No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended or any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States ***of America (the "United States"). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States****. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Liquor Stores N.A. Ltd. at Suite 300, 10508 – 82nd Avenue, Edmonton, Alberta T6E 2A4, telephone (780) 917-4179, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue | April 16, 2012

LIQUOR DEPOT

LIQUOR STORES N.A. LTD.

$67,500,000

5.85% Convertible Unsecured Subordinated Debentures

Price: $1,000 per Debenture

This short form prospectus qualifies for distribution (the "**Offering**") $67,500,000 aggregate principal amount of 5.85% convertible unsecured subordinated debentures (the "**Debentures**") of Liquor Stores N.A. Ltd. (the "**Corporation**" or "**Liquor Stores**") at a price of $1,000 per Debenture. The Debentures will bear interest at an annual rate of 5.85%, payable semi-annually in arrears on April 30 and October 31 of each year commencing October 31, 2012, with the initial interest payment representing accrued interest for the period from and including the date of issue to, but excluding, October 31, 2012. The Debentures have a maturity date of April 30, 2018 (the "**Maturity Date**"). See "*Description of the Debentures*".

Debenture Conversion Privilege

Each Debenture will be convertible into freely tradeable common shares ("**Common Shares**") of the Corporation at the option of the holder of a Debenture at any time prior to the close of business on the earlier of the business day immediately preceding: (i) the Maturity Date; and (ii) the date specified for redemption of the Debentures, at a conversion price of $24.90 per Common Share (the "**Conversion Price**"), being a conversion rate of approximately 40.1606 Common Shares per $1,000 principal amount of Debentures, subject to adjustment in certain events as described in the Debenture Indenture (as defined herein). Holders converting their Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest on such Debentures for the period from the last interest payment date (or the date of issue of the Debentures if there has not yet been an interest payment date) to, but excluding, the date of conversion. Notwithstanding the foregoing, no Debenture may be converted during the three Business Days preceding April 30 and October 31 in each year, as the registers of the Debenture Trustee (as defined herein) will be closed during such periods. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price, are set out under "*Description of the Debentures - Conversion Rights*".

The Debentures are not redeemable prior to April 30, 2015, except upon the satisfaction of certain conditions after a Change of Control (as defined herein) has occurred. On and after April 30, 2015 and prior to April 30, 2017, the Debentures may be redeemed by the Corporation, in whole or in part, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price (as defined herein) on the date on which notice of redemption is given is at least 125% of the Conversion Price. On and after April 30, 2017, and prior to maturity, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, up to but excluding the date of redemption. See "*Description of the Debentures — Redemption*".

The Corporation may, at its option, subject to applicable regulatory approval and provided that no Event of Default (as defined herein) has occurred and is continuing, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed or that have matured, upon not less than 40 days and not more than 60 days prior notice, by issuing to the holders thereof that number of freely tradeable Common Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable. In addition, subject to applicable regulatory approval, freely tradeable Common Shares may be issued to the Debenture Trustee and sold, with the proceeds used to satisfy the obligation to pay interest on the Debentures. See "*Description of the Debentures — Method of Payment*".

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "*Risk Factors*".

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "LIQ". The TSX has conditionally approved the listing of the Debentures distributed under this short form prospectus and the Common Shares issuable on the conversion thereof. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before July 6, 2012. On April 2, 2012, the last trading day price of the Common Shares on the TSX prior to the announcement of the Offering (as defined herein) was $17.83. On April 13, 2012, the closing price of the Common Shares on the TSX was $17.60.

	Price: $1,000 per Debenture		
	Price to the public(1)	**Underwriters' fee(2)**	**Net proceeds to the Corporation(3)**
Per Debenture	$1,000	$40	$960
Total	$67,500,000	$2,700,000	$64,800,000

Notes:

(1) The terms of the Offering and the price of the Debentures were determined by negotiation between the Corporation and the Underwriters (as defined herein).

(2) The Underwriters' fee represents 4.0% of the offering price of the Debentures.

(3) Before deducting the expenses of the Offering, which are estimated to be approximately $500,000.

RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc. and PI Financial Corp. (collectively, the "**Underwriters**"), as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*", and subject to the approval of certain legal matters on behalf of the Corporation by Burnet, Duckworth & Palmer LLP, and on behalf of the Underwriters by Fraser Milner Casgrain LLP.

In connection with the Offering, the Underwriters may affect transactions that stabilize or maintain the market price of the Debentures at levels other than those which might otherwise prevail in the open market. **The Underwriters propose to offer the Debentures initially at the offering price specified above. After a reasonable effort has been made to sell all of the Debentures at the price specified, the Underwriters may reduce the selling price from time to time in order to sell any of the Debentures remaining unsold. Any such reduction will not affect the proceeds received by the Corporation.** See "*Plan of Distribution*".

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Book-entry only Debentures will be issued to CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee on the closing date, which is expected to occur on or about April 23, 2012 or such other date not later than 42 days after the date of the receipt for this short form prospectus as the Corporation and the Underwriters may agree. No certificates evidencing the Debentures will be issued to purchasers (except in certain limited circumstances) and registration will be made in the depository service of CDS. Purchasers of Debentures will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased. See "*Description of the Debentures — Book-Entry System for Debentures*".

CIBC World Markets Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. are affiliates of members of a syndicate that has made credit facilities available to Liquor Stores. Consequently, the Corporation may be considered a "connected issuer" of CIBC World Markets Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. See "*Relationship Among the Corporation and Certain Underwriters*".

An investment in the Debentures and the Common Shares is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See "*Risk Factors*" and "*Forward-Looking Statements*". The Corporation may repay the outstanding principal of the Debentures through the issuance of Common Shares. In addition, the Corporation may, subject to any required regulatory approval and provided that no Event of Default has occurred, satisfy all or part of its obligation to pay interest on the Debentures by delivering freely tradeable Common Shares to the Debenture Trustee in accordance with the Debenture Indenture. See "*Description of the Debentures*".

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Corporation, and Fraser Milner Casgrain LLP, counsel to the Underwriters, on the basis of the applicable legislation as in effect on the date hereof, and subject to the qualifications and assumptions discussed under the heading "*Eligibility For Investment*", the Debentures and the Common Shares issuable on conversion, redemption or maturity of the Debentures will, on the date of closing of the Offering, be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, deferred profit sharing plans (except, in the case of Debentures, a deferred profit sharing plan to which the Corporation has made a contribution), registered education savings plans, registered disability savings plans and TFSAs. The Debentures and the Common Shares will not be prohibited investments for a RRSP, RRIF or TFSA provided that the annuitant of the RRSP or RRIF, or the holder of the TFSA, deals at arm's length with the Corporation for the purposes of the Tax Act and does not have a significant interest, within the meaning of the Tax Act, in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act. See "*Eligibility for Investment*".

The head office of the Corporation is located at Suite 300, 10508 – 82nd Avenue, Edmonton, Alberta T6E 2A4. The registered office of the Corporation is located at Suite 2500, 10303 Jasper Avenue, Edmonton, Alberta T5J 3N6.

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Corporation has not authorized anyone to provide different information. If an investor is provided with different or inconsistent information, he or she should not rely on it. Prospective investors should assume that the information appearing in this short form prospectus is accurate as of the date on the front cover of this short form prospectus only, regardless of the time of delivery of this short form prospectus or of any sale of the securities offered hereunder.

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GLOSSARY OF TERMS

The following terms used in this short form prospectus have the meanings set out below:

"**2007 Debentures**" means the $57.5 million aggregate principal amount of 6.75% convertible unsecured subordinated debentures of the Corporation due December 31, 2012.

"**AIF**" means the annual information form of the Corporation for the year ended December 31, 2011 dated March 13, 2012.

"**Annual Financial Statements**" means the audited consolidated financial statements of the Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010, and for the years ended December 31, 2011 and December 31, 2010, together with the notes thereto and the auditor's reports thereon.

"**Annual MD&A**" means the management's discussion and analysis of the financial condition and results of operations of the Corporation for the year ended December 31, 2011.

"**Beneficial Owner**" has the meaning set forth under "*Description of the Debentures – Book-Entry System for Debentures*".

"**Board**" means the board of directors of Liquor Stores.

"**Business Day**" means any day other than a Saturday, Sunday or statutory holiday or any other day that the Debenture Trustee in Edmonton, Alberta is not generally open for business.

"**Canadian GAAP**" means generally accepted accounting principles applicable to public companies at the relevant time determined with reference to The Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time, which for certainty, for financial years beginning on or after January 1, 2011, is IFRS.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Change of Control**" means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over 66⅔% or more of the aggregate votes attaching to the outstanding Common Shares.

"**Common Share Interest Payment Election**" has the meaning set forth under "*Description of the Debentures – Method of Payment – Interest Payment Election*".

"**Common Shares**" means common shares of the Corporation.

"**Conversion Price**" means $24.90 per Common Share.

"**Conversion Rate**" means the number of Common Shares to be issued upon conversion of $1,000 principal amount of Debentures in accordance with the terms of the Debenture Indenture, which rate will be calculated by dividing the $1,000 principal amount of such Debentures by the Conversion Price for the Debentures then in effect, as adjusted from time to time pursuant to the provisions of the Debenture Indenture.

"**Corporation**" or "**Liquor Stores**" means Liquor Stores N.A. Ltd. and, unless the context otherwise requires, includes its subsidiaries.

"**Current Market Price**" means the volume-weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date (or, if the Common Shares are not listed on the TSX, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by the Board and approved by the Debenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market).

"**Debenture Certificates**" has the meaning set forth under "*Description of the Debentures – Book-Entry System for Debentures*".

"**Debentureholders**" means holders of Debentures.

"**Debenture Indenture**" means the indenture dated December 21, 2007 between the Corporation (as successor to the Fund) and the Debenture Trustee (as successor to BNY Trust Company of Canada, successor to CIBC Mellon Trust Company), as supplemented by a first supplemental indenture made as of December 31, 2010 and as further supplemented by a second supplemental indenture creating and setting forth the terms of the Debentures to be entered into between the Corporation and the Debenture Trustee.

"**Debenture Offer**" has the meaning set forth under "*Prospectus Summary- The Debentures – Change of Control*".

"**Debenture Offer Price**" has the meaning set forth under "*Prospectus Summary- The Debentures – Change of Control*".

"**Debentures**" means the $67,500,000 aggregate principal amount of 5.85% convertible unsecured subordinated debentures of the Corporation qualified for distribution pursuant to this short form prospectus.

"**Debenture Trustee**" means Valiant Trust Company in its capacity as debenture trustee of the Debentures pursuant to the Debenture Indenture.

"**Effective Date**" has the meaning set forth under "*Description of the Debentures – Change of Control*".

"**Event of Default**" has the meaning set forth under "*Description of the Debentures – Events of Default and Waiver*".

"**Fund**" means Liquor Stores Income Fund, a predecessor to Liquor Stores.

"**IFRS**" means International Financial Reporting Standards, being, for fiscal years beginning on or after January 1, 2011, the Canadian generally accepted accounting principles for publicly accountable enterprises as defined by the Accounting Standards Board of The Canadian Institute of Chartered Accountants, as amended from time to time.

"**Interest Obligation**" has the meaning set forth under "*Description of the Debentures – Method of Payment – Interest Payment Election*".

"**Interest Payment Date**" has the meaning set forth under "*Description of the Debentures – Method of Payment – Interest Payment Election*".

"**Make Whole Premium**" has the meaning set forth under "*Description of the Debentures – Change of Control*".

"**Maturity Date**" means the date on which the Debentures will mature, being April 30, 2018.

"**Non-Resident**" means: (i) a person who is not, and is not deemed to be, a resident of Canada for purposes of the Tax Act; or (ii) a partnership that is not a Canadian partnership for purposes of the Tax Act.

"**Offering**" means the distribution and offering of the Debentures pursuant to this short form prospectus and the Underwriting Agreement.

"**Participant**" means a participant in the depository services of CDS.

"**Redemption**" means the proposed redemption of the 2007 Debentures, which the Corporation intends to give notice of in accordance with the Debenture Indenture upon closing of the Offering.

"**RRIF**" means registered retirement income fund.

"**RRSP**" means registered retirement savings plan.

"**Senior Creditor**" means a holder or holders of Senior Indebtedness and includes any representative or representatives or trustee or trustees of any such holder.

"**Senior Indebtedness**" has the meaning set forth under "*Description of the Debentures – Subordination*".

"**Shareholders**" means holders of Common Shares.

"**Stock Price**" has the meaning set forth under "*Description of the Debentures – Change of Control*".

"**Tax Act**" means *the Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.

"**TFSA**" means tax-free savings account.

"**TSX**" means the Toronto Stock Exchange.

"**Underwriters**" means, collectively, RBC Dominion Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc. and PI Financial Corp.

"**Underwriting Agreement**" means the underwriting agreement dated as of April 2, 2012 among the Corporation and the Underwriters.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

In this short form prospectus, references to "dollars" or "$" are to Canadian dollars.

ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Corporation, and Fraser Milner Casgrain LLP, counsel to the Underwriters, on the basis of the applicable legislation in effect on the date hereof, provided that, on the date of closing of the Offering, the Common Shares or the Debentures are listed on a designated stock exchange (including the TSX) for the purposes of the Tax Act, the Debentures will, if issued on the date of closing of the Offering, be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, deferred profit sharing plans (except, in the case of Debentures, a deferred profit sharing plan to which the Corporation, or an employer that does not deal at arm's length with the Corporation, has made a contribution), registered education savings plans, registered disability savings plans and TFSAs (collectively, "**Plans**"). Provided the Common Shares issued on the conversion, redemption or maturity of the Debentures are listed on a designated stock exchange, they will also be qualified investments under the Tax Act for Plans.

Notwithstanding the foregoing, if the Debentures or Common Shares are "prohibited investments" for the purposes of a RRSP, RRIF or TFSA, then the annuitant of a RRSP or RRIF, or the holder of a TFSA will be subject to penalty taxes as set out in the Tax Act. Provided that the annuitant of a RRSP or RRIF, or the holder of a TFSA, deals at arm's length with the Corporation for purposes of the Tax Act, and does not hold a "significant interest" (within the meaning of the Tax Act) in the Corporation or any corporation, partnership or trust with which the Corporation does not deal at arm's length for purposes of the Tax Act, the Debentures and the Common Shares will not be "prohibited investments" for such RRSP, RRIF or TFSA for purposes of the Tax Act. Holders of a RRSP, RRIF or TFSA should consult their own tax advisors in this regard.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain forward looking statements. These statements relate to future events or the Corporation's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward looking statements, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", or the negative of these terms or other comparable terminology are generally intended to identify forward looking statements. Such statements represent the Corporation's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of the payment of dividends, capital expenditures, anticipated future debt levels and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. In addition, this short form prospectus and the documents incorporated by reference herein may contain forward looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

This short form prospectus contains forward looking statements concerning the anticipated closing of the Offering and the anticipated use of the net proceeds of the Offering. The closing of the Offering could be delayed if the Corporation is not able to obtain the necessary regulatory approvals required for completion when anticipated. The Offering will not be completed at all if these approvals are not obtained or, unless waived, some other condition to closing is not satisfied. Accordingly there is a risk that the Offering will not be completed within the anticipated time or at all. Forward-looking statements contained in certain documents incorporated by reference into this short form prospectus are based on the key assumptions described in such documents and are subject to the risk factors described in such documents. Investors are cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual results achieved will vary from the information provided in this short form prospectus and in the documents incorporated by reference herein as a result of numerous known and unknown risks and uncertainties and other factors which are discussed in the documents incorporated herein by reference.

Some of the additional risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this short form prospectus and in certain documents incorporated by reference herein include, but are not limited to:

- general economic and business conditions in North America and globally;
- volatility in the stock markets and the market price of the Common Shares;
- the ability of management to execute its business plan;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations;
- dependence on suppliers;
- potential delays or changes in plans with respect to capital expenditures and the availability of capital on acceptable terms;
- availability of sufficient financial resources to fund the Corporation's capital expenditures;
- incorrect assessments of the value of acquisitions;
- failure of the Corporation to realize the anticipated benefits of acquisitions and new store developments;
- competition for, among other things, customers, supply, capital and skilled personnel;
- changes in labour costs and the labour market; and
- the other factors described under "*Risk Factors*" in this short form prospectus and in the AIF and Annual MD&A, which are incorporated by reference herein, and described in other filings made by the Corporation with Canadian securities regulatory authorities.

With respect to forward looking statements contained or incorporated by reference in this short form prospectus, the Corporation has made assumptions regarding: redemption of the 2007 Debentures; the impact of increasing competition; the general stability of the economic and regulatory environment in which the Corporation operates; the timely receipt of any required regulatory and third party approvals; the ability of the Corporation to obtain qualified staff and services in a timely and cost efficient manner; the timing and payment of dividends; the ability of the Corporation to obtain financing on acceptable terms; currency, exchange and interest rates; the regulatory framework in the jurisdictions in which the Corporation operates; and the ability of the Corporation to successfully market its products and services.

The information contained in this short form prospectus, including documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Corporation. Investors should carefully consider those factors. Management of the Corporation has set out the above summary of assumptions and risks related to forward looking statements included in this short form prospectus and the documents incorporated by reference herein in order to provide potential purchasers of the Debentures with a more complete perspective on the Corporation's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

Investors are further cautioned that the preparation of financial statements in accordance with Canadian GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates may change, having either a negative or positive effect on net earnings, as further information becomes available and as the economic environment changes.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this short form prospectus are made as of the date of this short form prospectus and the Corporation undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

FINANCIAL INFORMATION

This short form prospectus and certain documents incorporated by reference herein make reference to certain non-Canadian GAAP financial measures to assist in assessing the Corporation's financial performance. Non-Canadian GAAP financial measures do not have standard meanings prescribed by Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Such non-Canadian GAAP financial measures should not be considered as an alternative to, or more meaningful than, net earnings (loss), cash flow from operating activities and other measures of financial performance as determined in accordance with Canadian GAAP as an indicator of performance. For additional information regarding these non-Canadian GAAP measures, see the Annual MD&A, which is incorporated by reference herein.

EXCHANGE RATE INFORMATION

The following table sets forth the Canada/U.S. exchange rates (expressed as Cdn$1.00 = U.S.$_______) on the last day of the periods indicated as well as the high, low and average rates for such periods based on the exchange rates published on the Bank of Canada's website as being in effect at approximately noon on each trading day (the "**Bank of Canada noon rate**"). On April 13, 2012, the Bank of Canada noon rate was Cdn$1.00 = U.S.$1.0021.

	Year Ended December 31,	
	2011	**2010**
Period End	0.9833	1.0054
High	1.0583	1.0054
Low	0.9430	0.9278
Average	1.0111	0.9709

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Liquor Stores, Suite 300, 10508 – 82nd Avenue, Edmonton, Alberta T6E 2A4, phone (780) 917-4179, or on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

The following documents, filed with the various securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in and form an integral part of this short form prospectus:

(a) the AIF;

(b) the management information circular of the Corporation for its annual general meeting held on May 19, 2011;

(c) the Annual Financial Statements;

(d) the Annual MD&A; and

(e) the material change report of the Corporation dated April 3, 2012 related to the Offering.

Any documents of the type referred to above (excluding confidential material change reports) and any business acquisition reports filed by the Corporation with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

SUMMARY OF THE OFFERING

The following is a brief summary of some of the terms of the Offering. For a more detailed description of the terms of the Debentures, see "*Description of the Debentures*".

Offering:	$67,500,000 aggregate principal amount of Debentures.
Price:	$1,000 per Debenture.
Use of Proceeds:	The net proceeds of the Offering will be used to fund the redemption of the 2007 Debentures and for general corporate purposes. See "*Use of Proceeds*".
Maturity Date:	April 30, 2018.
Interest:	5.85% per annum. The interest on the Debentures will be payable semi-annually in arrears on April 30 and October 31 of each year, commencing October 31, 2012. The first interest payment on October 31, 2012 will include interest accrued from and including the date of closing of the Offering to, but excluding, October 31, 2012. Subject to receipt of applicable regulatory approvals and provided that no Event of Default has occurred and is continuing, the Corporation may elect to satisfy its obligation to pay interest on the Debentures by issuing and delivering to the Debenture Trustee freely tradeable Common Shares to be sold by the Debenture Trustee, with the proceeds used to pay interest owing on the Debentures. See "*Description of the Debentures - Method of Payment*".
Conversion:	Each Debenture will be convertible into freely tradeable Common Shares at the option of the holder of a Debenture at any time following closing of the Offering and prior to 4:00 p.m. (Edmonton time) on the business day immediately preceding the earlier of the Maturity Date and the date specified by the Corporation for redemption of the Debentures, at a conversion price of $24.90 per Common Share, being a conversion rate of approximately 40.1606 Common Shares per $1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest on such Debentures for the period from the last interest payment date (or the date of issue of the Debentures if there has not yet been an interest payment date) to, but excluding, the date of conversion. Notwithstanding the foregoing, no Debenture may be converted during the three Business Days preceding April 30 and October 31 in each year as the registers of the Debenture Trustee will be closed during such periods. Further particulars concerning the conversion privilege, including provisions for the adjustment of the Conversion Price, are set out under "*Description of the Debentures — Conversion Rights*".

Redemption:	The Debentures are not redeemable prior to April 30, 2015, except upon the satisfaction of certain conditions after a Change of Control has occurred. On and after April 30, 2015 and prior to April 30, 2017, the Debentures may be redeemed by the Corporation, in whole or in part, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price on the date on which notice of redemption is given is at least 125% of the Conversion Price. On and after April 30, 2017, and prior to maturity, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, up to but excluding the date of redemption. See "*Description of the Debentures — Redemption*".
Payment upon Redemption or Maturity:	On redemption or at maturity of the Debentures, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days and not less than 40 days prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradeable Common Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable. No fractional Common Shares will be issued on redemption or at maturity but in lieu thereof the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price of the fractional interest. See "*Description of the Debentures - Method of Payment*".
Change of Control:	Within 30 days following the occurrence of a Change of Control, being the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over 66⅔% or more of the aggregate votes attaching to the outstanding Common Shares, the Corporation will be required to make an offer in writing to purchase, in whole or in part, the Debentures then outstanding (the "**Debenture Offer**"), at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest earned thereon up to, but excluding, the date of acquisition (the "**Debenture Offer Price**"). If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to the Debenture Offer, the Corporation will have the right to redeem all of the remaining Debentures at the Debenture Offer Price. See "*Description of the Debentures – Change of Control*". Subject to regulatory approval, if a Change of Control occurs in which 10% or more of the consideration for the Common Shares consists of: (i) cash; (ii) trust units, limited partnership units or other participating securities of a trust, limited partnership or similar entity; (iii) equity securities that are not traded or intended to be traded immediately following such transaction on a recognized stock exchange; or (iv) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange, then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the date on which the Debenture Offer is delivered to the Debentureholders, holders of Debentures will be entitled to convert their Debentures and receive, in addition to the number of Common Shares they otherwise would have been entitled to upon

conversion, an additional number of Common Shares as outlined in a table in the Debenture Indenture. See "*Description of the Debentures – Change of Control*".

Subordination: The payment of the principal of, and interest on, the Debentures will be subordinated and postponed in right of payment, as set forth in the Debenture Indenture, to the full and final payment of all Senior Indebtedness, including indebtedness to trade and other creditors of the Corporation. See "*Description of the Debentures - Subordination*".

BUSINESS OF LIQUOR STORES

Liquor Stores is Canada's largest private operator of retail liquor stores (as measured by number of stores). Liquor Stores currently operates or has interests in 240 retail liquor stores including 174 stores in Alberta, 35 stores in British Columbia, 20 stores in Alaska, and 11 stores in Kentucky. Liquor Stores also supplies liquor in Alberta on a wholesale basis to a number of restaurants, golf courses, nightclubs, and other licensees. For each of the years ended December 31, 2011 and December 31, 2010, approximately 98% of Liquor Stores' sales in Canada and approximately 86% of its sales in the United States were derived from the sale of alcoholic beverages.

Liquor Stores primarily operates under the brand names Liquor Depot and Liquor Barn in Alberta and British Columbia; Brown Jug in Alaska; and Liquor Barn "The Ultimate Party Source" and Liquor Barn Express in Kentucky.

For further information regarding the Corporation and its subsidiaries and their respective business activities, see the AIF and the other documents incorporated by reference herein.

USE OF PROCEEDS

The estimated total net proceeds to be received by the Corporation from the Offering will amount to approximately $64.3 million, after deducting the Underwriters' fee in respect of the Debentures issued and sold by the Corporation and the estimated expenses of the Offering. Approximately $59 million of the net proceeds of the Offering will be used to fund the Redemption, including the payment of accrued and unpaid interest on the 2007 Debentures at the time of Redemption, with the balance of the net proceeds to be used to temporarily reduce bank indebtedness, which may be redrawn for general corporate purposes, including to develop, acquire and operate retail liquor stores in Canada and the United States.

Liquor Stores expects that the use of proceeds from the Offering will advance its overall business objectives of developing, acquiring and operating retail liquor stores in Canada and the United States. No significant event needs to occur in order for Liquor Stores to achieve such objectives, which remain subject to the normal risks and uncertainties that prevail in the businesses in which Liquor Stores is engaged. See "*Forward-Looking Statements*" and "*Risk Factors*" in this short form prospectus and in the AIF and the Annual MD&A.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at December 31, 2011 both before and after giving effect to the Offering, the Redemption and reclassification of indebtedness. Other than as set forth below, there have not been any material changes in the share or loan capitalization of the Corporation, on a consolidated basis, since December 31, 2011.

Designation	As at December 31, 2011 before giving effect to the Offering and the Redemption	As at December 31, 2011 after giving effect to the Offering, the Redemption and reclassification of indebtedness
	(in thousands, except unit, share, option, right and grant amounts)	
Long-Term Debt(1)	$46,469(1)	$146,846(2)
Common Shares(5)	$181,272 (22,665,902 Common Shares)	$181,272 (22,665,902 Common Shares)
Equity component of convertible debentures(3)	$37	$3,297(4)

Notes:

(1) Long-term debt does not include the current portion of long-term debt or bank indebtedness, which were $55,681,000 and $40,424,000, respectively, as at December 31, 2011. For a description of the

Corporation's long-term debt as at December 31, 2011, see Note 11(b) to the Annual Financial Statements. On February 10, 2012, the Corporation and a syndicate of Canadian banks agreed to amend and restate the Corporation's credit facility. Significant changes to the credit agreement included more favourable pricing; an increase in the principal amount available to $150 million in the form of an extendable, revolving operating facility (a change from previous facility which had a principal amount of $143 million consisting of a $95 million extendible revolving operating loan and a $48 million extendible revolving term loan); and an extension of the maturity date to February 10, 2015 from the original maturity of June 26, 2013. Pursuant to the terms of the credit facility, the Corporation may request that the lenders provide an additional $50 million of credit; however, the lenders are not required to do so. All indebtedness under the amended and restated credit facility is long-term debt.

(2) Long-term debt includes: (i) $46,469,000 in long-term debt as at December 31, 2011; (ii) $40,424,000 in bank indebtedness that was reclassified as long-term debt subsequent to December 31, 2011 as a result of the amendment and restatement of the Corporation's credit facility on February 10, 2012; and (iii) the net proceeds of the Offering after deducting the Underwriters' fee of $2,700,000, estimated expenses of the Offering of $500,000 and the pre-tax equity component of the Debentures of approximately $4,347,000.

(3) Under Canadian GAAP, the convertible debentures of the Corporation, including the Debentures, are, and will be classified as a liability with a portion allocated to equity related to the conversion feature.

(4) The equity component of the Debentures of $3,260,000 is net of approximately $1,087,000 in future taxes that is recorded on issuance of the Debentures. The related interest payments, amortization of debt issuance costs and amortization of the discount is expensed using the effective interest rate method.

(5) At December 31, 2011, the Corporation had 652,500 Common Shares reserved for issuance upon the exercise of outstanding share options.

EARNINGS COVERAGE RATIOS

The following earnings coverage is calculated on a consolidated basis for the twelve-month period ended December 31, 2011 and is derived from the Annual Financial Statements.

The Corporation’s borrowing cost requirement, after giving effect to the issue of Debentures to be distributed under this short form prospectus, the redemption of the 2007 Debentures and an increase in bank indebtedness of $4.0 million that occurred subsequent to the twelve-month period ended December 31, 2011, would have been approximately $9.6 million for the twelve months ended December 31, 2011. The Corporation’s net earnings attributable to owners of the parent before borrowing costs and income tax expense for the twelve months ended December 31, 2011 would have been approximately $41.8 million, which is approximately 4.34 times the Corporation’s borrowing cost requirement as set out in more detail below.

	Twelve months ended December 31, 2011	
	Actual	**Pro forma**
	(in thousands, except ratios)	
Net earnings attributable to owners of the parent	$24,463	$24,463
Borrowing costs[(1)]	$10,263	$9,642[(2)]
Income tax expense	$7,729	$7,729
Numerator for earnings coverage ratio	$42,455	$41,834
Borrowing costs	$10,263	$9,642
Earnings coverage ratio	4.14	4.34

Notes:

(1) Net of interest income.

(2) Pro forma borrowing costs include borrowing costs in respect of the Debentures and assume the redemption of the 2007 Debentures and an increase in bank indebtedness of $4.0 million, all as at January 1, 2011.

Under Canadian GAAP, the Debentures will be classified on the Corporation's statement of financial position as a liability, with a portion allocated to equity in respect of the conversion feature. Initially, the liability recorded in respect of the Debentures will be equal to their principal amount less the portion allocated to equity in respect of the conversion feature and the amount of the transaction costs related to the issuance of the Debentures. Interest is charged to expense using the effective interest rate method such that at maturity the initial liability in respect of the Debentures will accrete to their principal amount.

DESCRIPTION OF THE DEBENTURES

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the Debenture Indenture.

General

The Debentures will be issued under the Debenture Indenture. The Debenture Trustee is the trustee under the Debenture Indenture and the Corporation's transfer agent. The Debenture Indenture does not limit the aggregate principal amount of Debentures that may be outstanding from time to time.

The Debentures to be issued will be in the aggregate principal amount of $67,500,000. The Corporation may, from time to time, without the consent of the Debentureholders, issue additional debentures of a different series under the Debenture Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the closing of the Offering and will have a maturity date of April 30, 2018. The Debentures will be issuable only in denominations of $1,000 and integral multiples thereof and will bear interest from and including the date of issue at 5.85% per annum, which will be payable semi-annually in arrears on April 30 and October 31 of each year, commencing on October 31, 2012. The first interest payment will include interest accrued from the date of the closing of the Offering to, but excluding, October 31, 2012. Assuming closing of the Offering occurs on April 23, 2012, the first interest payment payable on October 31, 2012 will be $30.61 per $1,000 principal amount of Debentures.

The principal amount of the Debentures is payable in lawful money of Canada or, at the option of the Corporation, subject to the receipt of applicable regulatory approvals and provided that no Event of Default has occurred and is continuing, by delivery of fully paid, non-assessable and freely tradeable Common Shares as further described under *"— Method of Payment — Payment of Principal on Redemption or at Maturity*". The interest on the Debentures is payable in lawful money of Canada, including, at the option of the Corporation, in accordance with the Interest Payment Election as described under *"— Method of Payment — Interest Payment Election*".

The Debentures are direct obligations of the Corporation and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to other liabilities of the Corporation as described under "- *Subordination*". The Debenture Indenture does not restrict the Corporation from incurring additional indebtedness for borrowed money or otherwise or from mortgaging, pledging or charging the Corporation's properties to secure any indebtedness.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated and postponed in right of payment, as set forth in the Debenture Indenture, to the full and final payment of all Senior Indebtedness of the Corporation including indebtedness to trade and other creditors of the Corporation. "**Senior Indebtedness**" of the Corporation will be defined in the Debenture Indenture to mean, in effect, the principal of and premium, if any, on and the interest on and any amount in respect of (including any costs, expenses and indemnities arising out of or relating to) all indebtedness, liabilities and obligations of the Corporation, direct or indirect, absolute or contingent, matured or unmatured (whether outstanding as of the date of the Debenture Indenture or thereafter created, incurred, assumed or guaranteed) and including, for greater certainty, claims of trade and other creditors (other than (i) indebtedness evidenced by the Debentures, and (ii) all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be *pari passu* with, or subordinate in right of payment to, the Debentures), and also including all indebtedness, liabilities and obligations of the Corporation's subsidiaries, except to the extent the Corporation is a creditor of such Subsidiary ranking at least *pari passu* with such other creditors; unless, in each case, it is provided otherwise by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations.

The Debenture Indenture will provide that in the event of any dissolution, winding-up, liquidation, bankruptcy, insolvency, receivership, creditor enforcement, reorganization or realization or other similar proceedings relating to the Corporation or any of its property or assets (whether voluntary or involuntary, partial or complete) or any other marshalling of the assets and liabilities of the Corporation or any sale of all or substantially all of the assets of the Corporation, then the holders of Senior Indebtedness, including any indebtedness to trade creditors, will receive payment in full, or provision will be made for such payment, before the holders of Debentures will be entitled to receive any payment on account of the indebtedness, liabilities and obligations of the Corporation under the Debenture Indenture or the Debentures, whether on account of principal, interest or otherwise.

The Debenture Indenture will also provide that in case of a default that is continuing with respect to any Senior Indebtedness permitting (either at that time or upon notice, lapse of time or satisfaction of other condition precedent) a Senior Creditor to demand payment or accelerate the maturity thereof, unless and until such default shall have been cured or waived or shall have ceased to exist, and provided the Senior Creditor to whom the default relates has given notice of such default to the Corporation, the Corporation will not make any payment, and neither the Debenture Trustee nor the holders of the Debentures will be entitled to demand, accelerate, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures or (b) after the happening of such a default, and unless and until such default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the Senior Creditors or to the trustee or trustees under any indenture under which any instruments evidencing an amount of such Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to such Senior Creditors.

Conversion Rights

Each Debenture will be convertible into freely tradeable Common Shares at the option of the holder of a Debenture at any time prior to 4:00 p.m. (Edmonton time) on the earlier of the Maturity Date and the date specified by the Corporation for redemption of the Debentures, at a conversion price of $24.90 per Common Share, being a conversion rate of approximately 40.1606 Common Shares per $1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will receive accrued and unpaid interest on such Debentures for the period from the last interest payment date (or the date of issue of the Debentures if there has not yet been an interest payment date) to, but excluding, the date of conversion. Notwithstanding the foregoing, no Debenture may be converted during the three Business Days preceding April 30 and October 31 in each year as the registers of the Debenture Trustee will be closed during such periods.

Subject to the provisions thereof, the Debenture Indenture will provide for the adjustment of the Conversion Price in certain events including:

(a) the subdivision or consolidation of the outstanding Common Shares; and

(b) the distribution or the fixing of a record date for the distribution or issuance to all or substantially all of the holders of Common Shares of:

    (i) Common Shares or shares of another class other than a dividend paid in the ordinary course or a distribution to holders of Common Shares who have elected to receive such distribution in the form of Common Shares or such other shares in lieu of cash dividends paid in the ordinary course;

(ii) dividends or other distributions in an aggregate amount greater than \$1.08 per Common Share per annum;

(iii) options, rights or warrants;

(iv) evidence of indebtedness of the Corporation; or

(v) assets (excluding dividends paid in the ordinary course in an amount not greater than \$1.08 per Common Share per annum).

There will be no adjustment of the Conversion Price in respect of any event described in (b) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares, or in the case of any consolidation, amalgamation, arrangement or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of the assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege will be adjusted so that each holder of a Debenture will, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive the number of Common Shares or other securities or property such holder would be entitled to receive if, on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance, liquidation, dissolution or winding-up.

No fractional Common Shares will be issued on any conversion but in lieu thereof the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest less any applicable withholding taxes, if any.

Redemption

The Debentures are not redeemable prior to April 30, 2015, except upon the satisfaction of certain conditions after a Change of Control has occurred. On and after April 30, 2015 and prior to April 30, 2017, the Debentures may be redeemed by the Corporation, in whole or in part, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the Current Market Price on the date on which notice of redemption is given is at least 125% of the Conversion Price. On and after April 30, 2017, and prior to maturity, the Debentures may be redeemed by the Corporation, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX, if applicable. The Corporation will have the right to purchase Debentures in the market, by tender or by private contract at any time subject to regulatory requirements.

Change of Control

Within 30 days following the occurrence of a Change of Control, being the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over 66⅔% or more of the aggregate votes attaching to the outstanding Common Shares, the Corporation will be required to make an offer in writing to purchase, in whole or in part, the Debentures then outstanding, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest earned thereon up to, but excluding, the date of acquisition.

The Debenture Indenture will contain notification and repurchase provisions requiring the Corporation to give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly deliver to each holder of Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to the Debenture Offer, the Corporation will have the right to redeem all of the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by the Corporation to the Debenture Trustee within 10 days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

In addition to the requirement of Liquor Stores to make a Debenture Offer in the event of a Change of Control, subject to regulatory approval, if a Change of Control occurs in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) trust units, limited partnership units or other participating securities of a trust, limited partnership or similar entity; (iii) equity securities that are not traded or intended to be traded immediately following such transaction on a recognized stock exchange; or (iv) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange, then during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered to Debentureholders, holders of Debentures will be entitled to convert their Debentures and receive, in addition to the number of Common Shares they otherwise would have been entitled to receive upon conversion, an additional number of Common Shares per $1,000 principal amount of Debentures (the "**Make Whole Premium**") based upon the date (the "**Effective Date**") on which the Change of Control becomes effective and the price (the "**Stock Price**") paid per Common Share in the transaction or transactions constituting the Change of Control. The following tables illustrate what the Make Whole Premium would be for each hypothetical Stock Price and Effective Date shown in the tables.

	Stock Price ($)								
	17.85	**18.00**	**18.25**	**18.50**	**18.75**	**19.00**	**19.50**	**20.00**	**22.00**
Effective Date	**Number of Additional Common Shares per $1,000 of Debentures**								
April 23, 2012	16.0270	15.6570	15.0620	14.5020	13.9390	13.4270	12.4470	11.5630	8.5530
April 30, 2013	15.8618	15.3950	14.8140	14.2320	13.7020	13.1670	12.2110	11.2650	7.8690
April 30, 2014	15.8618	15.3950	14.6339	13.8935	13.1727	12.4920	11.4630	10.3770	7.1390
April 30, 2015	15.8618	15.3950	14.6339	13.8935	13.1727	12.4710	11.1215	9.8394	6.1230
April 30, 2016	15.8618	15.3950	14.6339	13.8935	13.1727	12.4710	11.1215	9.8394	5.2939
April 30, 2017	15.8618	15.3950	14.6339	13.8935	13.1727	12.4710	11.1215	9.8394	5.2939

	Stock Price ($)							
	24.00	**26.00**	**28.00**	**30.00**	**35.00**	**40.00**	**45.00**	**50.00**
Effective Date	**Number of Additional Common Shares per $1,000 of Debentures**							
April 23, 2012	6.3800	4.8060	3.7020	2.9000	1.6490	1.1230	0.8240	0.6280
April 30, 2013	5.9660	4.3410	2.8430	2.0570	1.0810	0.5620	0.3700	0.2740
April 30, 2014	4.8800	3.3700	2.0030	1.2510	0.6460	0.3700	0.2710	0.2710
April 30, 2015	3.8110	2.1240	1.0580	0.1790	-	-	-	-
April 30, 2016	2.7330	1.0590	0.4170	0.0040	-	-	-	-
April 30, 2017	1.5061	-	-	-	-	-	-	-

Notes:

(1) If holders of Common Shares receive only cash in the transaction or transactions constituting the Change of Control, the Stock Price will be the cash amount paid per Common Share; otherwise, the Stock Price will be equal to the Current Market Price of the Common Shares immediately preceding the Effective Date.

(2) The Stock Prices set forth in the first row of the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted Stock Prices will equal the Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Stock Price adjustment. The number of additional Common Shares to be received in satisfaction of the Make Whole Premium set forth in the table above will also be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted number of additional Common Shares will equal the number of additional Common Shares applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate after such adjustment to the Conversion Price and the denominator of which is the Conversion Rate immediately prior to such adjustment.

(3) If the actual Stock Price is between two Stock Prices on the above table or the actual Effective Date is between two Effective Dates on the above table, the Make Whole Premium will be determined by a straight-line interpolation between the Make Whole Premiums set forth for the two Stock Prices and the two Effective Dates on the table based on a 365-day year, as applicable.

(4) If the actual Stock Price is less than $17.85 or exceeds $50.00, the Make Whole Premium will be zero.

Method of Payment

Payment of Principal on Redemption or at Maturity

On redemption or at maturity of the Debentures, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days and not less than 40 days prior notice, subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradeable Common Shares determined by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable. No fractional Common Shares will be issued on redemption or at maturity but in lieu thereof the Corporation will satisfy fractional interests by a cash payment equal to the Current Market Price of the fractional interest less any taxes required to be deducted or withheld.

Interest Payment Election

The Corporation may elect, subject to regulatory approval and provided that no Event of Default has occurred and is continuing, from time to time to satisfy its obligation to pay all or any part of the interest on the Debentures (the "**Interest Obligation**"), on the date it is payable under the Debenture Indenture (an "**Interest Payment Date**"), by delivering a sufficient number of Common Shares to the Debenture Trustee to satisfy all or any part, as the case may be, of the Interest Obligation in accordance with the Debenture Indenture (the "**Common Share Interest Payment Election**"). The Debenture Indenture will provide that, upon such election, the Debenture Trustee shall have the power to (a) accept delivery from the Corporation of Common Shares, (b) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation may direct in its absolute discretion, (c) invest the proceeds of such sales in short-term permitted Government Obligations (as defined in the Debenture Indenture) which mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted Government Obligations, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy the Interest Obligation, (d) deliver proceeds to holders of Debentures sufficient to satisfy the Interest Obligation and (e) perform any other action necessarily incidental thereto as directed by the Corporation in its absolute discretion and subject to the Debenture Trustee's prior consent.

The Debenture Indenture will set forth the procedures to be followed by the Corporation and the Debenture Trustee in order to affect the Common Share Interest Payment Election. Neither the Corporation's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Events of Default and Waiver

The Debenture Indenture will provide that an event of default ("**Event of Default**") in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to such Debentures: (a) failure for 30 days to pay interest on such Debentures when due; (b) failure to pay the principal of such Debentures when due, whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise; (c) default in the delivery, when due, of any Common Shares or other consideration, including any Make Whole Premium, payable upon conversion of a Debenture, which default continues for 15 days; (d) default in the observance or performance of any material covenant or condition of the Debenture Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee, or from Debentureholders holding not less than 25% of the aggregate principal amount of Debentures outstanding, to the Corporation specifying such default and requiring the Corporation to rectify the same; or (e) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion (subject to waiver thereof by the Debentureholders), and will upon request of holders of not less than 25% of the principal amount of the Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of such Debentures then outstanding may, on behalf of the holders of all such Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders may prescribe.

Modification

The rights of the holders of the Debentures as well as any other series of debentures that may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture. For that purpose, among others, the Debenture Indenture will contain certain provisions which will make binding on all Debentureholders resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66⅔% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the Debentures then outstanding. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of Debentures of each particularly affected series.

The Corporation and the Debenture Trustee may, without the consent or concurrence of the holders of debentures under the Debenture Indenture, by supplemental indenture or otherwise, make any changes or corrections in the Debenture Indenture which they have been advised by counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained therein or in any indenture supplemental thereto.

Book-Entry System for Debentures

On the Closing Date, except with respect to Debentures sold pursuant to Rule 506 of Regulation D or Rule 144A, which shall be represented by definitive, physical certificates registered in the names of the purchasers thereof, the Debentures will be issued in "book-entry only" form and the Debenture Trustee will cause the Debentures to be registered in the name of CDS or its nominee. Registration of beneficial interests in and transfers of the Debentures will be made only through a participant in the depository service of CDS (a "**Participant**").

Except as described below, a purchaser acquiring a beneficial interest in the Debentures (a "**Beneficial Owner**") will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the Underwriter or other registered dealer from whom Debentures are purchased.

Neither the Corporation nor the Underwriters or the Debenture Trustee will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depositary for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the "**Debenture Certificates**") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to continue as depository with respect to the Debentures and the Corporation has not appointed a successor depository; (d) the Corporation, at its option, decides to terminate the book-entry only system; or (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Owners representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, and provided that the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Debenture Indenture.

Upon the termination of the book-entry only system on the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify the Beneficial Owners, through CDS, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the Debentures and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as Debenture holders under the Debenture Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder by the Debenture Trustee or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Common Shares if applicable, and the interest due, at maturity or on a redemption date, will be paid directly to CDS by the Debenture Trustee while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Common Shares, if applicable, and interest due, at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Debenture Indenture.

Governing Law

Each of the Debenture Indenture and the Debentures will be governed by, and will be construed in accordance with, the laws of the Province of Alberta.

Stability Rating

The Corporation has not asked for or received a stability rating, and the Corporation is not aware that it has received any other kind of rating, including a provisional rating, from one or more approved rating organizations for the Debentures.

DESCRIPTION OF THE COMMON SHARES

The authorized capital of Liquor Stores consists of an unlimited number of Common Shares and 4,500,000 preferred shares, issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares.

Each Common Share entitles the holder to receive notice of, to attend, and to one vote at, all meetings of the shareholders of Liquor Stores, except meetings of holders of another class of shares. The holders of Common Shares will be, at the discretion of the Board and subject to the preferences accorded to any shares of Liquor Stores ranking senior to the Common Shares from time to time with respect to the payment of dividends, entitled to receive any dividends declared by the Board on the Common Shares. The holders of Common Shares will also be entitled, subject to the preferences accorded to holders of any shares of Liquor Stores ranking senior to the Common Shares from time to time, to share equally, share for share, in any distribution of the assets of Liquor Stores upon the liquidation, dissolution, bankruptcy or winding-up of Liquor Stores or other distribution of its assets among its shareholders for the purpose of winding-up its affairs.

Dividend Policy

Currently, monthly cash dividends of $0.09 per Common Share are paid on or about the 15th day of each month to Shareholders of record at the end of the previous calendar month. For information respecting historical dividend payments to Shareholders, see "*Distributions Paid to Unitholders of Liquor Stores Fund / Dividends Paid to Shareholders of the Company*" in the AIF. **The historical dividend payments made by the Corporation may not be reflective of future dividend payments and future dividends are not assured or guaranteed. The amount of future dividend payments on Common Shares will be subject to the discretion of the Board and may vary depending on a variety of factors including, among other things, the prevailing economic and competitive environment, Liquor Stores's results of operations and earnings, financial requirements for the operations and growth of the Corporation, the satisfaction of solvency tests imposed by the *Canada Business Corporations Act* for the declaration and payment of dividends, contractual restrictions and financing agreement covenants, fluctuations in working capital, capital expenditure and debt service requirements, and other factors and conditions existing from time to time, which may be beyond the control of the Corporation. See "*Risk Factors*" in the AIF and the Annual MD&A.**

PRICE RANGE AND TRADING VOLUME OF SECURITIES

Common Shares

The following table sets forth trading information for the Common Shares for the periods indicated as reported by the TSX:

	Common Shares		
Period	**High ($)**	**Low ($)**	**Volume**
2011			
April	15.49	15.01	630,088
May	15.60	15.03	828,783
June	15.34	14.75	486,918
July	15.19	14.90	305,377
August	15.19	11.20	685,641
September	14.84	13.25	474,733
October	14.60	12.18	529,226
November	15.20	14.18	542,770
December	15.20	14.73	858,641
2012			
January	16.23	15.06	1,092,063
February	17.25	16.11	860,031
March	17.94	17.03	795,476

Common Shares			
Period	**High ($)**	**Low ($)**	**Volume**
April (1-13)	17.90	16.65	437,355

On April 2, 2012, the last trading price of the Common Shares on the TSX prior to the announcement of the Offering was $17.83. On April 13, 2012, the closing price of the Common Shares on the TSX was $17.60.

2007 Debentures

The following tables set forth trading information for the 2007 Debentures for the periods indicated as reported by the TSX.

2007 Debentures			
Period	**High ($)**	**Low ($)**	**Volume**
2011			
April	104.25	102.60	2,000
May	103.70	101.52	2,020
June	103.19	102.00	17,590
July	102.60	102.00	4,280
August	102.50	99.00	14,360
September	102.25	101.00	7,470
October	104.00	101.52	3,410
November	102.50	101.45	3,780
December	104.99	101.50	4,500
2012			
January	103.27	102.00	10,390
February	102.57	101.26	2,290
March	102.02	101.50	3,000
April (1-13)	101.00	100.28	36,200

PRIOR SALES

The Corporation issued the following Common Shares and securities convertible or exchangeable into Common Shares during the 12 month period prior to the date hereof:

1. 114,474 Common Shares were issued during the past 12 months pursuant to the Corporation's dividend reinvestment plan at a weighted average price of $14.85 per share.

2. An aggregate of 41,250 Common Shares were issued in March and April 2012 at a price of $15.52 per share pursuant to the exercise of employee stock options.

PLAN OF DISTRIBUTION

Under the Underwriting Agreement, the Corporation has agreed to issue and sell to the Underwriters, and the Underwriters have agreed to purchase, as principals, on or about April 23, 2012 or on such later date as the Corporation and the Underwriters may agree, an aggregate of $67,500,000 principal amount of Debentures at a price of $1,000 per Debenture, for total gross proceeds to the Corporation of $67,500,000 payable in cash to the Corporation against delivery by the Corporation of the Debentures. Under the Underwriting Agreement, in consideration for their services in connection with the Offering, the Corporation has agreed to pay the Underwriters, on closing of the Offering, a fee of $40.00 per $1,000 principal amount of Debentures sold under the Offering, for an aggregate fee payable by the Corporation of $2,700,000.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Debentures if any of the Debentures are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Debentures are several (and not joint or joint and several). The terms of the Offering and the price of the Debentures have been determined by negotiation between the Corporation and the Underwriters. Under the Underwriting Agreement, the Corporation has agreed to indemnify and hold harmless the Underwriters and their respective officers, directors, employees and agents against certain liabilities on a joint (and not several or joint and several) basis.

The Corporation has agreed, not to directly or indirectly: (i) offer, issue, pledge, sell, contract to sell, announce an intention to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, directly or indirectly, any Common Shares or securities convertible into or exchangeable for Common Shares (other than for purposes of directors', officers' or employee incentive plans; to satisfy existing instruments issued at the date hereof; and securities issued in connection with an arms' length acquisition, merger, consolidation or amalgamation with any entity); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction described in clause (i) or (ii) above is settled by delivery of Common Shares or other such securities of the Corporation, in cash or otherwise, in each case for a period ending 90 days after closing of the Offering without the prior written consent of RBC Dominion Securities Inc. on behalf of the Underwriters, such consent not to be unreasonably withheld.

The TSX has conditionally approved the listing of the Debentures distributed under this short form prospectus and the Common Shares issuable on the conversion thereof. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before July 6, 2012. **There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "*Risk Factors*".**

Pursuant to the policy statements or rules of certain securities regulations, the Underwriters may not, throughout the period of distribution, bid for or purchase Debentures other than pursuant to the Underwriting Agreement. The foregoing restriction is subject to exceptions, including (i) a bid or purchase permitted under Universal Market Integrity Rules; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Debentures. The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may, subject to applicable laws, effect transactions that stabilize or maintain the market price of the Debentures at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Debentures to the public at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Debentures at that price, the offering price to the public of the Debentures may be decreased and may be further changed from time to time to an amount not greater than the offering price set out on the cover page of this short form prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Debentures is less than the price paid by the Underwriters to the Corporation. Any such reduction will not affect the proceeds received by the Corporation.

Neither the Debentures offered hereby nor the Common Shares issuable upon conversion, redemption or maturity of the Debentures have been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer or sell the Debentures within the United States. The Underwriting Agreement permits the Underwriters to offer and resell the Debentures that they have acquired pursuant to the Underwriting Agreement to "qualified institutional buyers" (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act) in the United States, provided that such offers and sales are made in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and similar exemptions under applicable state securities laws. The Underwriting Agreement also permits the Underwriters to offer the Debentures to institutional "accredited investors" (within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D ("**Regulation D**") under the U.S. Securities Act) in the United States on behalf of the Corporation in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Section 4(2) of the U.S. Securities Act and Rule 506 of Regulation D and similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Debentures outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Debentures or Common Shares issued upon conversion of the Debentures within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

Certificates representing Debentures sold pursuant to Rule 144A or Rule 506 of Regulation D will bear a legend to the effect that the securities they represent are not registered under the U.S. Securities Act or any applicable state securities laws and may not be offered or sold except under certain exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

RELATIONSHIP AMONG LIQUOR STORES AND CERTAIN UNDERWRITERS

CIBC World Markets Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. are affiliates of members of a syndicate that has made revolving credit facilities available to Liquor Stores. Consequently, the Corporation may be considered a "connected issuer" of CIBC World Markets Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. under applicable securities legislation. As at March 30, 2012, approximately $98.2 million of indebtedness was outstanding under those credit facilities and Liquor Stores was in compliance in all material respects with the terms and conditions thereof and no breach of the agreement establishing those facilities has been waived by the lenders thereto. There has been no material change in the financial position of the Corporation since the establishment of those credit facilities, except as previously disclosed by the Corporation or as described elsewhere in this short form prospectus or the documents incorporated by reference herein. The decision by the Underwriters to purchase the Debentures was made independently of their affiliated lenders, and those lenders had no influence as to the determination of the terms of the distribution of the Debentures. The offering price of the Debentures and the other terms and conditions of the Offering were established through negotiations with the Corporation and the Underwriters, without involvement of their affiliated lenders. In addition, none of CIBC World Markets Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc., nor their affiliate lenders, will receive any benefit from the Offering, other than these Underwriters' respective portion of the Underwriters' fee payable by the Corporation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Corporation, and Fraser Milner Casgrain LLP, counsel to the Underwriters (collectively, "**Counsel**"), the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Debentures by a holder who acquires Debentures pursuant to this short form prospectus and to the acquisition, holding and disposition of Common Shares acquired on the conversion, redemption or maturity of the Debentures. This summary is applicable to a holder (a "**Holder**") who, for purposes of the Tax Act and at all relevant times deals at arm's length with the Corporation and holds the Debentures and any Common Shares acquired under the terms of the Debentures (for the purposes of this section, collectively, the "**Securities**") as capital property. Generally, Securities will be considered to be capital property to a Holder provided that the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures or Common Shares as capital property may, in certain circumstances, be entitled to have them (and every other "Canadian security" owned by the taxpayer in that taxation year or any subsequent taxation year) treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders of Debentures or Common Shares should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to (i) a Holder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) a Holder that is a "specified financial institution" (as defined in the Tax Act), (iii) a Holder an interest in which is a "tax shelter investment" (as defined in the Tax Act) or (iv) a Holder whose functional currency for purposes of the Tax Act is the currency of a country other than Canada. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Securities.

This summary is of a general nature only and is based upon the facts set out herein, the current provisions of the Tax Act (including the regulations (the "**Regulations**") thereunder), all proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and Counsel's understanding of the administrative and assessing policies and practices of the Canada Revenue Agency ("**CRA**") published in writing by the CRA prior to the date hereof. There can be no assurance that the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed in this short form prospectus. There can be no assurances that the CRA will not change its administrative and assessing policies and practices. Modification or amendment of the Tax Act and Regulations or the Tax Proposals could significantly alter the tax status of the Corporation or the tax consequences of investing in the Securities.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Securities. Moreover, the income and other tax consequences of acquiring, holding or disposing of Securities will vary depending on the Holder's particular circumstances. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser of Securities. Consequently, a prospective Holder should consult the Holder's own tax advisor for advice with respect to the tax consequences of an investment in Securities based on the prospective Holder's particular circumstances.

Residents of Canada

This portion of the summary is applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

Debentures

Interest on Debentures

A Resident Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to it to the end of the particular taxation year (or if the Resident Holder disposes of the Debentures in the year, that accrues or is deemed to accrue to it until the time of disposition) or that has become receivable by or is received by the Resident Holder before the end of that taxation year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year.

Any other Resident Holder of Debentures will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder of Debentures in computing income), including on a conversion, redemption or repayment on maturity, except to the extent that the interest was included in the Resident Holder's income for a preceding taxation year. However, such a Resident Holder may be required to include in computing the Resident Holder's income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Resident Holder's Debentures to the end of any "anniversary day" (as defined in the Tax Act) in that year where payments under those Debentures are deferred as described under "*Description of the Debentures — Subordination*".

A Resident Holder of Debentures that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6⅔% on certain investment income for the year including interest.

As described above under the heading "*Description of the Debentures - Method of Payment –Interest Payment Election* ", the Corporation may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Resident Holder would be entitled to a cash payment from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Corporation was to satisfy an Interest Obligation in this manner, the Canadian federal income tax consequences to a Resident Holder would not differ from those described above.

Exercise of Conversion Privilege

A Resident Holder of Debentures that converts a Debenture into Common Shares (or Common Shares and cash in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture. Under the current administrative practice of the CRA, a Resident Holder who, upon conversion of a Debenture, receives cash not in excess of $200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or a capital loss), or reduce the adjusted cost base of the Common Shares that the Resident Holder receives upon conversion by the amount of the cash received. The cost to the Resident Holder of the Common Shares acquired on the conversion shall be equal to the adjusted cost base to the Resident Holder of the Debenture immediately before the conversion, and must be averaged with the adjusted cost base of all other Common Shares held as capital property by the Resident Holder of Common Shares for the purposes of calculating the adjusted cost base of such Common Shares.

Redemption or Repayment of Debentures

If the Corporation redeems a Debenture prior to maturity or repays a Debenture upon maturity and the Resident Holder of Debentures does not exercise the conversion privilege prior to such redemption or repayment, the Resident Holder of Debentures will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Resident Holder of Debentures (other than the amount received on account of interest) on such redemption or repayment. If the Resident Holder receives Common Shares on redemption or repayment, the Resident Holder will be considered to have proceeds of disposition equal to the aggregate of the fair market value of the Common Shares so received and the amount of any cash received in lieu of fractional Common Shares. The Resident Holder of Debentures may realize a capital gain or capital loss computed as described below under "Dispositions of Debentures". The cost to the Resident Holder of the Common Shares so received will also be equal to their fair market value at the time of acquisition, and must be averaged with the adjusted cost base of all other Common Shares held as capital property by the Resident Holder of Common Shares for the purpose of calculating the adjusted cost base of such Common Shares.

Dispositions of Debentures

A disposition or deemed disposition by a Resident Holder of Debentures will generally result in the Resident Holder of Debentures realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. See "*Taxation of Capital Gains and Capital Losses*".

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Resident Holder's income, except to the extent such amount was otherwise included in the Resident Holder's income, and will be excluded in computing the Resident Holder's proceeds of disposition of the Debenture. A Resident Holder of a Debenture who has over accrued interest income will generally be entitled to a deduction in computing the Resident Holder's income for a taxation year in which a Debenture is disposed of (including on conversion) for an amount equal to such over accrued income.

Common Shares

Dividends on Common Shares

Dividends on Common Shares will be included in the recipient's income for the purposes of the Tax Act. Such dividends received by a Resident Holder who is an individual will be subject to the gross up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by Liquor Stores at or prior to the time the dividend is paid, such dividend will be treated as an eligible dividend for the purposes of the Tax Act and a Resident Holder who is an individual resident in Canada will be entitled to an enhanced dividend tax credit in respect of such dividend.

In the case of a Resident Holder that is a corporation, dividends received on the Common Shares will be required to be included in computing the Resident Holder's income for the taxation year in which such dividends are received and will generally be deductible in computing the Resident Holder's taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax of 33⅓% on dividends received on the Common Shares to the extent that such dividends are deductible in computing the holder's taxable income. A Resident Holder that, throughout the relevant taxation year, is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" (as defined in the Tax Act), including any dividends that are not deductible in computing taxable income.

Disposition of Common Shares

A disposition or deemed disposition of a Common Share by a Resident Holder (other than a disposition to Liquor Stores or in a tax deferred transaction), will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Common Share to the Resident Holder immediately before the disposition. See "*Taxation of Capital Gains or Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized or deemed to be realized by a Resident Holder on a disposition of capital property in a taxation year will be included in the Resident Holder's income as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss realized or deemed to be realized by such a Resident Holder generally is deducted from any taxable capital gains realized by the holder in the year of disposition, and any excess may be deducted against taxable capital gains in any of the three preceding taxation years or in any subsequent taxation year, to the extent and under the circumstances allowed under the Tax Act.

If the Resident Holder is a corporation, any capital loss realized on the disposition of a Common Share may in certain circumstances be reduced by the amount of any dividends which have been received or which are deemed to have been received on the Common Share. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, whether directly or indirectly through another partnership or trust.

Taxable capital gains realized by a Resident Holder who is an individual (including certain trusts) may give rise to a liability for alternative minimum tax depending on the Resident Holder's circumstances.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax at a rate of 6⅔% on certain investment income, including taxable capital gains.

Residents of the United States

This portion of the summary applies to a Holder (a "**US Resident Holder**") that, for purposes of the Tax Act and at all relevant times, is not resident in Canada and is not deemed to be resident in Canada, does not use or hold, and is not deemed to use or hold, Securities in, or in the course of, carrying on a business in Canada, and is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada and elsewhere, and that is a taxable Holder resident in the United States who is entitled to claim the benefit of the *Canada-United States Income Tax Convention* (the "**Tax Treaty**").

Interest on Debentures

Interest paid or credited, or deemed to be paid or credited (including any accrued interest on sales or transfers described below) to a US Resident Holder who acquires all of the beneficial interest in a Debenture will generally not be subject to Canadian withholding tax.

Disposition of Debentures

The disposition of a Debenture by a US Resident Holder (including on a conversion, redemption or repayment by the Corporation) will generally not be subject to tax under the Tax Act unless the Common Shares held by such US Resident Holder (including Common Shares that can be acquired upon a conversion, repayment or maturity of Debentures) constitute "taxable Canadian property" as described under "*Residents of the United States—Common Shares*".

Dividends on Common Shares

Any dividends paid in respect of Common Shares to a US Resident Holder will generally be subject to Canadian withholding tax at 15% under the Tax Treaty.

Disposition of Common Shares

A US Resident Holder will generally not be liable for tax under the Tax Act on a disposition or deemed disposition of Common Shares unless such shares are, or are deemed to be, taxable Canadian property (as discussed below) to the US Resident Holder at the time of disposition and the US Resident Holder is not entitled to relief under the Tax Treaty.

In the case of a Common Share owned by a US Resident Holder that constitutes taxable Canadian property of the US Resident Holder, any capital gain (or capital loss) realized on the disposition or deemed disposition of the Common Share that is not exempt from tax under the Tax Act or pursuant to the Tax Treaty, will generally be subject to the same Canadian income tax consequences discussed above applicable to a Resident Holder who disposes of Common Shares. See "*Residents of Canada - Taxation of Capital Gains and Capital Losses*".

US Resident Holders who dispose of Common Shares that are taxable Canadian property should consult their own tax advisors with respect to the requirement to file a Canadian income tax return in respect of the disposition, and whether such shares constitute "treat-protected property", in their particular circumstances.

Taxable Canadian Property

Generally, shares of a corporation will not constitute taxable Canadian property to a holder thereof at the time of disposition provided that the shares are listed on a designated stock exchange (which includes the TSX) at that time, unless at any time during the 60-month period that ends at that time: (a) such holder, persons with whom such holder did not deal at arm's length, or such holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of the particular corporation; and (b) more than 50% of the fair market value of the shares disposed of was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties whether or not such properties exist.

Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

Other Non-Residents

Non-Residents other than US Resident Holders should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Securities.

RISK FACTORS

An investment in the Debentures and the Common Shares involves certain risks and investment considerations in addition to those described in the AIF and the Annual MD&A. Investors should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this short form prospectus.

Risk Inherent in an Investment in the Debentures

Market for Debentures

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. Although the TSX has conditionally approved the listing of the Debentures distributed under this short form prospectus and the Common Shares issuable on the conversion thereof, listing thereof is subject to the Corporation fulfilling all of the listing requirements of the TSX on or before July 6, 2012. No assurance can be given that an active or liquid trading market for the Debentures will develop or be sustained. If an active or liquid market for the Debentures fails to develop or be sustained, the price at which the Debentures trade may be adversely affected.

The market price of the Debentures may be volatile and subject to wide fluctuations and will be based on a number of factors, including: (i) the prevailing interest rates being paid by companies similar to the Corporation; (ii) the overall condition of the financial and credit markets; (iii) interest rate volatility; (iv) the markets for similar securities; (v) actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Corporation; (vi) the publication of earnings estimates or other research reports and speculation in the press or investment community; (vii) the market price and volatility of the Common Shares; (viii) changes in the industry in which the Corporation operates and competition affecting the Corporation; and (ix) general market and economic conditions in North America and globally.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market price of the Debentures.

Prior Ranking Indebtedness

The Debentures will be subordinate to all Senior Indebtedness of the Corporation and to any indebtedness of trade creditors of the Corporation. The Debentures will also be effectively subordinate to claims of creditors of the Corporation's subsidiaries for payment of which the Corporation is responsible or liable, whether absolutely or contingently. Therefore, if the Corporation becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Corporation's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding.

Absence of Covenant Protection

The Debenture Indenture will not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness. Nor will the Debenture Indenture prohibit or limit the ability of the Corporation to pay dividends, except where an Event of Default has occurred and such default has not been cured or waived. The Debenture Indenture will not contain any provision specifically intended to protect holders of the Debentures in the event of a future leveraged transaction involving the Corporation.

Prevailing Yields on Similar Securities

Prevailing yields on similar securities will affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Possible Dilutive Effects on Holders of Common Shares

The Corporation may determine to redeem outstanding Debentures for Common Shares or repay outstanding principal amounts of the Debentures at maturity by issuing additional Common Shares. Accordingly, holders of Common Shares may suffer dilution.

Credit Risk and Earnings Coverage Ratios

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Corporation and its creditworthiness. See "*Earnings Coverage Ratios*", which is relevant to an assessment of the risk that the Corporation may be unable to pay interest or principal on the Debentures when due.

Redemption Prior to Maturity

The Debentures may be redeemed, at the option of the Corporation, in whole or in part at any time on and after April 30, 2015, subject to certain conditions, at a price equal to the principal amount thereof plus accrued and unpaid interest. Holders of Debentures should understand that this redemption option may be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interests of the Corporation to redeem the Debentures. See "*Description of the Debentures – Redemption*".

Change of Control

The Corporation will be required to make an offer to purchase all of the outstanding Debentures for cash in the event of certain transactions that would constitute a Change of Control. The Corporation cannot assure holders of Debentures that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Corporation's ability to purchase the Debentures in such an event may be limited by law, by the Debenture Indenture governing the Debentures, by the terms of other present or future agreements relating to the Corporation's credit facilities and other indebtedness and agreements that the Corporation may enter into in the future which may replace, supplement or amend the Corporation's future debt. The Corporation's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the Corporation of the Debentures without the consent of the lenders or other parties thereunder. If the Corporation's obligation to offer to purchase the Debentures arises at a time when the Corporation is prohibited from purchasing or redeeming the Debentures, the Corporation could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Corporation does not obtain a consent or refinance these borrowings, the Corporation could remain prohibited from purchasing the Debentures. The Corporation's failure to purchase the Debentures would constitute an Event of Default under the Debenture Indenture, which might constitute a default under the terms of the Corporation's other indebtedness at that time.

In the event that Debentureholders holding 90% or more of the Debentures have tendered their Debentures for purchase pursuant to the Debenture Offer, the Corporation may redeem the remaining Debentures on the same terms. In such event, the conversion privilege associated with the Debentures would be eliminated. See "*Description of the Debentures — Change of Control*".

Conversion Following Certain Transactions

Pursuant to the Debenture Indenture, in the event of certain transactions each Debenture will become convertible into the securities, cash or property receivable by a Shareholder in accordance with such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Debentures. For example, if the Corporation were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the Corporation's future prospects and other factors. See "*Description of the Debentures - Conversion Rights*".

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders of Debentures to sell the Debentures at an advantageous price and may result in greater volatility in the market price of the Debentures than would otherwise be expected for non-convertible securities. Market price fluctuations in the Common Shares may be due to actual or anticipated fluctuations in the financial condition, results of operations and prospects of the Corporation, the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*". In addition, the market price for securities in the stock markets has recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market prices of the Debentures and the Common Shares.

Change in Tax Laws

The Debenture Indenture will not contain a requirement that the Corporation increase the amount of interest or other payments to holders of Debentures in the event that the Corporation is required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts on the Debentures. At present, no amount is required to be withheld from such payments to holders of Debentures resident in Canada or in the United States who deal at arm's length with the Corporation, but no assurance can be given that applicable income tax laws or treaties will not be changed in a manner that may require the Corporation to withhold amounts in respect of tax payable on such amounts.

Withholding Tax

Effective January 1, 2008, the Tax Act was amended to generally eliminate withholding tax on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax continues to apply to payments of "participating debt interest". For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "excess"). The deeming rule does not apply in respect of certain "excluded obligations", although it is not clear whether a particular convertible debenture would qualify as an "excluded obligation". If a convertible debenture is not an "excluded obligation", issues that arise are whether any excess would be considered to exist, whether any such excess which is deemed to be interest is "participating debt interest", and if the excess is participating debt interest, whether that results in all interest on the obligation being considered to be participating debt interest.

The CRA has stated that no excess, and therefore no participating debt interest, would in general arise on the conversion of a "traditional convertible debenture" and therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). The CRA has published guidance on what it believes to be a "traditional convertible debenture" for these purposes. The Debentures should generally meet the criteria set forth in CRA’s published guidance; however, there can be no assurance that amounts paid or payable by the Corporation to a Holder of Debentures on account of interest or any "excess" amount will not be subject to Canadian withholding tax at 25% (subject to any reduction in accordance with a relevant tax treaty).

Investment Eligibility

The Corporation will endeavour to ensure that the Debentures continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts. No assurance can be given in this regard. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by such plans.

EXPERTS

Certain legal matters in connection with the issuance of the Debentures and the Common Shares issuable upon conversion of the Debentures offered hereby will be passed upon on behalf of the Corporation by Burnet, Duckworth & Palmer LLP, and on behalf of the Underwriters by Fraser Milner Casgrain LLP. As of the date of this short form prospectus, partners and associates of Burnet, Duckworth & Palmer LLP, as a group, and partners and associates of Fraser Milner Casgrain LLP, as a group, each owned, beneficially or of record, less than 1.0% of the outstanding Common Shares.

PricewaterhouseCoopers LLP have confirmed that they are independent within the meaning of the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

EXEMPTIONS

Pursuant to a decision of the Alberta Securities Commission dated March 20, 2012, the Corporation was granted relief from the requirement to file, in accordance with Section 4.1(b) of National Instrument 44-101 – *Short Form Prospectus Distributions*, a completed Personal Information Form and Authorization of Indirect Collection, Use and Disclosure of Personal Information (a "**PIF**") for each director and executive officer of the Corporation that previously provided a PIF in connection with the filing of the Fund's preliminary short form prospectus dated December 7, 2007.

PURCHASERS' CONTRACTUAL RIGHTS

In the event that this short form prospectus or any amendment thereto contains a misrepresentation, original purchasers of Debentures that have exercised the conversion privilege and converted their Debentures into Common Shares will have a contractual right of rescission against the Corporation entitling them to receive from the Corporation, upon surrender of the Common Shares issued upon such conversion, the amount paid for such Debentures, provided that such right of rescission is exercised within 180 days of the date of the purchase of the Debentures under this short form prospectus.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITOR'S CONSENT

We have read the short form prospectus of Liquor Stores N.A. Ltd. (the "**Corporation**") dated April 16, 2012 relating to the issue and sale of convertible unsecured subordinated debentures of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Corporation on the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of changes in equity, earnings and comprehensive income, and cash flows for the years ended December 31, 2011 and 2010. Our report is dated March 13, 2012.

Edmonton, Canada
April 16, 2012

(signed) "*PricewaterhouseCoopers LLP*"
Chartered Accountants

CERTIFICATE OF THE CORPORATION

Dated: April 16, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

LIQUOR STORES N.A. LTD.

(Signed) Richard J. Crook President and Chief Executive Officer	(Signed) Patrick J. de Grace Senior Vice President and Chief Financial Officer

On behalf of the Board of Directors of Liquor Stores N.A. Ltd.

(Signed) Irving Kipnes Director	(Signed) R. John Butler Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 16, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

RBC DOMINION SECURITIES INC.

(Signed) Carrie Cook
Managing Director

CIBC WORLD MARKETS INC.

(Signed) Ryan Voegeli
Managing Director

NATIONAL BANK FINANCIAL INC.

(Signed) Glen Hirsh
Managing Director

SCOTIA CAPITAL INC.

(Signed) Dany Beauchemin
Managing Director

HSBC SECURITIES (CANADA) INC.

(Signed) Jay Lewis
Managing Director

PI FINANCIAL CORP.

(Signed) Blake Corbet
Managing Director