CLARKE INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2017

Halifax, Canada
February 13, 2018

CLARKE INC.

Annual Information Form

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS
AND FUTURE ORIENTED FINANCIAL INFORMATION

Included in this Annual Information Form, and the documents incorporated herein by reference, are forward-looking statements, including future oriented financial information, with respect to Clarke Inc. ("Clarke" or the "Company"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budget", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or equivalents or variations, including negative variations, of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future price of securities held by the Company, changes in these securities holdings, changes to the Company's hedging practices, currency fluctuations and requirements for additional capital. Forward-looking statements rely on certain underlying assumptions, which if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements.

Risks and uncertainties include, among others, the Company's investment strategy, general market risk, potential lack of diversification in the Company's investments, the sale of Company investments and subsidiaries, commodity market risk, legal and regulatory risks, dividends are not guaranteed, share liquidity, interest rates and foreign currency fluctuations, risks associated with investment in derivative instruments, reliance on key executives and other factors described in "Risks and Uncertainties ".

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

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

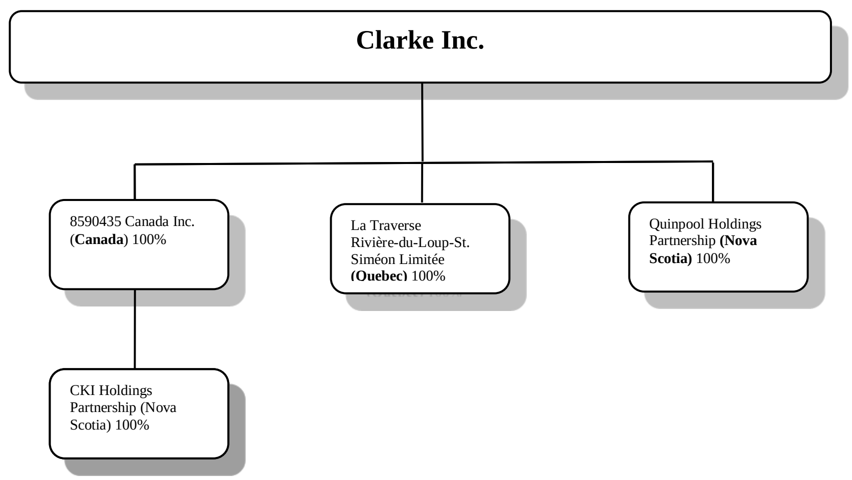
Information in this document is as at the date of the Company's most recent financial year end, December 31, 2017, unless otherwise stated.

CORPORATE STRUCTURE

Clarke was incorporated as 3442896 Canada Inc. pursuant to the *Canada Business Corporations Act* (the "CBCA") on December 9, 1997 and changed its name to "Clarke Inc." on January 26, 1998. The Company's registered and head office is located at 6009 Quinpool Road, 9th Floor, Halifax, Nova Scotia, B3K 5J7.

Intercorporate Relationships

The following chart represents the Company's organizational structure at December 31, 2017:



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

GENERAL DEVELOPMENT OF THE BUSINESS

2015

On January 26, 2015, the Company completed a substantial issuer bid ("SIB") for its common shares (the "Common Shares") by repurchasing 665,330 Common Shares for cancellation for $9.50 per Common Share.

On February 3, 2015, the Company completed the sale of its container vessel, the *MV Shamrock*, for net proceeds of US$4.6 million (Cdn. $5.6 million). Clarke recognized a gain on the sale of $0.6 million (excluding dividends received from the business over the period owned and a $1.2 million impairment charge taken in 2014).

On April 7, 2015, the Company completed a second SIB by repurchasing 2,379,042 Common Shares for cancellation for $10.00 per Common Share.

On June 17, 2015, the Company entered into a loan agreement to advance up to US$2.8 million to fund the construction of a 17 unit townhome development in Atlanta, Georgia. This loan was partially funded in 2015 and 2016. This loan was repaid in full in 2016.

On November 26, 2015, Spyglass Resources Corp. ("Spyglass") announced the appointment of a receiver to manage the company's assets on behalf of its lenders. Net of all dividends and distributions received, the Company generated a loss on this investment of $13.6 million.

2016

On January 1, 2016, the Company sold a property in Montreal, Quebec for $3.6 million.

On May 20, 2016, the Company purchased an additional 750,000 shares of Terravest Capital Inc. ("Terravest") at a price of $6.00 per common share.

On March 1, 2016, the Company announced that Andrew Snelgrove, Chief Financial Officer of the Company, had resigned and effective March 11, 2016, Kim Langille assumed the position of Interim Chief Financial Officer of Clarke. On December 16, 2016, the Company announced the appointment of Ms. Langille as Chief Financial Officer, effective the same day.

On June 10, 2016, the Company announced that the board of directors of the Company (the "Board") had decided to cease the Company's regular dividend and to pay a one-time special dividend of $2.00 per Common Share. The Board decided to pay a special dividend due to its substantial cash balance and limited investment opportunities.

2017

On June 13, 2017, the Company received approval from the applicable regulatory authorities to terminate and wind-up one of its three pension plans. Following settlement of the plan's liabilities, Clarke received a pre-tax distribution of this pension plan's surplus in the amount of $29.6 million. On August 22, 2017, the Company used the cash to pay a one-time special dividend of $2.00 per Common Share. On September 15, 2017, the Company received confirmation from the regulator that the registration of the plan had been cancelled.

On August 14, 2017, the Company announced that Kim Langille, Chief Financial Officer of the Company, had resigned and effective August 30, 2017, Stephen Cyr, Clarke's Vice President of Accounting, was appointed Chief Financial Officer.

On December 7, 2017, the Company announced its intention to commence an SIB pursuant to which the Company offered to purchase up to 1,250,000 of its outstanding Common Shares (or such greater number of Common Shares as the Company determined to take up and pay for) at a purchase price of $10.50 per Common

Share. On January 19, 2018, the Company completed the SIB by repurchasing 1,851,579 Common Shares for cancellation, representing 12.7% of its outstanding Common Shares. The purchase and cancellation of Common Shares pursuant to the SIB resulted in an acquisition of control of the Company by Clarke's Executive Chairman and his immediate family members (the "Principal Shareholder"). The Principal Shareholder currently exercises control or direction over 7,277,665 Common Shares, representing approximately 57% of the issued and outstanding Common Shares.

On December 15, 2017, the Company received a pre-tax distribution of a second pension plan surplus in the amount of $3.9 million following amendments to the surplus withdrawal rules under the Quebec Supplemental Pension Plans Act ("Act"). The amendments clarify the Act's position and requirements as to how a sponsor can make surplus withdrawals from a Quebec plan. Pursuant to the legislation, the Company is permitted to withdraw on an annual basis up to 20% of the surplus in its Quebec pension plan in excess of a 105% solvency ratio.

BUSINESS OPERATIONS

Clarke is an investment company. Our objective is to maximize shareholder value. While not the perfect metric, we believe that Clarke's book value per share, together with the dividends paid to shareholders, is an appropriate measure of our success in maximizing shareholder value over time.

We attempt to maximize shareholder value by allocating capital to investments that we believe will generate high returns and reallocating capital over time as needed. In doing this, Clarke's goal is to identify investments that are either undervalued or are underperforming and may be in need of positive change. These investments may be companies, securities or other assets such as real estate, and they may be public entities or private entities. We do not believe in limiting ourselves to specific types of investments. From time to time, Clarke will invest passively in a security where it believes the security is undervalued and there is no need for change or where it believes the security is undervalued but that the management team in place at the underlying company is doing an appropriate job to reduce the undervaluation. More often, Clarke will seek active involvement in the governance and/or management of the company which it invests. In these cases, Clarke will have acquired the security with a view of changes that could be made to improve the underlying company's performance and maximize the company's value. When Clarke believes that an investee company has implemented appropriate changes and/or the value of the investee company has reached or exceeded its intrinsic value, Clarke may sell its investment. Clarke generally invests in industries that have hard assets, including manufacturing, industrial, energy and real estate businesses.

Although the Company had operated in several reportable business segments historically, effective January 1, 2015, the Company has been operating in one reportable business segment, the Investment segment. Separate segment reporting is no longer necessary or useful to the readers of our financial statements.

Properties

The following table lists the Company's owned properties at December 31, 2017.

Location	Description	Relevant Operating Entity
Moncton, New Brunswick	Land	Idle
Forestville, Quebec	Land	Idle

The following table lists the Company's leased properties at December 31, 2017:

Location	Description	Relevant Operating Entity
Rivière-du-Loup, Quebec	Land	La-Traverse Rivière-du-Loup – St. Siméon Limitée ("TRDL")
Rivière-du-Loup, Quebec	Office premises	TRDL
St-Siméon, Quebec	Office premises	TRDL
Halifax, Nova Scotia	Office premises	Clarke
Toronto, Ontario	Office premises	Clarke

Employees

The Company had 55 employees and contractors at December 31, 2017. TRDL employed 46 of these employees and 41 of such employees are unionized.

RISKS AND UNCERTAINTIES

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

Investment Strategy

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

General Market Risk

General market risk is the risk that securities markets generally will decline in value and may decline in value sharply and unpredictably. There is the potential for securities owned by Clarke to vary in value based on the trading in securities markets generally and not based on the fundamentals of the company underlying the relevant security. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes, tax changes and catastrophic events. In addition, Clarke has investments in small and mid-sized companies. The share prices of smaller companies can be more volatile than those of larger, more established companies. Smaller companies may have limited resources or funds, unproven management, untested products and less liquidity, which can affect share price.

Potential Lack of Diversification

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

The Sale of Company Investments

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

Commodity Market Risk

Certain of the Company's investee companies are dependent on commodities which are subject to price fluctuations, which may lead to volatility in the price of such investments or changes in the value of such investments.

Dividends are not Guaranteed

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

Share Liquidity Risk

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

Interest Rate and Foreign Currency

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

Derivative Risk

A derivative is an instrument whose value is derived from the performance of other investments, securities or economic factors such as the movement of interest rates, exchange rates or market indices. Typically derivatives take the form of a contract to buy or sell a specific commodity, currency, stock or market index, such as futures, forward contracts, an option or a swap. Derivatives can be used for hedging purposes – such as to hedge exposure to interest rates or exchange rates, or for non-hedging purposes – where there may be opportunities for investing directly in the derivative with a view to generating investment gains. Clarke may invest in derivatives for hedging purposes, to manage its exposure to changes in interest rates and currency rates. There are various risks in connection with derivatives, which may include limiting potential gains, settlement risk, higher volatility than the underlying instrument, difficulty in unwinding or closing the contract and limited liquidity.

Reliance on Key Executives

Clarke is dependent on certain key executives for the successful operation of its business. Although Clarke continues to develop a strong management group and investment team, much of Clarke's success is dependent on certain key executives. The departure of one or more of these key executives could have a material adverse effect on Clarke's business, results of operations and financial condition.

Principal Shareholder

Mr. Armoyan exercises control or direction over 7,277,665 Common Shares, which is 57% of the issued and outstanding Common Shares. Since Mr. Armoyan has a controlling interest in Clarke and acts as Clarke’s Executive Chairman, he is in a position to exert significant influence on the corporate actions that Clarke takes, particularly when shareholder approval is required. Mr. Armoyan is entitled to vote his shares in his own interests, which may not always be in the interests of shareholders generally.

DIVIDENDS

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

During 2016, the Board decided to cease the Company’s regular dividend and has since declared and paid two special dividends of $2.00 per Common Share to the holders of the Common Shares. The Board decided to cease paying a regular dividend because the Company’s internally generated cash flow had been insufficient to fully finance the then regular dividend payments, as a result of various investments the Company had made that do not generate recurring cash flows. The Board decided to pay the special dividends in two instances, due to its substantial cash balance at the time it declared such dividends and limited investment opportunities.

The following table details the Company's payment of dividends for the years ended December 31, 2015, 2016 and 2017:

	Record Date	Payment Date	Dividend per share
2015:			
	December 31, 2014	January 15, 2015	$0.10
	March 31, 2015	April 10, 2015	$0.10
	June 30, 2015	July 10, 2015	$0.10
	September 30, 2015	October 9, 2015	$0.10
			$0.40
2016:			
	December 31, 2015	January 8, 2016	$0.10
	March 31, 2016	April 8, 2016	$0.10
	June 16, 2016	June 27, 2016	$2.00
	June 30, 2016	July 15, 2016	$0.10
			$2.30
2017:			
	August 14, 2017	August 22, 2017	$2.00

DESCRIPTION OF CAPITAL STRUCTURE

The Company has an unlimited number of Common Shares authorized, of which 12,706,588 were issued and outstanding at February 13, 2018. Clarke also has an unlimited number of first and second preferred shares authorized, of which none were issued and outstanding as at February 13, 2018.

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

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

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

Repurchases under the Company's normal course issuer bids and SIBs for the years ended December 31, 2015, 2016 and 2017 and 2018 year-to-date, are as follows:

Bid Date	Expiry	Type	Maximum #	Repurchased #
Dec 18, 2014	Jan 26, 2015	SIB	2,500,000	665,330
Mar 2, 2015	Apr 7, 2015	SIB	2,000,000	2,379,042
May 27, 2015	May 26, 2016	NCIB	822,430	822,430
June 2, 2016	June 1, 2017	NCIB	781,308	781,308
June 2, 2017	June 1, 2018	NCIB	742,243	286,700
Dec 7, 2017	Jan 19, 2018	SIB	1,250,000	1,851,579

Stock Option Plan

At the Company’s Annual General and Special Meeting held on May 7, 2015, the Company’s shareholders approved a stock option plan previously adopted by the Board on August 7, 2014 for directors, officers, employees and consultants (the "Stock Option Plan"). The purpose of the Stock Option Plan is (a) to enable the Company to attract and retain qualified officers, employees, directors and consultants; (b) to promote a proprietary interest in the Company on the part of officers, directors and employees of the Company and consultants to the Company, by providing such persons with the opportunity to acquire an equity interest in the Company or augment their equity interest in the Company, as the case may be; (c) to provide an additional incentive to officers, employees, directors and service providers in their efforts on behalf of the Company; and (d) to promote the profitability of the Company.

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

Pursuant to this Stock Option Plan, at December 31, 2017, there were outstanding Options to acquire an aggregate of 250,000 Common Shares, all of which are vested and exercisable. Reference is made to the employee stock option plan disclosure in note 12 to the consolidated financial statements of the Company for the years ended December 31, 2017 and 2016 and incorporated by reference herein.

The Stock Option Plan is administered by the Company upon the recommendation of the Board, which establishes exercise prices at not less than market price on the date of grant.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the Toronto Stock Exchange ("TSX"). The monthly price ranges and total volumes traded for the Common Shares for the most recent fiscal year ended December 31, 2017, are as follows:

	Common Share Price			
Month	**High $**	**Low $**	**Close $**	**Volume #**
January 2017	9.94	9.39	9.94	54,781
February 2017	10.30	9.93	10.30	77,198
March 2017	10.95	10.51	10.80	223,956
April 2017	11.59	10.65	11.00	43,101
May 2017	11.60	11.00	11.49	79,134
June 2017	11.45	11.00	11.16	95,232
July 2017	11.72	10.71	11.30	194,331
August 2017	12.40	9.49	9.50	226,694
September 2017	9.75	9.02	9.60	30,936
October 2017	10.01	9.53	10.00	38,910
November 2017	10.10	9.62	9.95	106,250
December 2017	10.50	9.76	10.45	126,319

ESCROWED SECURITIES

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

DIRECTORS AND EXECUTIVE OFFICERS

Information on the directors and certain officers of the Company, including their municipalities of residence, principal occupations and term as a director of the Company as at December 31, 2017 is as follows:

Name and Municipality of Residence	Position with the Company	Director Since	Principal Positions in Past Five Years
GEORGE ARMOYAN .... Halifax, NS, Canada	Executive Chairman	2014	President, Geosam Capital Inc. Officer of the Company (2012)
BLAIR COOK [(1)].................................. Halifax, NS, Canada	Director	2012	Partner, Executive Finance Partners Officer of the Company (2008)
BRIAN LUBORSKY [(1)] .... Toronto, ON, Canada	Director	2014	Chairman & CEO, Beauty Express Canada Inc.
CHARLES PELLERIN [(1)]........................ Victoriaville, PQ, Canada	Director	2010	President, Pellerin Potvin Gagnon S.E.N.C.R.L.
MICHAEL RAPPS .... Toronto, ON, Canada	President & Chief Executive Officer, Director	2012	Managing Director, Geosam Capital Inc. Officer of the Company (2012)
STEPHEN CYR...…………………...…	Chief Financial Officer	—	Officer of the Company (2017) Corporate Controller of the Company (2012)

(1) Member of the Audit Committee.

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

As of the date hereof, the directors and executive officers of the Company, as a group, held or controlled 7,730,673 Common Shares, representing approximately 61% of the issued and outstanding Common Shares.

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

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

2. was subject to an order (as defined in Form 51-102F2 of National Instrument 51-102 – *Continuous Disclosure Obligations*) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

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

1. is, as at the date of this Annual Information Form, or was, within 10 years before the date of this Annual Information Form, a director or executive officer of any company, including Clarke, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except as follows:

(a) George Armoyan, Executive Chairman of the Company, served as a member of the board of directors of Shermag Inc. ("Shermag"), which on May 5, 2008 announced that it had obtained protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") in the Québec Superior Court. Shermag emerged from CCAA protection in October 2009; and

(b) Brian Luborsky, a director of the Company, was an officer and director of Trade Secret Inc. and its subsidiaries, and Pure Beauty Salons & Boutiques Inc., both of which were Delaware corporations with operations in the United States, when they filed a petition for bankruptcy under chapter 11 of title 11, United States Code ("Chapter 11") in the United States Bankruptcy Court for the District of Delaware in July of 2010 and October of 2011 respectively. A final decree was issued in January of 2011 closing the Chapter 11 case of Trade Secret Inc. and Pure Beauty Salons & Boutiques Inc. Mr. Luborsky's family members were the indirect owners of 100% of the common stock of both entities. Additionally, Mr. Luborsky was also an officer and director of Premier Salons Ltd., an Ontario corporation, which filed for bankruptcy in Ontario on December 5, 2014. Mr. Luborsky’s family were the indirect owners of 39% of the common stock of this entity;

2. has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or

3. has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, except as follows;

(i) on October 9, 2009, the Nova Scotia Securities Commission (the "Commission") approved a settlement agreement (the "Settlement") between Clarke and Geosam Investments Limited ("Geosam Investments") and staff of the Commission. The Settlement related to the Commission's investigation of a 2005 trade by Clarke and Geosam in the securities of Advanced Fiber Technologies Income Fund ("AFT") that was initially announced by Clarke in February 2008. In the Settlement, Clarke and Geosam Investments acknowledged that they acted contrary to the public interest in failing to exercise sufficient due diligence relating to information concerning AFT. The Settlement acknowledged that Clarke, between 2005 and 2008, approved new internal policies and procedures and that Clarke and Geosam Investments co-operated with the Commission in its investigation. Under the Settlement, Clarke and Geosam Investments paid an administrative penalty of $400,000 (of which Clarke paid $300,000) and $15,000 each toward costs of the investigation. A special committee of the Board oversaw the Settlement on behalf of Clarke; or

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

LEGAL PROCEEDINGS AND REGULATORY ACTION

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

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2017. No penalties or sanctions have been imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision. Except as disclosed elsewhere in this Annual Information Form, the Company has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

On November 1, 2015, the Clarke Group Pension Plan and Pension Plan of the Employees of Clarke Inc. ("Clarke Pension Plans") acquired, through the Clarke Inc. Master Trust, ownership of 13 schools throughout Nova Scotia in consideration for the assumption of certain liabilities associated with the schools. The total transaction value was $42.8 million. The schools are leased to the Province of Nova Scotia through July 2020. At the expiry of the lease, the assumed liabilities are expected to have amortized to nil and ownership of the schools is expected to revert to the vendor. Clarke's Executive Chairman, George Armoyan, is an officer and director of a company related to the vendor.

During 2017, the Company entered into a number of related party transactions in the normal course of operations and measured at fair value. The parties and value of the transaction are fully disclosed in note 15 of the Company's consolidated financial statements for the year ended December 31, 2017. The document is incorporated by reference herein and available on SEDAR at www.sedar.com under Clarke's issuer profile.

TRANSFER AGENTS AND REGISTRARS

The transfer agent of the Company is:

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

MATERIAL CONTRACTS

There are no contracts that are material to the Corporation and that were entered into within the year ended December 31, 2017, or before such year, but which are still in effect, that are required to be filed with Canadian securities regulatory authorities in accordance with section 12.2 of National Instrument 51-102 - *Continuous Disclosure Obligations*.

INTERESTS OF EXPERTS

The independent auditors of the Company are:

PricewaterhouseCoopers LLP
1601 Lower Water Street, Suite 400
Halifax, NS B3J 5P6

The consulting actuaries of the Company are:

Eckler Ltd.
800, Rene-Levesque Boulevard West
Suite 2200
Montreal, QC H3B 1X9

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

ADDITIONAL INFORMATION

Additional information relating to Clarke may be accessed through the SEDAR website at www.sedar.com. Additional information, including directors' and officers' remuneration, principal holders of Clarke's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in Clarke's information circular for the most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in Clarke's financial statements and management discussion and analysis for the year ended December 31, 2017. Requests for copies of any filed documents may also be sent to the Corporate Secretary of Clarke, at 3400 One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4.

FORM 52-110F1 – AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee charter is attached as an appendix to this form.

Composition of the Audit Committee

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

Relevant Education and Experience of Audit Committee Members

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

- Mr. Cook is a Partner at Executive Finance Partners and is Chairman of and was appointed to the Audit Committee following his appointment to the Board in 2012. Mr. Cook also serves as a corporate director for Terravest. Mr. Cook was previously the Chief Financial Officer of Clarke and Armco Capital Inc. Mr. Cook holds a Bachelor of Business Administration from Acadia University, a Masters of Business Administration from St. Mary's University and obtained his Chartered Accountant's designation in 1995.

- Mr. Luborsky is Chairman & CEO of Beauty Express Canada Inc. and was appointed to the Audit Committee following his appointment to the Board in 2014. Mr. Luborsky has more than 30 years of business related experience and previously served as a member of the audit committee for General Donlee Canada Inc. He earned a Bachelor of Commerce from the University of Toronto and received his Chartered Accountant's designation in 1982.

- Mr. Pellerin is a Partner and President of Pellerin Potvin Gagnon S.E.N.C.R.L. and was appointed to the Audit Committee in 2014. Mr. Pellerin also serves as the Executive Chairman of Terravest. Mr. Pellerin previously served as a member of the audit committees for Supremex Inc. Mr. Pellerin is a Chartered Professional Accountant.

Pre-Approval Policies and Procedures

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

Audit Fees

PricewaterhouseCoopers LLP was reappointed as the Company's independent auditor during the year ended December 31, 2017. Fees billed by PricewaterhouseCoopers LLP for the years ended December 31, 2017 and 2016 are detailed below:

	2017	2016
	$	$
Audit fees	**65,100**	70,350
Audit-related fees	**31,500**	34,650
Tax fees	**8,400**	12,600
Total	**105,000**	117,600

The nature of each category of fees is described below.

Audit Fees

Audit fees were paid for professional services rendered by the auditor for the audit of the annual financial statements of the Company and one of its subsidiaries, and for services provided in connection with statutory and regulatory filings or engagements.

Audit-related fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements, and are not reported under the audit fees caption above. Certain services consist of assurance and related services for specific investment and other transactions and new developments both in Company policies and accounting standards. Other services consist of review of interim financial statements for the three, six and nine months ended March 31, June 30 and September 30.

Tax fees

Tax fees were paid for tax compliance and audit assurance services.

APPENDIX:
AUDIT COMMITTEE CHARTER

1. COMMITTEE ROLE

1.1 Overseeing Role

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

1.2 Coordination and Relationships

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

2. COMMITTEE MEMBERSHIP, PROCEDURES AND ORGANIZATION

2.1 Committee Members

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

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

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

2.2 Annual Appointments, Chairmanship, Vacancies

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

2.3 Secretary

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

2.4 Quorum and Method of Meeting

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

2.5 Conduct of Meetings

Meetings of the committee shall be conducted as follows:

- the committee shall meet, on a regular basis, at such times and at such locations as the chair of the committee shall determine;

- notice of every meeting shall be given to the external auditors, who shall be entitled to attend and be heard thereat;

- the external auditors or any member of the committee may call a meeting of the committee;

- the external auditors and members of management shall, when required by the committee, attend any meeting of the committee.

3. COMMITTEE OPERATING PRINCIPLES

3.1 Overriding Principles of Operation

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

(a) *Communications* - The chairperson and others on the committee shall, to the extent appropriate, have contact throughout the year with senior management, other committee chairpersons, and other key committee advisers, external auditors, internal auditors (if any), all as applicable to strengthen the committee's knowledge of current and prospective issues relevant to the committee.

(b) *Annual Plan* - The committee shall develop an annual plan responsive to the primary committee responsibilities detailed herein. The annual plan shall be reviewed and approved by the Board.

(c) *Meeting Agenda* - Committee meeting agendas shall be the responsibility of the committee chairperson, with input from committee members and the Chief Financial Officer. It is expected that the chairperson would also ask for management, the auditors and other key committee advisers, and perhaps others, to participate in this process.

(d) *Committee Expectations and Information Needs* - The committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management in general, those responsible for internal audit, and external parties, including external auditors. Written materials required shall be received from management, auditors, and others at least one week in advance of meeting dates. Meeting conduct will assume Board members have reviewed written materials in sufficient depth to participate in committee/Board dialogue.

(e) *External Resources* - The committee is authorized to access internal and external resources, as the committee requires, to carry out its responsibilities and to determine the compensation to be paid to such external resources, including independent counsel.

(f) *Committee Meeting Attendees* - The committee shall request members of management, external auditors and legal counsel, as applicable, to participate in committee meetings, as necessary, to carry out the committee responsibilities. Periodically and at least annually, the committee shall meet in private session with only the committee members. It shall be understood that external auditors, the Chief Financial Officer, or legal counsel may, at any time, request a meeting with the audit committee or committee chairperson with or without management or any other management attendance. In any case, the committee shall meet in executive session separately with external auditors, at least annually.

(g) *Reporting to the Board of Directors* - The committee, through the committee chairperson, shall report periodically, as deemed necessary, but at least semi-annually, to the Board. In addition, summarized minutes from committee meetings shall, in a timely manner, be available to each Board member.

(h) *Committee Self-Assessment* - The committee shall review, discuss, and assess its own performance as well as the committee role and responsibilities and the committee's compliance with codes of conduct; and seek input from senior management, the Board, and others on the foregoing. Changes in roles and/or responsibilities, if any, shall be recommended to the Board for approval.

4. COMMITTEE'S RELATIONSHIP WITH EXTERNAL AUDITORS

4.1 External Auditors' Report to Board and Audit Committee

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

4.2 Reporting Matters

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

4.3 Annual Review of Auditors

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

4.4 Significant Issues

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

4.5 Annual Review

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

4.6 Internal Controls over Financial Reporting ("ICFR")

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

4.7 Duties of Committee Relating to External Auditors

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

(a) the review of management's recommendations for the appointment of the external auditors and to recommend to the Board a firm of external auditors to be engaged;

(b) if there is a proposed change of external auditors, the review of all issues related to such proposed change, including the information to be included in the notice of change of auditors called for in continuous disclosure rules under applicable securities laws, including National Instrument 51-102 of the Canadian Securities Administrators, and the planned steps for an orderly transition;

(c) the review of all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 of the Canadian Securities Administrators, on a routine basis, whether or not there is to be a change of external auditors;

(d) the review of the engagement letter of the external auditors;

(e) the review of the performance, including the fee, scope and timing of the audit and other related services, of the external auditors and the recommendation to the Board the compensation of the external auditor;

(f) the review of the audit plans of the external auditors, as well as inquiry into the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts;

(g) the review and pre-approval of the nature of and fees for any non-audit services performed for the Company by the external auditors and considering whether the nature and extent of such services could detract from the auditors' independence in carrying out the audit function;

(h) the oversight and review, separately with the auditors and with management, upon the completion of the audit, or prior thereto where appropriate, of:

   (i) the contents of the auditors' report;

   (ii) the scope and quality of the audit work performed;

   (iii) the adequacy of the Company's financial and auditing personnel;

   (iv) the co-operation received from the Company's personnel during the audit and any problems encountered by the external auditors and any restrictions on the auditors' work;

   (v) the internal resources used;

   (vi) the evaluation of internal controls with the external auditors, together with management's response to recommendations of the external auditors, including in respect of subsequent follow-ups or any identified weaknesses in the Company's system of internal control for detecting accounting and reporting financial errors, fraud and defalcations, unethical acts or omissions, legal violations, and non-compliance with the Company's code of conduct;

   (vii) the terms of reference of the internal auditor (if any);

   (viii) any proposed changes in accounting policies, any presentation of the impact of significant risks and uncertainties, and any estimates, accruals, provisions and judgments of management that may in such cases be material to financial reporting; as well as other sensitive matters such as measurement and disclosure of related party transactions;

   (ix) the appropriateness of management's annual and quarterly discussion and analysis of operations for the annual and quarterly report and its consistency with financial statements;

   (x) any report or opinion proposed to be rendered in connection with the year-end consolidated financial statements;

   (xi) any significant transactions which were not a normal part of the Company's business;

   (xii) the nature and substance of material accruals, reserves and other estimates; and

   (xiii) the financial statements included in the annual report with management and external auditors to determine that the external auditors are satisfied with the disclosure and content of the financial statements to be presented to shareholders.

(i) the provision to the external auditors of quarterly financials and releases and management's discussion and analysis, for its records,

(j) the monitoring of financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related views of the external auditors thereon, and the basis for audit conclusions and important conclusions on interim and/or year-end audit work, all in advance of the public release of financial information,

(k) the approval of the Company's annual audited financial statements, in conjunction with the report of the external auditors thereon and those of its subsidiaries, and

(l) the oversight and providing of assistance in resolving disagreements between management and the external auditors regarding financial reporting.

5. SPECIFIC DUTIES OF THE AUDIT COMMITTEE

5.1 Accounting, Disclosure, Practices and Governance

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

(a) the review of changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a material impact on the Company's financial reporting as reported to the audit committee by management or external auditors;

(b) the review of the appropriateness of the accounting policies used in the preparation of the Company's financial statements and consideration of recommendations for any material changes to such policies;

(c) the review of the status of material contingent liabilities as reported to the committee by management;

(d) the review of the status of income tax returns and potentially material tax matters as reported to the committee by management;

(e) the review of any material errors or omissions in the current or prior year's financial statements;

(f) the review of policies and practices of officers' expenses and benefits, including the use of Company assets and of inquiries on results of examinations done through internal control or the external auditors;

(g) overseeing the establishment of adequate procedures for the review of public disclosure that includes financial information extracted from the Company's financial statements, and the periodic assessment of the adequacy of such procedures;

(h) the review with the Board, before their release to the public, of all public disclosure documents containing audited or unaudited financial information, including any prospectus, the annual report to shareholders, annual and quarterly financial statements and, management's discussion & analysis, press releases, and such other items that require the approval of the Board; and

(i) the review of any other disclosure required in respect of the audit committee and its activities, including any disclosure required in the Company's annual information form and management information circular.

5.2 Other Specific Duties

Other specific duties of the committee shall be:

(a) the production of a calendar of activities to be undertaken by the committee for each year and submitting of the calendar in an appropriate format to the Board within a reasonable period of time following each annual meeting of shareholders;

(b) the review of and report to the Board on any difficulties and problems that may arise with regulatory agencies which are likely to have a material financial impact;

(c) the establishment of procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

(d) the review and approval of the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

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

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

(a) conducting audits or determining that financial statements are complete and accurate and are in accordance with generally accepted accounting principles;

(b) being responsible for overseeing compliance by others under codes of conduct of the Company; and

(c) being responsible for overseeing risk management other than financial risk management.