

**RHYOLITE RESOURCES LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO**

**THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON OCTOBER 26, 2017**

**Dated September 21, 2017**

**RHYOLITE RESOURCES LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON THURSDAY, OCTOBER 26, 2017**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (the “**Common Shares**”) of Rhyolite Resources Ltd. (the “**Corporation**”) will be held at the offices of the Corporation, located at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1 on Thursday, October 26, 2017 at 9:30 a.m. (Vancouver time), for the following purposes:

1. to receive and consider: (i) the audited annual financial statements of the Corporation for the fiscal year ended June 30, 2017 together with the report of the auditors’ thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at three (3) subject to the provisions of the articles of the Corporation relating to subsequent appointments by the board of directors (“**Board**”);
3. to elect the Board of the Corporation to hold office until the next annual meeting of Shareholders or until their successors are elected or appointed;
4. to appoint Davidson & Company LLP, Chartered Professional Accountants, as auditors for the Corporation for the ensuing year and to authorize the Board of the Corporation to fix the auditors’ remuneration;
5. to consider, and if thought appropriate, to approve, with or without variation, an ordinary resolution, as more particularly set forth in the accompanying management information circular of the Corporation dated September 21, 2017 (the “**Circular**”) prepared for the purposes of the Meeting, to approve and ratify the stock option plan of the Corporation; and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular accompanying this Notice of Annual and Special Meeting. At the Meeting, Shareholders will be asked to approve each of the foregoing items.

Only Shareholders of record as of the close of business on September 21, 2017 (the “**Record Date**”) are entitled to notice of and to attend the Meeting or any adjournment or adjournments thereof and to vote thereat. To the extent a Shareholder transfers the ownership of any Common Shares after the Record Date and the transferee of those Common Shares established ownership of such Common Shares and demands, not later than ten (10) days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

**A registered Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or adjournments thereof in person are requested to date, sign and return the accompanying instrument of proxy (“Instrument of Proxy”) for use at the Meeting or any adjournment or adjournments thereof.** To be effective, the Instrument of Proxy must be mailed so as to reach or be deposited with Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province of British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof. Registered Shareholders may also use the internet ([www.investorvote.com](http://www.investorvote.com)) to vote their Common Shares.

If you are a non-registered shareholder of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the form of proxy provided to you by such broker or other intermediary, in accordance with the instructions provided therein. Late forms of proxy may be accepted by the Chairman of the Board in his sole discretion and the Chairman is under no obligation to accept or reject any particular late form of proxy.

**DATED** this 21<sup>st</sup> day of September, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(Signed) "Richard A. Graham"*

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**Richard A. Graham**  
**President and Chief Executive Officer**

**RHYOLITE RESOURCES LTD.**

**ANNUAL AND SPECIAL MEETING OF COMMON SHAREHOLDERS**

**OCTOBER 26, 2017**

**TO BE HELD AT THE OFFICES OF RHYOLITE RESOURCES LTD.  
SUITE 1703, 595 BARRARD STREET, VANCOUVER, BRITISH COLUMBIA**

**MANAGEMENT INFORMATION CIRCULAR**

**GENERAL INFORMATION RESPECTING THE MEETING**

**Solicitation of Proxies**

This management information circular (“**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Rhyolite Resources Ltd. (the “**Corporation**”), to be used at the annual and special meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation, to be held on October 26, 2017, at the hour of 9:30 a.m. (Vancouver time) at the offices of the Corporation located at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1 or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (the “**Notice of Meeting**”).

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on September 21, 2017 as the record date (the “**Record Date**”), being the date for the determination of the registered holders of Common Shares entitled to receive notice of and vote at the Meeting, unless a Shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee’s name be included on the list of Shareholders. Duly completed and executed proxies must be received by Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than forty eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The enclosed instrument of proxy (the “**Instrument of Proxy**”) is solicited by the management of the Corporation. **The persons named in the enclosed Instrument of Proxy are directors and/or officers of the Corporation (the “management designees”). As a Shareholder submitting a proxy you have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the person or persons designated in the Instrument of Proxy furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the Instrument of Proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the Instrument of Proxy must be mailed so as to be deposited at the office of the Corporation’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”), Attention: Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province of British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof. Registered Shareholders may also use the internet at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions.

Unless otherwise stated, the information contained in this Information Circular is as of September 21, 2017.

## **Persons Making the Solicitation.**

This solicitation is made on behalf of management of the Corporation. The Corporation will bear the costs incurred in the preparation and mailing of the Proxy Form, Notice of Meeting and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by directors, officers and employees of the Corporation who will not be remunerated therefor.

In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The Corporation intends to pay for the costs of an intermediary to deliver proxy-related materials and a voting instruction form to non-objecting beneficial owners of securities (“**NOBO’s**”).

The Corporation does not intend to pay for intermediaries to deliver proxy-related materials or Form 54-101F7-*Request for Voting Instructions* made by intermediaries to the objecting beneficial owners of Common Shares (“**OBO’s**”) and as such, OBO’s will not receive such materials unless their intermediary assumes the costs thereof (OBO’s and NOBO’s are herein collectively referred to as “**Beneficial Shareholders.**” See also “*Advice to Beneficial Shareholders*” in this Information Circular.

The Corporation will not be providing the Notice of Meeting, the Information Circular or the Instrument of Proxy to registered shareholders or Beneficial Shareholders through the use of notice and access as such term is defined in NI 54-101.

## **Advice to Beneficial Holders**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Beneficial Shareholders are advised that only proxies from Shareholders of record can be recognized and voted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance. All references to Shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

### **Revocability of Proxy**

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered Shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Exercise of Discretion by Proxy**

The persons named in the Instrument of Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Instrument of Proxy confers discretionary authority on persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy Form, the persons named in the Instrument of Proxy will vote the Common Shares represented by the Instrument of Proxy for the approval of such matter.**

At the time of printing of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Instrument of Proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matters.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a proxy may do so by completing, dating and signing the enclosed Instrument of Proxy and returning it to the Corporation's transfer agent, Computershare, by fax at 1 (416) 263-9524 or 1 (866) 249-7775, or by mail or by hand to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Ave., 8<sup>th</sup> Floor, Toronto, Ontario M5J. Registered Shareholders may also use the internet at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions.

The proxy must be received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by Board at its discretion without notice.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares (“**Preferred Shares**”). As at the date hereof, there are 43,491,450 Common Shares and no Preferred Shares. Each Common Share entitles the holder thereof to one (1) vote on all matters to be acted upon at the Meeting. The record date for the determination of Shareholders entitled to receive notice of the Meeting has been fixed as the close of business on the Record Date. All such holders of record of Common Shares are entitled either to attend and vote at the Meeting in person the Common Shares held by them or, provided a completed and executed proxy has been delivered to the Corporation’s transfer agent, Computershare, within the time specified in the attached Notice of Meeting, to attend and vote at the Meeting by proxy, the Common Shares held by them.

Registered holders of Common Shares of record as at the close of business on the Record Date are entitled to vote such Common Shares at the Meeting on the basis of one (1) vote for each Common Share held except to the extent that: (i) such Shareholder transfers his, her or its shares after the close of business on the Record Date; and (ii) such transferee, at least ten (10) days prior to the Meeting, produces properly endorsed share certificates to the secretary or transfer agent of the Corporation or otherwise establishes his, her or its ownership of the Common Shares, in which case the transferee may vote those Common Shares at the Meeting.

The by-laws of the Corporation provide that the quorum for the transaction of business at any meeting of the Shareholders shall consist of at least two (2) persons present in person or by proxy, being shareholders entitled to vote thereat or a duly appointed proxy holder or representative for a shareholder so entitled and holding or representing by proxy not less than five percent (5%) percent of the outstanding Common Shares entitled to vote at such meeting.

To the knowledge of the Board and the executive officers of the Corporation based on publicly available records and previously provided information, as at the Record Date, no person, firm or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, other than as set forth below:

Name of Shareholder	Number of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly	Percentage of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly
PowerOne Capital Corp.* Vancouver, British Columbia	4,400,000	10.11%

\*PowerOne Capital Corp. is a private company.

### MATTERS TO BE CONSIDERED AT THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the Notice of Meeting.

#### 1. Financial Statements

The audited annual financial statements of the Corporation for the year ended June 30, 2017 and auditors’ reports thereon and management’s discussion and analysis thereto (the “**Financial Statements**”) will be tabled at the Meeting. A copy of the Financial Statements is available at the request of Shareholders. No formal action will be taken at the Meeting to approve the Financial Statements. If Shareholders have questions respecting the Financial Statements, the questions will be addressed during the “Other Business” portion of the Meeting.

## 2. Fixing the Number of Directors

At the Meeting, it will be proposed that three (3) directors be elected to hold office for the next ensuing year, subject to the provisions of the articles of the Corporation relating to subsequent appointments by the Board. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the number of directors to be elected until the next annual meeting of Shareholders, subject to the articles of the Corporation relating to subsequent appointments by the Board, at three (3) members.

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the fixing of the number of directors is as follows:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the Corporation that:

1. the number of directors to be elected at the Meeting for the ensuing year or otherwise as authorized by the Shareholders of the Corporation be and is hereby fixed at three (3).
2. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

**Unless otherwise directed, the management designees named in the accompanying Instrument of Proxy intend to vote such proxies in favour of a resolution fixing the number of directors to be elected at the Meeting at three (3).**

## 3. Election of Directors

The Corporation currently has three directors, all of whom are being nominated for re-election. Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote for the election of the persons named in the following table to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors. Each director elected will hold office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* (Alberta) to which the Corporation is subject.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, his municipality of residence, all positions and offices with the Corporation presently held by him, the period during which he has served as a director, his principal occupation at the present and during the preceding five years, his membership on any Board committee, and the number of voting Common Shares that he has advised are beneficially owned by him, or over which control or direction is exercised, directly or indirectly, as of the date hereof:

<b>Name, Municipality, Province and Country of Residence</b>	<b>Position With the Corporation</b>	<b>Director Since</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Number of Common Shares Beneficially Owned, or Over Which Control or Direction is Exercised, Directly or Indirectly<sup>(1)</sup></b>
<b><i>Richard A. Graham</i></b> <sup>(2)</sup> Coquitlam, British Columbia, Canada	Director	April 6, 2006	Mr. Graham is currently the Manager of Corporate Development of Earlston Management Corp., a private management company. He is also the director and officer of several other public companies.	920,200
<b><i>Demetrius Pohl</i></b> <sup>(2)</sup> California, United States	Director	May 16, 2006	Dr. Pohl is consulting economic geologist with Carlson Pohl Associates, a private consulting firm. He is also currently Vice President Exploration of Legend Gold Corp., a public company, since Sept., 2013. Dr. Pohl was previously Director and Vice President of Exploration of Sanu Resources Ltd., an exploration company, from January, 2004 to July, 2007.	150,000 <sup>(3)</sup>
<b><i>Michael Basha</i></b> <sup>(2)</sup> St. John's, Newfoundland, Canada	Director	January 26, 2011	Mr. Basha is currently the President & CEO of Aurion Resources Ltd., a public precious metals exploration company, since October, 2008. He was formerly Vice President Exploration of Cornerstone Resources Inc. from April 2002 to July 2008.	Nil

**Notes:**

- (1) Common Shares beneficially owned or over which control or direction is exercised was provided by the respective individuals.
- (2) Member of the Audit Committee.
- (3) Does not include 200,000 Common Shares held by Christine Carlson, spouse to Demetrius Pohl.

***Corporate Cease Trade Orders or Bankruptcies***

No proposed director of the Corporation:

- a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any other issuer (including the Corporation) that:
  - (i) was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any issuer (including the 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
- c) has, within the 10 years before the date hereof, 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 its assets.

#### ***Penalties or Sanctions***

None of those persons who are proposed directors of the Corporation (or any personal holding companies) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

#### ***Personal Bankruptcies***

No proposed director of the Corporation, or a personal holding company of any such person has, within the past ten years, become 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 the assets of such person.

#### **4. Appointment of Auditor**

The management of the Corporation intends to nominate Davidson & Company LLP, Chartered Professional Accountants, Vancouver, British Columbia, for re-appointment as the auditors of the Corporation at a remuneration to be fixed by the Board and to hold such office until the next annual meeting of the Corporation. Davidson & Company LLP has served as auditor of the Corporation since June 1, 2006.

The resolutions appointing Davidson & Company LLP, Chartered Professional Accountants, as auditor of the Corporation must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

**Unless otherwise directed, the management designees named in the enclosed Instrument of Proxy, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Davidson & Company LLP, Chartered Professional Accountants, as auditor for the Corporation for the next ensuing year.**

#### **5. Re-Approval of Stock Option Plan**

The Corporation has a stock option plan (the “**Stock Option Plan**”) previously approved by the shareholders of the Corporation on October 21, 2016. A copy of the Plan is attached as Appendix B to the Corporation’s Management Information Circular dated September 16, 2016 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on September 26, 2016. The Plan is incorporated herein by reference.

Pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”), listed issuers are permitted to have “rolling” stock option plans reserving a maximum of 10% of the issued shares of the issuer at the time of the stock

option grant. The Stock Option Plan is considered to be a “rolling” stock option plan and pursuant to the policies of the Exchange, the Stock Option Plan must be approved annually by the Shareholders. That approval is being sought at the Meeting and accordingly the Shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution reapproving, adopting and ratifying the Stock Option Plan as the Corporation’s stock option plan.

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares (“**Options**”), provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Such Options will be exercisable for a period of up to 10 years from the date of grant, pursuant to the policies of the Exchange. In connection with the foregoing, the number of Common Shares reserved for issuance to any one person in any twelve month period will not exceed five percent (5%) of the issued and outstanding Common Shares unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements. In addition: (i) the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares reserved for issuance to persons providing investor relations activities will not exceed two percent (2%) of the issued and outstanding Common Shares. Options must be exercised by the legal representative of the optionee within a reasonable period following cessation of the optionee’s position with the Corporation, provided that if the cessation was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

The exercise price of the Options shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the “Discounted Market Price” (as such term is defined in Exchange policies). Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting or that no vesting restriction shall exist.

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the Stock Option Plan is as follows:

“**BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. the stock option plan of the Corporation, in substantially the form as attached as Exhibit “A” to the management information circular as of the Corporation dated September 16, 2016 (the “**Stock Option Plan**”), and the Stock Option Plan be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;
2. the form of the Stock Option Plan may be amended by the board of the directors, in its sole discretion, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval from the shareholders of the Corporation;
3. all issued and outstanding stock options previously granted, be and are continued under the Stock Option Plan and are hereby ratified, confirmed and approved;
4. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

**Unless otherwise directed to the contrary, it is the intention of the persons named in the enclosed form of proxy to vote proxies in favour of the ordinary resolution approving the Stock Option Plan for the ensuing year.**

## 6. OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Information Circular. If any other matter properly comes before the Meeting the Instrument of Proxy furnished to the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy provided, however, that the persons voting the proxy shall not be permitted to vote for the election of directors where a proposed nominee does not stand for election or is unable to serve as such, or any other matters prohibited by applicable law.

## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### 1. Compensation Discussion and Analysis

#### *Name Executive Officers*

The following discussion describes the elements of the Corporation's executive compensation program, with particular emphasis on the process for determining compensation payable to the President and Chief Executive Officer and the Chief Financial Officer of the Corporation. The Corporation does not have any other executive officers that receive compensation.

In this Circular, "**Named Executive Officer**" means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year;

As of the year ended June 30, 2017, the Named Executive Officers of the Corporation were Richard A. Graham, the President and Chief Executive Officer and John Downes, Chief Financial Officer of the Corporation. As at the date hereof, Mr. Burchill and Mr. Downes have not received any salary, share-based awards, non-equity incentive plan compensation, pension value or other compensation other than option-based awards. Mr. Graham is also a director of the Corporation. Other than as disclosed below, Mr. Graham has not received any compensation in his capacity as a director of the Corporation.

#### *Overview and Objectives of Compensation Program*

One of the Board's mandates includes the review and setting of executive compensation. The Board, in arriving at its compensation decisions, considers the long term interest of the Corporation and its stakeholders, and its historical and current stage of development.

The Board has decided that until the Corporation acquires another interest in a mineral property or business (an "**Acquisition**"), no compensation will be provided to the Corporation's directors or officers other than by way of

Options issued pursuant to the Stock Option Plan, excluding compensation that was paid to the former President and Chief Executive Officer of the Corporation (see “*Statement of Executive Compensation – Summary Compensation Table*”). However, in the future, the Board may decide that prior to completing an Acquisition; the Corporation should pay compensation to its directors or executive officers other than solely by way of Options. No compensation whatsoever was granted to the directors and officers of the Corporation during the most recently completed financial year other than as described herein. For a copy of the Stock Option Plan, please see Exhibit “A” attached hereto.

The Corporation chooses to issue Options to maintain a competitive position in the marketplace. The objective and purpose of any Option reward is to encourage the Corporation’s officers and directors to find an Acquisition that is in the best interests of the shareholders.

### ***Role of Executive Officers in Compensation Decisions***

With respect to the grant of Options, the Chief Executive Officer recommends to the Board the individual equity incentive awards for each executive officer and director. The Board then takes these recommendations into consideration when making final decisions on compensation for those executive officers. The Board does not use formulas for each grant, but is restricted by the policies of the Exchange and the Stock Option Plan in how many Options it may grant. Options under the Stock Option Plan are awarded based upon the level of responsibility and contribution of the individuals towards the Corporation’s goals and objectives. See “*Particulars of Matters to be Acted Upon - Approval of Stock Option Plan*” for a detailed description of the Stock Option Plan and Exhibit “A” attached hereto for a copy of the Stock Option Plan. Previous grants of Options to a particular individual will be taken into account when considering future grants of Options to that particular individual.

### ***Benefit, Contribution, Pension, Retirement, Deferred Compensation and Actuarial Plans***

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers (as defined below) or directors of the Corporation.

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

The Corporation does not have in place any contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer (as defined below) at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the company or a change in an Named Executive Officers’ responsibilities.

### ***Risks of Compensation Policies and Practices***

The Corporation’s compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board noted the following facts that discourage the Corporation’s executives from taking unnecessary or excessive risk:

- the Corporation’s business strategy and related compensation philosophy; and
- the effective balance, in each case, between near-term and long-term focus, corporate and individual performance, and financial and non-financial performance.

Based on this review, the Board believes that the Corporation’s total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

### ***Financial Instruments***

The Corporation has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

### **Share-Based and Non-Equity Incentive Plan Compensation**

The Corporation has not granted any share-based awards nor has it provided any awards pursuant to a non-equity incentive plan at any time within the past three years nor or any such awards outstanding.

### **Compensation Governance**

For a discussion on policies and practices by the Board to determine the compensation of the Corporation’s directors and executive officers, see “*Statement of Executive Compensation – Overview and Objectives of Compensation Program*”.

### **Compensation of Consultants or Advisors**

During the financial years ended June 30, 2016 and June 30, 2017, the Board did not retain an independent compensation consultant or advisor to assist in determining the compensation for the Corporation’s directors and executive officers.

## **2. Director and Named Executive Officer Compensation, Excluding Compensation Securities**

The following table sets forth the information required under *Form 51-102F6V-Statement of Executive Compensation-Venture Issuers of Regulation 51-102 respecting Continuous Disclosure Obligations* (“**Form 51-102F6V**”), regarding all compensation paid, payable, granted or otherwise provided during the two most recently completed financial years of the Corporation, to all persons acting as directors or as Named Executive Officers, as this expression is defined in Form 51-102F6V.

The following table sets forth all annual and long-term compensation for services paid to or earned by the Named Executive Officers and the directors for the two fiscal years ended June 30, 2016 and June 30, 2017:

<b>TABLE OF COMPENSATION, EXCLUDING COMPENSATION SECURITIES</b>							
<b>Name and Position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Richard Graham</b> President, CEO and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Pete J. Hughes<sup>(1)</sup></b> President, CEO and Director	2017	-	-	-	-	-	-
	2016	91,675 <sup>(2)</sup>	Nil	Nil	Nil	Nil	91,675
<b>John Downes</b> CFO	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Demetrius Pohl</b> Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mike Basha</b> Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Pete J. Hughes was a Director, President and Chief Executive Officer of the Corporation from January 1, 2015 to October 23, 2015.
- (2) Pursuant to a consulting agreement dated January 1, 2015 between the Corporation and Peter J. Hughes, Mr. Hughes agreed to provide services to the Corporation as President and Chief Executive Officer for remuneration in the amount of £15,000 per month. The Consulting Agreement was terminated on October 23, 2015.

### **Stock Options and Other Compensation Securities**

No compensation securities were granted or issued to any Named Executive Officers or directors by the Corporation in the financial year ended June 30, 2017 for services provided or to be provided, directly or indirectly, to the Corporation, as disclosed in the following table:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Richard Graham</b> President, CEO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>John Downes</b> CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Demetrius Pohl</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Mike Basha</b> Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

No compensation securities were exercised by any director or NEO during the financial year ended June 30, 2017, as disclosed in the following table:

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<b>Richard Graham</b> President, CEO and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>John Downes</b> Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Demetrius Pohl</b> Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Mike Basha</b> Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### *Narrative Discussion*

During the financial year ended June 30, 2017, the Corporation paid aggregate fees of \$48,000 to Earlston Management Corp., a private management company, pursuant to a consulting agreement whereby Earlston Management Corp. provides various administrative and related corporate services to the Corporation, including the services of John Downes as the Chief Financial Officer of the Corporation.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that were authorized for issuance under equity compensation plans as at the end of the Corporation's financial year ended June 30, 2017.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans <sup>(1)</sup>
Equity compensation plans approved by securityholders	450,000	\$0.15	3,899,145
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	450,000	\$0.15	3,899,145

Note:

<sup>(1)</sup> The aggregate number of Common Shares that may be reserved for issuance under the Stock Option Plan shall not exceed 10% of the Corporation's issued and outstanding Common Shares.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or proposed director of the Corporation or any associate of the foregoing is, or at any time since the beginning of the Corporation's most recently completed financial year has been, indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

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

Other than as disclosed herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular, the Corporation is not aware of any material transaction involving any informed person of the Corporation, any proposed director of the Corporation or any associate or affiliate of any of informed person or proposed director.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

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

## CORPORATE SERVICES AGREEMENT

No management functions of the Corporation are, to any substantial degree, performed by a person or company other than the directors or senior officers of the Corporation.

The Corporation has entered into a corporate services agreement dated effective September 1, 2006 (the “**Corporate Services Agreement**”) with Earlston Management Corp. (formerly Ionic Management Corp.) (“**Earlston Management**”), whereby Earlston Management provides to the Corporation various administrative and related corporate services, including the services of John Downes. The term of the Corporate Services Agreement commenced on October 26, 2011 and will be in force for two years from the date thereof, with automatic renewal on an annual basis, unless notice is given by either party prior to sixty days of the annual anniversary date of the Corporate Services Agreement, and is subject to earlier termination in certain circumstances, which include: (i) written notice to the other party of termination if the other party (the “Defaulting Party”) is in default of any covenant, condition or requirement under the Corporate Services Agreement and the Defaulting Party has not remedied such default within ten business days of receipt of notice of such default; (ii) by written notice to the other party if the other party becomes insolvent, is unable to discharge its obligations as they become due, makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed against it; or (iii) by two months’ written notice to the other party.

Under the terms of the Corporate Services Agreement, the Corporation paid to Earlston Management, a management fee of \$4,000 which totalled an aggregate of \$48,000 for the financial year ended June 30, 2017. The Corporate Services Agreement provides a mechanism for Earlston Management to change its fee in the event that services required by the Corporation differ than those provided for currently under the Corporate Services Agreement. Pursuant to the Corporate Services Agreement, Earlston Management is reimbursed for all reasonable expenses incurred in the performance of its services. John Downes, Chief Financial Officer of the Corporation, is also Chief Financial Officer of Earlston Management.

## CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), sets 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 the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the Exchange for effective corporate governance, including National Policy 58-201 – *Corporate Governance Guidelines*. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

### **Board of Directors**

The Board is currently made up of three members, of which the Board considers both Demetrius Pohl and Michael Basha independent as such term is defined by NI 58-101. The Board considers that Richard A. Graham is not independent as he is the President and Chief Executive Officer of the Corporation. The Board approves all significant decisions that affect the Corporation before they are implemented and the Board supervises their implementation and reviews the results.

The Board is actively involved in the Corporation’s strategic planning process. The Board discusses and reviews all materials relating to strategic and operating plans with management. The Board is responsible for reviewing and approving strategic and operating plans and budgets. Management must seek the Board’s approval for any transaction that would have a significant impact on the strategic plan.

The Board is also responsible for selecting the President and appointing senior management and for monitoring their performance. The Board delegates to management responsibility for, among other things, meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business, evaluating new business opportunities and complying with applicable regulatory requirements.

The Board periodically reviews the Corporation's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems. The Board also monitors the Corporation's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

### **Other Public Company Directorships**

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>	<b>Exchange</b>
Richard A. Graham	Aurion Resources Ltd.	TSXV
	Kramer Capital Corp.	TSXV - NEX
	Marchwell Ventures Ltd.	TSXV - NEX
Michael Basha	Aurion Resources Ltd.	TSXV

### **Orientation and Continuing Education of Board Members**

The Corporation does not currently have any formal orientation and education programs for new directors as the changes in Board membership have been limited. The Board briefs all new directors on the corporate policies of the Corporation and other relevant corporate and business information. If there is a change in the number of directors required by the Corporation, this policy will be reviewed.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has also adopted a whistleblower protection policy with respect to the confidential and anonymous reporting of complaints and irregularities.

### **Nomination of Directors**

The Board as a whole remains responsible for nominating new members of the Board and assessing members of the Board on an on-going basis. If it becomes necessary, a nomination committee will be created which in turn will develop relevant criteria for suitable candidates including the independence of the individual, financial acumen and availability to devote sufficient time to the duties of the Board.

### **Compensation**

For a discussion on the process by which the Board determines compensation for the directors and executive officers, see "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

### **Other Board Committees**

The only standing committee of the Board is the audit committee of the Corporation (the "**Audit Committee**"). For further information regarding the Audit Committee, see the description under the heading "*Audit Committee Disclosure*".

## **Assessments of Directors, the Board and Board Committees**

To date, given the small size of the Board, the Board has not found it necessary to institute any formal process in order to satisfy itself that the Board, its committees and its individual directors are performing effectively.

## **AUDIT COMMITTEE DISCLOSURE**

The following information is provided in accordance with Form 52 110F2 under National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

### **Audit Committee Charter**

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Corporation and annual external audits of the consolidated financial statements. The Audit Committee has formally set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation’s internal accounting standards and practices, financial information, accounting systems and procedures. See Exhibit “A” hereto for a copy of the Audit Committee Charter of the Corporation.

### **Composition of the Audit Committee**

The Audit Committee currently consists of Richard A. Graham, Demetrius Pohl and Michael Basha. Richard A. Graham is the Chair of the Audit Committee. All members of the Audit Committee have been determined to be independent, except for Richard A. Graham, by virtue of his position as President and Chief Executive Officer of the Corporation. All members are considered to be financially literate.

### **Relevant Education and Experience of Audit Committee Members**

#### *Richard A. Graham*

Mr. Graham has obtained a Bachelor of Science in Geology from the University of Alberta and is a Professional Geologist, registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta and has over 25 years of geological experience. Since February 2004, Mr. Graham has been and is currently Manager of Corporate Development for Earlston Management Corp., a private management company. He is also a director and officer of several other public companies.

#### *Michael Basha*

Mr. Basha is currently the President and Chief Executive Officer of Aurion Resources Ltd., a public precious metals exploration company. He was formerly Vice-President of Exploration of Cornerstone Capital Resources Corp. Mr. Basha has been working in the mineral exploration industry for more than 29 years with major and junior companies domestically and internationally. His experience includes project generation, fieldwork, and senior management experience in gold, base-metal and magmatic nickel-copper-platinum group elements exploration. Mr. Basha is a professional engineer and he holds degrees in geology and engineering and in addition to his exploration experience has worked as a consulting geotechnical and environmental engineer in the past.

#### *Demetrius Pohl*

Dr. Pohl is a Certified Professional Geologist and is currently a consulting economic geologist with Carlson Pohl Associates, a private consulting firm. Dr. Pohl has worked for several major mining companies, including Esso Minerals, Chevron and BHP Billiton Ltd. in Australia, South America, and Africa where he was responsible for project generation, primarily for gold but also for base-metals. In 1997, he started Sanu Resources Inc., which subsequently discovered the 30Mt Hambok massive sulfide copper zinc deposit in Eritrea. In 2008, Sanu merged into NGEx Resources Inc. Dr. Pohl obtained his Ph.D. in geochemistry from Stanford University and additional experiences includes research on epithermal 'bonanza' silver deposits in Peru at the American Museum of Natural History in New York, where he held and position of Assistant Curator and teaching at Columbia University as an adjunct professor in economic geology.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

### **Pre-Approval Policies and Procedures**

The Audit Committee will review and pre-approve any engagements for non-audit services to be provided by the external auditor, together with estimated fees.

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

The following table discloses the approximate aggregate fees paid by the Corporation to the external auditors of the Corporation in each of the last two financial years of the Corporation for audit fees.

<b>Financial Year Ended</b>	<b>Audit fees<sup>(1)</sup></b>	<b>Audit related fees<sup>(2)</sup></b>	<b>Tax fees<sup>(3)</sup></b>	<b>All other fees<sup>(4)</sup></b>
June 30, 2017	\$10,455	Nil	\$2,000	Nil
June 30, 2016	\$10,455	Nil	\$2,000	Nil

**Notes:**

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

### **Exemption**

As a "venture issuer" (as such term is defined under NI 51-102 – *Continuous Disclosure Obligations*), the Corporation is relying upon the exemption provided for in section 6.1 of NI 52-110.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Inquiries, including requests for copies of the Corporation's financial statements and management's discussion and analysis may be directed to Sandra Lee, Corporate Secretary of the Corporation. Additional financial information is provided in the Corporation's audited financial statements and management's discussion and analysis for the year ended June 30, 2017 which are also available on SEDAR.

## EXHIBIT "A"

### RHYOLITE RESOURCES LTD. (the "Corporation")

#### AUDIT COMMITTEE CHARTER OF THE CORPORATION

##### I. Mandate

The primary function of the audit committee (the "Committee") is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the board of directors.

##### II. Composition

The Committee shall be comprised of three directors as determined by the board of directors, each of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the 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 the Corporation's Charter, the definition of "financially literate" is the ability to read and understand a balance sheet, an income statement and a cash flow statement. The definition of "accounting or related financial management expertise" is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders' meeting. Unless a Chairman is elected by the full board of directors, the members of the Committee may designate a Chairman by a majority vote of the full Committee membership.

##### III. Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

##### IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

###### Documents/Reports Review

1. Review and update this Charter annually.

2. Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

### **External Auditors**

3. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
4. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
5. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the auditors.
6. Take, or recommend that the full board of directors take, appropriate action to oversee the independence of the external auditors.
7. Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
8. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
9. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
10. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### **Financial Reporting Processes**

12. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
13. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
14. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
15. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
16. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
17. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
18. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
19. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
20. Review certification process.
21. Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### **Other**

22. Review any related-party transactions.