University of Western Ontario and holds a Certified Public Accountant designation.

K. (Rai) Sahi is Chairman, President and Chief Executive Officer of the Company and the Chairman, Chief Executive Officer and largest shareholder of Morguard Corporation, a public real estate and property management company with extensive real estate holdings. Mr. Sahi is also a director of a number of other public companies. Mr. Sahi was a director of TCT Logistics Inc., a transportation and supply chain management company, from July 2000 to January 2002 at which time the company was placed in receivership.

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For the Year Ended December 31, 2020**

**ITEM 8 DIRECTORS AND OFFICERS (CONT'D)**

**Name, Address, Occupation and Security Holding (cont'd)**

Andrew Tamlin was appointed Chief Financial Officer of TWC on February 17, 2015. Mr. Tamlin has been with the TWC group of companies in varying roles for approximately 15 years, most recently as Controller. Mr. Tamlin was also appointed Chief Financial Officer for Morguard REIT on November 18, 2018.

Donald W. Turple was President of Aquilini Properties LP, a diversified real estate company based in Vancouver, British Columbia from September 2008 until May 2017. Prior to that time, Mr. Turple served as a consultant to Morguard Corporation holding a number of positions throughout his tenure including Vice President and Chief Financial Officer of TWC and Morguard Corporation.

Jack Winberg is President and Chief Executive Officer of the Rockport Group, a real estate investment company. Mr. Winberg was a director of ClubLink Corporation from December 1993 until privatization in July 2009.

The term of office of each director expires at the end of each annual meeting of shareholders of the Company. The following are committees of the board of TWC: Corporate Governance and Compensation Committee, Environmental and Safety Committee, and Audit Committee. The directors and officers of the Company, as a group, beneficially own, or exercise control or direction, directly or indirectly over approximately 83% of the issued and outstanding common shares of TWC as of March 31, 2021.

**ITEM 9 CONFLICTS OF INTEREST**

To management's knowledge, there are no conflicts of interest involving any of the directors or officers of the Company or the Company itself.

**ITEM 10 PROMOTERS**

To management's knowledge, there are not any promoters of TWC or its subsidiaries.

**ITEM 11 LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

TWC is occasionally named as a party in various claims and legal proceedings which arise during the normal course of its business. The Company reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. Although there can be no assurance that any particular claim will be resolved in the Company's favour, the Company does not believe that the outcome of any claims or potential claims of which it is currently aware will have a material adverse effect on the Company.

**Annual Information Form  
For the Year Ended December 31, 2020**

**ITEM 12 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Annual Information Form and in note 18 to the audited consolidated financial statements for the fiscal year ended December 31, 2020, the Company is not aware of any material interest of any current or proposed director, officer or an affiliate/associate of a director/officer of the Company in any transaction since January 1, 2018 or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company.

**ITEM 13 TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar for the Company is AST Trust Company (Canada) having an address at P.O. Box 700, Postal Station B, Montreal, Quebec H3B 3K3.

**ITEM 14 MATERIAL CONTRACTS**

None noted.

**ITEM 15 INTERESTS OF EXPERTS**

Deloitte LLP ("Deloitte"), the Company's external auditors, have prepared the audit report on the audited consolidated financial statements of the Company as at and for the year ended December 31, 2020. Deloitte is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

Management believes that this expert does not have an interest in the securities of the Company which exceeds one percent.

**ITEM 16 ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities, and securities authorized for issuance under equity compensation plans is contained in the Management Information Circular for the Company's most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the audited consolidated financial statements for the fiscal year ended December 31, 2020 and in the management's discussion and analysis of financial condition and results of operations, contained in the Company's 2020 Annual Report, which is incorporated herein by reference.

You may access additional information relating to the Company, including the Company's disclosure documents, on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.ClubLinkenterprises.ca](http://www.ClubLinkenterprises.ca).

**ITEM 17 AUDIT COMMITTEE INFORMATION**

The Audit Committee is responsible for reviewing the Company's financial reporting policies and procedures, internal controls and performance of the Company's external auditors and reporting to the Directors regarding these and other financial matters. The Committee is responsible for reviewing quarterly financial statements and the annual financial condition and results of operations, and the accompanying management's discussion and analysis of financial condition and results of operations, prior to their approval by the board of directors.

**Annual Information Form  
For the Year Ended December 31, 2020**

**ITEM 17          AUDIT COMMITTEE INFORMATION (CONT'D)**

The Audit Committee charter sets out its purpose, responsibilities and duties, qualifications for membership, accountability and reporting to the board of directors. A copy of the Audit Committee charter is attached hereto as Appendix "A".

The Audit Committee is comprised of three directors, all of whom are independent directors and are considered financially literate as such term is defined under Canadian Securities law. The members of the Audit Committee are Donald Turple (Chair), Samuel J.B. Pollock and Angela Sahi.

The following describes the relevant education and experience of the Audit Committee members:

Mr. Pollock is a Chartered Accountant and holds a business degree from Queen's University. He has been a Managing Partner of Brookfield Asset Management Inc. and its predecessor companies (formerly Brascan Financial Corporation and Trilon Financial Corporation) since 1994.

Ms. Sahi has a Bachelor of Arts (Honors) and Gold Medal from the University of Western Ontario and holds a Certified Public Accountant designation.

Mr. Turple is a Chartered Accountant and was President of Aquilini Properties LP (a diversified real estate company based in Vancouver, British Columbia), from September 2008 until May 2017. Prior to that time, Mr. Turple served as a consultant to Morguard Corporation holding a number of positions throughout his tenure including Vice President and Chief Financial Officer of ClubLink and Morguard Corporation.

The Audit Committee has adopted a policy regarding the provision of non-audit services by the Company's external auditors. The policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and required the Audit Committee's pre-approval of permitted audit and audit-related services. The policy specifies a number of services which are not permitted to be performed by the Company's external auditors, including the use of external auditors for financial information design and implementation assignments.

The following table sets out the fees billed to the Company by Deloitte for professional services in each of the years ended December 31, 2020 and 2019. During these years, Deloitte was the Company's only external auditor.

<b>Service</b>	<b>For the Year Ended December 31, 2020</b>	<b>For the Year Ended December 31, 2019</b>
Audit Fees (1)	403,000	395,000
Tax Fees (2)		
All other fees		29,000
<b>Total</b>	<b>403,000</b>	<b>424,000</b>

- (1) Audit fees consist of fees for the audit of the Company's annual financial statements, the review of the Company's quarterly financial statements and the audit of the subsidiary level financial statements.
- (2) Tax fees included tax compliance, tax planning and tax advice.

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

**I. PURPOSE**

The Audit Committee will assist the Board of Directors in fulfilling its financial oversight responsibilities. The Audit Committee will review the financial statements, the adequacy of the system of internal control, the financial reporting process and management of financial risks, the audit process and the Company's disclosure controls and procedures.

In discharging its responsibilities, the Audit Committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements are complete and accurate or in accordance with Canadian generally accepted accounting principles.

**II. EXTERNAL AUDITOR INDEPENDENCE**

The Company's External Auditor is ultimately accountable to the shareholders through the Board of Directors and the Audit Committee.

The Committee's responsibilities regarding the independence of the External Auditor are identified under the heading Duties, Powers and Responsibilities.

**III. COMPOSITION AND OPERATIONS**

**A.** The Audit Committee shall be composed of not fewer than three and not more than five outside directors, all of whom shall be independent and unrelated directors within the meaning of the Toronto Stock Exchange Guidelines on Corporate Governance (as the same may be amended or replaced from time to time).

**B.** All members of the Audit Committee must be financially literate and at least one member should have accounting or related financial expertise (i.e. someone who is able to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with IFRS). Each member shall meet the independence, experience and financial literacy requirements of applicable law and listing standards.

**C.** The Secretary to the Committee will be the Corporate Secretary or his or her designate

**D.** The Audit Committee shall meet at least once each quarter. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

**E.** The Company's internal auditor shall be entitled to receive notice of every meeting of the Audit Committee and shall attend such meetings at the invitation of the Audit Committee. The External Auditor shall be entitled to receive notice of every meeting of the Audit Committee and to attend and be heard thereat. The Audit Committee expects that both the internal and External Auditors will have independent communication and information flow with the Committee or its Chair.

**F.** The Audit Committee may invite such officers, directors and employees of the Company as it may see fit, or any external counsel, from time to time to attend meetings of the Audit Committee and assist in the discussion and consideration of the duties of the Audit Committee. The Audit Committee shall have full authority to investigate any financial matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

**G.** The time at which and place where the meetings of the Audit Committee shall be held and the calling of meetings and the procedure in all things at such meetings shall be determined by

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

the Audit Committee; provided that meetings of the Audit Committee shall be convened whenever requested by the External Auditor or by a member of the Audit Committee in accordance with the Canada Business Corporations Act.

H. At least once each quarter, in the absence of any management representatives, the Audit Committee shall meet with both the Company's internal and external auditors ("in camera meetings").

I. The Audit Committee shall keep minutes of its meetings which, once approved by the Audit Committee, shall be available as soon as possible to the Board of Directors and provided to each Director who so requests.

**IV. DUTIES, POWERS AND RESPONSIBILITIES**

There is hereby delegated to the Audit Committee the duties and powers specified in section 171 of the Canada Business Corporations Act and, without limiting these duties and powers, the Audit Committee shall:

**A. Financial Statements**

1. In the discussion of the external audit plan with the External Auditor and management, satisfy itself that both quantitative and appropriate risk factors have been taken into account in the determination of whether or not amounts or disclosures are material to financial statements.

2. Review the annual audited Financial Statements, Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the External Auditor prior to their submission to the Board of Directors for approval, and make a determination whether to recommend to the Board of Directors that the audited Financial Statements be approved for inclusion in the Company's Annual Report.

3. Review, prior to their dissemination, the unaudited quarterly financial statements of the Company and other financial information with management and the External Auditor and, if satisfied that such statements and information conform to the accounting practices and standards of the Company, either recommend to the Board the release and publication of such statements and information or, if so authorized by the Board, authorize the release and publication of such statements and information. The Audit Committee shall also discuss the results of the External Auditor's review of the Company's quarterly financial statements. The Committee shall also review the quarterly Management's Discussion and Analysis of Financial Conditions and Results of Operations.

4. In the review of annual and quarterly financial statements, discuss the quality of the Company's accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal controls. The Audit Committee shall also discuss the results of the annual audit, its quarterly reviews and any other matters required to be communicated to the Audit Committee by the External Auditor under Canadian generally accepted auditing standards, applicable law or listing standards.

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

5. Review the result of the External Auditor's audit of the Company's financial records, including the management letter, and report to the Board of Directors any matters that remain unresolved. Such review shall address any problems or difficulties the External Auditor may have encountered in connection with the annual audit or otherwise, including any restrictions on the scope of activities or access to required information, any disagreements with management regarding generally accepted accounting principles and other matters, material adjustments to the financial statements recommended by the External Auditor and adjustments that were proposed but "passed", regardless of materiality.

6. Review periodically with management, the internal auditor and the External Auditor the effect of new or proposed regulatory and accounting initiatives on the Company's financial statements and other public disclosures and procedures.

7. Review with the External Auditor (i) the Company's critical accounting policies and estimates, and (ii) any alternative treatments of financial information under IFRS that have been discussed with management.

**B. Internal Audit**

1. Review with management, the External Auditor and the internal auditor, audit scope, audit plans, activities and staffing of the internal audit function.

2. Review with management, the External Auditor and the internal auditor, the internal auditor's periodic activity reports.

3. Review on an annual basis the experience and qualifications of the senior members of the internal auditors and the overall effectiveness of the internal audit function including comparison with external benchmarks.

4. Review internal audit costs annually.

5. Discuss with the Chief Executive Officer any proposed dismissal, appointment or replacement of the internal auditor.

**C. External Audit**

1. Review with the External Auditor, management and the internal auditor the External Auditor's proposed audit plan and approach, including coordination with the internal auditor and the relationship between areas of audit emphasis and quantum of risk.

2. Review with the External Auditor annually their written statement regarding relationships and services which may affect the External Auditor's objectivity and independence. The Audit Committee shall approve guidelines for the retention of the External Auditor for any non-audit service and the fee for such service and shall determine procedures for the approval of audit and non-audit services in advance. The Audit Committee shall, in accordance with such procedures, approve in advance any audit or nonaudit service provided to the Company by the External Auditor, all as required by applicable law or listing standards.

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

3. At least annually, receive a report by the External Auditor describing any material issues raised by the most recent internal quality control review of the local practice office or by any inquiry or investigation by governmental or professional authorities of the local practice office, within the preceding two years, and steps taken to address any such issues. The report shall also include any similar matters pertaining to offices other than the local practice office, to the extent the audit partner is aware of such matters.
4. Ensure the regular rotation of the lead partner and the reviewing partner to the extent required by law, and regularly consider whether or not there should be a rotation of the Company's External Auditor.
5. With management, evaluate the performance of the External Auditor annually.
6. Recommend the appointment, reappointment or replacement of the External Auditor to the Board for recommendation to the shareholders.
7. Review External Audit fees.
8. Approve guidelines for the Company's hiring of former employees and partners of the External Auditor, which shall meet the requirements of applicable law and listing standards.

**D. Compliance**

1. Review periodically with management, including the General Counsel, and the External Auditor any correspondence with or other action by, regulators or government agencies and any employee complaints or published reports that raise concerns regarding the Company's financial statements, accounting or auditing matters (or compliance with the Company's Code of Business Conduct). The Audit Committee shall also meet periodically and separately with the General Counsel and other appropriate legal staff of the Company or external counsel to review material legal affairs of the Company and the Company's compliance with applicable law and listing standards.
2. Review a summary of compliance with the Company's Code of Business Conduct on an annual basis.

**E. Reporting Responsibilities**

1. Regularly update the Board about Committee activities and ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.
2. Prepare annually a report for inclusion in the management information circular. This report will disclose the Committee's activities that resulted from its financial reporting oversight responsibilities. Specifically, the report will deal with its review of the financial statements with management; the discussions it has had with the External Auditor regarding their written disclosures pertaining to independence and other matters required to be discussed and will contain disclosure of all audit and non-audit fees paid to the External Auditor.

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

**F. Other Responsibilities**

1. Ensure procedures are in place for the receipt, retention and treatment of complaints received by the Company regarding financial statement disclosures, accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding financial statement disclosures, accounting, internal accounting controls and auditing matters.
2. Review and address any complaints received by the Company regarding financial statement disclosures, accounting, internal accounting controls or auditing matters, and any confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.
3. Review annually a summary of the Company's transactions with directors and officers and with firms that employ directors, as well as any other material related party transactions.
4. In assessing its own performance, the Audit Committee shall solicit feedback from the Board, the Chief Executive Officer, the Chief Financial Officer, the internal auditor and the External Auditor on specific opportunities to improve Audit Committee effectiveness.
5. Review and assess the adequacy of the Terms of Reference for the Audit Committee on an annual basis.
6. Carry out such other duties as may be delegated to it by the Board of Directors from time to time.

**V. OUTSIDE EXPERTS**

The Audit Committee may, if and when considered appropriate to do so, institute, direct and supervise an investigation into any matter related to the mandate of the Committee and may, for the purposes of such investigation, retain the services of outside legal counsel or other professionals, as required.

**VI. ACCOUNTABILITY**

The Committee shall report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral report at the next Board meeting.