



**PJX RESOURCES INC.**  
**Suite 3400 1 First Canadian Place**  
**PO Box 130**  
**Toronto, Ontario M5X 1A4**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “Meeting”) of the shareholders of PJX Resources Inc. (the “Corporation”) will be held at the offices of **Bennett Jones LLP, Canada C and D Boardrooms, Suite 3400 1 First Canadian Place, Toronto, Ontario at 11:00 a.m. (Toronto time) on June 30, 2017** for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2016, together with the report of the auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to consider and, if deemed advisable, to pass, with or without variation, a resolution approving, in accordance with the policies of the TSX Venture Exchange, the share option plan of the Corporation; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Particulars of the foregoing matters are set forth in the accompanying management information circular. A copy of the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2016, together with the report of the auditor of the Corporation thereon, also accompanies this notice.

The directors of the Corporation have fixed the close of business on May 26, 2017 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting.

**DATED** at Toronto, Ontario this 26<sup>th</sup> day of May, 2017.

By Order of the Board

(Signed) Mr. John Keating  
President and Chief Executive Officer

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the accompanying form of proxy in the enclosed return envelope. All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be deposited with Computershare Investor Services Inc., 9<sup>th</sup> Floor, North Tower, 100 University Avenue, Toronto, Ontario M5J 2Y1, not later than 5:00 p.m. (Toronto time) on two business days preceding the date of the Meeting or any adjournment thereof or with the chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof.



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**MANAGEMENT INFORMATION CIRCULAR**  
**GENERAL PROXY INFORMATION**

**May 26, 2017**

**Solicitation of Proxies**

**This management information circular (“Management Information Circular”) is furnished in connection with the solicitation of proxies by the management and the directors of PJX RESOURCES INC.** (the “Corporation” or the “Company”) for use at the annual and special meeting of the shareholders of the Corporation (the “Meeting”) to be held at the offices of **Bennett Jones LLP, Canada C and D Boardrooms, 34<sup>th</sup> Floor, One First Canadian Place, Toronto, Ontario at 11:00 a.m. (Toronto time) on June 30, 2017** and at all adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the “Notice of Meeting”). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation (“Common Shares”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Management Information Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of the solicitation will be borne by the Corporation.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Management Information Circular and a form of proxy to intermediaries such as clearing agencies, securities dealers, banks and trust companies or their nominees for onward distribution to non-registered shareholders of the Corporation whose Common Shares are held by or in custody of such intermediaries. Intermediaries are required to forward these documents to non-registered shareholders of the Corporation. The solicitation of proxies from non-registered shareholders of the Corporation will be carried out by intermediaries or by the Corporation if the names and addresses of non-registered shareholders of the Corporation are provided by the intermediaries. The cost of the solicitation will be borne by the Corporation. Non-registered shareholders of the Corporation who wish to file proxies should follow the instructions of their intermediary with respect to the procedure to be followed. Generally, non-registered shareholders of the Corporation will either (a) be provided with a proxy executed by the intermediary, as the registered shareholder of the Corporation, but otherwise uncompleted and the non-registered shareholder of the Corporation may complete the proxy and return it to Computershare Investor Services Inc., or (b) be provided with a request for voting instructions by the intermediary, as the registered shareholder of the Corporation, in which case the intermediary must send to Computershare Investor Services Inc. an executed proxy completed in accordance with any voting instructions received from the non-registered shareholder of the Corporation and may not vote the common shares represented by the proxy in the event that no instructions are received.

In either case, the purpose of these procedures is to permit non-registered shareholders to direct the voting of the Common Shares they beneficially own. Should a non-registered shareholder who receives either a voting instruction form or a form of proxy wish to attend the meeting and vote in person (or have another person attend and vote on behalf of the non-registered shareholder), the non-registered shareholder should strike out the names of the persons named in the form of proxy and insert the non-registered shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instructions form, follow the directions indicated on the form. In either case, non-registered shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered.

No person is authorized to give any information or to make any representation other than those contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Management Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date of this Management Information Circular.

### **Appointment and Revocation of Proxies**

**The persons named in the form of proxy accompanying this Management Information Circular are directors and/or officers of the Corporation. A shareholder of the Corporation has the right to appoint a person (who need not be a shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to Computershare Trust Company of Canada in time for use at the Meeting in the manner specified in the Notice of Meeting.**

A shareholder of the Corporation who has given a proxy may revoke the proxy at any time prior to use by (a) depositing an instrument in writing, including another completed form of proxy, executed by such shareholder or by his or her attorney authorized in writing or by electronic signature or, if the shareholder is a corporation, by an officer or attorney thereof properly authorized, either (i) at the registered office of the Corporation, Suite 3400 One First Canadian Place, Toronto, Ontario M5X 1A4, (ii) with Computershare Investor Services Inc., 9th Floor, North Tower, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time prior to 5:00 p.m. (Toronto time) two business days preceding the day of the Meeting or any adjournment thereof, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, (b) transmitting, by telephonic or electronic means, a revocation that complies with sub-paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be, or (c) in any other manner permitted by law including attending the Meeting in person.

A non-registered shareholder who has submitted a proxy may revoke it by contacting the intermediary through which the non-registered shareholder's Common Shares are held and following the instructions of the intermediary respecting the revocation of proxies.

### **Exercise of Discretion by Proxies**

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions thereon. If the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of instructions, such Common Shares will be voted for each of the matters referred to in the Notice of Meeting.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof.** As at the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

### **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Corporation or the duly appointed attorney of the shareholder of the Corporation authorized in writing or, if the shareholder of the Corporation is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Corporation or in some other representative capacity, including an officer of a corporation which is a shareholder of the Corporation, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Corporation. A shareholder of the Corporation or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

The Corporation is not using “notice-and-access” to send its proxy-related materials to its shareholders, and paper copies of such materials will be sent to all shareholders. The Corporation will send proxy-related materials directly to non-objecting non-registered shareholders, through the services of Broadridge.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

### **Description of Share Capital**

The Corporation is authorized to issue an unlimited number of Common Shares. Each Common Share entitles the holder of record thereof to one vote at all meetings of the shareholders of the Corporation. As at the close of business on May 26, 2017, there were 75,913,396 Common Shares outstanding.

### **Record Date**

The directors of the Corporation have fixed May 26, 2017 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting. Shareholders of record of the Corporation at the close of business on May 26, 2017 will be entitled to vote at the Meeting and at all adjournments thereof, except to the extent that a shareholder has transferred any Common Shares after the record date.

### **Ownership of Securities of the Corporation**

As at May 26, 2017, to the knowledge of the directors and officers of the Corporation, each of the following entity beneficially owns or controls or directs, directly or indirectly, voting securities of the Corporation carrying more than ten per cent of the voting rights attaching to the Common Shares.

<b>Name</b>	<b>Type of Ownership</b>	<b>Number of Outstanding Voting Securities Held</b>	<b>Percentage of Outstanding Voting Securities</b>
George Patton	Direct and Exercise Control	13,375,000	18

As at May 26, 2017, the directors and officers of the Corporation own or control, or direct, directly or indirectly, in the aggregate, 2,854,950 Common Shares, representing approximately 4 per cent of the issued and outstanding Common Shares.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Corporation's management team.

The main objectives the Corporation hopes to achieve through its compensation are to:

- attract, retain and motivate executives critical to the success of the Corporation;
- provide fair, competitive and cost effective compensation programs to its executives;
- link the interests of management with those of the holders of Common Shares; and
- provide rewards for outstanding corporate and individual performance.

It is one of the aims of the compensation strategy to ensure that Named Executive Officers of the Corporation are paid reasonably and consistent with the level of responsibility and authority which they assume and taking into account the role they play in advancing the strategic objectives of the Corporation.

The significant elements of compensation paid to the Corporation's officers are:

- base salary;
- annual incentive compensation (bonuses); and
- long-term incentive compensation in the form of stock options.

#### *Base Salary*

Base salary is the principal component of an executive officer's compensation package and it is an important component of the compensation strategy for the executives of the Corporation. The success of the Corporation in continuously delivering value for shareholders is largely determined by the quality and consistency of the Corporation's strategy and how well the Corporation can execute on its development plans. In this regard, it is very important to ensure that its base salary compensation programs are designed to attract, motivate and retain the executives required for this crucial phase of development for the Corporation. Base salary levels take into account the officers' individual responsibilities, experience, performance and contribution toward enhancing shareholder value.

Annual base salaries are established based on the experience of the members of the compensation committee. External consultants are not used. The compensation committee concluded that no salary increases be awarded in view of the market situation in 2016 which has made it necessary to prudently allocate resources,.

#### *Annual Incentive Compensation*

The determination of annual incentives for each of the Named Executive Officers is subjective and relies on compensation committee discussion without formalized objectives. However, the compensation committee will consider:

- the Corporation's overall performance; and
- the senior officers; contribution to that performance, including their contribution in respect of activities such as advancement of material mineral projects; marketing of the Corporation and completion of capital raising transactions, improvement in corporate governance through creation

and implementation of policies and procedures and improvement in internal reporting, cost control and budgeting.

Pursuant to each of their respective employment agreements, each of Mr. Keating and Ms. Brennan are eligible to receive an annual incentive bonus of up to 25% of his/her Annual Salary, which may be payable to in common shares, cash, or some combination thereof, at the sole discretion of PJX.

In February 2017, a bonus in the amount of \$20,000 was awarded to each of Mr. John Keating, President, CEO and director and Ms. Linda Brennan, CFO and director. The board of directors of the Corporation approved the bonus amount after an examination and consideration of various factors. Specifically, the Board considered the following contributions made by Mr. Keating and Ms. Brennan:

- marketing of the company and completion of two additional over-subscribed financings.
- completion of consolidating a 100% ownership of the largest land package held by the Company.
- capitalized on tens of millions of dollars in historical exploration data and infilled data gaps with new mapping and exploration techniques to define very prospective gold and base metal targets.
- successfully completed a cumulative \$3 million dollar financing in 2016 affording the Company to be able to explore these targets.
- successful negotiation and completion of the \$8 million Teck option agreement of the DD Property.

Mr. Keating and Ms. Brennan have not received a salary increase since the company began in 2011, and have not received a performance bonus since September 2012. Ms. Brennan received compensation in 2014 to help offset expenses to move to Vancouver at the request of the company.

#### *Stock Options*

For a discussion of the Corporation's share option plan, please see discussion under "Annual Approval of Share Incentive Plan" below.

Options to purchase the Corporation's common shares and share purchase plans encourage executive officers to own and hold the Corporation's common shares and are another method of linking the performance of the Corporation and the appreciation of share value to the compensation of the executive officers. When determining the number of options granted to an executive officer, items such as the relative position of the individual officer, the contribution made by that officer during the review period, and the number of options granted previously would be taken into consideration.

#### *Managing Compensation Risk*

The Corporation believes that shareholder value is driven by exploration success and by the execution of strategic initiatives such as corporate development, market success and organization performance. Given the historical stage of development of the Corporation, compensation has emphasized meaningful stock option awards. The Corporation has also emphasized annual cash bonuses. There is an element of risk of placing an overemphasis on share value, which potentially could be detrimental to the Corporation however the compensation committee believes that the compensation levels and programs do not encourage the executives to take on an inappropriate level of risk. The following risk mitigation features exist within the compensation program:

- no single metric or objective can significantly impact executive compensation in a given year;
- a significant portion of executive compensation is variable or at risk but has a maximum limit on payouts; and
- compensation is balanced between short and long-term elements and between cash and equity components.

To the best knowledge of the Corporation, no executive of the Corporation engages in speculative activities in respect of any securities of the Corporation. Currently, the Corporation does not have a policy that prohibits a Named Executive Officer or director from purchasing financial instruments

designed to hedge or offset a decrease in the market value of equity securities of the Corporation granted as compensation or held directly or indirectly by the Named Executive Officer or director.

### Summary Compensation Table for Named Executive Officers

The following table contains information about the compensation paid to, or earned during the Corporation's last financial year, by the Corporation's President & Chief Executive Officer and Chief Financial Officer & Secretary. The persons depicted in the table are the only executive officers of the Corporation whose total compensation for the financial year ended December 31, 2016 exceeded \$150,000 (collectively the "Named Executive Officers").

Unless otherwise noted, none of the persons depicted in the table received any share-based awards, non-equity long-term incentive plan compensation or deferred compensation earnings during the years shown.

During the financial year ended December 31, 2016, none of the Named Executive Officers in the table elected to exchange any compensation awarded to, earned by, paid to, or payable to the Named Executive Officer under a program that would allow the Named Executive Officer to receive awards, earnings, payments, or payables in another form.

Name and Principal Position	Fiscal Period Ending	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
(A)	(B)	(C)	(D)	(E)	(F1)	(F2)	(G)	(H)	(I)
John Keating President, CEO and director <sup>(2)</sup>	2016	\$144,000	Nil	\$178,766	\$20,000	Nil	Nil	Nil	\$342,766
	2015	\$144,000	Nil	\$37,800	Nil	Nil	Nil	Nil	\$181,800
	2014	\$144,000	Nil	Nil	Nil	Nil	Nil	Nil	\$144,000
Linda Brennan, CFO, Director & Secretary <sup>(3)</sup>	2016	\$120,000	Nil	\$124,187	\$20,000	Nil	Nil	Nil	\$264,187
	2015	\$120,000	Nil	\$37,800	Nil	Nil	Nil	Nil	\$157,800
	2014	\$120,000	Nil	Nil	\$15,000	Nil	Nil	Nil	\$135,000

#### Notes:

- The Corporation follows the fair value method of accounting for all stock-based compensation arrangements. The values reported represent an estimate of the grant date fair value of the options calculated in accordance with the Black-Scholes option pricing model. The Black-Scholes model is a pricing model that may or may not reflect the actual value of the options. The model requires certain assumptions at the time the options are granted.  
For options granted on July 21, 2015 the assumptions were: risk-free interest rate (0.7%), exercise price of the Option (\$0.19), expected dividend yield (0%), expected life (5 years) and share price volatility (113%).  
All input variables are estimates of management. The options have not and may never be exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.  
For options granted on November 18, 2016 the assumptions were: risk-free interest rate (0.9%), exercise price of the Option (\$0.20), expected dividend yield (0%), expected life (5 years) and share price volatility (111%).  
All input variables are estimates of management. The options have not and may never be exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- Mr. John Keating was a NEO and also a director of the Corporation for the financial year ended December 31, 2016. Mr. Keating was not compensated for his role as a director of the Corporation.
- Ms. Linda Brennan was a NEO and also a director of the Corporation for the financial year ended December 31, 2016. Ms. Brennan was not compensated for her role as a director of the Corporation.

### *Named Executive Officer Employment Agreements*

John Keating and Linda Brennan (each an “**Executive**”) each entered into respective employment agreements with the Corporation (each an “**Employment Agreement**”), effective September 15, 2011.

Pursuant to each of their respective Employment Agreements, John Keating is paid an annual base salary of \$144,000 and Linda Brennan is paid an annual base salary of \$120,000. Each Executive is also eligible to receive an annual incentive bonus of up to 25% of his/her annual base salary.

Under each respective Employment Agreement, if an Executive provides the Corporation with a written notice of resignation at least six weeks in advance of the effective date of his/her resignation (the “**Notice of Resignation Period**”), and the Corporation waives such notice in whole or in part, the Executive will receive: (i) his/her base salary until the last day of the Notice of Resignation Period, (ii) continued eligibility to participate in any existing Corporation group benefits plan until the last day of the Notice of Resignation Period, (iii) a payment equal to the value of any unused vacation leave for the *pro rata* portion of the calendar year up to the last day of the Notice of Resignation Period and (iv) any accrued but unpaid business expenses. Any options that vest or have vested on or prior to the last day of the Notice of Resignation Period may continue to be exercised by an Executive for a period of 90 days following the last day of the Notice of Resignation Period or until the applicable expiry date of the options, whichever is earlier.

If an Executive resigns by giving written notice and the Corporation does not waive the notice in whole or in part, the Executive will receive continued payment of his/her base salary, continued eligibility to participate in any existing Corporation group benefits plan, accrued vacation, and any accrued but unpaid business expenses for the period up to the last day of the Notice of Resignation Period. Any options that vest or have vested on or prior to the effective date of an Executive’s resignation may continue to be exercised by him/her for a period of 90 days following the last day of the Notice of Resignation Period or until the applicable expiry date of the options, whichever is earlier.

If an Employment Agreement is terminated by the Corporation for Just Cause (as such term is defined in the Employment Agreement), the Executive will receive continued payment of his/her base salary, continued eligibility to participate in any existing Corporation group benefits plan, accrued vacation, and any accrued but unpaid business expenses for the period up to, and including, the effective date of the Executive’s termination for Just Cause. Any options that vested on or prior to the effective date of an Executive’s termination for Just Cause may continue to be exercised by him/her for a period of 90 days following the effective date of his/her termination or until the applicable expiry date of the options, whichever is earlier. Any options that have not vested on or prior to the effective date of an Executive’s termination for Just Cause shall be immediately cancelled and may not be exercised by the Executive.

An Executive’s employment shall cease and his/her Employment Agreement shall terminate automatically in the event of the Executive’s death or, at the Corporation’s discretion, upon the Executive’s Disability (as such term is defined in the Employment Agreement). If an Executive’s employment ceases by reason of his/her death or Disability, the Executive (or his/her estate) will receive payment of the Executive’s base salary, accrued vacation, and any accrued but unpaid business expenses for the period up to, and including, the date that the Executive’s employment ceases. If an Executive’s employment ceases by reason of Disability, the Executive shall also be eligible to receive his/her entitlements to notice of termination pay, termination pay and severance pay (if applicable) pursuant to the Ontario *Employment Standards Act, 2000*, in addition to any disability benefits for which the Executive is otherwise eligible. Any options that have vested on or prior to the date that an Executive’s employment ceases may continue to be exercised by the Executive (or by the Executive’s estate) for a period of one year from the date that the Executive’s employment ceases or until the applicable expiry date of the options, whichever is earlier.

If an Employment Agreement is terminated by the Corporation without Just Cause, an Executive will receive continued payment of his/her base salary and any accrued but unpaid business expenses for the

period up to, and including, the effective date of the Executive's termination without Just Cause. An Executive will also receive any accrued vacation for the period up to, and including, the end of the statutory notice period required under the Ontario *Employment Standards Act, 2000*. Additionally, an Executive will receive: (i) a lump sum payment equal to eighteen (18) months of the Executive's annual base salary, (ii) continued eligibility to participate in the Corporation's group benefits plan for a period of eighteen (18) months or, if such continued eligibility is not permitted by the Corporation's benefits carriers, a lump sum payment equal to the cost of the benefits premiums that the Corporation would have paid to provide the benefits to the Executive over the 18-month period, and (iii) a *pro rata* portion of any incentive bonus which may be subsequently awarded by the Corporation for the year in which the Executive's employment is terminated, calculated for the period from the commencement of the applicable year to the effective date of the Executive's termination. Additionally, all unvested stock options shall immediately vest at the date of termination and become exercisable by the Executive. The Executive is eligible to exercise all such stock options that vested either prior to or upon the termination of his/her employment until the applicable expiry date of the options.

Further, an Executive shall also be eligible for an enhanced benefit if an Involuntary Termination occurs following a change of control. An Involuntary Termination occurs where: (i) the Executive's employment is terminated for any reason (other than by reason of the Executive's death, Disability or termination for Just Cause) at any time during the twelve (12) month period immediately following a change of control, (ii) the Executive resigns his/her employment within period of ninety (90) days immediately following any Change Affecting the Executive's Employment (as such term is defined in an Employment Agreement) that occurs within the twelve (12) month period immediately following a change of control, or (iii) the Executive refuses continued employment with any successor of the Corporation within ninety (90) days following a change of control. In the event that an Involuntary Termination occurs following a change of control, then an Executive shall be eligible to receive the payments and benefits provided by the Corporation following a termination without Just Cause. Additionally, an Executive shall also be eligible for a further lump sum payment equal to: (i) the average of the incentive bonuses received by the Executive in the two (2) most recent fiscal years completed prior to the date of such Involuntary Termination or, (ii) if the Executive has not been employed for two complete fiscal years, to an average annualized bonus amount calculated in accordance with the terms of the Employment Agreement.

#### *Incentive Plan Awards*

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

The following table sets forth certain information, in relation to the Named Executive Officers, regarding option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2016. None of the persons depicted in the table held any share-based rewards as at December 31, 2016.

Option-Based Awards					Share-Based Awards		
Name	Number Of Securities Underlying Unexercised Options <sup>(1)</sup> (#)	Option Exercise Price (\$)	Option Expiration Date	Value Of Unexercised In-The-Money Options <sup>(2)</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 vested share-based awards not paid out or distributed (\$)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
John Keating	1,130,000	\$0.20	November 17, 2021	Nil	Nil	Nil	Nil
	250,000	\$0.19	July 20, 2020	\$2,500	Nil	Nil	Nil
	75,000	\$0.15	November 15, 2018	\$3,750	Nil	Nil	Nil
Linda Brennan	785,000	\$0.20	November 17, 2021	Nil	Nil	Nil	Nil
	250,000	\$0.19	July 20, 2020	\$2,500	Nil	Nil	Nil
	125,000	\$0.15	November 15, 2018	\$6,250	Nil	Nil	Nil

**Notes:**

- (1) Represents options granted pursuant to the Corporation's share option plan.
- (2) Based on the difference between the market value of the underlying shares at December 31, 2016 of \$0.20, and the exercise price of the option.

**Value Vested or Earned During the Year**

The following table sets forth certain information, in relation to the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2016. None of the persons depicted in the table held any share-based awards, the value of which vested during the year ended December 31, 2016.

Name	Option-Based Awards – Value Vested During The Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During The Year (\$)
(A)	(B)	(C)	(D)
John Keating	Nil	Nil	Nil
Linda Brennan	Nil	Nil	Nil

**Notes:**

- (1) For this purpose, the options are valued on the date of vesting. The "value vested" represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This is calculated by computing the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options under the option-based award on the vesting date.

*Termination and Change of Control Benefit*

If a severance payment triggering event had occurred on December 31, 2016, the severance payments that would be payable to each of the Named Executive Officers would be approximately as follows:

Name	Termination by the Corporation after a “change of control” of the Corporation (\$)
John Keating	\$226,000
Linda Brennan	\$197,500
<b>Total</b>	<b>\$423,500</b>

### **Director Compensation Table**

The following table sets out all amounts of compensation provided to the directors of the Corporation (excluding directors who were also a Named Executive Officer) for the financial year ended December 31, 2016. The Board has concluded that in consideration for the stage of development of the Company directors fees would not be paid in 2016.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
James Clare	Nil	Nil	\$39,550	Nil	Nil	Nil	\$39,550
Kent Pearson	Nil	Nil	\$39,550	Nil	Nil	Nil	\$39,550
Somerset Parker	Nil	Nil	\$40,341	Nil	Nil	Nil	\$40,341
Joseph Del Campo	Nil	Nil	\$40,341	Nil	Nil	Nil	\$40,341

**Notes:**

- (2) This director compensation table does not include information for Mr. John Keating and Ms. Linda Brennan who are directors of the Corporation and a Named Executive Officer. The compensation paid to each of Mr. John Keating and Ms. Linda Brennan for the financial year ended December 31, 2016 has been reflected in the Named Executive Officer summary compensation table. Neither Mr. Keating nor Ms. Brennan received any compensation for their roles as directors for the financial year ended December 31, 2016.
- (3) For options granted on November 18, 2016 the assumptions were: risk-free interest rate (0.9%), exercise price of the Option (\$0.20), expected dividend yield (0%), expected life (5 years) and share price volatility (111%). All input variables are estimates of management. The options have not and may never be exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

### *Director Incentive Plan Awards*

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

The following table sets forth certain information, in relation to the directors, (excluding directors who were also a Named Executive Officer), regarding share-based and option-based awards outstanding as of the end of the financial year of the Corporation ended December 31, 2016.

Option-Based Awards					Share-Based Awards		
Name	Number Of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Exercise Price (\$)	Option Expiration Date	Value Of Unexercised In-The-Money Options <sup>(2)</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 vested share-based awards not paid out or distributed (\$)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
James Clare	250,000	\$0.20	November 17, 2021	Nil	Nil	Nil	Nil
	200,000	\$0.19	July 20, 2020	\$2,000	Nil	Nil	Nil
	150,000	\$0.15	November 15, 2018	\$7,500	Nil	Nil	Nil
Kent Pearson	250,000	\$0.20	November 17, 2021	Nil	Nil	Nil	Nil
	200,000	\$0.19	July 20, 2020	\$2,000	Nil	Nil	Nil
	150,000	\$0.15	November 15, 2018	\$7,500	Nil	Nil	Nil
Somerset Parker	255,000	\$0.20	November 17, 2021	Nil	Nil	Nil	Nil
	225,000	\$0.19	July 20, 2020	\$2,250	Nil	Nil	Nil
	150,000	\$0.15	November 15, 2018	\$7,500	Nil	Nil	Nil
Joseph Del Campo	255,000	\$0.20	November 17, 2021	Nil	Nil	Nil	Nil
	225,000	\$0.19	July 20, 2020	\$2,250	Nil	Nil	Nil
	150,000	\$0.15	November 15, 2018	\$7,500	Nil	Nil	Nil

**Notes:**

- (1) Represents options granted pursuant to the Corporation's Share Option Plan.
- (2) Based on the difference between the market value of the underlying shares at December 31, 2016 of \$0.20, and the exercise price of the option.

**Value Vested or Earned During the Year**

The following table sets forth certain information, in relation to the directors of the Corporation, (excluding directors who were also a Named Executive Officer), regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2016.

Name	Option-Based Awards – Value Vested During The Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During The Year (\$)
(A)	(B)	(C)	(D)
James Clare	Nil	Nil	Nil
Kent Pearson	Nil	Nil	Nil
Somerset Parker	Nil	Nil	Nil
Joseph Del Campo	Nil	Nil	Nil

**Notes:**

- (1) For this purpose, the options are valued on the date of vesting. The "value vested" represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This is calculated by computing the dollar value that would have been realized by determining the difference between the market price of the underlying securities at exercise and the exercise price of the options under the option-based award on the vesting date.

***Equity Compensation Plan Information***

The following table sets forth, as of December 31, 2016, information concerning securities authorized for issue under equity compensation plans of the Corporation.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted Average Exercise Price of Outstanding Options</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans previously approved by security holders	6,023,500	\$0.19	1,518,490
Equity compensation plans not previously approved by security holders	Nil	Nil	Nil
Total	6,023,500	\$0.19	1,518,490

## **BUSINESS OF THE MEETING**

### **RECEIPT OF AUDITED FINANCIAL STATEMENTS**

The Shareholders will receive and consider the Corporation's audited, consolidated financial statements for the fiscal year ended December 31, 2016 together with the auditor's report thereon.

### **ELECTION OF DIRECTORS**

At the Meeting, shareholders of the Corporation will be asked to elect six directors for the ensuing year. The persons named in the form of proxy accompanying this Management Information Circular intend to vote for the election of the nominees whose names are set forth below, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of directors of the Corporation. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director of the Corporation for the ensuing year, however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Management Information Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director elected will hold office until the close of business on the day of the first annual meeting of the shareholders of the Corporation following his or her election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth certain information regarding the nominees, their position with the Corporation, their principal occupation or employment during the last five years, the dates upon which the nominees became directors of the Corporation and the approximate number of Common Shares beneficially owned, or controlled or directed, directly or indirectly by them as of May 26, 2016:

<b><u>Name, Position and Municipality of Residence</u></b>	<b><u>Principal Occupation</u></b>	<b><u>Date Became Director</u></b>	<b><u>Voting Securities Owned or Controlled<sup>(1)</sup></u></b>
John Keating President, Chief Executive Officer and Chairman of the Board of Directors <i>Toronto, Canada</i>	President and Chief Executive Officer of the Corporation from September 2011 to present; Self-employed business consultant from January 2010 to September 2011; Former President, Golden Chalice Resources, a mineral exploration and development company, from 2004 to 2010.	August 15, 2010	2,139,700

Linda Brennan <sup>(2)(3)</sup> Chief Financial Officer, Secretary and Director <i>Vancouver, Canada</i>	Chief Financial Officer of the Corporation from September 2011 to present; Self-employed business consultant from 2005 to September 2011.	August 15, 2010	571,250
James Clare Director <i>Toronto, Canada</i>	Lawyer, Bennett Jones LLP from February 2013 to present, Fraser Milner Casgrain LLP from 2003 to February 2013.	March 7, 2011	85,000
Kent Pearson <sup>(2)(3)</sup> Director <i>Toronto, Canada</i>	President and CEO Murchison Minerals from November 2015 to present, President, Locarno Advisory since 2008; Jennings Capital Inc., Vice President, from 2004 to 2008.	March 7, 2011	49,000
Somerset Parker <sup>(2)(3)</sup> Director <i>Oakville, Canada</i>	Self-employed business consultant from January 2012 to present; VP Marketing, Geovic Mining Corp. from October 2008 to December 2011; VP Marketing, Nichromet Extractions from May 2005 to September 2008.	March 7, 2011	Nil
Joseph Del Campo <sup>(2)(3)</sup> Director <i>Toronto, Canada</i>	Interim President, CEO and Director of Unigold Inc. from February 2, 2015 to present, Interim Chief Financial Officer of Viper Gold Ltd. From January 1, 2012 to September 30, 2015; Chief Financial Officer, First Nickel Inc., a mineral resource company, from June 2005 to December 2011.	March 7, 2011	10,000

**Notes:**

- (1) The information as to the number of voting securities beneficially owned, or controlled or directed, directly or indirectly, has been furnished by the respective nominee.
- (2) Member of Audit Committee.
- (3) Member of the Compensation Committee.

None of the nominees for election as a director of the Corporation are, as at the date hereof, or have been, within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company that:

- (a) was the subject of a cease trade order 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 and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to 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 after the nominee 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 such capacity.

None of the nominees for election as a director of the Corporation (except as noted below):

- (a) is at the date hereof, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any corporation that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or

- (b) has, within 10 years before the date of this Management Information Circular, 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 the assets of the proposed director.

None of the nominees for election as a director of the Corporation 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.

#### *Indebtedness of Directors and Executive Officers*

There was no indebtedness of any director or officer of the Corporation or of any proposed nominee for election as director of the Corporation to or guaranteed or supported by the Corporation either pursuant to an employee stock purchase program of the Corporation or otherwise during the financial year of the Corporation ended December 31, 2016.

#### **Committees of Directors**

The audit committee (the “Audit Committee”) of the directors of the Corporation consists of four directors, being Messrs Del Campo, Pearson, Parker and Ms. Brennan. By virtue of being a “venture issuer”, as defined in National Instrument 52-11 – *Audit Committees* (“NI 52-110”), the Corporation is exempt from the requirement that all members of the audit committee be financially literate and independent of the Corporation.

Mr. Del Campo received his CPA, CMA designation in 1977 and was the Chief Financial Officer of First Nickel Inc., a Canadian mining, exploration and development company, until December 2011. Mr. Del Campo spent over 19 years working within the Falconbridge Limited group of companies at progressive financial positions. Mr. Del Campo has been a Director and Vice President, Finance and Chief Financial Officer of a number of junior exploration companies listed on the TSX and TSX Venture Exchange. Mr. Del Campo is financially literate and considered independent of the Corporation.

Mr. Pearson is a Professional Geologist with over with over 20 years of experience in the mining and capital markets sectors. His background in mining comprises both exploration and production. Mr. Pearson’s capital markets experience includes equity and debt research and investment banking as a vice president. He is currently president of Locarno Advisory Inc., a boutique advisory firm specializing in corporate mergers and acquisitions, strategic advisory, asset review and asset disposition. Mr. Pearson holds Bachelor of Science (Geology) and Masters of Business Administration degrees from the University of Alberta and Queen’s University, respectively. Mr. Pearson is financially literate and considered independent of the Corporation.

Mr. Parker is currently a Commercial Advisor to Geovic Mining Corporation. Mr. Parker previously held a senior management role at Jaguar Nickel Inc., and senior marketing roles at Anaconda Nickel and Falconbridge Ltd. Mr. Parker has developed an extensive network of investor contacts and mining analysts, on a worldwide basis, including relationships with major banks and securities houses. Mr. Parker holds a Bachelor of Science from the University of Chile. Mr. Parker is financially literate and considered independent of the Corporation.

Ms. Brennan is the Chief Financial Officer for the Corporation. Prior to holding this position Ms. Brennan was a consultant for more than 10 years, providing strategic advice and organizing and structuring financings to numerous early stage companies in the junior resource sector. Ms. Brennan holds a Bachelor of Commerce degree from Royal Roads University. Ms. Brennan is financially literate and not considered independent of the Corporation.

The mandate of the Audit Committee is to:

- review and recommend approval by the directors of the Corporation of annual and interim financial statements
- review and recommend approval by the directors of the Corporation of annual and interim MD&A disclosure
- review all public disclosure by the Corporation which contains financial information
- recommend the appointment and the compensation of the external auditor of the Corporation
- assess whether the internal controls are appropriate for the Corporation
- pre-approve all non-audit engagements of the external auditor of the Corporation

Individual members of the audit committee have direct communication channels with the external auditor of the Corporation to the extent considered appropriate. The text of the charter of the Audit Committee is set out in schedule “A” attached to this Management Information Circular.

The directors of the Corporation have not appointed an executive committee of the directors of the Corporation.

### **Corporate Governance Disclosure**

#### *Directors*

Mr. John Keating and Ms. Linda Brennan are the only directors of the Corporation who are also members of management. Messrs. Clare, Pearson, Parker and Del Campo are independent directors of the Corporation for the purpose of National Instrument 58-101 – *Corporate Governance Practices*.

The following directors of the Corporation are also directors of the following other reporting issuers:

<b><u>Name of Director of the Corporation</u></b>	<b><u>Other Reporting Issuers</u></b>
James Clare	Spanish Mountain Gold Ltd. Riverside Resources Inc.
Joseph Del Campo	Duran Ventures Inc. Centurion Minerals Ltd. Unigold Inc.
Kent Pearson	Murchison Minerals Ltd.

#### *Orientation and Continuing Education*

The Corporation does not provide a formal orientation or education program for members of the Corporation’s Board as it believes that such programs are not appropriate for a junior mineral exploration and development company with tight geographical focus and a highly experienced Board, the members of which have been selected for their specific expertise. The Chief Executive Officer of the Corporation is responsible for providing an orientation and education program for new directors of the Corporation. When a new director is added, he or she will be given the opportunity to become familiar with the Corporation by meeting with the other directors and with the officers and representatives of the Corporation. As each director has a different skill set and professional background, orientation and training activities will be tailored to the particular needs and experience of each director.

## *Ethical Business Conduct*

The Board of the Corporation has adopted a written Code of Business Conduct and Ethics for the Corporation's directors, officers and employees.

The Code of Business Conduct and Ethics establishes a number of guidelines covering (but not limited to) the following areas: personal conflicts of interest, public disclosure, proprietary and confidential information, protection and proper use of corporation assets, accepting or giving gifts, fair dealing with suppliers, employees and competitors, and compliance with the laws, rule and regulations.

In addition, the Board's charter requires that its directors observe two standards of conduct: a fiduciary standard which requires directors to act honestly, in good faith and with a view to the best interests of the Corporation, and a performance related standard which requires directors to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In order to ensure that the directors exercise independent judgment in considering transactions and agreements, the Board requires that all directors declare any conflicts of interest with issues or situations as they arise. This would include transactions/agreements in which a director/officer has a material interest. The Chief Executive Officer of the Corporation or the directors of the Corporation as a whole, as appropriate, from time to time, provide officers, directors and other representatives of the Corporation guidance in properly recognizing and resolving any legal or ethical issues that they may encounter while conducting the business of the Corporation. The Board and the Audit Committee meet at least annually without management present. The Special Committee of the Board (if constituted) and the Audit Committee may retain external advisors if deemed necessary.

## **Nomination of Directors**

The Board of Directors of the Corporation has not formed a Nominating Committee. The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board are consulted for possible candidates. In connection with its review of its corporate governance practices, the Board will consider whether it is appropriate for the Board to establish a formal nominating committee. The education and experience of each of the Boards' members is discussed under the heading "*Business of the Meeting – Election of Directors – Committees of Directors*".

## **Compensation Governance**

### *Corporate Governance and Compensation Committee*

In March 2011 the Corporation formed a corporate governance and compensation committee (the "Compensation Committee"), which is comprised of Somerset Parker (Chair), Linda Brennan and Kent Pearson. In 2015 Mr. Joseph Del Campo was added to the Compensation Committee. Messrs. Del Campo, Parker and Pearson are independent. The Compensation Committee determines the compensation for the Corporation's management and executive officers. All members of the Compensation Committee have previously worked with public and/or private companies and have experience with the assessment of compensation packages. The members of the Compensation Committee have, collectively, over 50 years of experience in the minerals and metals industry and are knowledgeable about executive and other compensation standards within such industry. Messrs. Parker, Pearson, Del Campo, and Ms. Brennan's education and experience is discussed under the heading "*Business of the Meeting – Election of Directors – Committees of Directors*".

## *Compensation*

The Compensation Committee is also responsible for, among other things, determining the compensation to be paid to the Chief Executive Officer and directors of the Corporation, and for reviewing the Chief Executive Officer's recommendations respecting the compensation of consultants to the Corporation to ensure such compensation reflects the responsibilities and risks associated with each position. The Compensation Committee, when determining the compensation of members of management, will consider, among other things: (i) providing fair and competitive compensation compared to the remuneration paid by other reporting issuers similarly placed within the same business as the Corporation; (ii) balancing the interests of management and the shareholders of the Corporation; and (iii) rewarding performance with respect to operations in general. The Compensation Committee has not retained outside advice to determine compensation for officers and directors for the most recently completed financial year.

In addition, the Compensation Committee is responsible for, among other things: (i) reviewing corporate goals and objectives relevant to the compensation of management and evaluating the performance of management in light of those corporate goals and objectives; (ii) reviewing the compensation of other consultants to, and the non-executive directors, of the Corporation; (iii) reviewing the Corporation's compensation policy, share option plan and benefits policy; and (iv) any executive compensation disclosure prior to the Corporation publicly disclosing such information. When reviewing the compensation of consultants to the Corporation, the Compensation Committee will consider the following objectives: (i) to engage individuals critical to the growth and success of the Corporation; (ii) to reward performance of individuals by recognizing their contributions to the Corporation's growth and achievements; and (iii) to compensate individuals based on their performance and, to the extent applicable, on similar compensation for companies at a comparable state of development.

### *Directors' Compensation*

The Corporation's director compensation program includes two components:

- stock options; and
- travel and expense reimbursement

The Compensation Committee periodically reviews the adequacy and form of compensation of the directors to ensure the compensation appropriately reflects the responsibilities and risks involved in being an effective director and, based on such review, reports and makes recommendations to the Board. The Board has concluded that, in view of that in consideration for the stage of development of the Company directors fees would not be paid in 2016.

### *Assessments*

The Compensation Committee conducts an evaluation on an annual basis to assess the level of effectiveness of each director. In addition, the Compensation Committee will consider the mix of skills and experience that directors bring to the Corporation to assess, on an ongoing basis, whether the directors of the Corporation have the necessary skills to perform their oversight function effectively.

## **1. APPOINTMENT OF AUDITOR**

The auditor of the Corporation is UHY McGovern Hurley LLP, Chartered Professional Accountants. UHY McGovern Hurley LLP, Chartered Professional Accountants has been the auditor of the Corporation since October 8, 2015. Unless authority to do so is withheld, the persons named in the form of proxy accompanying this Management Information Circular intend to vote for the appointment of UHY McGovern Hurley LLP, Chartered Professional Accountants, as the auditor of the Corporation until the close of the next annual meeting of the shareholders of the Corporation or until their successor is

appointed and to authorize the directors of the Corporation to fix the remuneration and the terms of engagement of the auditor of the Corporation.

## **External Auditor Disclosure**

### *Audit Committee Oversight*

At no time since the commencement of the most recently completed financial year of the Corporation was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the directors of the Corporation.

### *Reliance on Certain Exemptions*

At no time since the commencement of the most recently completely financial year of the Corporation has the Corporation relied on the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110, any of the exemptions in subsections 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer), 6.1.1(5) (Events Outside Control of Member), 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110, or an exemption from the application of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### *External Auditor Service Fees (By Category)*

The aggregate fees billed by the external auditor of the Corporation in each of the last two financial years of the Corporation are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees<sup>(1)</sup></u>	<u>All Other Fees</u>
2016	\$20,000	\$200	\$4,200	Nil
2015	\$20,000	\$400	\$3,000	Nil

*Notes:*

(1) *Ta fees relate to preparation of tax returns*

### *Pre-Approved Policies and Procedures*

The Audit Committee has not adopted specified policies or procedures for the engagement of the Corporations external auditor to perform non-audit services.

### *Exemption*

The Corporation is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 by virtue of the exemption contained in section 6.1 thereof.

## **2. ANNUAL APPROVAL OF SHARE INCENTIVE PLAN**

The Corporation currently has a share incentive plan (the “Plan”) which was established by the Corporation for the benefit of the employees, directors and officers of the Corporation or any of its subsidiaries and any other person or company engaged to provide ongoing management or consulting services for the Corporation or any entity controlled by the Corporation. The Plan allows for future grants of options to purchase Common Shares and provides for flexibility in the share compensation arrangements which may be extended by the Corporation in the future. A description of the Plan is set forth below.

The following is a summary of the share option plan which comprises part of the Plan. The full text of the Plan is set forth in appendix “A” to schedule “B” of the Management Information Circular dated May 24, 2012 of the Corporation, a copy of which is available under the Corporation’s profile at [www.sedar.com](http://www.sedar.com).

A copy of the Plan is also available to any shareholder of the Corporation at or prior to the Meeting upon request to the President and Chief Executive Officer or the Chief Financial Officer of the Corporation.

The Plan shall be administered in accordance with the rules and policies of the TSX Venture Exchange in respect of employee stock option plans by the Committee for so long as the Common Shares are listed on the TSX Venture Exchange, and should the Common Shares become listed on the Toronto Stock Exchange, it shall be administered in accordance with the rules and policies of the Toronto Stock Exchange:

(a) *Share Option Plan*

The Option Plan has the following key features:

- The maximum number of Common Shares that may be issued under options granted under the Option Plan is equal to 10% of the issued and outstanding Common Shares less the aggregate number of Common Shares reserved for issuance or issuable under any other security based compensation arrangement of the Corporation.
- Unless the Corporation has received disinterested shareholder approval, the maximum number of Common Shares that may be issued to any individual in any 12 month period under the Option Plan may be no more than 5% of the issued and outstanding Common Shares less the aggregate number of shares reserved for issuance or issuable under any other security based compensation arrangement of the Corporation. The foregoing restriction is reduced to 2% in the case of consultants and individuals providing investor relations services.
- Options may be granted to eligible participants (“Eligible Participants”) from time to time. Eligible Participants include directors and senior officers of the Corporation or its subsidiaries, present and future, and employees and consultants of the Corporation or its subsidiaries, present and future.
- The exercise price for each option is fixed by the Board at the time of the grant in compliance with the Option Plan, applicable law, and the policies of the TSXV, which state that the exercise price will be no less than the Market Price, and if the options are granted within 90 days of a distribution by the Corporation by prospectus, the minimum exercise price per Common Share of those options will be the greater of the Discounted Market Price (as defined in the Corporate Finance Manual of the TSX Venture Exchange) and the price per Common Share paid by the public investors for Common Shares pursuant to such distribution. The exercise price is denominated in Canadian dollars.
- Options will be exercisable in whole at anytime, or in part from time to time, following the date of grant and prior to the expiry of their term, however, if an Option expires within a Blackout Period (as defined in the Option Plan), or within ten days after a Blackout Period Expiry Date (as defined in the Option Plan), the Option shall remain exercisable until ten days after the Blackout Period Expiry Date.
- Options cannot be granted for a term exceeding 10 years.
- Options granted shall vest, and become exercisable, according to the terms in the Option Plan and the discretion of the Board.
- If an Eligible Participant ceases to be a director of or ceases to be employed by, or provide services to of the Corporation or of a Designated Affiliate, as the case may be, for any reason (other than death) or as otherwise provided in an Employment Contract, may exercise the Options within the 90 days following such Termination.

- Notwithstanding the foregoing or any Employment Contract, in no event shall such right extend beyond the Option Period.

Options to purchase an aggregate of 8,257,000 Common Shares have been granted pursuant to the share option plan. Of such options, options to purchase an aggregate of nil Common Shares have been exercised to date and 2,233,500 such options have expired, leaving options to purchase an aggregate of 6,023,500 Common Shares outstanding as at May 26, 2017.

If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made for the Common Shares, then the directors of the Corporation may permit all options outstanding which have limits on their exercise to become immediately exercisable in order to permit Common Shares issuable under such options to be tendered to such bid.

It is the policy of the TSX Venture Exchange that all companies whose shares are listed on the TSX Venture Exchange obtain shareholder approval of their stock option plan annually if, as is the case with the Corporation, such a plan is a “rolling” plan. In accordance with the requirements of the Exchange, shareholders of the Corporation will be asked to consider, and if deemed advisable, to pass, with or without variation, a resolution (the “Plan Resolution”), the text of which is set forth below, approving the share option plan. A copy of the Plan is available to any shareholder of the Corporation at or prior to the Meeting upon request to the President and Chief Executive Officer or Chief Financial Officer of the Corporation and is also available on SEDAR at [www.sedar.com](http://www.sedar.com) under the profile of the Corporation.

## PLAN RESOLUTION

BE IT RESOLVED THAT:

- (i) the share incentive plan of the Corporation has been approved by the directors of the Corporation on May 26, 2017, and described in the management information circular dated May 26, 2017 of the Corporation be, and the same hereby is, approved as the share option plan of the Corporation; and
- (ii) any one officer or any one director of the Corporation be, and each of them hereby is, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under the seal of the Corporation or otherwise, and to deliver or to cause to be delivered, all such documents, all in such form and containing such terms and conditions, as any one of them shall consider necessary or desirable in connection with the foregoing and shall approve, such approval to be conclusively evidenced by the execution thereof by the Corporation, and to do or to cause to be done all such other acts and things as any one of them shall consider necessary or desirable in connection with the foregoing or in order to give effect to the intent of the foregoing paragraph of this resolution.

In order to become effective, the Plan Resolution must be approved by a simple majority of the votes cast by holders of Common Shares present in person or represented by proxy at the Meeting or any adjournment thereof. The directors of the Corporation unanimously recommend that holders of Common Shares vote in favour of the Plan Resolution. **Unless a proxy specifies that the Common Shares represented thereby shall be voted against the Plan Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Plan Resolution.**

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Management Information Circular, Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at an time since the beginning of the Corporation’s last financial year, or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed in this Management Information Circular, no transactions have been entered into since January 1, 2017 or are proposed to be entered into which have materially affected or will materially affect the Corporation or any of its subsidiaries involving an informed person of the Corporation (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*), a proposed nominee for election as a director of the Corporation or any associate or affiliate of any such informed person or proposed nominee.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further financial information is provided in the comparative financial statements and the management's discussion and analysis of the Corporation for its most recently completed financial year. The Corporation will provide any shareholder of the Corporation, without charge, upon request to the Chief Financial Officer of the Corporation:

- (b) one copy of the comparative financial statements of the Corporation for the year ended December 31, 2016 together with the report of the auditor thereon; and
- (c) one copy of the management's discussion and analysis of the Corporation for the year ended December 31, 2016.

## **APPROVAL**

The contents of this Management Information Circular and the sending thereof to the shareholders of the Corporation have been approved by the directors of the Corporation.

May 26, 2017

By Order of the Board

(signed) "*Mr. John Keating*"  
President and Chief Executive Officer

**SCHEDULE "A"**  
**PJX RESOURCES INC.**  
**AUDIT COMMITTEE CHARTER**

This charter (the "Charter") sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the "Committee") of the directors (the "Board") of PJX Resources Inc. ("PJX").

**1. Purpose**

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented by management of PJX; and
- external and internal audit processes.

**2. Composition and Membership**

- (a) The members (collectively "Members" and individually a "Director") of the Committee shall be appointed by the Board to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A member of the Committee may resign at any time and a member of the Committee will cease to be a member of the Committee upon ceasing to be a director of PJX.
- (b) The Committee will consist of at least three members. The majority of Members must be Directors who are independent and all Members must be financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules, regulations and stock exchange requirements (collectively "Applicable Laws"). In this Charter, the terms "independent" and "financially literate" have the meaning ascribed to such terms by Applicable Laws and include the meaning given to similar terms herein by Applicable Laws to the extent such similar latter terms are applicable under Applicable Laws.
- (c) The chairman of the Committee will be appointed by the Board and confirmed by the Committee or appointed by the Committee from time to time and must have such accounting or related financial management expertise as the Board or Committee may determine in their business judgement. The secretary of PJX (the "Secretary") will be the secretary of all meetings and will maintain minutes of all meetings, deliberations and proceedings of the Committee. In the absence of the Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

**3. Meetings**

- (a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Any member of the Committee or the auditor of PJX may call a meeting of the Committee at any time upon not less than forty-eight (48) hours advance notice is given to each member of the Committee orally, by telephone, by facsimile or by email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.
- (b) At the request of the external auditors of PJX, the Chief Executive Officer or the Chief Financial Officer of PJX or any member of the Committee, the Chairman will convene a

meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

- (c) The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select one of their number to act as Chairman of the meeting.
- (d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- (e) The Committee may invite from time to time such persons as the Committee considers appropriate fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee, except to the extent the exclusion of certain persons is required pursuant to this Charter or by Applicable Laws. The Committee will meet in camera at each meeting of the Committee.
- (f) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of PJX to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **4. Duties and Responsibilities**

The duties and responsibilities of the Committee as they relate to the following matters, to the extent considered appropriate or desirable or required by Applicable Laws, are to:

##### **4.1 Financial Reporting and Disclosure**

- (a) review and recommend to the Board for approval, the audited annual financial statements of PJX, including the auditors' report thereon, the quarterly financial statements of PJX, the management discussion and analysis of PJX, financial reports of PJX, guidance with respect to earnings per share, and any public release of financial information of PJX through press release or otherwise, with such documents to indicated whether such information has been reviewed by the Board or the Committee;
- (b) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures of a financial nature and similar disclosure documents;
- (c) review with management of PJX and with external auditors significant accounting principles and disclosure issues and alternative treatments under Canadian generally accepted accounting principles ("GAAP") all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly PJX's financial position and the results of its operations in accordance with Canadian GAAP;
- (d) annually review PJX's corporate disclosure policy and recommend any proposed changes to the Board for consideration; and
- (e) review the minutes from each meeting of the disclosure committee of PJX established pursuant to PJX's corporate disclosure policy, since the last meeting of the Committee.

##### **4.2 Internal Controls and Audit**

- (a) review and assess the adequacy and effectiveness of PJX's system of internal control and management information systems through discussions with management and the external

auditor to ensure that PJX maintains: (a) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect PJX's transactions; (b) effective internal control systems; and (c) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of PJX at any particular time;

- (b) satisfy itself that management has established adequate procedures for the review of PJX's disclosure of financial information extracted or derived directly from PJX's financial statements;
- (c) periodically assess the adequacy of such systems and procedures to ensure compliance with regulatory requirements and recommendations;
- (d) review and discuss the major financial risk exposures of PJX and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (e) review and assess, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of PJX's risk management policies and procedures with regard to identification of PJX's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by PJX; and
- (f) review and assess annually, and in the Committee's discretion make recommendations to the Board regarding, the investment policy of PJX;

#### **4.3 External Audit**

- (a) recommend to the Board a firm of external auditors to be engaged by PJX;
- (b) ensure the external auditors report directly to the Committee on a regular basis;
- (c) review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (d) review and approve the compensation of the external auditors, and the scope and timing of the audit and other related services rendered by the external auditors;
- (e) review the audit plan of the external auditors prior to the commencement of the audit;
- (f) establish and maintain a direct line of communication with PJX's external and internal auditors;
- (g) meet separately with only the auditors, with only management, and with only the Members at every Committee meeting;
- (h) review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;
- (i) oversee the work of the external auditors appointed by the shareholders of PJX with respect to preparing and issuing an audit report or performing other audit, review or attest services for PJX, including the resolution of issues between management of PJX and the external auditors regarding financial disclosure;
- (j) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of PJX, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between

management and the auditors such as management letters and schedule of unadjusted differences;

- (k) discuss with the external auditors their perception of PJX's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
- (l) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board; and
- (m) review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues. "

#### **4.4 Associated Responsibilities**

- (a) monitor and periodically review the whistleblower policy and associated procedures for:
  - i. the receipt, retention and treatment of complaints received by PJX regarding accounting, internal accounting controls or auditing matters;
  - ii. the confidential, anonymous submission by directors, officers and employees of PJX of concerns regarding questionable accounting or auditing matters; and
  - iii. any violations of any Applicable Laws that relate to corporate reporting and disclosure, or violations of the Code of Business Conduct & Ethics of PJX; and
- (b) review and approve the hiring policies of PJX regarding employees and partners, and former employees and partners, of the present and former external auditor of PJX; Non-Audit Services
- (c) pre-approve all non-audit services to be provided to PJX or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

#### **4.5 Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that PJX's financial statements are complete and accurate or are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are Directors, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of PJX, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of PJX's financial information or public disclosure.

## **5. Reporting**

The Committee shall provide the Board with a summary of all actions taken at each Committee meeting or by written resolution. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Secretary will circulate the minutes of each meeting of the Committee and each written resolution passed by the Committee to the Board. The Committee shall produce and provide the Board with all reports or other information required to be prepared under Applicable Laws.

## **6. Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding PJX and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at PJX's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

## **7. Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Original Approval Date: April 11, 2011

Last Revised and Approved: May 21, 2016

Approved by: Board of Directors

on the 26<sup>th</sup> day of May, 2017.