

## MESSAGE TO SHAREHOLDERS

Dear shareholders,

Work exploration will be undertaken this year on the Ranger property in order to develop its potential.

Given the current economic situation, your company is favorably distinguished by the fact that there are only 36,177,791 shares outstanding.

I want to thank our shareholders for their continued support and ensure that no effort is put aside in order to bring added value to your shares.

Best regards,

*(s) David Mc Donald*

**David Mc Donald**  
**President and CEO**

## TYPHOON EXPLORATION INC.

("Typhoon")

### MANAGEMENT PROXY CIRCULAR

This management proxy circular (the "Circular") is furnished in connection with the solicitation by the management of Typhoon of proxies for use at the annual meeting (the "Meeting") of the shareholders of Typhoon (the "Typhoon Shareholders") to be held at the time and place and for the purposes set out in the notice of meeting (the "Notice of Meeting") and at any adjournment or postponement thereof. It is expected that the solicitation will be made primarily by mail. However, officers and employees of Typhoon may also solicit proxies by telephone, telecopy, e-mail or in person. The total cost of solicitation of proxies will be borne by Typhoon. Typhoon may also reimburse brokers or nominees holding Class "A" shares of Typhoon (the "Typhoon Shares") in their names or in the names of their principals for their reasonable expenses in sending solicitation materials to their principals.

If you cannot attend the Meeting in person, unless indicated otherwise on the enclosed form of proxy, complete and return the Proxy Form in accordance with the instructions contained therein, no later than two (2) business days (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment or postponement thereof.

#### QUORUM FOR THE TRANSACTION OF BUSINESS

Typhoon's by-laws provide that the quorum at the Meeting shall be constituted by the attendance of two (2) or more shareholders, present in person or represented by proxy, holding at least 10% of the votes attached to outstanding Typhoon Shares.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed Proxy Form are directors and officers of Typhoon. A Typhoon Shareholder entitled to vote at the Meeting has the right to appoint as his or her proxy a person, who need not be a Typhoon Shareholder, other than those whose names are printed on the Proxy Form. **A Typhoon Shareholder who wishes to appoint some other person for representation at the Meeting may do so by inserting such other person's name in the blank space provided in the Proxy Form and signing the Proxy Form.**

A Typhoon Shareholder may revoke a proxy at any time by an instrument in writing executed by him or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing, and filed at the office of Computershare Investor Services Inc. ("Computershare") within the same delays as mentioned above, or one (1) business day preceding the date the Meeting resumes if it is adjourned, or remitted to the chairman of such Meeting on the day of the Meeting or any adjournment or postponement thereof if applicable.

#### EXERCISE OF DISCRETION BY PROXIES

**Typhoon Shares represented by properly executed proxies in favour of the persons designated in the Proxy Form, in the absence of any direction to the contrary, will be voted FOR the motions presented at the Meeting.** Instructions with respect to voting will be respected by the persons designated 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 Typhoon Shares will be voted by the persons so designated in the way they consider advisable. At the time of printing this Circular, management of Typhoon (the "Typhoon Management") knows of no such amendments or new matters to be brought before the Meeting.

## INFORMATION REGARDING THE VOTING OF TYPHOON SHARES

### Registered Typhoon Shareholders

Registered Typhoon Shareholders may wish to vote by proxy. Registered Typhoon Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the Proxy Form and returning it to Computershare, by mail to 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 or by hand delivery;
- (b) using a touch-tone phone to transmit voting choices toll free at **1-866-732-VOTE (8683)** following the instructions of the voice response system and referring to the 15 digits control number found on the bottom left hand corner of the Proxy Form; or
- (c) accessing Computershare's Internet website, [www.investorvote.com](http://www.investorvote.com) and entering the 15-digit control number found on the bottom left hand corner of the Proxy Form.

Registered Typhoon Shareholders must ensure that the Proxy Form is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment or postponement thereof at which the Proxy Form is to be used.

### Non-Registered Typhoon Shareholders

Only Registered Typhoon Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting.

However, in many cases, Typhoon Shares beneficially owned by a person (a "**Non-Registered Typhoon Shareholder**" or a "**Beneficial Typhoon Shareholder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Typhoon Shareholder deals with in respect of the Typhoon Shares, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant.

Non-Registered Typhoon Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to Typhoon are referred to as non-objecting beneficial owners. Those Non-Registered Typhoon Shareholders who have objected to their Intermediary disclosing ownership information about themselves to Typhoon are referred to as objecting beneficial owners.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, Typhoon has elected to send copies of the Notice of Meeting, this Circular and the Proxy Form (collectively, the "**Meeting Materials**") directly to the non-objecting beneficial owners, and indirectly through clearing agencies and Intermediaries to the objecting beneficial owners.

### **Canadian Non-Objecting Beneficial Shareholders**

These Meeting Materials are being sent to both Registered Typhoon Shareholders and Non-Registered Typhoon Shareholders. If you are a Canadian non-objecting beneficial shareholder, and Typhoon or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send these materials to you directly, Typhoon (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. **Please return your voting instructions as specified in the Proxy Form enclosed with the Meeting Materials sent to Canadian Non-Objecting Beneficial Shareholders.**

### **Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders**

In accordance with Canadian securities laws, Typhoon has distributed copies of the Meeting Materials to CDS and Intermediaries for onward distribution to Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Typhoon Shareholders unless a Canadian Objecting Beneficial Typhoon Shareholder and U.S. Typhoon Shareholder has declined to receive them. Typhoon may, however, require Intermediaries to forward Meeting Materials to all Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders, including those who have declined to receive them, at the cost of Typhoon. Typically, Intermediaries will use a service company to forward the Meeting Materials to Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders. Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders will receive either a voting instruction form (a "**Voting Instruction Form**") or, less frequently, a Proxy Form. The purpose of these forms is to permit Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders to direct the voting of the Typhoon Shares they beneficially own. Canadian Objecting Beneficial Typhoon shareholders and U.S. Typhoon Shareholders should follow the procedures set out below, depending on which type of form they receive:

Voting Instruction Form. In most cases, a Canadian Objecting Beneficial Typhoon Shareholder and a U.S. Typhoon Shareholder will receive, as part of the Meeting Materials, a Voting Instruction Form. If a Canadian Objecting Beneficial Typhoon Shareholder or a U.S. Typhoon Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Typhoon Shareholder's behalf), the Voting Instruction Form should be completed, signed and returned in accordance with the directions on the form. If a Canadian Objecting Beneficial Typhoon Shareholder or a U.S. Typhoon Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Typhoon Shareholder's behalf), the Canadian Objecting Beneficial Typhoon Shareholder and U.S. Typhoon Shareholder must complete, sign and return the Voting Instruction Form in accordance with the directions provided.

or

Form of Proxy. Less frequently, a Canadian Objecting Beneficial Typhoon Shareholder or a U.S. Typhoon Shareholder will receive, as part of the Meeting Materials, a Proxy Form that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Typhoon Shares beneficially owned by the Canadian Objecting Beneficial Typhoon Shareholder or the U.S. Typhoon Shareholder but which is otherwise uncompleted. If the Canadian Objecting Beneficial Typhoon Shareholder and U.S. Typhoon Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Canadian Objecting Beneficial Typhoon Shareholder's and U.S. Typhoon Shareholder's behalf), the Canadian Objecting Beneficial Typhoon Shareholder and U.S. Typhoon Shareholder should complete the Proxy Form and return it in accordance with the directions on the form. If a Canadian Objecting Beneficial Typhoon Shareholder and U.S. Typhoon Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on a Typhoon Shareholder's behalf), the Canadian Objecting Beneficial Typhoon Shareholder and U.S. Typhoon Shareholder must strike out the names of the persons named in the Proxy Form and insert the Non-Registered Typhoon Shareholder's (or such other person's) name in the blank space provided.

**Canadian Objecting Beneficial Typhoon Shareholders and U.S. Typhoon Shareholders should follow the instructions on the forms they receive or contact their broker or Intermediary promptly if they need assistance.**

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Typhoon is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting except the election of directors and the amendment to exercise price of stock options:

- (a) each person who has been a director or executive officer of Typhoon at any time since the beginning of Typhoon's last financial year;

- (b) each proposed nominee for election as a director of Typhoon; and
- (c) each associate or affiliate of any of the foregoing.

**VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As at July 17, 2017, there were 36,177,791 Typhoon Shares issued and outstanding. Each Typhoon Share entitles the holder thereof to one (1) vote.

Typhoon has fixed the close of business on July 11, 2017 as the record date (the “**Record Date**”) for the purpose of determining Typhoon Shareholders entitled to receive a Notice of Meeting. The registered Typhoon Shareholders of record as at the close of business on the Record Date (the “**Registered Typhoon Shareholders**”) will be entitled to vote at the Meeting.

To the knowledge of Typhoon Management, no person beneficially owns or exercises control or direction over, directly or indirectly, Typhoon Shares carrying more than 10% of the voting rights attached to all issued and outstanding Typhoon Shares, other than as outlined below:

Name	Number of Typhoon Shares	Percentage of Outstanding Typhoon Shares
Hecla Québec Inc. <sup>(1)</sup>	8,722,294	24,11 %

(1) A wholly-owned subsidiary of Hecla Mining Company, and formerly Aurizon Mines Ltd. This information was obtained by consulting insider reports publicly available at [www.sedi.ca](http://www.sedi.ca).

**DETAILS OF MATTERS TO BE DEALT WITH AT THE MEETING**

**A. FINANCIAL STATEMENTS**

The audited financial statements for the financial year ended February 28, 2017 together with the auditors’ report therein, will be presented before the Meeting but will not be subject to a vote.

**B. ELECTION OF DIRECTORS**

The board of directors of Typhoon (the “**Board**”) currently consists of four (4) directors. The persons named in the enclosed Proxy Form intend to vote for the election of the four (4) nominees whose names are set out below. Each director will hold office until the next annual general meeting of Typhoon Shareholders or until the election of a successor, unless such director resigns or the office becomes vacant by removal, death or other cause.

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 now held by such person, province of residence and principal occupation, the date of which such person became a director of Typhoon and the numbers of Typhoon Shares that such person has advised are beneficially owned or over which control or direction is exercised by such person.

Name	Office Held	Director since	Number of Typhoon Shares beneficially owned or over which control is exercised	Present Occupation
David Mc Donald Québec, Canada	President, CEO and Director	December 27, 2002	2,629,589	President and CEO of Typhoon and Axe Exploration Inc.
Paul Antaki <sup>(1)</sup> Québec, Canada	Secretary, CFO and Director	July 11, 2004	141,150	Businessman
Léo Patry <sup>(1)(2)</sup> Québec, Canada	Director	May 31, 2009	121,429	Businessman
David Secours <sup>(1)(2)</sup> Québec, Canada	Director	October 23, 2014	71,429	Businessman

(1) Member of the Audit Committee.

(2) Member of the Governance and Nomination Committee.

All of the foregoing nominees have previously been elected directors of Typhoon at a meeting for which a proxy circular was issued.

To the knowledge of Typhoon Management, none of the foregoing nominees for election as a director of Typhoon:

- (a) is, or within the last ten years, has been a director, chief executive officer, or chief financial officer of any company that:
  - (i) was the subject of a cease trade, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which, in all cases, was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

To the knowledge of Typhoon Management, none of the nominees for election as director of Typhoon has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## **COMPENSATION OF NAMED EXECUTIVE OFFICERS**

### **Compensation Discussion & Analysis**

This discussion describes Typhoon's compensation for each person who acted as Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the two most highly compensated executive officers (or three most highly compensated individuals acting in a similar capacity), other than the CEO and the CFO, whose total compensation was more than \$150,000 in Typhoon's last financial year (each a "Named Executive Officer" or "NEO" and collectively the "Named Executive Officers").

#### ***Compensation Program Philosophy***

Typhoon is a mining exploration company and is presently generating no income.

The general goals of Typhoon's compensation program are to:

- (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view of increasing long-term shareholder value;
- (b) align management's interests with long-term interests of shareholders;
- (c) provide a compensation package that is commensurate with other mining exploration companies in order to enable Typhoon to attract and retain talent; and
- (d) ensure that compensation is designed in a manner that takes into account the constraints under which Typhoon operates by virtue of the fact that it is a mining exploration company without a history of earnings.

#### ***Compensation Process***

The compensation of the Named Executive Officers is administered by Typhoon's Board of Directors. Typhoon does not have a formal policy with respect to the remuneration of its Named Executive Officers. The decisions are made pursuant to Board discussion, taking into consideration the size of Typhoon and its financial capabilities and the remuneration paid in comparable Canadian companies

#### ***Base Salaries***

The CEO receives a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the officer and the market conditions in which Typhoon is evolving.

The base salary of the CEO is reviewed annually by the Board to ensure it considers the following factors: the market and economic conditions, the levels of his responsibility and accountability, his skills and competencies, retention considerations and the level of demonstrated performance.

The base salary of the CEO will be reviewed by the Board on the basis of its opinion as to a fair and responsible compensation package, taking into account his contribution to Typhoon's long-term growth and the Board's knowledge of compensation practices in Canada.

#### ***Variable Cash Incentive Awards - Bonuses***

The philosophy with respect to bonuses is to align their issuances with the contributions of the NEOs. During the financial year ended February 28, 2017, Typhoon did not approve the payment of any bonuses.

#### ***Long Term Incentive Plans***

Typhoon provides long term incentive compensation through its stock option plan (the "Stock Option Plan").

Typhoon has established the Stock Option Plan pursuant to which options to purchase Typhoon Shares are granted to directors, officers, employees and consultants (the “**Grantee**”) in order to encourage them to contribute in achieving Typhoon's goal of increasing shareholder value.

Pursuant to the Stock Option Plan, the Board may, from time to time and at its discretion, grant options to acquire Typhoon Shares for a maximum of 5,941,358 Typhoon Shares. Pursuant to the Stock Option Plan, the number of Typhoon Shares reserved for issuance to a Grantee shall not exceed, in any twelve (12) months, 5% of the issued and outstanding Typhoon Shares at the time of grant. In the case of a consultant, that number will not exceed, in any twelve (12) month period, 2% of the issued and outstanding Typhoon Shares. As for persons involved in investor relations activities, the number of Typhoon Shares reserved for issuance shall not exceed, individually or collectively, in any twelve (12) month period, 2% of the issued and outstanding Typhoon Shares. The Stock Option Plan provides that the terms and exercise price of the options shall be fixed by the directors. The exercise price shall not be less than the closing price of the Typhoon Shares on the TSX Venture Exchange on the trading day immediately preceding the date of grant. In the event that there were no transactions, the exercise price shall be determined by the average between the closing “bid” and the closing “ask” price on the trading day immediately preceding the date of grant. Stock options granted under the Stock option Plan expire, if not previously exercised, by the tenth anniversary of their grant date, and the exercise price must be paid in full upon exercise of the option. Options granted under the Stock Option Plan are non assignable. Finally, if prior to the exercise of an option, the Grantee ceases to be a director, officer or employee, the Grantee’s option must be exercised within twelve (12) months of termination of employment or cessation of position, subject to the expiry date of such options.

### ***Risk Considerations***

The Board is aware that compensation policies and practices are likely to have consequences - albeit unintentional - in terms of risks.

The Board will regularly review the consequences of certain risks that might be associated with such policies and practices, all in order to identify practices that could influence a Named Executive Officer to expose Typhoon to undue risk.

The Board has also conducted such a review as part of the preparation of this Circular.

### ***Stock Options***

The Stock Option Plan is designed to attract and retain competent officers and directors within Typhoon. It is part of the alignment of interests of executive officers and directors with those of shareholders of Typhoon. Besides being the main component of the long-term incentive compensation offered to directors and executive officers, the Stock Option Plan also aims to reward and retain employees of Typhoon and people who provide ongoing consulting services or management.

This form of compensation is both “long term” and “at risk”, since it is largely linked to the creation of long-term value.

Thus, this form of compensation is not specifically linked to the obtaining of specific results or milestones, but rather is intended to retain and encourage beneficiaries to work continuously and in the best interest of Typhoon and its shareholders.

Since the benefits of this form of compensation generally require the lapse of a period of time, the Board considers that the ability of Named Executive Officers to take undue risks that would be excessive or beneficial from the point of view of their compensation and to the detriment of Typhoon and its shareholders, is limited.

## Salary

The salary is the residual portion of total compensation of a Named Executive Officer. The Board considers it is unlikely that a Named Executive Officer decides to take undue or excessive risk to Typhoon which would be personally beneficial in terms of his compensation.

## Conclusion

Due to the current size and level of activities of Typhoon, the Board is able to monitor and review the risks associated with its compensation policies and practices. Such risks can be identified and mitigated through regular meetings during which financial or other information is reviewed.

No risk resulting from the compensation practices and policies that are reasonably likely to have a material adverse effect on Typhoon or its business has been identified by the Board.

## Summary of the Compensation of the Named Executive Officers

The following table provides information for the financial years ended February 28, 2017, February 29, 2016 and February 28, 2015 regarding compensation paid to or earned by the Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(2)</sup> (\$)	Total (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
David Mc Donald President and CEO	2015	159,402	Nil	81,706	Nil	Nil	Nil	30,151	271,259
	2016	160,623	Nil	Nil	Nil	Nil	Nil	29,737	190,360
	2017	169,894	Nil	Nil	Nil	Nil	Nil	21,461	191,355
Paul Antaki CFO	2015	Nil	Nil	30,873	Nil	Nil	Nil	Nil	30,873
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Black & Scholes model used as per the following assumptions

Estimates	2015
Risk free interest rate	1.64%
Expected life	10 years
Expected volatility	112%
Expected dividend yield	0

(2) Pursuant to a management agreement dated August 25, 2003, as amended (the "**Management Agreement**"), between Typhoon and Ressources Lutsvisky Inc. ("**Lutsvisky**"), a private corporation wholly-owned by David Mc Donald, Lutsvisky provides the staff required to carry out exploration programs, selects and hires subcontractors in drilling, blasting, line cutting and other subcontractors necessary to carry out the exploration programs, hires the laboratories required to process the samples collected as part of the exploration programs, provides food and transportation to personnel and provides the necessary oversight to the implementation of the programs. Under the Management Agreement, the parties have agreed that Lutsvisky would be entitled to a fee for overhead, management and administrative costs, equal to 15% of the expenditures carried out in connection with the exploration program.

## Incentive Plan Awards — Outstanding Share-Based Awards and Stock-Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the Named Executive Officers of Typhoon.

Name	Option-Based Awards			Share-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)	Market or Payout Value of Share-Based Awards that have not paid out or distributed (\$)
David Mc Donald	100,000	0.125	August 11, 2019	Nil	Nil	Nil	Nil
	50,000	0.125 <sup>(2)</sup>	October 21, 2019	Nil	Nil	Nil	Nil
	50,000	0.125 <sup>(2)</sup>	March 9, 2020	Nil	Nil	Nil	Nil
	200,000	0.125 <sup>(2)</sup>	February 10, 2021	Nil	Nil	Nil	Nil
	60,000	0.125 <sup>(2)</sup>	August 31, 2021	Nil	Nil	Nil	Nil
	200,000	0.10	April 15, 2023	Nil	Nil	Nil	Nil
	500,000	0.12	June 25, 2024	Nil	Nil	Nil	Nil
	500,000	0.05	February 27, 2025	Nil	Nil	Nil	Nil
Paul Antaki	25,000	0.125 <sup>(2)</sup>	October 21, 2019	Nil	Nil	Nil	Nil
	35,000	0.125 <sup>(2)</sup>	March 9, 2020	Nil	Nil	Nil	Nil
	50,000	0.125 <sup>(2)</sup>	February 10, 2021	Nil	Nil	Nil	Nil
	60,000	0.125 <sup>(2)</sup>	August 31, 2021	Nil	Nil	Nil	Nil
	50,000	0.10	April 15, 2023	Nil	Nil	Nil	Nil
	200,000	0.12	June 25, 2024	Nil	Nil	Nil	Nil
	150,000	0.05	February 27, 2025	Nil	Nil	Nil	Nil

(1) The value of unexercised is determined by calculating the difference between the closing price of the common share on the TSX Venture Exchange, February 28, 2017 (\$0.10) and the exercise price of the options.

(2) During the exercise ended February 28, 2015, Typhoon decreased the exercise price of 735,000 options to \$0.125.

## Incentive Plan Awards - Value Vested or Earned During the Most Recently Completed Financial Year

The following table outlines, for each NEO, the value of option-based awards and share-based awards which vested during the financial year ended February 28, 2017 and the value of non-equity incentive plan compensation earned during the year ended February 28, 2017.

Name	Option-Based Awards – Value Vested During the Year (\$)(1)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
David Mc Donald	Nil	Nil	Nil
Paul Antaki	Nil	Nil	Nil

(1) The amount represents the aggregate value that would have been realised if all of the options granted had been exercised at the vesting date and is established by using the closing price of the common shares on the TSX Venture Exchange on such date.

### **Pension Plan Benefits**

Typhoon does not have a Defined Benefits Pension Plan or a Defined Contributions Pension Plan.

### **Termination and Change of Control Benefits**

#### **General**

Pursuant to an employment agreement dated January 9, 2006, as amended on January 30, 2006, October 4, 2007 and December 21, 2010 (the “**Employment Agreement**”), Typhoon has agreed to pay to David Mc Donald, President and CEO, an annual compensation of \$150,000 (the “**Base Salary**”), annually indexed, in accordance with the increase of the Consumer Price Index (CPI) as determined by Statistics Canada for the City of Montreal, Québec, for the preceding year.

Under the terms of the Employment Agreement, if a project is brought to the pre feasibility stage, David Mc Donald will receive 1,000,000 Typhoon Shares or an equivalent amount in cash based on the closing price of the Typhoon Shares on the day preceding such date, at the election of David Mc Donald.

If a project is brought to the production stage, he will receive 1,500,000 Typhoon Shares or an equivalent amount in cash based on the closing price of the Typhoon Shares on the day preceding such date.

In the event of a “change of control” (as defined in the Employment Agreement) resulting in the following year the loss of employment of David Mc Donald (other than for serious reasons) or his resignation due to an unilateral change of his employment conditions (the “**Triggering Event**”), he will receive the following severance payment, at his election:

- (a) a cash amount equal to three (3) times the Base Salary; or
- (b) 1,500,000 Typhoon Shares, at a price per share based on the closing price of the Typhoon Shares on the day preceding the Triggering Event; or
- (c) a cash amount equal to 1% of the gross value of the mining deposits.

#### **Shareholders and Regulatory Approvals**

At a shareholders meeting held on July 26, 2006, a majority of independent Typhoon Shareholders have approved the terms and conditions of the Employment Agreement. The Employment Agreement was approved by 95.92% of the votes cast at such meeting. On July 27, 2006, the Exchange approved the potential issuance of a maximum of 4,500,000 Typhoon Shares in favour of David Mc Donald in accordance with the terms and conditions of the Employment Agreement. On August 9, 2006, a press release was issued by Typhoon to announce the approval by the Typhoon Shareholders of the terms and conditions of the Employment Agreement.

### **COMPENSATION OF DIRECTORS**

## Directors Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the directors of Typhoon for the financial year ended February 28, 2017.

Name	Fees (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive plan Compensation (\$)	Pension Value (\$)	All Other compensation (\$)	Total (\$)
Léo Patry	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Secours	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Black & Scholes model used as per the following assumptions

Estimates	2015
Risk free interest rate	1.64%
Expected life	10 years
Expected volatility	112%
Expected dividend yield	0

## Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation

### *Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year granted to the directors of Typhoon:

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiry Date	Value of Unexercised In-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)
Léo Patry	50,000	0.125 <sup>(2)</sup>	February 10, 2021	Nil	Nil	Nil
	60,000	0.125 <sup>(2)</sup>	August 31, 2021	Nil	Nil	Nil
	50,000	0.10	April 15, 2023	Nil	Nil	Nil
	200,000	0.12	June 25, 2024	Nil	Nil	Nil
	150,000	0.05	February 27, 2025	Nil	Nil	Nil
David Secours	100,000	0.05	February 27, 2025	Nil	Nil	Nil

(1) The value of unexercised options is determined by calculating the difference between the closing price of the common share on the TSX Venture Exchange, February 28, 2017 (\$0.10) and the exercise price of the options.

(2) During the exercise ended February 28, 2015, Typhoon decreased the exercise price of 735,000 options to \$0.125.

### *Incentive Plan Awards — Value Vested or Earned During the Most Recently Completed Financial Year*

The following table presents information concerning value vested with respect to option-based awards and share-based awards granted to the directors of Typhoon during the most recently completed financial year:

Name	Option-Based Awards – Value Vested During the year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Léo Patry	Nil	Nil	Nil
David Secours	Nil	Nil	Nil

1) The amount represents the aggregate value that would have been realised if all of the options granted had been exercised at the vesting date and is established by using the closing price of the common shares on the TSX Venture Exchange on such date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at February 28, 2017 with respect to compensation plans pursuant to which equity securities of Typhoon are authorized for issuance.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of shares remaining available for future issuance under the equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans previously approved by shareholders	4,010,000	\$0.10	1,931,358
Equity compensation plans not previously approved by shareholders	Nil	Nil	Nil

## INFORMATION ON THE AUDIT COMMITTEE

### Charter of the Audit Committee

The charter of the Audit Committee is attached to this Circular as Schedule A.

### Composition of the Audit Committee

The Audit Committee is currently composed of Leo Patry, David Secours and Paul Antaki. Under *Regulation 52-110 Respecting Audit Committees*, a member of an audit committee is “independent” if such member 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. For the purpose of assessing the independence of a member of an audit committee, *Regulation 52-110 Respecting Audit Committees* further provides that an individual will be deemed to have a material relationship with an issuer if he or she accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer, other than as remuneration for acting in his or her capacity as a member or as part-time chair or vice-chair of the Board of the issuer or any committee thereof. For this purpose, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes the acceptance of a fee by an entity in which such individual is a partner, and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer.

Based on the foregoing, the Board has determined that Leo Patry and David Secours are independent members of the Audit Committee. The Board Directors considers that Paul Antaki is not an independent member of the Audit Committee in that Mr. Antaki is the CFO of Typhoon.

The Board has determined that each of the members of the Audit Committee is “financially literate” within the meaning of section 1.6 of *Regulation 52-110-Respecting 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 Typhoon's financial statements.

### **Relevant education and experience**

#### Paul Antaki

Mr. Antaki is a director of Typhoon since 2004 and Chief Financial Officer since 2007. He was employed by a bank for over 34 years, including several years as Director, Mr. Antaki has the knowledge and skills in analyzing financial statements society.

#### Leo Patry

Mr. Patry has a BA in Business Administration. He is a director of Typhoon since May 2009. As Business Man, Mr. Patry has extensive experience in management and communication in mining and gained knowledge of accounting analyzing long the financial statements of different companies.

#### David Secours

Mr. Secours has over twenty years' experience in sales and management. He has extensive experience in international business relationship and has the ability to assess the general application of the accounting policies of Typhoon.

### **Pre-approval Policies and Procedures for Audit Services**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### **External Auditor Fees**

Period ended February 29 and February 28 :	2017	2016
Audit Fees	\$24,950	\$30,215
Audit Related Fees	-	-
Tax Fees	\$2,565	\$2,565
All other Fees	-	-
<b>TOTAL</b>	<b>\$27,515</b>	<b>\$32,780</b>

#### **Audit Fees**

Audit fees consist of fees for professional services for the audit of Typhoon's annual financial statements, assistance with interim financial statements, and related matters. Dallaire & Lapointe inc., Chartered Professionals Accountants ("**Dallaire Lapointe**"), Typhoon's external auditors, billed Typhoon \$24,950 in audit fees during the financial year ended February 28, 2017.

#### **Audit-Related Fees**

Audit-related fees consist of fees for professional services that are reasonably related to the performance of the audit or review of Typhoon's financial statements and which are not reported under "Audit Fees" above. Dallaire Lapointe has not billed Typhoon in audit-related fees during the financial year ended February 28, 2017.

## **Tax Fees**

Tax fees consist of fees for professional services for tax compliance, tax advice and tax planning. Dallaire Lapointe billed Typhoon \$2,565, in tax fees during the financial year ended February 28, 2017.

## **Reliance on Exemption**

Typhoon is relying on the exemption set out in section 6.1 of *Regulation 52-110 Respecting Audit Committees* with respect to the composition of the Audit Committee and certain reporting obligations.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

During the fiscal year ended February 28, 2017, and as at the date of this Circular, none of the directors, executive officers, employees (or previous directors, executive officers or employees of Typhoon), each proposed nominee for election as a director of Typhoon (or any associate of a director, executive officer or proposed nominee) was or is indebted to Typhoon with respect to the purchase of securities of Typhoon and for any other reason pursuant to a loan.

### **C. APPOINTMENT OF AUDITORS**

Dallaire Lapointe has acted as auditors of Typhoon since February 28, 2003.

Typhoon Management proposes Dallaire Lapointe as Typhoon's auditors, for Typhoon's financial year ending February 28, 2018.

In addition, for practical reasons, it is expedient that the directors of Typhoon be authorized to fix the auditors' remuneration.

### **D. OTHER MATTERS**

Typhoon Management knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to the management should properly come before the Meeting, the accompanying Proxy Form confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **CORPORATE GOVERNANCE PRACTICES**

### **General**

*Policy Statement 58-201 Corporate Governance Guidelines* and *Regulation 58-101 Respecting Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as Typhoon, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is Typhoon's required annual disclosure of its corporate governance practices.

### **Mandate of the Board**

The Board considers that Léo Patry and David Secours are independent members of the Board within the meaning of *Regulation 52-110 Respecting Audit Committees*.

The Board considers that David Mc Donald and Paul Antaki are not independent members of the Board within the meaning of *Regulation 52-110 Respecting Audit Committees*. David Mc Donald is the President and CEO of Typhoon and Paul Antaki is the Chief Financial Officer of Typhoon.

On July 5, 2012 the Board of Directors has adopted a written mandate which explicitly establishes the duty of stewardship Typhon, including the following responsibilities:

- (a) ensure, to the extent possible, the integrity of the CEO and other members of senior management, and that the CEO and other members of senior management maintain a culture of integrity within Typhon as a whole;
- (b) adopting a strategic planning process and approving, at least annually, a strategic plan taking into account in particular the opportunities and risks of the business;
- (c) identify the main risks to which Typhon activities are exposed and ensure the implementation of appropriate systems to manage these risks;
- (d) succession planning (including appointing, training, evaluation and close monitoring of senior management);
- (e) adopt a communication policy;
- (f) monitor the internal control systems and management information; and
- (g) implement sound corporate governance practices, including policies and specific Typhoon governance practices.

The written mandate of the board also includes the following responsibilities:

- (a) adopt measures to obtain feedback from interested parties; and
- (b) clarify expectations and responsibilities of directors, including basic functions and responsibilities with respect to attendance at meetings of the Board and the prior review of meeting materials

### **Directorships**

The following director is currently director of another reporting issuer in Canada:

<b>Name of Director</b>	<b>Issuer</b>
David Mc Donald	Axe Exploration Inc.

### **Orientation and Continuing Education**

Typhoon does not currently have a formal orientation program for new directors, but the Board has taken measures to provide continuing education for the directors (i.e. training sessions provided by the Exchange).

### **Ethical Business Conduct**

The CEO and the Governance/Nomination Committee are responsible for promoting a corporate culture which supports the highest of ethical standards, encourages personal integrity and assumes social responsibility. The Code of Ethics will be reviewed on an annual basis as well as adherence thereto.

The Code of Ethics will be distributed to and signed by each of Typhoon's employees when they are hired.

Directors, officers and employees will be required, on an annual basis, to declare their commitment to respect the Code of Ethics. Typhoon Management will report annually to the Governance / Nomination Committee all non-compliance statements so disclosed by directors, officers and designated employees.

The Code of Ethics provides that directors, officers and employees must avoid conflicts of interests, both real and perceived. In practice, should a director have a material interest or be otherwise in conflict of interest as regards a transaction or agreement considered by the Board, he must disclose his conflict of interest and withdraw from any discussions, assessment or decision related to the particular transaction or agreement.

In addition, the Board has also established a Whistle Blowing Policy, a process for the receipt and treatment of all complaints concerning accounting, internal accounting controls, auditing or related matters submitted by any employee, including procedures for the confidential anonymous submissions by employees of concerns regarding said matters.

### **Committees of the Board**

The Board has currently two (2) standing committees, namely: the Audit Committee and the Governance/Nomination Committee.

#### ***Audit Committee***

The Audit Committee meets regularly in order to assist the Board: (a) in its oversight of the accounting and financial reporting principles and policies and internal audit controls and procedures; (b) in its oversight of the integrity and transparency of Typhoon's financial statements and the independent audit thereof; (c) in selecting, evaluating and, where deemed appropriate, replacing the external auditors; (d) in evaluating the independence of the external auditors; (e) in its oversight of risk identification, assessment and management program; and (f) in Typhoon's compliance with legal and regulatory requirements in respect of the above.

The function of the Audit Committee is to provide independent and objective oversight. Typhoon Management is responsible for the preparation, presentation and integrity of the financial statements.

Typhoon Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out a proper audit of the annual financial statements and other procedures. In fulfilling their responsibilities, it is recognized that members of the Audit Committee are not full-time employees of Typhoon and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing including in respect of auditor independence. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (a) the integrity of those persons and organizations from which it receives information; (b) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (c) representations made by management as to non-audit services provided by the auditors.

#### ***Governance / Nomination Committee***

The Governance/Nomination Committee is responsible for monitoring corporate governance and nomination matters.

The Governance/Nomination Committee has the general mandate to (a) consider and assess all issues that may affect Typhoon in the areas of corporate governance and nomination generally; (b) recommend actions or measures to the Board to be taken in connection with these two (2) areas; and (c) monitor the implementation and administration of such actions or measures, or of corporate policies and guidelines adopted by regulatory authorities or the Board with respect to said two (2) areas.

As regards corporate governance matters, the Governance/Nomination Committee is responsible for establishing practices which must be followed and should be in line with corporate governance rules and

guidelines in effect from time to time as adopted by relevant authorities. The Governance/Nomination Committee is also responsible for recommending to the Board new candidates for directors and to assist the Board in the assessment of the performance of senior officers, of the Board and its committees and of individual directors.

### **Assessments**

The Board, as a whole, is responsible for assessing on an ongoing basis: (a) the performance and contribution of each of the members of the Board on an individual basis; and (b) the performance and effectiveness of the Board generally.

### **ADDITIONAL INFORMATION**

Financial information about Typhoon is included in its audited financial statements and Management's Discussion and Analysis for the financial year ended February 28, 2017, and additional information about Typhoon is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders who would like to obtain, at no cost to them, a copy of any of the following documents:

- (a) the audited financial statements of Typhoon for the financial year ended February 28, 2017 together with the accompanying report of the auditors thereon and any interim financial statements of Typhoon for periods subsequent to February 28, 2017 and Management's Discussion and Analysis with respect thereto; and
- (b) this Circular.

Copies are also available by contacting Typhoon:

**TYPHOON EXPLORATION INC.**  
255, blvd Curé Labelle, Suite 204  
Laval, Québec H7L 2Z9  
Tel : 450.622.4066  
Fax : 450.622.4337  
[e-mail : info@explorationtyphon.com](mailto:info@explorationtyphon.com)

### **AUTHORIZATION**

The contents and the mailing of this Management Proxy Circular have been approved by the Board.

Laval, Québec, July 17, 2017

**By order of the Board**

*(s) David Mc Donald*  
David Mc Donald, President and CEO

## SCHEDULE A

### AUDIT COMMITTEE CHARTER

The following charter is adopted in compliance with *Multilateral Instrument 52-110 Audit Committees* (“MI 52-110”).

#### 1. MANDATE AND OBJECTIVES

The mandate of the audit committee of Typhoon (the “**Audit Committee**”) is to assist the board of directors of Typhoon (the “**Board**”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by Typhoon to regulatory authorities and shareholders, Typhoon’s systems of internal controls regarding finance and accounting and Typhoon’s auditing, accounting and financial reporting processes.

The objectives of the Audit Committee are to:

- (i) serve as an independent and objective party to monitor Typhoon’s financial reporting and internal control system and review Typhoon’s financial statements;
- (ii) ensure the independence of Typhoon’s external auditors; and
- (iii) provide better communication among Typhoon’s auditors, the management and the Board.

#### 2. COMPOSITION

The Audit Committee shall be comprised of at least three (3) directors as determined by the Board. The majority of the members of the Audit Committee shall be independent, within the meaning of MI 52-110.

At least one (1) member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices.

For the purposes of this Charter, the definition of “financially literate” is 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 presumably be expected to be raised by Typhoon’s financial statements.

The members of the Audit Committee shall be elected by the Board at its first meeting following each annual shareholders’ meeting. Unless a Chairman is elected by the Board, the members of the Audit Committee may designate a Chairman by a majority vote of all the Audit Committee members.

#### 3. MEETINGS AND PROCEDURES

- 3.1 The Audit Committee shall meet at least once annually or more frequently if required.
- 3.2 At all meetings of the Audit Committee, every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chairman shall not be entitled to a second vote.
- 3.3 A quorum for meetings of the Audit Committee shall be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee shall be the same as those governing meetings of the Board.

## 4. DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Audit Committee:

### 4.1 Financial Statements and Disclosure Matters

- a) review Typhoon's financial statements, MD&A and any press releases regarding annual and interim earnings, before Typhoon publicly discloses such information, and any reports or other financial information which are submitted to any governmental body or to the public; and
- b) must be satisfied that adequate procedures are in place for the review of Typhoon's public disclosure of financial information extracted or derived from Typhoon's financial statements, other than the public disclosure referred to in subsection a) above, and must periodically assess the adequacy of those procedures.

### 4.2 External Auditors

- a) recommend to the Board the selection and, where applicable, the replacement of the external auditors to be nominated annually as well the compensation of such external auditors;
- b) oversee the work and review annually the performance and independence of the external auditors who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of Typhoon;
- c) on an annual basis, review and discuss with the external auditors all significant relationships they may have with Typhoon that may impact their objectivity and independence;
- d) consult with the external auditors about the quality of Typhoon's accounting principles, internal controls and the completeness and accuracy of Typhoon's financial statements;
- e) review and approve Typhoon's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of Typhoon;
- f) review the audit plan for the year-end financial statements and intended template for such statements;
- g) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, as well as any non-audit services provided by the external auditors to Typhoon or its subsidiary entities. The pre-approval requirement is satisfied with respect to the provision of non-audit services if:
  - i) the aggregate amount of all such non-audit services provided to Typhoon constitutes no more than 5% of the total amount of fees paid by Typhoon and its subsidiary entities to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii) such services were not recognized by Typhoon or its subsidiary entities as non-audited services at the time of the engagement; and
  - iii) such services are promptly brought to the attention of the Audit Committee by Typhoon and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom

authority to grant such approvals has been delegated by the Audit Committee.

- h) The Audit Committee may delegate to one or more independent members of the Audit Committee the aforementioned authority to pre-approve non-audited services, provided the pre-approval of the non-audit services is presented to the Audit Committee at its first scheduled meeting following such approval.

#### **4.3 Financial Reporting Processes**

- a) in consultation with the external auditors, review with management the integrity of Typhoon's financial reporting process, both internal and external;
- b) consider the external auditor's judgments about the quality and appropriateness of Typhoon's accounting principles as applied in its financial reporting;
- c) consider and approve, if appropriate, changes to Typhoon's auditing and accounting principles and practices as suggested by the external auditors and management;
- d) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- e) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- f) establish procedures for the confidential, anonymous submission by employees of Typhoon of concerns regarding questionable accounting or auditing matters and the receipt, retention and treatment of complaints received by Typhoon regarding accounting, internal accounting controls or auditing matter

