

KWG RESOURCES INC.

Annual Meeting of Shareholders

to be held on Tuesday, September 12, 2017

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

August 8, 2017

KWG RESOURCES INC.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE (the “Notice”) IS HEREBY GIVEN that the Annual Meeting of Shareholders (the “Meeting”) of KWG RESOURCES INC. (the “Corporation”) will be held on Tuesday, September 12, 2017 at 11:00 a.m. (local time), at the offices of Dickinson Wright LLP, Suite 2200, Commerce Court West, 199 Bay Street, Toronto, Ontario, for the following purposes:

- (a) TO receive the audited consolidated financial statements of the Corporation for the years ended December 31, 2016 and 2015 and the auditor’s report thereon;
- (b) TO consider and, if deemed advisable, to pass, with or without variation, a resolution to appoint the auditors of the Corporation and to authorize the directors to fix the auditors’ remuneration and terms of engagement;
- (c) TO consider and, if deemed advisable, to elect directors of the Corporation for the forthcoming year; and
- (d) TO transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

The details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice, which is supplemental to and expressly made part of this Notice. Shareholders of record as of the close of business on August 8, 2017, the record date, will be entitled to vote at the Meeting and at any adjournment or adjournments thereof.

A form of proxy is enclosed herewith. Registered Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy to Computershare Investor Services Inc., Attention Proxy Department, by mail or personal delivery to 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by fax to 1-866-249-7775, in either case, prior to 11:00 a.m. (Toronto time) on September 8, 2017 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to such adjourned or postponed meeting. Non-registered Shareholders receiving these materials through their broker or other intermediary should complete and return the voting instruction form provided to them by their broker or other intermediary in accordance with the instructions provided therein.

DATED at the City of Toronto, in the Province of Ontario, as of the 8th day of August, 2017

**BY ORDER OF THE BOARD OF DIRECTORS
OF KWG RESOURCES INC.**

(signed) “*Frank Smeenk*”

Frank Smeenk, Chief Executive Officer

**MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES BY MANAGEMENT**

SOLICITATION OF PROXIES

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by the management of KWG Resources Inc. (the “Corporation”) of proxies to be used at the annual meeting of shareholders of the Corporation and any adjournment thereof (the “Meeting”) to be held at the time and place and for the purposes set forth in the Notice of Meeting.

All costs of this solicitation of proxies by management will be borne by the Corporation. It is expected that the solicitation will be made primarily by mail. However, officers, directors and employees of the Corporation may also solicit proxies by telephone, facsimile, e-mail or in person.

The information contained herein is given as of August 8, 2017, unless otherwise noted.

This Circular describes the matters to be acted on at the Meeting and the procedures for attending or appointing proxies to vote at the Meeting.

PART ONE

VOTING INFORMATION AND PRINCIPAL SHAREHOLDERS

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of the Corporation. A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than those whose names are printed on the accompanying form of proxy (the “Proxy Form”). **A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person’s name in the blank space provided in the enclosed Proxy Form and signing the form of proxy or by completing and signing another proper form of proxy.**

To be valid, the Proxy Form must be received by Computershare not later than 11:00 a.m. (Toronto time) on September 8, 2017, or at least 48 hours (excluding Saturdays, Sundays and holidays) before the date of the Meeting in the case of any adjournment or postponement thereof.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been taken pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 prior to 11:00 a.m. on the second to last business day (namely, a day other than a Saturday, Sunday or statutory holiday) immediately preceding the Meeting or with the Secretary of the Corporation before the commencement of the Meeting or at any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons named in the enclosed Proxy Form, in the absence of any direction to the contrary, will be voted: (i) for the appointment of auditors; and (ii) for the election of directors identified in this Circular, all as further described in this Circular. Instructions with respect to voting will be respected by the persons named in the enclosed Proxy Form. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so named in their discretion. As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters.

NON REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a “Non-Registered Holder”) are registered either: (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares, such as securities

dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSA's and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled "*Communication with Beneficial Owners of Securities of a Reporting Issuer*", the Corporation has distributed copies of the Notice of Meeting and this Circular (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (often called a "**voting instruction form**") which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or
- (b) less commonly, be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives such a form of proxy wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the form of proxy and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare Investor Services Inc. at the address set out above.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or form of proxy must be delivered.

Non-Registered Holders of "beneficial shareholders" are either "objecting beneficial owners" or "OBOs", who object to the disclosure by Intermediaries of information about such OBO's ownership in the Corporation, or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Corporation intends to pay for proximate Intermediaries to send the proxy-related materials to NOBOs and OBOs.

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary so long as such voting instructions are received in sufficient time before the commencement of the Meeting or any adjournment thereof for such voting instructions to be acted upon.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year or any associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The directors of the Corporation have fixed August 8, 2017 (the "**Record Date**"), at the close of business, as the record date for the determination of the shareholders entitled to receive notice of the Meeting and to vote thereat and at any adjournment thereof.

The authorized capital of the Corporation consists of an unlimited number of subordinate voting shares (each a “**Subordinate Voting Share**”) and an unlimited number of multiple voting shares (each a “**Multiple Voting Share**”). As of the date of this Circular, 1,018,752,027 Subordinate Voting Shares and 76,716 Multiple Voting Shares are issued and outstanding. All holders of Subordinate Voting Share as of the close of business on the Record Date will be entitled to one (1) vote per Subordinate Voting Share at the Meeting. Holders of Multiple Voting Shares as of the close of business on the Record Date will be entitled to three hundred (300) votes per Multiple Voting Share at the Meeting. .

To the knowledge of the directors and officers of the Corporation, the only persons, firms or corporations who own, as of the date hereof, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, are as follows:

Shareholder Name	Number and Class of Voting Securities	Percentage of Outstanding Shares of the Applicable Class
Noront Resources Ltd ⁽¹⁾	111,733,215 Subordinate Voting Shares	10.97% of the Subordinate Voting Shares
Frank Smeenk	49,600 Multiple Voting Shares	64.65% of the Multiple Voting Shares

Notes:

(1) Held by Noront Muketei Minerals Ltd.

The directors and officers of the Corporation own or control, directly or indirectly, in the aggregate 56,682,730 Subordinate Voting Shares representing approximately 5.56% of the issued and outstanding Subordinate Voting Shares of the Corporation and 49,600 Multiple Voting Shares representing approximately 64.65% of the issued and outstanding Multiple Voting Shares of the Corporation.

PART TWO

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The audited comparative financial statements of the Corporation for the years ended December 31, 2016 and December 31, 2015, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting. These documents are available upon request on SEDAR at www.sedar.com.

Appointment of Auditors

Management proposes the re-appointment of UHY McGovern Hurley LLP, Chartered Accountants, as auditors of the Corporation. Their mandate will continue until the close of the next annual meeting of shareholders or until their successors are appointed. The directors will be authorized to fix the remuneration and terms of engagement of the auditors. UHY McGovern Hurley LLP were first appointed auditors of the Corporation in 2012.

To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of UHY McGovern Hurley LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors’ terms of engagement and remuneration, unless the shareholder has specified in a proxy that his, her or its shares are to be withheld from voting in respect thereof.

Election of Directors

The Articles of the Corporation provide that the Corporation shall have a minimum three (3) and a maximum of twenty (20) directors and provide that the directors have the discretion to fix the number of directors from time to time within the minimum and maximum number of directors provided by the Articles. In September 2016, the board of directors of the Corporation (the “**Board**”) increased the number of directors between the minimum number and the maximum number from five (5) to six (6) in accordance with the authority granted to the directors in the Articles of the Corporation. The directors then filled that vacancy. Effective as of April 21, 2017, at a special meeting, the shareholders fixed the number of directors at six (6) until otherwise changed by the shareholders or by the Board between the minimum and maximum numbers provided by the Articles. The Board proposes to nominate the six (6) persons named below for election as directors of the Corporation, all of whom are current directors of the Corporation. Unless otherwise directed, it is the intention of management nominees to vote proxies in the accompanying form of proxy for these six (6) nominees. Each director will hold office until the next annual meeting of shareholders or until the election of his or her successor, unless he or she

resigns or his or her office becomes vacant by removal, death or other cause or is replaced in accordance with the by-laws of the Corporation.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her municipality of residence and principal occupation, the year in which such person became a director of the Corporation, and the number of Subordinate Voting Shares and Multiple Voting Shares that such person has advised are beneficially owned, controlled or directed, directly or indirectly, by such person as at the date indicated below. The information as to residence, principal occupation and number of shares beneficially owned, or controlled or directed, directly or indirectly, by the nominees was provided by the respective nominees.

Name, Position with the Corporation and Province/State of Residence	Principal Occupation	Date Became a Director of the Corporation	Number of Shares beneficially owned, directly or indirectly, or over which control and direction are exercised ⁽¹⁾
FRANK C. SMEENK ⁽²⁾ President, Chief Executive Officer and Director <i>Ontario, Canada</i>	President and Chief Executive Officer of the Corporation	April 14, 1998	16,183,446 Subordinate Voting Shares (of which 1,260,000 are held indirectly) 49,600 Multiple Voting Shares
DOUGLAS M. FLETT ⁽³⁾ Chairman and Director <i>Ontario, Canada</i>	Treasurer and general counsel of <i>Fletcher Nickel Inc.</i> , a public junior mining company	January 25, 2006	5,325,000 Subordinate Voting Shares (of which 2,300,000 are held indirectly)
THOMAS J. PLADSEN ⁽³⁾⁽⁴⁾ Director <i>Ontario, Canada</i>	Chief Financial Officer of <i>Atacama Pacific Gold Corporation</i> , a public gold exploration and development company	February 29, 2012	1,162,429 Subordinate Voting Shares
DONALD A. SHELDON ⁽²⁾⁽⁴⁾ Director <i>Ontario, Canada</i>	Partner of <i>Dickinson Wright LLP</i> , a law firm, since 2014 Executive Officer and Securities Lawyer at Sheldon Huxtable Professional Corporation, a law firm, from 2004 to 2014	April 8, 2014	3,930,357 Subordinate Voting Shares (of which 687,500 are held indirectly)
JENNIFER L. BOYLE Director <i>Ontario, Canada</i>	Corporate Finance and Legal, Velocity Trade Holdings Ltd. since 2014, Executive Chair of Satori Resources Inc. since 2011	September 6, 2016	Nil
BRUCE REID Director <i>Ontario, Canada</i>	Chief Executive Officer of Liberty Silver Corp since May 2017, Executive Chairman of Carlisle Goldfield Limited from 2014 to 2016 and President and Chief Executive Officer of Carlisle Goldfield Limited from 2010 to 2014	September 6, 2016	5,047,619 Subordinate Voting Shares

Notes:

- (1) As verified on the System of Electronic Disclosure by Insiders as of August 8, 2017
- (2) Member of the Governance and Nominating Committee
- (3) Member of the Audit Committee
- (4) Member of the Compensation Committee.

Directors will be elected by the affirmative vote of a majority of the votes cast on the election and will hold office until the next annual meeting of shareholders or until the directors' respective successors are duly elected or appointed. **Except where authority to vote on the election of directors is withheld in a form of proxy, it is the intention of management nominees in proxies received for the Meeting to vote FOR the election of the nominees whose names are here above set forth.**

Management is not presently aware of any of the nominees who will be unwilling to serve as a director if elected but in the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herewith, the enclosed

form of proxy confers discretionary authority upon the persons named therein to vote for the election of any other eligible person proposed by the Board or otherwise at the Meeting, unless instructions have been given to refrain from voting with respect to the election of directors.

Other Business

While management of the Corporation is not aware of any business other than that mentioned in the Notice to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

PART THREE

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

In accordance with the provisions of applicable securities legislation, the Corporation had three “Named Executive Officers” (each an “NEO”) during the year ended December 31, 2016: namely Frank C. Smeenk, President and Chief Executive Officer (“CEO”), Thomas E. Masters, Chief Financial Officer (“CFO”) and Maurice J. Lavigne, Vice-President, Exploration and Development.

Directors’ and Named Executives Officers’ Compensation excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation or any subsidiary thereof to each NEO and each director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Corporation or any subsidiary thereof.

Name and position	Year	Salary, Consulting fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	All other Compensation (\$)	Total compensation (\$)
Frank C. Smeenk Director, President and Chief Executive Officer	2016	300,000	Nil	Nil	Nil	Nil	300,000
	2015	300,000	Nil	Nil	Nil	Nil	300,000
Thomas E. Masters ⁽¹⁾ Chief Financial Officer	2016	142,100	Nil	Nil	Nil	Nil	142,100
	2015	142,168	Nil	Nil	Nil	Nil	142,168
Maurice Lavigne Vice-President	2016	200,000	Nil	Nil	Nil	Nil	200,000
	2015	200,000	Nil	Nil	Nil	Nil	200,000
Douglas M. Flett Director	2016	Nil	Nil	44,500	Nil	Nil	44,500
	2015	Nil	Nil	42,500	Nil	Nil	45,750
Cynthia Thomas ⁽²⁾ Director	2016	Nil	Nil	3,750	Nil	Nil	3,750
	2015	Nil	Nil	15,500	Nil	Nil	15,500
Thomas Pladsen Director	2016	Nil	Nil	24,500	Nil	Nil	24,500
	2015	Nil	Nil	22,500	Nil	Nil	22,500
Donald A. Sheldon ⁽³⁾ Director	2016	Nil	Nil	14,500	Nil	Nil	14,500
	2015	Nil	Nil	12,500	Nil	Nil	12,500

Name and position	Year	Salary, Consulting fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	All other Compensation (\$)	Total compensation (\$)
Jennifer Boyle ⁽⁴⁾ Director	2016	Nil	Nil	3,000	Nil	Nil	3,000
Bruce Reid ⁽⁴⁾ Director	2016	Nil	Nil	3,000	Nil	Nil	3,000

Notes:

- (1) Mr. Masters is a partner of Palmer Reed, an accounting firm which provides accounting services to the Corporation. During the fiscal year ended December 31, 2016, \$111,325 (2015 - \$124,313) was paid to Palmer Reed, in respect of services provided by Mr. Masters. Fees paid to Palmer Reed for its support staff in respect of bookkeeping and accounting services amounted to \$30,775 for the year ended December 31, 2016 (2015 - \$17,855).
- (2) Cynthia Thomas resigned as a director of the Corporation on September 6, 2016.
- (3) Mr. Sheldon is a partner in Dickinson Wright LLP, a law firm which provides legal services to the Corporation. During the fiscal year ended December 31, 2016, \$14,972.50 (2015 - \$nil) was charged by Dickinson Wright LLP in respect of services provided by Mr. Sheldon and other members and staff of that law firm.
- (4) Jennifer Boyle and Bruce Reid were elected as directors of the Corporation on September 6, 2016.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Corporation or any subsidiary thereof in the year ended December 31, 2016 for services provided, or to be provided, directly or indirectly, to the Corporation or any subsidiary thereof:

Name and position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End	Expiry Date
Frank C. Smeenk Director, President and Chief Executive Officer	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Thomas E. Masters Chief Financial Officer	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Maurice Lavigne Vice-President	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Douglas M. Flett Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Cynthia Thomas Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Thomas Pladsen Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Donald A. Sheldon Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Jennifer Boyle ⁽³⁾ Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A
Bruce Reid ⁽³⁾ Director	N/A	Nil	N/A	Nil	Nil	Nil	N/A

Outstanding option-based awards

The following table sets forth the total amount of compensation securities, and underlying securities, held by each named executive officer or director on December 31, 2016.

Name and Position	Compensation securities⁽¹⁾ (#)	Exercise price	Expiry date
Frank C. Smeenk President, Chief Executive Officer and Director	1,111,000	\$0.10	09-05-2018
	500,000	\$0.10	08-04-2019
	5,389,000	\$0.05	26-08-2020
	4,000,000	\$0.05	30-12-2020
Thomas E. Masters Chief Financial Officer	700,000	\$0.10	09-05-2018
	600,000	\$0.10	08-04-2019
	4,700,000	\$0.05	26-08-2020
	1,000,000	\$0.05	30-12-2020
Maurice Lavigne Vice-President	700,000	\$0.10	09-05-2018
	600,000	\$0.10	08-04-2019
	4,700,000	\$0.05	26-08-2020
	1,000,000	\$0.05	30-12-2020
Douglas M. Flett Director	1,715,000	\$0.10	09-05-2018
	500,000	\$0.10	08-04-2019
	3,185,000	\$0.05	26-08-2020
	1,000,000	\$0.05	30-12-2020
Thomas Pladsen Director	1,400,000	\$0.10	09-05-2018
	500,000	\$0.10	08-04-2019
	1,500,000	\$0.05	26-08-2020
	500,000	\$0.05	30-12-2020
Donald A. Sheldon Director	3,000,000	\$0.10	08-04-2019
	3,500,000	\$0.05	26-08-2020
	500,000	\$0.05	30-12-2020

Note:

- (1) The compensation security is an option that gives the right to purchase one Subordinate Voting Share at the exercise price until the expiry date.

None of the directors or NEOs exercised any compensation securities, being solely stock options, during the year ended December 31, 2016.

Stock Option Plans and Other Incentive Plans

The Corporation's current stock option plan (the "**Plan**"), was approved by the shareholders in 2013 and amended at the special meeting of shareholders held on April 21, 2017 following the re-classification of the common shares of the Corporation into Subordinate Voting Shares effective as of February 14, 2017. The purpose of the Plan is to attract, retain and motivate directors, officers, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options (the "**Options**"), to acquire a proprietary interest in the Corporation.

The Plan is administered by the Board and its main provisions are as follows:

1. The exercise price shall in no circumstances be lower than the market price of the Subordinate Voting Shares at the date of the grant of the Option.
2. At the time Options are granted:
 - (i) the aggregate number of Subordinate Voting Shares that may be issued pursuant to the exercise of Options under the Plan shall not exceed 10% of the number of Subordinate Voting Shares issued and outstanding;
 - (ii) the maximum number of Subordinate Voting Shares which may be reserved for issuance to any one optionee, in any 12-month period, shall not exceed 5% of the Subordinate Voting Shares then outstanding;
 - (iii) the maximum number of Subordinate Voting Shares which may be reserved for issuance to any consultant, in any 12-month period, shall not exceed 2% of the Subordinate Voting Shares then outstanding;

- (iv) the maximum number of Subordinate Voting Shares granted to persons employed to provide investor relations activities must not exceed, in any 12-month period, 2% of the Subordinate Voting Shares outstanding at the date of the grant; and
 - (v) Options issued to consultants performing investor relations activities must vest in stages over a period of not less than 12 months with no more than ¼ of the Options vesting in any three-month period.
3. The Options may be exercisable for a period of up to five years.
 4. The Option can only be exercised by the optionee and only so long as the optionee is a director, officer, employee or consultant of the Corporation or any related entity including any of its Subsidiaries or within a period of not more than 90 days after ceasing to be a director, officer, or consultant (30 days in the case of a consultant engaged in “investor relation activities”) to the extent that the optionee was entitled to exercise the option at the date of such cessation.
 5. In case of the death of the optionee, any Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative(s) of the estate of the optionee at any time during 90 days following the death of the optionee but prior to the expiry of the option and only to the extent that the optionee was entitled to exercise such option at the date of death.
 6. In the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation or of the acquisition by any person who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation, of Subordinate Voting Shares or rights or options to acquire Subordinate Voting Shares of the Corporation or securities which are convertible into Subordinate Voting Shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders, the optionees are entitled to exercise and acquire all Subordinate Voting Shares under their Option, including in respect of Subordinate Voting Shares available under the Option that are not otherwise vested at that time, within 90 days of the close of any such transaction.
 7. Disinterested shareholder approval for any reduction in the exercise price of a previously granted Option shall be obtained prior to the exercise of such Option if the optionee is an insider of the Corporation.
 8. For the purposes of determining the number of Subordinate Voting Shares outstanding on the date of any grant of Options or the number of Options which may be granted, all Multiple Voting Shares shall be deemed to be converted into Subordinate Voting Shares.

The following table sets out certain details as at December 31, 2016 with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance, the Stock Option Plan being the sole such compensation plan of the Corporation.

Plan category	Number of Subordinate Voting Shares to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of Subordinate Voting Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	82,050,000	\$0.067	14,582,028 ⁽¹⁾
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	82,050,000	\$0.067	14,582,028 ⁽¹⁾

Note:

- (1) Based on the 10% of the 966,320,281 shares outstanding on December 31, 2016.

Employment, Consulting and Management Agreements

Named Executive Officer Contracts

On October 8, 2008, the Corporation entered into an employment agreement with Frank Smeenk (the “**Smeenk Agreement**”). The term of the Smeenk Agreement is automatically extended from year to year. The Corporation may terminate the Smeenk Agreement at any time without cause provided that the Corporation pays at the time of termination an amount equal to 1.5 times his then-current annual salary and 1.5 times his annual performance bonus most recently paid. In

the event that Mr. Smeenck dies or becomes incapacitated, a payment of 12 months' salary shall be paid to his wife or his estate. In the event of a change of control of the Corporation and the employment of Mr. Smeenck is terminated within the period of three (3) years following the date of the change of control ("**Involuntary Termination**"), the Corporation shall pay to Mr. Smeenck an amount equivalent to three (3) times the then-current annual salary and three (3) times the annual bonus most recently paid. In addition, Mr. Smeenck will be allowed to exercise all stock options granted to him which had not previously been exercised, including options not otherwise exercisable or, at his election, receive from the Corporation an amount equal to the positive difference, if any, between the market price (as defined in the *Securities Act* (Ontario)) of the shares on the date of the Involuntary Termination and the average price at which Mr. Smeenck has the right to exercise the options or he may elect to have the Corporation arrange for him to participate in the stock option plan or plans applicable to the Corporation's senior management for a further period of three (3) years from the date of the Involuntary Termination and to exercise all rights with respect to options granted under that plan or plans as if he were employed during this period. Within 10 days of a change of control of the Corporation, the Corporation shall pay to Mr. Smeenck a lump sum amount of \$125,000 as a retention bonus. The Smeenck Agreement defines change of control as, the occurrence of any of the following events after October 8, 2008: (i) any change in the holding, direct or indirect, of shares of the Corporation which would result in persons or a group of persons acquiring a position to exercise effective control of the Corporation (including any holdings of shares entitling the holders to cast 20% or more of the votes attaching to the Common Shares), (ii) the members of the Board ceasing to constitute a majority of the Board within any 12 month period, or (iii) a sale of 50% of the assets of the business to a person who is not affiliated with the Corporation. The Smeenck Agreement was last reviewed in January 2012 by the Compensation Committee increasing Mr. Smeenck's annual salary to \$300,000, all other terms and conditions of the Smeenck Agreement remaining the same.

Mr. Masters has not entered into a formal written contract or agreement with respect to the services he provides to the Corporation.

Mr. Lavigne has not entered into a formal written employment contract or agreement with respect to the services he provides to the Corporation.

Other Change of Control Commitments

Certain directors and officers of the Corporation are entitled to a lump sum payment, including a payment of \$125,000 to the CEO as described in the aforementioned paragraphs, on the occurrence of a merger, take-over or change of control of the Corporation, as defined by the Board.

The following tables provide estimates of the incremental amounts that would have been payable to NEOs assuming termination and/or change of control events occurred on December 31, 2016.

Estimated Incremental Payments as of December 31, 2016 - Termination without Cause

Name	Salary and Bonus
Frank Smeenck	\$570,000
Total	\$570,000

Estimated Incremental Payments as of December 31, 2016 - Death or Permanent disability

Name	Salary
Frank Smeenck	\$300,000
Total	\$300,000

Estimated Incremental Payments as of December 31, 2016 - Change of Control

Name	Lump sum
Frank Smeenck	\$125,000

Estimated Incremental Payments as of December 31, 2016 – Termination without Cause Following a Change of Control

Name	Salary and bonus
Frank Smeenck	\$1,140,000 ⁽¹⁾

Note:

(1) Under the Smeenck Agreement, all options granted to Mr. Smeenck will vest in the event of termination without cause following a change of control.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation Committee

The Compensation Committee is composed of Thomas Pladsen and Donald Sheldon, both independent directors. The Compensation Committee had no meetings in the year ended December 31, 2016.

Compensation Process

The Compensation Committee relies on the knowledge and experience of its members and the recommendations of the CEO to set appropriate levels of compensation for senior officers. Neither the Corporation nor the Compensation Committee currently has any contractual arrangement with any executive compensation consultant.

The Compensation Committee reviews and makes determinations with respect to senior officer compensation on an annual basis. When determining senior officer compensation, the Compensation Committee evaluates the CEO's achievements during the preceding year and reviews the performance of other senior officers (as evaluated by the CEO based on their achievements during the preceding year).

The Compensation Committee uses all the data available to it to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size and activities of the Corporation and sufficient to retain key personnel.

In reviewing comparative data, the Compensation Committee refers to public information on executive compensation but does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level.

The Compensation Committee reviews the elements of the NEOs' compensation in the context of the total compensation package (including base salary, long-term equity incentive awards, including prior awards under the Plan) and recommends the NEOs' compensation packages.

The Corporation does not anticipate making any significant changes to its compensation policies and practices in 2017.

The Compensation Committee has considered the risk implications of the Corporation's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Corporation to inappropriate or excessive risks. Furthermore, although the Corporation does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Corporation granted in compensation or held directly or indirectly, by the NEO or director, the Corporation is unaware of the purchase of any such financial instruments by any NEO or director.

During 2016, the Corporation did not retain a compensation consultant or advisor to assist the Board or Compensation Committee in determining compensation for the Corporation's executive officers and directors.

Principles/Objectives of the Compensation Program

The primary goal of the Corporation's executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Corporation's senior officers is determined with regard to the Corporation's business strategy and objectives, such that the financial interests of the senior officers are matched with the financial interests of the shareholders.

Compensation Program Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation's senior officers are composed of the following elements, which are linked to the Corporation's compensation and corporate objectives as follows:

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Salary or Consultant Fees	Attract and Retain Reward	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives. Yearly review based on NEO performance.

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Stock options	Motivate and Reward Align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value by the achievement of long-term corporate strategies and objectives.

The Corporation is an exploratory stage mining company and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Compensation Committee to be appropriate in the evaluation of corporate or NEO performance. The compensation of the senior officers is based, in substantial part, on industry compensation practices, trends in the mining industry as well as achievement of the Corporation’s business plans. In addition to the above compensation elements, the Compensation Committee is empowered to grant cash bonuses to senior officers in order to reward exceptional performance.

Base Salaries and Consultant Fees

The Corporation provides NEOs with base salaries and/or consulting fees which represent their minimum compensation for services rendered during the fiscal year. NEOs’ base salaries and/or consulting fees depend on the scope of their experience, responsibilities, leadership skills and performance. Base salaries and consulting fees are reviewed annually by the Compensation Committee. A description of the material terms of the CEO’s employment contract is provided under “Termination and Change of Control Benefits”. In addition to the above factors, decisions regarding salary increases are impacted by each NEO’s current salary, general industry trends and practices, competitiveness and the Corporation’s existing financial resources.

Options

The Options pursuant to the Corporation’s Plan is an integral component of the compensation packages of the senior officers of the Corporation. The Compensation Committee believes that the grant of Options to senior officers and share ownership by such officers serves to motivate and reward such officers to increase shareholder value by the achievement of the Corporation’s long-term corporate strategies and objectives, thereby aligning such officers’ interests with that of shareholders. Options are awarded by the Board based upon the recommendation of the Compensation Committee, which bases its decisions upon the level of responsibility and contribution of the individuals toward the Corporation’s goal and objectives. The Compensation Committee considers the overall number of Options that are outstanding relative to the number of outstanding Subordinate Voting Shares in determining whether to make any new grants of Options and the size of such grants. The Compensation Committee’s decisions with respect to the granting of Options are reviewed by the Board and are subject to its final approval.

Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation’s senior officers are composed of base salary or consulting fees and stock options. In addition to the above compensation elements, the Compensation Committee is empowered to grant cash bonuses to senior officers in order to reward exceptional performance. In 2014, the Compensation approved the payment of a \$80,000 bonus to the CEO and a bonus of \$80,000 to the Vice-President, Exploration and Development in recognition of adding value to the Corporation’s assets: principally the success of the Black Horse drilling program, securing the rights to a novel chromite reduction method which could potentially have a significant impact on processing metrics and spearheading initiatives to define a district development plan for the Ring of Fire. No bonuses were awarded in 2015 or 2016.

Pension Plan Benefit

The Corporation does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

PART FOUR

CORPORATE GOVERNANCE PRACTICES AND OTHER MATTERS

Information on Corporate Governance

The following information of the Corporation’s Corporate Governance Policy is given in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The Corporation has reviewed its own corporate governance guidelines which comply with all applicable requirements.

Board of Directors

The Board and its senior management believe that the Corporation has established and operates in an environment of effective internal control with strong corporate governance structures and procedures in place.

Ms. Boyle and Messrs. Pladsen Flett and Reid are independent. Mr. Smeenk, President and Chief Executive Officer of the Corporation, is not considered independent. Mr. Sheldon is not considered independent as a result of the retainer of Dickinson Wright LLP, of which Mr. Sheldon is a partner, in 2016 to provide legal services to the Corporation.

Directorships

Certain of the directors are also directors of other reporting issuers (or the equivalent) in Ontario or in another jurisdiction within Canada as follows:

Director	Issuer
Frank C. Smeenk	Fletcher Nickel Inc. Debut Diamonds Inc. GoldTrain Resources Inc. MacDonald Oil Exploration Ltd.
Douglas Flett	Fletcher Nickel Inc. Debut Diamonds Inc. Tartisan Resources Corp.
Thomas Pladsen	Crystal Peak Minerals Inc. Northfield Capital Corporation Superior Copper Corporation
Donald A. Sheldon	Metalcorp Limited
Jennifer Boyle	Satori Resources Inc. Nevada Exploration Inc. SGX Resources Inc.
Bruce Reid	Debut Diamonds Inc. Satori Resources Inc. Liberty Silver Corp. GoldTrain Resources Inc. Canuc Resources Corporation SGX Resources Inc. Telferscot Resources Inc.

Orientation and Continuing Education

The Board encourages directors to follow appropriate education programs offered by relevant regulatory bodies and provides them with the opportunity to enhance their understanding of the nature and operation of the Corporation.

Ethical Business Conduct

Each director of the Corporation, in exercising his powers and discharging his duties, must act honestly and in good faith with a view to the best interests of the Corporation and further must act in accordance with the law and applicable regulations, policies and standards.

In a situation of conflict of interest, a director is required to disclose the nature and extent of any material interest he/she has in any material contract or proposed contract of the Corporation, as soon as the director becomes aware of the agreement or the intention of the Corporation to consider or enter into the proposed agreement and the director must refrain from voting and may not be present during deliberations concerning the agreement or transaction.

Nomination of Directors

The Board selects nominees for election to the Board, after having considered the advice and input of the Governance and Nominating Committee and having carefully reviewed and assessed the professional competencies and skills, personality and other qualities of each proposed candidate, including the time and energy that the candidate can devote to the task, and the contribution that the candidate can bring to the Board dynamic.

Governance and Nominating Committee

The Governance and Nominating Committee is composed of Messrs. Sheldon and Smeenk. The Committee has the authority and responsibility for:

- (i) reviewing the mandates of the Board and its committees and recommending to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- (ii) reviewing annually the disclosure of corporate governance practices to be included in the Corporation's information circular;
- (iii) reviewing at least annually the size and composition of the Board, analyzing the needs of the Board and considering the skills, areas of experience, backgrounds, independence and qualifications of the Board members to ensure that the Board, as a whole, has a diversity of competencies and experience that support it in carrying out its responsibilities;
- (iv) assessing on a regular basis the effectiveness of the Board as a whole, the committees of the Board and the contribution of each director regarding his, her or its effectiveness and contribution;
- (v) acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
- (vi) determining at the earliest stage possible whether any proposed transaction discussed by the Board is or can be perceived as a related party transaction and, if such is the case, review any such transaction to ensure that it is being proposed and will be carried out with fairness and with the best interest of the Corporation in mind and or, alternatively, recommend that a special committee of disinterested directors be constituted to carry out the negotiations for such transaction and review and reported thereupon to the Board.

Assessments

Refer to the responsibilities of the Governance and Nominating Committee described herein.

AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Management Information Circular as Schedule "A".

Composition of the Audit Committee

During 2016, the Audit Committee was composed of Ms. Thomas (up to her resignation on September 6, 2016) and Messrs. Flett and Pladsen. Under Multilateral Instrument 52-110 *Audit Committees*, a director of an Audit Committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board, reasonably be expected to interfere with the exercise of the member's independent judgment. All members of the Audit Committee are independent.

The Board has determined that each of the members of the Audit Committee is "financially literate" within the meaning of section 1.6 of Multilateral Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee is set out below.

Mr. Pladsen has extensive experience in corporate financing and financial reporting for public and private companies. Mr. Pladsen received his Chartered Accountant classification with KPMG LLP in Toronto in the mid 1980's and has since held various financial positions and/or has been a member of the Board with TSX listed, TSXV listed and private mining and technology companies.

Mr. Flett completed three years of the Bachelor of Commerce program at the University of Windsor where he minored in accounting before transferring to the University of Windsor Law School. He was in private practice for over twenty years with a general, corporate and commercial firm where, during that time, he acted for 150 to 200 private companies.

Reliance on Exemption

The Corporation is relying on the exemption set out in section 6.1 of Multilateral Instrument 52-110 - *Audit Committees* with respect to certain reporting obligations.

Pre-approval Policies and Procedures for Audit Services

Under its charter, the Audit Committee has the mandate to review and pre-approve management requests for any consulting engagement to be performed by the auditors of the Corporation that is beyond the scope of their audit services. There were no such mandates in 2016 and 2015.

External Auditor Fees

(a) Audit Fees

Audit fees amounted to \$28,560 for the fiscal year ended December 31, 2016 and \$27,540 for the fiscal year ended December 31, 2015.

(b) Non Audit-Related Fees

Non audit-related fees paid to the external auditors during the fiscal year ended December 31, 2016 amounted to \$nil and \$nil for the fiscal year ended December 31, 2015.

(c) Tax Fees

No tax fees were billed by the external auditors during the fiscal years ended December 31, 2016 and 2015.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was within the 30 days prior to the date of this Circular, a director, executive officer, employee or any former director, executive officer or employee of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons is, or was as of the date of this Circular indebted to the Corporation or a subsidiary of the Corporation or indebted to any other entity where such indebtedness is subject to a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

During the fiscal year ended December 31, 2016, none of the directors or executive officers of the Corporation, proposed nominees for election as a director, or any associate of the foregoing, was indebted to the Corporation or any subsidiary of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or any proposed director of the Corporation, or any of the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

REGULATORY MATTERS, BANKRUPTCIES AND INSOLVENCIES

To the knowledge of the Corporation, except as described below, no nominee for director of the Corporation is, at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

1. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting as director, chief executive officer or chief financial officer; or
2. was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and that resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
3. while that person was acting in the capacity as director, chief executive officer or chief financial officer or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

PERSONAL BANKRUPTCIES, ETC

To the knowledge of the Corporation, no nominee for director, nor any personal holding company of any such nominee, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the proposed director.

PENALTIES UNDER SECURITIES LEGISLATION

Except as described below, to the knowledge of the Corporation, no nominee for election as director, nor any personal holding company of any such nominee, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director, nor has any nominee for director entered into a settlement agreement with a securities regulatory authority.

On June 8, 1999, MacDonald Oil Exploration Ltd. (“**MacDonald Oil**”) commenced a share exchange takeover bid offering under the provisions of the Canada Business Corporations Act, for the shares of Bresea Resources Ltd. (“**Bresea**”) (the “**Offer**”). Thirty-five minutes prior to the Offer’s expiry on July 12, 1999, the Ontario and Alberta Securities Commissions (the “**Commissions**”) issued Temporary Orders to cease trading in the shares of Bresea and the consideration to be paid for some 22 million Bresea shares previously tendered to the Offer. At a joint hearing of the Commissions convened on August 11, 1999 the Commissions issued orders (the “**Orders**”) in both Alberta and Ontario that trading cease by MacDonald Oil in the shares of Bresea and the consideration to have been paid for them by MacDonald Oil until, among other things, all such Bresea shares were returned to or withdrawn by their prior holders. All the Bresea shares were returned or withdrawn. Mr. Smeenk, a director of the Corporation standing for re-election at the Meeting, was, at the time of the Orders’ effect, an officer and director of MacDonald Oil.

In consequence of the Orders, MacDonald Oil was unable to satisfy its auditor as to the value of its investment in the Offer, prior to the time for filing its subsequent annual financial statements. Its application to the Ontario Securities Commission (“**OSC**”) for leave to therefore extend the time for filing was declined by the issue of a 15-day Temporary Order on February 2, 2000 which was dissolved on its expiry by the Issuer’s timely filings in the interim. Mr. Smeenk was made a party to the Temporary Order as a then-current insider of the Issuer.

Mr. Smeenk and MacDonald Oil (and other persons) entered into a settlement agreement with the OSC dated January 8, 2001 whereunder the parties agreed to the settlement of proceedings initiated by the OSC in respect of instances of non-compliance by Mr. Smeenk and MacDonald Oil (and others) with filing, disclosure and trading requirements under Ontario securities laws. The terms of the settlement provided that, *inter alia*, (i) each of the respondents would be reprimanded by the OSC; (ii) Mr. Smeenk would make a payment of \$5,000 to the OSC in respect of the OSC’s costs; (iii) commencing March 21, 2001, Mr. Smeenk would cease trading in any securities acquired by him after the date of the settlement for a period of one year; and (iv) Mr. Smeenk could continue as a director and as executive vice-president of MacDonald Oil but would be prohibited, for a period of two years, from assuming the responsibilities of certain of MacDonald Oil’s other offices, or acting as the chair of its board of directors or of any of its board committees.

Final Orders to cease trading in the shares of MacDonald Oil were issued by the Ontario Securities Commission on January 24, 2002, by the British Columbia Securities Commission on January 25, 2002 and by the Québec Securities Commission on February 4, 2002. Mr. Smeenk continues to be a director and officer of MacDonald Oil.

The shares of Fletcher Nickel Inc. were delisted from trading on the Toronto Stock Exchange on November 30, 2009 as the market value of the shares failed to recover to the requisite minimum listing requirements and the company then became dormant. In consequence, orders to cease trading in the shares of Fletcher Nickel Inc. were issued by the Ontario Securities Commission on May 20, 2015, British Columbia Securities Commission on May 11, 2015 and Alberta Securities Commission on August 20, 2015. Mr. Smeenk continues to be a director and officer of Fletcher Nickel Inc.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any degree performed by a person or company other than the directors or executive officers (or the companies controlled by them, either directly or indirectly) of the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be obtained by accessing the Corporation's profile on SEDAR at www.sedar.com. Securityholders may contact Bruce Hodgman by mail at 141 Adelaide Street West, Suite 1000, Toronto, Ontario, M5H 3L5, by phone at (416) 642-3575 or 1-888-642-3575, facsimile at (416) 644-0592 or email to bh@kwgresources.com to request copies of the Corporation's financial statements and management's discussion and analysis, free of charge.

Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

DATED at Toronto, Ontario, as of the 8th day of August, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Frank Smeenk*"

Frank Smeenk, Chief Executive Officer

SCHEDULE “A”

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee (the “Committee”) is a committee of the board of directors. The primary function of the Committee is to assist the board of directors in fulfilling its financial reporting and controls responsibilities to the shareholders of the Corporation and the investment community. The external auditors will report directly to the Committee. The Committee’s primary duties and responsibilities are:

- overseeing the integrity of the Corporation’s financial statements and reviewing the financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors, overseeing the external auditors’ qualifications and independence and providing an open avenue of communication among the external auditors, financial and senior management and the board of directors;
- monitoring the Corporation’s financial reporting process and internal controls, its management of business and financial risk, and its compliance with legal, ethical and regulatory requirements.

II. COMPOSITION

The Committee shall consist of a minimum of three directors of the Corporation, including the Chair of the Committee, the majority of whom shall not be employees, officers or “control persons”, as such term is defined hereunder, of the Corporation. All members shall, to the satisfaction of the board of directors, be “financially literate” as such term is defined hereunder.

The members of the Audit Committee shall be elected by the board of directors at the annual organizational meeting of the board of directors following the annual meeting of shareholders and hold office until their successors are duly elected and qualified. The board of directors may remove a member of the Audit Committee at any time in its sole discretion by resolution of the board.

III. DUTIES AND RESPONSIBILITIES

1. The Committee shall review and recommend to the board for approval the annual audited consolidated financial statements and the annual MD&A.
2. The Committee shall review with financial management and the external auditor the Corporation’s financial statements, MD&A’s and earnings releases prior to filing with regulatory bodies such as securities commissions and/or prior to their release.
3. The Committee shall review all documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or non audited interim financial statements results (e.g., prospectuses, press releases with financial results) prior to their release.
4. The Committee, in fulfilling its mandate, will:
 - (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.
 - (b) Satisfy itself that adequate procedures are in place for the review of the issuer’s public disclosure of financial information extracted or derived from the issuer’s financial statements, other than MD&A and annual and interim earnings press releases, and must periodically assess the adequacy of those procedures.
 - (c) Recommend to the board of directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.

- (d) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor, and discussing and resolving any material differences of opinion or disagreements between management and the external auditor.
- (e) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to determine their independence and report to the board of directors.
- (f) Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Consider with management the rationale for employing accounting/auditing firms other than the principal external auditor.
- (g) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- (h) Arrange for the external auditor to be available to the Audit Committee and the full board of directors as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (i) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- (j) Review and approve hiring policies for employees or former employees of the past and present external auditors.
- (k) Review the scope of the external audit, including the fees involved.
- (l) Review the report of the external auditor on the annual audited consolidated financial statements.
- (m) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.
- (n) Review major positive and negative observations of the auditor during the course of the audit.
- (o) Review with management and the external auditor of the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (p) Review emerging accounting issues and their potential impact on the Corporation's financial reporting.
- (q) Review and approve requests for any engagement to be performed by the external auditor that is beyond the scope of the audit engagement letter and related fees.
- (r) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements.
- (s) Review the conclusions reached in the evaluation of management's internal control systems by the external auditors, and management's responses to any identified weaknesses.
- (t) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
- (u) Review with management their approach with respect to business ethics and corporate conduct.
- (v) Review annually the legal and regulatory requirements that, if breached, could have a significant impact on the Corporation's published financial reports or reputation.
- (w) Receive periodic reports on the nature and extent of compliance with security policies. The nature and extent of non-compliance together with the reasons therefore, with the plan and timetable to correct such non-compliance will be reported to the board, if material.
- (x) Review with management the accuracy and timeliness of filing with regulatory authorities.
- (y) Review periodically the business continuity plans for the Corporation.
- (z) Review the annual audit plans of the external auditors of the Corporation.
- (aa) Review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to D&O and "Key Person" coverage.
- (bb) Perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies.
- (cc) Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or audit matters.
5. The Committee may engage and communicate directly and independently with outside legal and other advisors for the Committee as required and set and pay the compensation of such advisors.
6. On a yearly basis, the Committee will review the Audit Committee Charter and where appropriate recommend changes to the board of directors.

IV. SECRETARY

The Secretary of the Committee will be appointed by the Chair.

V. MEETINGS

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members present, in person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.
4. Meetings of the Audit Committee shall be held from time to time as the Audit Committee or the Chairman of the Committee shall determine upon 48 hour notice to each of its members. The notice period may be waived by a quorum of the Committee.
5. The external auditors or any member of the Committee may also call a meeting of the Committee. The external auditors of the Corporation will receive notice of every meeting of the Committee.
6. The board shall be kept informed of the Committee's activities by a report, including copies of minutes, at the next board meeting following each Committee meeting.

VI. QUORUM

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee.

VII. DEFINITIONS

In accordance with *Multilateral Instrument 52-110 - Audit Committee*,

"Financially literate" means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.

APPROVED BY THE BOARD OF DIRECTORS