

Anconia Resources Corp.



**ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

OF

ANCONIA RESOURCES CORP.

TO BE HELD ON

September 22, 2017

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

AND

MANAGEMENT INFORMATION CIRCULAR

August 16, 2017

ANCONIA RESOURCES CORP.



65 Front Street East, Suite 200
Toronto, Ontario M5E 1B5

August 16, 2017

To Our Shareholders:

On behalf of the Board of Directors, I would like to take this opportunity to invite you to the annual and special meeting of the shareholders of Anconia Resources Corp. (the “**Company**”) to be held on Friday September 22, 2017, at 9:30 a.m. (Toronto time) at the offices of DSA Corporate Services, The Canadian Venture Building, 2nd Floor Boardroom – Ring of Fire, 82 Richmond Street East, Toronto, ON, M5C 1P1.

In fiscal 2016, we did not do any exploration on our Nunavut properties since funds were limited. We did, however, do some minor exploration on the Grenfell Property, in which we then held a 60% interest, and is a potential precious metal deposit in the Kirkland Lake area (the “**Grenfell Property**”). The Grenfell Property consists of 16 patented claims and 2 staked claims for a total land position of approximately 3.8 square kilometres. The property is located west of the Town of Kirkland Lake, and approximately 4 kilometres west of the currently producing Macassa mine. On April 10, 2017 we acquired the remaining 40% interest in this property for a payment of 5,000,000 shares of the Company, with Cadillac retaining a 2% NSR, of which 1% can be purchased for \$1,000,000 within 2 years of achieving commercial production on the property. The results of the minor exploration programme initiated on the Grenfell Property are available on SEDAR (www.sedar.com). In addition, on July 15, 2016 we entered into an option agreement to acquire certain claims in the Sault Ste Marie area (the “**SSM Property**”). Under the terms of the agreement the Company can acquire 100% of the property by paying \$210,000 (as of September 31, 2016, \$15,000 has been paid) and by issuing 1,200,000 common shares of the Company (as of September 30, 2016, 200,000 common shares have been issued). The previous owners have retained a 3% NSR, of which the Company is entitled to purchase 1.5% at any time for \$1,500,000. In Fiscal 2016 the Company focussed the bulk of its exploration efforts at the SSM Property, where the potential for a VMS style deposit has been identified. Full results of this exploration are available on SEDAR and in press releases on the Company website (www.anconia.ca). We are looking forward to a productive exploration season on these properties, with the focus being on the more mature Grenfell Property.

The Company is utilizing the notice-and-access mechanism that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of meeting materials to registered and beneficial Shareholders. Rather than receiving paper copies of the management information circular and annual financial statements, shareholders will receive a form of proxy and a notice providing information on how they can access the meeting materials on-line and to request paper copies. Persons holding common shares of the Company through an intermediary may receive a form requesting voting instructions rather than a form of proxy.

We sincerely hope you will be able to join us at the meeting. If not, please make sure to return the completed form of proxy/voting instruction form, or vote by internet, so we can have a broad base of shareholders represented at the meeting.

To our Shareholders and Board of Directors, I thank you for your continued support.

Yours truly,

ANCONIA RESOURCES CORP.

“*Jason Brewster*”

JASON BREWSTER
President and Chief Executive Officer

TABLE OF CONTENTS

	<u>Page</u>
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS	1
GENERAL INFORMATION REGARDING THE MEETING	2
Solicitation of Proxies	2
Record Date	2
Appointment and Revocation of Proxies	2
Additional Documentation	3
Voting and Revoking by Non-Registered Shareholders	3
Notice and Access	4
Voting Shares and Principal Shareholders	5
PARTICULARS OF MATTERS TO BE ACTED UPON.....	5
1. Presentation of the Financial Statements	5
2. Election of Directors.....	6
3. Appointment of Auditors.....	8
4. Re-approval of 2012 Option Plan	9
5. Other Business.....	10
STATEMENT OF EXECUTIVE COMPENSATION.....	10
Executive Compensation Discussion & Analysis	10
Summary Compensation Table	12
Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards	13
Incentive Plan Awards – Value Vested or Earned During the Year	13
Incentive Plan Awards – Narrative Discussion	13
Pension Plan Benefits.....	14
Termination and Change of Control Benefits	14
Compensation of Directors	15
Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards	16
Incentive Plan Awards – Value Vested or Earned During the Year	16
Directors’ and Officers’ Insurance.....	17
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	17
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON.....	17
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	17
ADDITIONAL INFORMATION	18
APPROVAL OF NOTICE AND CIRCULAR	18
APPENDIX A – 2012 STOCK OPTION PLAN RESOLUTION	
APPENDIX A-1 – 2012 STOCK OPTION PLAN	
APPENDIX B – CORPORATE GOVERNANCE AND AUDIT COMMITTEE DISCLOSURE	
APPENDIX C – AUDIT COMMITTEE CHARTER	

ANCONIA RESOURCES CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 22, 2017

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (the “**Shares**”) of Anconia Resources Corp. (“**Anconia**”, or the “**Company**”) will be held at the offices of DSA Corporate Services, The Canadian Venture Building, 2nd Floor Boardroom – Ring of Fire, 82 Richmond Street East, Toronto, ON, M5C 1P1, at 9:30 a.m. (Toronto time) on Friday, September 22, 2017 for the following purposes:

1. to receive and consider the audited financial statements of the Company for its financial year ended September 30, 2016, together with the report of the auditors thereon;
2. to fix the number of directors at 5;
3. to elect the directors of the Company;
4. to appoint Abraham Chan LLP as auditors of the Company and to authorize the directors to fix the remuneration of the auditors;
5. to consider, and if deemed advisable, pass a resolution re-approving the Company’s 10% “rolling” stock option plan; and,
6. to transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors of the Company has fixed August 9, 2017 as the record date (the “**Record Date**”) for determining the holders of record of Shares of the Company who are entitled to receive notice of the Meeting and to attend and vote at the Meeting and any adjournment or postponement thereof.

If you are unable to attend the Meeting in person, please exercise your right to vote by completing the enclosed Form of Proxy and returning it to, or deposit it by hand with, the Proxy Department at Computershare Investor Services Inc., 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1. To be effective, proxies must be received by the Company, or by Computershare Investor Services Inc. at its address set out in the preceding sentence, not later than 9:30 a.m. (Toronto time) on Wednesday, September 20, 2017, or, if in the case of any adjournment or postponement of the Meeting, not later than the close of business on the last business day preceding the day of the adjourned or postponed Meeting.

DATED at Toronto, Ontario, this 9th day of August, 2017.

By Order of the Board of Directors of the Company

(signed) JASON BREWSTER
President and Chief Executive Officer

GENERAL INFORMATION REGARDING THE MEETING

SOLICITATION OF PROXIES

This management information circular (“Circular”) and the information contained herein are furnished in connection with a solicitation of proxies being made by or on behalf of management of Anconia Resources Corp. (“Anconia” or the “Company”) for use at the annual and special meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (the “Shares”) of the Company to be held on Friday, September 22, 2017 at 9:30 a.m. (EST), and at any adjournment or postponement thereof. The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers or employees of the Company. All costs of solicitation will be borne directly by the Company. The information contained herein is given as of August 9, 2017 except where otherwise noted.

RECORD DATE

The record date for the determination of Shareholders entitled to notice of and to attend and vote at the Meeting is August 9, 2017 (the “Record Date”). Only Shareholders of record on the Record Date will be entitled to vote at the Meeting. No Shareholder who becomes a Shareholder after the Record Date shall be entitled to vote at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons specified as proxyholder in the enclosed form of proxy (the “Form of Proxy”) are representatives of management of the Company (“Management”) and are directors and/or officers of the Company. Each Shareholder shown as holder on the books or records of Anconia (“Registered Shareholder”) has the right to appoint a proxyholder (who need not be a Shareholder) other than the persons designated in the enclosed Form of Proxy as nominee to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting, or any adjournment(s) or postponement(s) thereof. This right may be exercised by striking out the names of the designated persons and inserting the name of such other proxyholder in the blank space provided, or by completing another appropriate Form of Proxy. To be valid, the Form of Proxy must be executed by the Shareholder, or his, her, or its attorney, duly authorized in writing, and deposited with the Company or Computershare Investor Services Inc. (“Computershare” or the “Transfer Agent”) at its Proxy Department at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 at any time prior to 9:30 a.m. (Toronto time) on Wednesday, September 20, 2017 or in the case of any adjournment(s) or postponement(s) of the Meeting, the close of business on the last business day preceding the day of the adjourned or postponed Meeting. If the Shareholder is a corporation, the Form of Proxy must be executed by an officer or properly appointed attorney thereof. An envelope addressed to the Transfer Agent is enclosed with this Circular for convenience.

The Form of Proxy forwarded to Shareholders with this Circular confers discretionary authority upon the proxyholder with respect to amendment(s) or variation(s) of the matter identified in the Notice or other matter(s) that may properly come before the Meeting. Management knows of no amendment(s) or variation(s) or other matter(s) to come before the Meeting other than the matter referred to in the accompanying Notice. However, if any amendment(s) or variation(s) or other matter(s) that are not now known to Management should properly come before the Meeting, the Shares represented by the proxies will be voted on such amendment(s) or variation(s) or other matter(s) in accordance with the best judgment of the respective proxyholders.

On any ballot that may be called for, the Shares represented by proxies will be voted for, or against, or withheld from voting, in respect of the matter identified in the Notice, or any other matter that may properly come before the Meeting, in accordance with the specifications made on the Form of Proxy by the Shareholders. **In the absence of such specification or any direction to the contrary, the Shares represented by proxies solicited by Management will be voted: (i) ‘FOR’ the resolution electing directors of the Company; (ii) ‘FOR’ the resolution appointing the auditors of the Company; and (iii) ‘FOR’ the resolution authorizing and re-approving the Company’s stock option plan.**

In addition to the revocation in any other manner permitted by law, a Shareholder may revoke a Form of Proxy by depositing an instrument in writing executed by the Shareholder (or by the Shareholder’s attorney authorized in writing, or if the Shareholder is a corporation, by an officer or attorney thereof duly authorized in writing) at the registered office of the Company at any time up to 9:30 a.m. (Toronto time) on September 20, 2017 (or, in the case of any adjournment(s) or

postponement(s) of the Meeting, the close of business on the last business day preceding the day of the adjourned or postponed Meeting at which the Form of Proxy is to be used) or with the Chair of the Meeting on the day of the Meeting or adjourned or postponed Meeting or in any other manner permitted by law.

ADDITIONAL DOCUMENTATION

Upon request to the Company at any time, the Company will provide to any person or company so requesting one copy of each of: (i) the audited consolidated financial statements and management's discussion and analysis of the Company for the years ended September 30, 2016 and 2015; (ii) the interim financial statements and management's discussion and analysis of the Company for the three and six months ended March 31, 2017 and 2015; and (iii) this Circular. In the case of such a request from a person other than a security holder of the Company, the Company may require payment of a reasonable charge for providing such documents. The address of the Company is 65 Front Street East, Suite 200, Toronto, Ontario M5E 1B5.

VOTING AND REVOKING BY NON-REGISTERED SHAREHOLDERS

Most Shareholders are "non-registered" shareholders ("**Non-Registered Shareholders**") because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders – those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for Non-Objecting Beneficial Owners).

The Notice, this Circular and the Form of Proxy (collectively, the "**Meeting Materials**") are being sent to both registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Non-Objecting Beneficial Owners

Proxies should be voted or revoked as noted under the heading "Appointment and Revocation of Proxies" above.

Objecting Beneficial Owners

In accordance with applicable securities law requirements, the Company will have distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for distribution to OBOs.

Intermediaries are required to forward the Meeting Materials to OBOs unless an OBO has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to OBOs.

OBOs are not permitted to vote at the Meeting. Generally, OBOs who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the OBO and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one-page pre-printed form. Sometimes, instead of a one-page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the OBO must

remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the OBO when submitting the proxy. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and **deposit it with the Company, c/o Computershare Investor Services Inc., Attention: Proxy Department, 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1.**

In either case, the purpose of these procedures is to permit OBOs to direct the voting of the Shares they beneficially own. Should an OBO who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the OBO), the OBO should strike out the persons named in the Form of Proxy and insert the OBO or such other person's name in the blank space provided. **In either case, OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the Form of Proxy or voting instruction form is to be delivered.**

An OBO may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

As more particularly outlined below under the heading "Notice and Access", the Meeting Materials will be sent to Non-Registered Shareholders using the Notice-and-Access Provisions.

NOTICE AND ACCESS

The Company is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Non-Registered Shareholders.

The Notice-and-Access Provisions are a new set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, the audited consolidated financial statements of the Company for the year ended September 30, 2016 and the auditors' report thereon, together with the related management's discussion and analysis (the "**Financial Statements**") may be found on the Company's SEDAR profile at www.sedar.com and also on the following website www.envisionreports.com/YCIQ2017. The Company will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular and the Financial Statements will be posted electronically as noted above, Shareholders will receive paper copies of a "notice package" via prepaid mail containing a notice with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders to request they be included in the Company's supplementary mailing list for receipt of the Company's interim financial statements for the 2016 fiscal year.

The Company anticipates that notice-and-access will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call the Company's transfer agent, Computershare toll-free at 1-866-962-0498 and from outside of North America 1-514-982-8716. Shareholders may also obtain paper copies of this

Circular and the Financial Statements free of charge by contacting Computershare at the same toll-free number or from outside of North America 1-514-982-8716 or upon request to the Corporate Secretary of the Company.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or Computershare by Wednesday, September 13, 2017 in order to allow sufficient time for Shareholders to receive their paper copies and to return a) their form of proxy to the Company or Computershare, or b) their voting instruction form to their Intermediaries by its due date.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

Authorized Shares

The authorized share capital of the Company consists of: (i) an unlimited number of Shares; and (ii) an unlimited number of First Preferred Shares, issuable in series (“**First Preferred Shares**”), of which two series have been designated as First Preferred Shares, Series I and Series II.

Issued and Outstanding Shares

As of the date of this Circular, there were 105,156,689 Shares issued and outstanding and there were no First Preferred Shares issued and outstanding.

Voting Shares

Each Share entitles the holder thereof to one 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 at August 9, 2017. All such holders of record of Shares are entitled either to attend and vote thereat in person the Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company’s Transfer Agent, within the time specified in the attached Notice, to attend and vote thereat by proxy the Shares held by them.

Principal Holders of Voting Shares

To the knowledge of the directors and executive officers of the Company, after reasonable enquiry, as of the date hereof, the following persons beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Shares, on a non-diluted basis:

Name	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Dr. Bernard Sherman ¹	31,249,790	29.7%

Notes:

- (1) Number of Shares includes 911,679 Shares owned indirectly through Apotex Inc. (“**Apotex**”) and 1,158,914 Shares owned indirectly through Sherfam Inc. (“**Sherfam**”), both of which entities are controlled by Dr. Sherman. Dr. Sherman also holds (directly or indirectly) Share purchase warrants entitling him to acquire up to 18,500,000 Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. PRESENTATION OF THE FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the year ended September 30, 2016 and the auditors’ report thereon have been sent to Shareholders using the Notice-And-Access Provisions and will be presented at the Meeting. Receipt at the Meeting of the financial statements of the Company for the financial year ended September 30, 2016 and the auditors’ report thereon will not constitute approval or disapproval of any matters referred to therein.

Copies of the audited consolidated financial statements of the Company are also available on the internet under the Company's profile at www.sedar.com or in the alternative; copies may be obtained from the President of the Company upon written request.

2. ELECTION OF DIRECTORS

Nominees for Election to the Board of Directors

The articles of incorporation (the "**Articles**") of Anconia provide that the board of directors of the Company (the "**Board**" or the "**Board of Directors**") shall consist of a minimum of five and a maximum of fifteen directors. The Board currently consists of five directors and the Board has determined that five directors will be elected at the Meeting.

Pursuant to Section 10.5 of By-Law No. 1A of the Company (the "**By-Law**"), a shareholder of the Company wishing to nominate an individual to be a director, other than pursuant to a requisition of a meeting made pursuant to the *Business Corporations Act* (Ontario) (the "**Act**") or a shareholder proposal made pursuant to the provisions of the Act, is required to comply with Section 10.5 of the By-law. Section 10.5 of the By-Law provides that written prescribed notice of any such nomination to be made at the Meeting had to be given to the Secretary of the Company prior to April 23, 2016. The foregoing is merely a summary of the advance notice provisions of the By-Law, is not comprehensive and is qualified by the full text of such provisions. The full text of such provisions is set out in Section 10.5 of the By-Law, a copy of which is attached as Appendix B-1 to the February 16, 2012 management information circular of the Company which can be found under the Company's profile at www.sedar.com. The Company has not received notice of a nomination in compliance with Section 10.5 of the By-Law and, as such, any nominations other than nominations by or at the direction of the Board of the Directors or an authorized officer of the Company will be disregarded at the Meeting.

Management does not contemplate that any of the nominees will be unable to serve as directors, but, if that should occur for any reason prior to the Meeting, the persons named in the accompanying Form of Proxy reserve the right to vote for another nominee at their discretion unless a Shareholder has specified in the Form of Proxy that his, her or its Shares are to be withheld from voting on the election of directors. Each director elected will hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed unless prior thereto he or she resigns or his or her office becomes vacant by reason of death or other cause. It is intended that, on any ballot which may be called for relating to the election of directors, the Shares represented by the proxies in favour of Management nominees will be voted in favour of the election of such person as directors of the Company unless a Shareholder has specified in the Form of Proxy that his, her or its Shares are to be withheld from voting in the election of directors.

The following table sets forth the names of the individuals proposed to be nominated for election as directors, together with their place of residence, position with the Company, the month and year first elected or appointed as a director and principal occupation. Also indicated for each person proposed as a director are the number of Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, which information is in each instance based upon information furnished by such individual concerned.

Name and Place of Residence	Position with the Company	Director Since	Principal Occupation	Number and Percentage of Shares Beneficially Owned (Directly or Indirectly) or Controlled or Directed
Jason Brewster Ontario, Canada	President, Chief Executive Officer and Director	June 2011	President and Chief Executive Officer of Anconia	3,996,750 3.8%
Denis Clement ⁽¹⁾⁽²⁾ Ontario, Canada	Chair and Director	June 2011	Director of Seaway Energy Services Inc., Chairman of Anconia, Director of Gespeg Copper Resources Inc.	1,957,500 ⁽⁴⁾ 1.86%
Michael Florence ⁽¹⁾⁽²⁾ Ontario, Canada	Director	March 1988	Director, State of Israel Bonds, Canada, Director of Weizmann Institute, Canada	6,086,666 ⁽⁵⁾ 5.788%

Name and Place of Residence	Position with the Company	Director Since	Principal Occupation	Number and Percentage of Shares Beneficially Owned (Directly or Indirectly) or Controlled or Directed
James M. Franklin Ontario, Canada	Director	June 2012	Director to Ur-Energy Inc., director to Nuinsco Resources Ltd., and director and consultant to Aura Silver Resources Inc., Consulting Geologist / Adjunct Professor of Geology Queen's University, Laurentian University and University of Ottawa, President of Franklin Geosciences Ltd.	1,847,970 ⁽⁶⁾ 1.76%
John Sadowski ⁽¹⁾⁽²⁾ Ontario, Canada	Director	January 2001	Prospector	418,000 ⁽⁷⁾ 0.4%

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Mr. Brewster also holds options to purchase up to 575,000 Shares and holds warrants, directly and indirectly, to purchase up to 250,000 Shares.
- (4) Mr. Clement also holds options to purchase up to 550,000 Shares
- (5) Mr. Florence also holds options to purchase up to 550,000 Shares and warrants to purchase up to 500,000 Shares. Included in the shareholdings of Mr. Florence is 2,275,000 owned by his spouse.
- (6) Mr. Franklin holds options to purchase up to 525,000 Shares and hold warrants to purchase 1,000,000 shares.
- (7) Mr. Sadowski also holds options to purchase up to 450,000 Shares.

No proposed director, or the proposed director's associates or affiliates, beneficially owns, or controls or directs, directly or indirectly, securities carrying 10% or more of the voting rights attached to all Shares.

Pursuant to an agreement dated as of June 12, 2011 between Dr. Sherman, Apotex and the Company (the "**Ancillary Rights Agreement**"), so long as Dr. Sherman and Apotex own, in aggregate, greater than 10% of the Shares, they are entitled to one nominee on the Board, and so long as Dr. Sherman and Apotex own, in aggregate, greater than 20% of the Shares, they are entitled to two nominees on the Board. Dr. Sherman is the principal shareholder of Apotex and Sherfam. Collectively, Dr. Sherman, Apotex and Sherfam own 31,249,790 Shares, representing approximately 29.7% of the outstanding Shares. Mr. Florence and Mr. John Sadowski are nominees of Dr. Sherman and Apotex.

Biographical Information

All of the proposed directors are currently directors of the Company and were elected to the present term of office by a vote of Shareholders at a meeting, the notice of which was accompanied by an information circular.

Corporate Cease Trade Orders and Bankruptcies

Other than as disclosed below, no proposed director of the Company:

- (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 company (including the Company), that:
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days (any such order,

an “**Order**”) while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer, 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 10 years before the date hereof, a director or executive officer of any issuer (including the Company), 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.

Mr. Clement was a director of Southeast Asia Mining Corp. (“**SEA**”) during a period in which SEA was the subject of cease trade orders issued by the securities commissions of the provinces of British Columbia, Alberta, Manitoba and Ontario. The cease trade orders were issued in May 2009 for failure to file the audited consolidated financial statements of SEA for the year ended December 31, 2008 and for subsequent periods. On October 1, 2010, SEA brought its disclosure record up to date and the cease trade orders were revoked on August 3, 2011. Mr. Clement is no longer a director of SEA.

Penalties and Sanctions

No proposed director of the Company 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, including a self-regulatory body, that would be likely to be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Voting for Election of Directors

The Board recommends that Shareholders vote for the nominees set forth above to be elected as directors of the Company. **Proxies received in favour of Management will be voted ‘FOR’ the election of the nominees whose names are set forth above.**

3. APPOINTMENT OF AUDITORS

Abraham Chan LLP, Chartered Accountants, have been the Company’s auditors since July 2014. At the Meeting, or any adjournment thereof, Abraham Chan LLP, Chartered Accountants will be proposed for re-appointment as the Company’s auditors to hold office until the next annual meeting of Shareholders or until a successor is appointed, at a remuneration to be fixed by the Board. In the past, the Board has negotiated with the auditors regarding the auditors’ remuneration on an arm’s-length basis. Such remuneration has been based upon the complexity of the matters dealt with by the auditors and the time spent by the auditors in providing services to the Company. Management believes that the remuneration negotiated in the past with the auditors has been reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

Voting for the Appointment of Auditors

The Board recommends that Shareholders vote for the appointment of Abraham Chan LLP, as auditors of the Company and authorize the Board to fix their remuneration. **Proxies received in favour of Management will be voted ‘FOR’ the appointment of Abraham Chan LLP as the auditors of the Company.**

4. RE-APPROVAL OF 2012 OPTION PLAN

The stock option plan of the Company (the “**2012 Option Plan**”) is a 10% “rolling” stock option plan. Pursuant to TSX Venture Exchange Policy 4.4, rolling stock option plans, such as the 2012 Option Plan, must receive shareholder approval on an annual basis. The 2012 Option Plan was last approved on March 26, 2014. Accordingly, Shareholders will be asked to consider and, if deemed advisable, to re-approve the 2012 Option Plan by ordinary resolution. A copy of the 2012 Option Plan is attached hereto as Appendix “A-1” and is incorporated by reference into this Circular.

The principal purposes of the 2012 Option Plan are (i) to retain and attract the qualified directors, officers, employees and service providers that the Company and its subsidiaries require; (ii) to promote a proprietary interest in the Company and its subsidiaries; (iii) to provide an incentive element in compensation; and (iv) to promote the profitability of the Company and its subsidiaries.

The salient features of the 2012 Option Plan are as follows:

- (a) options may be granted by the Board to directors, officers and employees of the Company, a subsidiary of the Company and persons or corporations who provide consulting services to the Company or a subsidiary of the Company on an on-going basis;
- (b) the maximum number of Shares reserved for issuance under the 2012 Option Plan shall not exceed 10% of the aggregate number of Shares issued and outstanding (calculated on a non-diluted basis) from time to time;
- (c) the exercise price of each option shall be determined in the discretion of the Board at the time of the granting of the option, provided that the exercise price shall not be lower than the Market Price. “**Market Price**” means the last closing price of the Shares on any stock exchange or stock exchanges, or other trading facilities on which the Shares are then listed or posted for trading, or where the policies of such exchange or trading facility require the Company to issue a news release in respect of such grant of option, the closing price of the Shares on the exchange or trading facility on the trading day immediately preceding the date on which the news release is issued; provided that in the event the Shares are listed on more than one stock exchange or trading facility, on such one exchange or trading facility as shall be designated by the Board, and to the extent that the Shares are not listed or posted for trading on any exchange or trading facility, the Market Price shall be such price as is determined by the Board in good faith;
- (d) (i) at no time shall the number of Shares reserved for issuance pursuant to options granted to any one Optionee in a 12-month period under the 2012 Option Plan or other security based compensation arrangements of the Company exceed 5% of the issued and outstanding Shares, (ii) no one Optionee may be granted, in any 12 month period, options to purchase a number of Shares equal to more than 5% of the issued and outstanding Shares, (iii) no one consultant may be granted, in any 12-month period, options to purchase a number of Shares equal to more than 2% of the issued and outstanding Shares and options issued to consultants performing investor relations activities shall vest and become exercisable over not less than a 12-month period with no more than one-quarter of the options vesting in any three month period, (iv) employees of the Company conducting investor relations activities may not be granted, in the aggregate in any 12-month period, options to purchase a number of Shares equal to more than 2% of the issued and outstanding Shares (v) at no time shall the number of Shares reserved for issuance pursuant to options granted to insiders of the Company under the 2012 Option Plan or other security based compensation arrangements of the Company exceed 10% of the outstanding Shares, and (vi) insiders of the Company may not be granted under the 2012 Option Plan or other security based compensation arrangements of the Company, within any 12-month period, in aggregate a number of options exceeding 10% of the issued and outstanding Shares;
- (e) all options shall be for a term determined in the discretion of the Board at the time of the granting of the options, provided that no option shall have a term exceeding five years and, unless the Board at any time makes a specific determination otherwise, an option and all rights to purchase Shares pursuant thereto shall expire and terminate immediately upon the optionee who holds such option ceasing to be at least one of a director, officer or employee of, or consultant to, the Company or a subsidiary of the Company, as the case may be; and
- (f) except in limited circumstances in the case of the death of an optionee, options shall not be assignable or transferable.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information pertaining to securities authorized for issuance by the Company under equity compensation plans at the end of the most recently completed financial year.

Plan Category	No. of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	No. of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the second column) ⁽¹⁾
Equity Compensation plans approved by security holders	3,150,000	\$0.08	6,754,770
Equity Compensation plans not approved by security holders	N/A	N/A	N/A
Total	3,150,000	\$0.08	6,754,770

Notes:

- (1) Based on 9,904,770 Shares reserved for issuance upon the exercise of stock options under the Company's approved stock option plans as at the year ended September 30, 2016 (representing 10% of the Company's outstanding Shares as at such date).

Voting for Re-approval of 2012 Option Plan

The Board recommends that Shareholders vote for the adoption of the resolution as set out in Appendix "A" hereto to re-approve the 2012 Option Plan. **Proxies received in favour of Management will be voted 'FOR' the approval of the resolution re-approving the 2012 Option Plan unless the Shareholder has specified in the Form of Proxy that his, her or its Shares are to be voted against such resolution.** The affirmative vote of a majority of the Shares present and voting at the Meeting, whether in person or by proxy, is required for the approval of the resolution re-approving the 2012 Option Plan.

5. OTHER BUSINESS

As of the date of this Circular, the Board of Directors and Management are not aware of any matters to come before the Meeting other than those matters specifically identified in the accompanying Notice of Meeting. However, if such other matters properly come before the Meeting or any adjournment(s) thereof, the persons designated in the accompanying Form of Proxy will vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by the Form of Proxy with respect to such matters.

STATEMENT OF EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives balanced with a pay-for-performance philosophy. Compensation by the Company has included a negotiated salary for certain executive officers, and stock options and bonuses potentially being issued and paid as an incentive for performance. The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, being the President and Chief Executive Officer and the Chief Financial Officer and Secretary. To date, the Compensation Committee has not adopted any formal policies to determine executive compensation. Executive compensation is currently based solely on Compensation Committee discussions without any formal objectives or criteria. Bonuses paid to senior executives are, for the most part, discretionary; however, in exercising such discretion, the Compensation Committee assesses the Company's financial and operating performance and each senior executive's contribution thereto. The Board and the Compensation Committee will consider implementing formal compensation policies, objectives and criteria in the future should circumstances warrant.

Compensation Risk

The Board considers that the Company's compensation philosophy is aligned with prudent risk management and does not encourage Named Executive Officers (defined below) to take inappropriate or excessive risks.

The Company does not prohibit Named Executive Officers or directors from purchasing financial instruments such as forward contracts, equity swaps or other financial instruments designed to hedge or offset a decrease in market value of securities granted as compensation or held, directly or indirectly, by a Named Executive Officer or director. However, neither the Board nor executive management is aware that any such individual has in the past bought or currently holds such instruments.

Share-Based and Option-Based Awards

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, including share-based and option-based awards. The Company does not have any share-based compensation plans in place. The Company's 2012 Option Plan is used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of Shareholders.

Named Executive Officers

For the purposes of this Circular, a named executive officer ("**Named Executive Officer**") of the Company means each of the following individuals:

- (a) the chief executive officer of the Company;
- (b) the chief financial officer of the Company;
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the chief executive officer and chief financial officer, at the end of the Company's most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102F6 – *Statement of Executive Compensation* ("**NI 51-102F6**"), for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

For the financial year ended September 30, 2016, the Company had two (2) Named Executive Officers are as follows:

Jason Brewster, President and Chief Executive Officer; and
Harvey McKenzie, Chief Financial Officer and Corporate Secretary.

SUMMARY COMPENSATION TABLE

The following table sets forth all annual and long-term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company in respect of each Named Executive Officer as required by NI 51-102F6.

Name and Principal Position	Year Ended Sept. 30	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation		All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive plans (\$)	Long-term incentive plans (\$)		
Jason Brewster President and Chief Executive Officer ⁽²⁾	2016	96,000	Nil	Nil	Nil	Nil	Nil	96,000
	2015	96,000	Nil	Nil	Nil	Nil	Nil	96,000
	2014	118,000	Nil	20,874	Nil	Nil	Nil	138,874
Harvey McKenzie Chief Financial Officer and Corporate Secretary ⁽³⁾	2016	57,600	Nil	Nil	Nil	Nil	Nil	57,600
	2015	57,600	Nil	Nil	Nil	Nil	Nil	57,600
	2014	70,800	Nil	18,554	Nil	Nil	Nil	89,354

Notes:

- (1) The grant date fair value of the option-based awards was determined using the Black-Scholes option valuation model.
 - a. On August 18, 2014, the Company granted 450,000 options to Mr. Brewster and 400,000 options to Mr. McKenzie using the following assumptions to determine fair value: an average risk-free interest rate of 1.51%; an average expected volatility factor of 159.38%; an expected dividend yield of 0% and an expected life of five years.
- (2) Mr. Brewster was appointed President and Chief Executive Officer effective June 13, 2011 following closing of the Company's June 2011 reverse takeover transaction (the "**RTO Transaction**").
- (3) Mr. McKenzie was appointed Chief Financial Officer and Corporate Secretary effective June 13, 2011 following closing of the RTO Transaction.

INCENTIVE PLAN AWARDS – OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets forth information concerning all awards outstanding under option-based and share based incentive plans of the Company at the end of the most recently completed financial year to each Named Executive Officer.

Name and principal position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	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 (\$)
Jason Brewster <i>President and Chief Executive Officer</i>	450,000	0.05	Aug 17/19	Nil	N/A	N/A	N/A
	125,000	0.15	July 19/17	Nil			
Harvey McKenzie <i>Chief Financial Officer and Corporate Secretary</i>	400,000	0.05	Aug 17/19	Nil	N/A	N/A	N/A
	100,000	0.15	July 19/17	Nil			

Notes:

- (1) Value of unexercised options is equal to the difference between the closing price of the Company's common shares on the Exchange on September 30, 2016 (being the last day of the Company's most recently completed financial year that its common shares traded on the Exchange) of \$0.05 and the exercise prices of options outstanding, multiplied by the number of common shares available for purchase under such options.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

Name and principal position	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jason Brewster <i>President and Chief Executive Officer</i>	Nil	N/A	N/A
Harvey McKenzie <i>Chief Financial Officer and Corporate Secretary</i>	Nil	N/A	N/A

Notes:

- (1) Amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the market price of the common shares underlying the options on the Exchange on the vesting date and the exercise price of the options. All options vested immediately on the date of grant and option exercise prices were set at or above the market price as of the day of grant.

INCENTIVE PLAN AWARDS – NARRATIVE DISCUSSION

The Company's 2012 Option Plan is described above under "Particular Matters to be Acted Upon – Approval of 2012 Option Plan".

PENSION PLAN BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Except as set out below, neither the Company nor its subsidiaries have an employment contract with any of the Named Executive Officers and, except as set out below, no plan, contract or arrangement exists in respect of compensation received or that may be received by the Named Executive Officers to compensate such officers in the event of the termination of employment (for any reason, including resignation, retirement, change of control) or in the event of a change in responsibilities following a change in control.

Jason Brewster. Pursuant to an agreement with the Company dated August 15, 2012 (and renewed subsequently), Mr. Brewster provides services to the Company as an independent contractor in the role of President and Chief Executive Officer of the Company. Under the terms of the agreement, Mr. Brewster should receive CDN\$10,000 per month plus reimbursement of reasonable business and travel expenses. However, during fiscal 2016 Mr. Brewster has voluntarily reduced his compensation by 20% to an annual amount of \$96,000. This voluntary reduction is in effect until the Company is adequately funded. Mr. Brewster is also eligible, at the Board's discretion, for stock options and for performance bonuses up to 30% of his base salary. The agreement is for a term of one year ending April 1, 2017, and is automatically extended for a further year unless terminated. If the agreement is not renewed, Mr. Brewster is entitled to his monthly compensation for a period of nine months.

The Company may terminate the agreement at any time without cause on 12 months' prior written notice of termination or in lieu of such notice, by continuing Mr. Brewster's monthly compensation payments for a period of 12 months from the date of termination. The Company may terminate the agreement for cause at any time without notice and without any payment in lieu of notice. For a period of six months following a change of control of the Company, Mr. Brewster may terminate his agreement and such termination will be deemed termination without cause. If Mr. Brewster so elects, or if the Company terminates the agreement without cause during the six-month period following a change of control of the Company, Mr. Brewster will be entitled a lump sum severance payment of CDN\$150,000 in lieu of continuing monthly compensation. Mr. Brewster's engagement will be terminated automatically upon written notice from the Company in the event Mr. Brewster is unable to render his services due to disability, illness, incapacity or otherwise for an aggregate of 180 days during any 12 month period of the term, provided such inability did not arise during Mr. Brewster's execution of the Company's business and, in such event, Mr. Brewster shall be entitled to receive monthly compensation for the first 90 days of the absence or inability, where after, Mr. Brewster shall be entitled to receive such compensation, if any, as may be determined by the Board. Assuming the agreement between Mr. Brewster and the Company was terminated by the Company without cause on September 30, 2016, Mr. Brewster would have been entitled to receive CDN\$120,000.

Harvey McKenzie. Pursuant to an agreement with the Company dated August 15, 2012 (and renewed subsequently), Mr. McKenzie provides services to the Company as an independent contractor in the role of Chief Financial Officer of the Company. Under the terms of the agreement, Mr. McKenzie should receive CDN\$6,000 per month plus reimbursement of reasonable business and travel expenses. However, during fiscal 2016 Mr. McKenzie has voluntarily reduced his compensation by 20% to an annual amount of \$57,600. This voluntary reduction is in effect until the Company is adequately funded. Mr. McKenzie is also eligible, at the Board's sole discretion, for stock options and for performance bonuses in accordance with the Company's compensation policies. The agreement is for a term of one year ending June 15, 2015, and is automatically extended for a further year unless terminated. If the agreement is not renewed, Mr. McKenzie is entitled to his monthly compensation for a period of nine months.

The Company may terminate the agreement at any time without cause on nine months' prior written notice of termination or in lieu of such notice, by continuing Mr. McKenzie's monthly compensation payments for a period of nine months from the date of termination. The Company may terminate the agreement for cause at any time without notice and without any payment in lieu of notice. For a period of six months following a change of control of the Company, Mr. McKenzie may terminate his agreement and such termination will be deemed termination without cause. If Mr. McKenzie so elects, or if the Company terminates the agreement without cause during the six-month period following a change of control of the Company, Mr. McKenzie will be entitled a lump sum severance payment equal to CDN\$100,000 in lieu of continuing monthly compensation. Mr. McKenzie's engagement will be terminated automatically upon written notice from the

Company in the event Mr. McKenzie is unable to render his services due to disability, illness, incapacity or otherwise for an aggregate of 180 days during any 12 month period of the term, provided such inability did not arise during Mr. McKenzie's execution of the Company's business and, in such event, Mr. McKenzie shall be entitled to receive monthly compensation for the first 90 days of the absence or inability, where after, Mr. McKenzie shall be entitled to receive such compensation, if any, as may be determined by the Board. Assuming the agreement between Mr. McKenzie and the Company was terminated by the Company without cause on September 30, 2016, Mr. McKenzie would have been entitled to receive CDN\$54,000.

COMPENSATION OF DIRECTORS

Each member of the Board (other than management directors) receives \$2,500 per financial quarter as compensation for acting as a director of the Company. In addition, the audit committee chair receives \$2,500 per annum and all other committee chairs receive \$1,500 per annum. No other fees were paid to directors as compensation for acting as committee members or chairs of committees of the Board.

The following table sets forth all amounts of compensation provided to directors of the Company who are not Named Executive Officers for the Company's most recently completed financial year.

Name	Fees earned (\$)	Option-based awards (\$)	All other compensation (\$)	Total (\$)
Denis Clement	11,500	Nil	31,000 ⁽¹⁾	42,500
Michael Florence	12,500	Nil	Nil	12,500
James Franklin	10,000	Nil	Nil	10,000
John Sadowski	10,000	Nil	Nil	10,000

(1) Compensation as a director and for providing business advisory services to the Company.

Directors are compensated for acting in their capacity as directors, for committee participation and involvement in special assignments. Directors are eligible to be granted options under the 2012 Option Plan. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to more closely align the personal interests of such persons to that of the Shareholders.

INCENTIVE PLAN AWARDS – OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets forth information concerning all awards outstanding under option-based and share-based plans of the Company at the end of the most recently completed financial year for each of the directors of the Company who were not Named Executive Officers during the Company’s most recently completed financial year.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	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 (\$)
John Sadowski	325,000	0.05	17/08/2019	Nil	N/A	N/A	N/A
	125,000	0.15	19/07/2017	Nil			
Denis Clement	400,000	0.05	17/08/2019	Nil	N/A	N/A	N/A
	150,000	0.15	19/07/2017	Nil			
James Franklin	325,000	0.05	17/08/2019	Nil	N/A	N/A	N/A
	200,000	0.15	19/7/2017	Nil			
Michael Florence	400,000	0.05	17/08/2019	Nil	N/A	N/A	N/A
	150,000	0.15	19/7/2017	Nil			

Notes:

- (1) Value of unexercised options is equal to the difference between the closing price of the Company’s common shares on the Exchange on September 28, 2016 (being the last day of the Company’s most recently completed financial year that its common shares traded on the Exchange) of \$0.05 and the exercise prices of options outstanding, multiplied by the number of common shares available for purchase under such options.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors of the Company are as follows:

Name and principal position	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Sadowski	Nil	N/A	N/A
Mike Florence	Nil	N/A	N/A
Denis Clement	Nil	N/A	N/A
James Franklin	Nil	N/A	N/A

Notes:

- (1) Amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the market price of the common shares underlying the options on the Exchange on the vesting date and the exercise price of the options. All options vested immediately on the date of grant and option exercise prices were set at or above the market price as of the day of grant.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has in place directors' and officers' insurance with an aggregate payout limit of \$1,000,000 per year. The premium for such insurance is \$6,200 with a deductible of up to \$25,000 per claim. The insurance policy expires on November 24, 2016, subject to renewal.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or employee of the Company, or former director, executive officer or employee of the Company, or proposed nominee for election as a director of the Company, nor any associate of any such director, executive officer, employee or proposed nominee is as at the date of this Circular, or at any time since the beginning of the most recently completed financial year, has been indebted to the Company or any of its subsidiaries, for which such indebtedness is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including in respect of any security purchase program or any other program.

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

No person who has been a director or executive officer of the Company at any time since the beginning of its last completed financial year, no proposed nominee for election as a director, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as described in this Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An "Informed Person" means (a) a director or executive officer of a reporting issuer; (b) a director or executive officer of a person or company that is itself an Informed Person or subsidiary of a reporting issuer; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

No director, executive officer or proposed nominee for election as a director of the Company, no person beneficially owning, or controlling or directing, directly or indirectly, Shares or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the Company, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed fiscal year or in any proposed transaction which, in either case, has materially affected or would materially affect the Company, except for the following:

March 2015 Private Placement

In March 2015, the Company completed a non-brokered private placement financing pursuant to which the Company issued a total of 18,400,000 units at \$0.02 per unit for aggregate gross proceeds of approximately \$368,000 (the "**March 2015 Private Placement**"). Each unit of one Share and one Share purchase warrant. Each whole warrant is exercisable to acquire one Share at a price of \$0.05 per Share, in the case of the warrants comprising the units, for a period of 36 months.

In connection with the March 2015 private placement Dr Sherman, an existing shareholder of the Company beneficially owning or controlling, directly or indirectly, greater than 10% of the issued and outstanding Shares, subscribed for 15,000,000 units. In addition, Jason Brewster, the President and Chief Executive Officer of the Company, subscribed for 250,000 units, Mr. Harvey McKenzie, the Chief Financial Officer and Corporate Secretary subscribed for 750,000 units, Mr. Jim Franklin, a director of the Company subscribed to 1,000,000 units and Mr. Michael Florence, a director of the Company, subscribed for 500,000 units (in addition Mr. Florence's spouse subscribed to 500,000 units).

ADDITIONAL INFORMATION

Additional information relating to the Company can be found under the Company's profile on SEDAR at www.sedar.com. Inquiries including requests for copies of the Company's financial statements and management's discussion and analysis for its most recently completed financial year may be addressed to the Company at 65 Front Street East, Suite 200, Toronto, Ontario M5E 1B5 Attention: President. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the Company's most recently completed financial year, which are also available on SEDAR.

APPROVAL OF NOTICE AND CIRCULAR

The contents and the sending of the Notice and this Circular have been approved by the Board of Directors.

DATED at Toronto, Ontario, this 9th day of August, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) Jason Brewster

Jason Brewster
President and Chief Executive Officer

APPENDIX A

2012 STOCK OPTION PLAN RESOLUTION

BE IT RESOLVED THAT:

1. the Company's 2012 10% rolling stock option plan (the "**2012 Option Plan**"), pursuant to which the Company may, from time to time, authorize the issuance of options in accordance with the terms and conditions of the 2012 Option Plan entitling the holders thereof to purchase up to that number of common shares of the Company that is equal to 10% of the issued and outstanding common shares of the Company at the time of the grant, is ratified and confirmed;
2. the Company be authorized to grant options pursuant and subject to the terms and conditions of the 2012 Option Plan and that any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts and things as he may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive of such determination.

APPENDIX A-1

2012 STOCK OPTION PLAN

ANCONIA RESOURCES CORP.
(formerly Citadel Gold Mines Inc.)

2012 STOCK OPTION PLAN

The board of directors of Anconia Resources Corp. (the “Corporation”) wishes to establish a share option plan (the “Plan”) governing the issuance of share options (“Options”) to directors, officers and employees of the Corporation or subsidiaries of the Corporation and persons or corporations who provide services to the Corporation or its subsidiaries on an on-going basis, or have provided or are expected to provide a service or services of considerable value to the Corporation or its subsidiaries. Capitalized terms, not otherwise defined herein, have the meanings ascribed thereto in the TSX Venture Exchange Corporate Finance Manual.

The terms and conditions of the Plan for the issuance of Options are as follows:

1. Purposes

The principal purposes of the Plan are:

- (a) to retain and attract the qualified directors, officers, employees and service providers that the Corporation and its subsidiaries require;
- (b) to promote a proprietary interest in the Corporation and its subsidiaries;
- (c) to provide an incentive element in compensation; and
- (d) to promote the profitability of the Corporation and its subsidiaries.

2. Reservation of Shares

Subject to Section 12 of the Plan, the number of common shares in the capital of the Corporation (the “Common Shares”) reserved from time to time for issuance to Eligible Optionees (as hereinafter defined) pursuant to Options granted under the Plan shall not exceed 10% of the aggregate number of Common Shares issued and outstanding (calculated on a non-diluted basis) from time to time.

3. Eligibility

Options shall be granted only to persons, firms or corporations (“Eligible Optionees”) who are Directors, Employees or Consultants of the Corporation or a subsidiary of the Corporation. Where the Eligible Optionee is an Employee, Consultant or Management Company Employee, the board of directors of the Corporation (the “Board”) shall confirm that the Eligible Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or a subsidiary of the Corporation prior to any grant of Options.

Options may also be granted to a corporation that is wholly-owned by an Eligible Optionee if the corporation agrees not to effect or permit any transfer of ownership or option of shares of the corporation, nor to issue further shares of any Class in the corporation, to any other individual or entity as long as any Options granted to the corporation remain outstanding, without the prior written consent of such stock exchange or stock exchanges or other trading facilities, if any, on which the Common Shares are then listed and/or posted for trading (the “Exchange”). Unless the context otherwise requires, the term Eligible Optionee as used herein shall include any such corporation.

4. Granting of Options

The Board may from time to time grant Options to Eligible Optionees. At the time an Option is granted, the Board shall determine the number of Common Shares available for purchase under the Option, the date when the Option is to become

effective and, subject to the other provisions of the Plan, all other terms and conditions of the Option. An Eligible Optionee may hold more than one Option at any time, however, notwithstanding anything to the contrary contained in the Plan:

- (a) at no time shall the number of Common Shares reserved for issuance pursuant to Options granted to any one Eligible Optionee in any 12-month period under the Plan or other security based compensation arrangements exceed 5% of the issued and outstanding Common Shares;
- (b) no one Eligible Optionee may be granted, in any 12 month period, Options to purchase a number of Common Shares equal to more than 5% of the issued and outstanding Common Shares;
- (c) no one Consultant may be granted, in any 12 month period, Options to purchase a number of Common Shares equal to more than 2% of the outstanding Common Shares and Options issued to Consultants performing Investor Relations Activities shall vest and become exercisable over not less than a 12 month period with no more than one-quarter of the Options vesting in any three month period;
- (d) Employees conducting Investor Relations Activities may not be granted, in the aggregate in any 12 month period, Options to purchase a number of Common Shares equal to more than 2% of the issued and outstanding Common Shares;
- (e) at no time shall the number of Common Shares reserved for issuance pursuant to Options granted to Insiders under the Plan or other security based compensation arrangements of the Corporation exceed 10% of the issued and outstanding Common Shares; or
- (f) Insiders may not be granted under the Plan or other security based compensation arrangements of the Corporation, within any 12 month period, in aggregate a number of Options exceeding 10% of the issued and outstanding Common Shares.

Any Options granted to a corporation referred to in Section 3 hereof shall be included in the calculation of the Options held by an Eligible Optionee.

5. Exercise Price

The exercise price (the “**Exercise Price**”) of each Option shall be determined in the discretion of the Board at the time of the granting of the Option, provided that the exercise price shall not be lower than the “**Market Price**”. “Market Price” shall mean the last closing price of the Common Shares on the Exchange or where the policies of the Exchange require the Corporation to issue a news release in respect of such grant of Option, the closing price of the Common Shares on the Exchange on the trading day immediately preceding the date on which the news release is issued; provided that in the event the Common Shares are listed on more than one Exchange, the foregoing reference to “the Exchange” shall be a reference to such one Exchange as shall be designated by the Board, and to the extent that the Common Shares are not listed on any Exchange, the Market Price shall be such price as is determined by the Board in good faith.

6. Term and Exercise Periods

- (a) All Options shall be for a term determined in the discretion of the Board at the time of the granting of the Options, provided that no Option shall have a term exceeding five years and, unless the Board at any time makes a specific determination otherwise, an Option and all rights to purchase Common Shares pursuant thereto shall expire and terminate immediately upon the Eligible Optionee who holds such Option ceasing to be at least one of a Director, Employee, Consultant or Management Company Employee of the Corporation or a subsidiary of the Corporation.
- (b) By way of example, without limiting the generality of the foregoing or the discretion of the Board, the Board may, at the time of the granting of the Option, determine:
 - (i) that an Option is exercisable only while the Eligible Optionee remains at least one of a Director, Employee, Consultant or Management Company Employee and for a reasonable period of time (“**Additional Period**”) after the Eligible Optionee ceases to be at least one of a Director, Employee, Consultant or Management Company Employee;

- (ii) that an Option can be exercisable by the Eligible Optionee's heirs or administrators for an Additional Period or for its remaining term (which Additional Period or remaining term may not exceed one year) after the death of an Eligible Optionee;
- (iii) that an Option is subject to a vesting schedule; or
- (iv) that, subject to the approval of the Exchange, if any, an Option may provide for early exercise and/or termination or other adjustment in the event of a death of a person and in other circumstances, such as if the Corporation shall resolve to sell all or substantially all of its assets, to liquidate or dissolve, or to merge, amalgamate, consolidate or be absorbed with or into any other corporation, if a take-over bid is made for the outstanding Common Shares, or if any change of control of the Corporation occurs.

7. Expiry During Blackout Periods

Notwithstanding any other provision of this Plan, no Option shall terminate and cease to be exercisable, whether as a result of the expiry of the term of the Option or any Additional Period or as a result of an Eligible Optionee ceasing to be a Director, Employee, Consultant or Management Company Employee, prior to the fifth business day following cessation of a Trading Blackout then in effect and if a Trading Blackout is not then in effect, prior to the fifth business day following cessation of the most recent Trading Blackout. For the purposes hereof, a "Trading Blackout" means any restricted trading period imposed by the Corporation by which Directors, Management Company Employees and/or Employees are prohibited from trading in securities of the Corporation.

8. Non-Assignability

Other than a limited right of assignment, subject to the terms upon which the Option is granted, in the event of the death of an Eligible Optionee to allow the exercise of Options by the Eligible Optionee's heirs or administrators, Options granted hereunder shall not be assignable or transferable.

9. Payment of Exercise Price

All Common Shares issued pursuant to the exercise of an Option shall be paid for in full in Canadian funds at the time of exercise of the Option and prior to the issue of the Common Shares. All Common Shares issued in accordance with the foregoing shall be issued as fully paid and non-assessable Common Shares.

10. Tax Withholding

To the extent that the exercise of an Option gives rise to any tax or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), the Board may implement appropriate procedures to ensure that the tax withholding obligations are met. These procedures may include, without limitation, increased withholding from an Eligible Optionee's regular compensation, cash payments by an Eligible Optionee or the sale of a portion of the Common Shares acquired pursuant to the exercise of an Option, which sale may be required and initiated by the Board. Unless otherwise determined by the Board, any such procedure, including offering choices among procedures, will be applied consistently with respect to all similarly situated Eligible Optionees in the Plan, except to the extent any procedure may not be permitted under applicable laws, regulations or rules.

11. Non-Exercise

If any Option is not exercised for any reason whatsoever, upon the expiry of such Option pursuant to the terms of its grant or the terms hereof, the Common Shares reserved and authorized for issuance pursuant to such Option shall revert to the Plan and shall be available for other Options. Notwithstanding the foregoing, at no time shall there be outstanding under the Plan, Options exceeding, in the aggregate, the number of Common Shares reserved for issuance pursuant to Options under the Plan.

12. **Adjustment in Certain Circumstances**

In the event:

- (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- (b) of any stock dividend to holders of Common Shares (other than such stock dividends issued at the option of shareholders of the Corporation in lieu of substantially equivalent cash dividends); or
- (c) that any rights are granted to holders of Common Shares to purchase Common Shares at prices substantially below fair market value; or
- (d) that as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares;

then in any such case the Board may make such adjustment in the Plan and in the Options granted under the Plan as the Board may in its sole discretion deem appropriate to prevent substantial dilution or enlargement of the rights granted to, or available for, holders of Options, and such adjustments may be included in the Options.

13. **Expenses**

All expenses in connection with the Plan shall be borne by the Corporation.

14. **Compliance with Laws**

The Corporation shall not be obliged to issue any Common Shares upon exercise of Options if the issue would violate any applicable law or regulation, including income tax laws and securities laws and regulations, or any applicable rule of a governmental authority or stock exchange. The Corporation shall not be required to issue, register or qualify for resale any Common Shares issuable upon exercise of Options pursuant to the provisions of a prospectus or similar document, provided that the Corporation shall notify the Exchange, if any, and any other appropriate regulatory bodies in Canada of the existence of the Plan and the issuance and exercise of Options.

In addition to any resale restrictions that may be applicable under applicable securities laws, all Options and any Common Shares issued on the exercise of Options shall be legended with a four month hold period from the date the Options are granted, as required by the rules of the Exchange, if any.

15. **Disinterested Shareholder Approval**

Disinterested shareholder approval shall be obtained by the Corporation prior to any reduction in the Exercise Price if the Eligible Optionee is an Insider of the Corporation at the time of a proposed reduction in the Exercise Price.

16. **Form of Option Agreement**

All Options shall be issued by the Corporation in a form which meets the general requirements and conditions set forth in the Plan and the requirements of the Exchange, if any.

17. **Amendments and Termination of Plan**

The Corporation shall retain the right to amend from time to time or to terminate the terms and conditions of the Plan by resolution of the Board. Any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange, if any. Amendments and termination shall take effect only with respect to Options issued thereafter, provided that they may apply to any Options previously issued with the mutual consent of the Corporation and the Eligible Optionees holding such Options.

18. **Delegation of Administration of the Plan**

Subject to the Business Corporations Act (Ontario) or any other legislation governing the Corporation, the Board may delegate to one or more directors of the Corporation, on such terms as it considers appropriate, all or any part of the powers, duties and functions relating to the granting of Options and the administration of the Plan.

19. **Applicable Law**

This Plan shall be governed by and construed in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable therein.

20. **Stock Exchange**

To the extent applicable, the issuance of any Common Shares pursuant to Options granted under the Plan is subject to approval of the Plan and the grant of the Options by the Exchange, if any, and the Plan shall be subject to the ongoing requirements of such Exchange, if any.

APPENDIX B

CORPORATE GOVERNANCE AND AUDIT COMMITTEE DISCLOSURE

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-201 – *Corporate Governance Guidelines* (“NI 58-201”) sets out corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines. In other instances, the Board of Directors considers that some of the guidelines are not suitable for the Company at its current stage of development, and therefore certain of these guidelines have not as yet been adopted. The following text summarizes the Company’s corporate governance practices in accordance with applicable laws, the policies of securities authorities and the Exchange, and the disclosure requirements in NI 58-201.

Independence of Members of the Board

The Company’s Board currently consists of five directors, four of whom (Messrs. Clement, Florence, Sadowski and Franklin) are independent of management within the criteria for independence set forth in National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

Mr. Brewster is not considered an independent director by virtue of his position as the President and Chief Executive Officer of the Company.

Management Supervision by the Board

The size and current stage of development of the Company is such that the Company’s operations are conducted by a small management team, comprised of Mr. Brewster as President and Chief Executive Officer and Mr. McKenzie as Chief Financial Officer and Secretary. Mr. Brewster is also a director of the Company. The Board considers that management is effectively supervised by the directors on an informal basis, as the directors are actively and regularly involved in reviewing and supervising the Company’s activities and have regular and full access to management. The independent directors are encouraged to meet without members of management (including the non-independent directors) being present, at any time they consider such sessions to be necessary or advisable. The Company’s auditors and legal counsel may be invited to attend. Further supervision is performed through the audit committee, which is composed exclusively of independent directors (see “Audit Committee Disclosure” below). The independent directors exercise their responsibility for independent oversight of management through their majority control of the Board.

Participation of Directors in Other Reporting Issuers

The following table sets forth the directors of the Company who currently serve as directors of other reporting issuers:

Name of Director	Name of Reporting Issuer(s)
Denis Clement	Seaway Energy Services Inc. (TSXV) Gespeg Copper Resources Inc. (TSXV)
James Franklin	Aura Silver Resources Inc. (TSXV) Nuinsco Resources Ltd. (TSX) Ur-Energy Inc. (TSX/NYSE MKT)

Orientation and Continuing Education

While the Board does not provide an official orientation or continuing education program for new directors, new directors have the opportunity to become familiar with the Company by meeting with the other members of the Board and the Company’s officers. In addition, Board members are encouraged to communicate with management and the Company’s auditors, consultants and legal counsel to apprise themselves of industry trends and developments. Board members have full access to the Company’s records.

Ethical Business Conduct

The Board views good corporate governance as important to the Company's success and essential in order that the Company meet its responsibilities to its shareholders. The Board monitors the ethical conduct of the Company and its officers, and ensures that the Company complies with applicable legal and regulatory requirements, including those of relevant securities commissions and the Exchange. The Company abides by legal, accounting and technical reporting standards through the use of professionally-qualified and experienced consultants.

In addition, the Board requires that directors and executive officers who have an interest in a transaction or agreement under consideration by the Company to promptly disclose such interest at any meeting of the Board at which the transaction or agreement will be discussed, and to abstain from discussions and voting with respect to same, if the interest is material, or if required to do so by corporate or securities laws.

Nomination of Directors and Corporate Governance

The Board has considered the possibility of establishing a nominating committee. However, given the size and relative stability of the Company's Board in recent years, it was decided that the Board would retain this function for the time being. Members of the Board and contacts in the Canadian mineral exploration industry are consulted for potential candidates. To the extent required, the Board assesses potential board candidates for required skills, industry experience, financial literacy, independence of management, and other relevant factors and qualifications.

Compensation of Directors and Officers

The Company has a Compensation Committee currently comprised of Messrs. Clement, Sadowski and Florence.

The Compensation Committee has the responsibility of setting the level of compensation for directors. The Compensation Committee reviews directors' compensation as needed, taking into account time commitment, comparative fees, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

The Compensation Committee is responsible for determining the compensation of the management and executive, including that of the Chief Executive Officer. The Compensation Committee determines the level of compensation the Chief Executive Officer is to receive on an annual basis and relies on the Company's economic performance and the responsibilities and risks involved in being an effective Chief Executive Officer of a junior resource company. The Compensation Committee considers the Chief Executive Officer's current compensation to adequately cover such responsibilities and risks.

Other Board Committees

At present, the Board's only formal committees are the Audit Committee and the Compensation Committee. The Board has determined that additional committees are not necessary at this stage of the Company's development, but will periodically evaluate this decision as circumstances, and the Company's development, warrant.

Assessments

While the Board does not consider that formal assessments would be useful at this stage of the Company's development, the Board periodically conducts informal assessments of the effectiveness of the Board, the Audit Committee, and their respective members.

AUDIT COMMITTEE DISCLOSURE

The Company is relying on the exemption in Section 6.1 of NI 52-110.

The members of the Audit Committee of the Company are Michael Florence (Chairman), Denis Clement and John Sadowski. All audit committee members are independent and Messrs. Florence and Clement are financially literate within the meaning of NI 52-110.

Mr. Florence is a qualified accountant and Mr. Clement has acted as a director of a number of public issuers in the past and as such has obtained experience in performing his responsibilities as a member of the Company's Audit Committee. As

well, Mr. Clement has founded his own businesses and in such capacity has experience in the evaluation of financial statements generally and an understanding of internal controls and procedures for financial reporting.

Given the scope and nature of the Company’s business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the current Board’s conclusion that each of the proposed members of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on any exemption described in Section 2.4 (*De Minimis Non-Audit Services*) or Part 8 (*Exemptions*) under NI 52-110.

Pre-Approval Policies and Procedures for Non-Audit Services

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in “Non-Audit Services” in the Audit Committee’s Charter.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the current Board.

Audit Fees

The aggregate amounts paid or accrued by the Company with respect to fees, excluding expenses, payable to Abraham Chan LLP, the Company’s current auditors (since July, 2014) for audit, audit-related, tax and other services in the fiscal year ended September 30, 2014 and that paid to the previous auditors McCarney Greenwood LLP , the former Company’s auditors since June, 2011, for audit, audit-related, tax and other services in the fiscal year ended September 30, 2014 were as follows:

<u>Type of Service</u>	<u>Year Ended September 30, 2015</u>	<u>Year Ended September 30, 2015</u>
AUDIT ⁽¹⁾	\$13,000	\$13,000
AUDIT-RELATED	\$ -	\$ -
TAX.....	\$1,000	\$1,000
ALL OTHER FEES ⁽²⁾	<u>\$260</u>	<u>\$260</u>
TOTAL	\$14,260	\$14,260

⁽¹⁾ This category is intended to capture all fees in respect of services performed in order to comply with GAAS. In some cases, these may include an appropriate allocation of fees for tax services or accounting consultations; to the extent such services were necessary to comply with GAAS.

⁽²⁾ This category represents all fees in respect of services performed by the Company’s auditors in connection with the auditor’s review of the Company’s quarterly unaudited financial statements and MD&A.

APPENDIX C

CHARTER OF THE AUDIT COMMITTEE OF ANCONIA RESOURCES CORP.

GENERAL

1. PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE

1.1 Purpose

The primary purpose of the Committee is to assist Board oversight of:

- (a) the integrity of the Corporation's financial statements and of the accounting and financial reporting practices and procedures of the Corporation;
- (b) the adequacy of the internal and accounting controls and procedures of the Corporation;
- (c) the External Auditor's qualifications and independence;
- (d) the performance of the Corporation's internal audit function, if any, and the External Auditor; and
- (e) the Corporation's compliance with legal and regulatory requirements, to the extent that such requirements are relevant to the foregoing.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Charter:

- (a) "Board" means the Board of Directors of the Corporation;
- (b) "Chair" means the chair of the Committee;
- (c) "Committee" means the audit committee of the Board;
- (d) "Corporation" means Anconia Resources Corp. (formerly, Citadel Gold Mines Inc.);
- (e) "Directors" means the directors of the Corporation;
- (f) "External Auditor" means the Corporation's independent auditor; and
- (g) "GAAP" means Canadian generally accepted accounting principles.

Any words or terms with initial capital letters which are not defined herein shall have the meanings ascribed thereto in the charter of the Directors.

2.2 Interpretation

The provisions of this Charter are subject to any Applicable Laws.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. ESTABLISHMENT AND COMPOSITION OF THE COMMITTEE

3.1 Establishment of the Audit Committee

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

3.2 Appointment and Removal of Members of the Committee

- (a) Board Appoints Members. The members of the Committee shall be appointed by the Board.

- (b) Annual Appointments. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) Vacancies. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors.
- (d) Removal of Member. Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of two or more Directors, a majority of whom shall be Residents.

3.4 Independence of Members

Each member of the Committee shall be independent as defined under Applicable Laws.

3.5 Financial Literacy

- (a) Financial Literacy Requirement. Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
- (b) Definition of Financial Literacy. “Financially literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

3.6 Audit Committee Financial Expert

- (a) Attributes of an Audit Committee Financial Expert. To the extent possible, the Board shall appoint to the Committee at least one Director who has the following attributes:
 - (i) an understanding of generally accepted accounting principles and financial statements;
 - (ii) ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
 - (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
 - (iv) an understanding of internal controls and procedures for financial reporting; and
 - (v) an understanding of audit committee functions.
- (b) Experience of the Audit Committee Financial Expert. To the extent possible, the Board shall appoint to the Committee at least one Director who acquired the attributes in (a) above through:
 - (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions (or such other qualification as the Board interprets such qualification in its business judgment);
 - (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
 - (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

- (iv) other relevant experience.

4. COMMITTEE CHAIR

4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee (or, if it fails to do so, the members of the Committee shall appoint the Chair from among its members).

4.2 Chair to be Appointed Annually

The appointment of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be a majority of its members provided that a majority of the members comprising the quorum shall be Residents.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee, the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee in accordance with the by-laws of the Corporation; provided, however, the Committee shall meet at least quarterly.

5.4 In Camera Meetings

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements or at which the Committee approves the quarterly financial statements, the Committee shall meet separately with each of:

- (a) management;
- (b) the External Auditor; and
- (c) the internal auditor, if any.

5.5 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.6 Invitees

The Committee may invite Directors, officers and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meeting at the Corporation's expense.

5.7 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

6. AUTHORITY OF COMMITTEE

6.1 Retaining and Compensating Advisors

The Committee shall have the authority to engage independent counsel and other advisors as the Committee may deem appropriate in its sole discretion and to set and pay the compensation for any advisors employed by the Committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

6.2 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.3 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

7. REMUNERATION OF COMMITTEE MEMBERS

7.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

7.2 Directors' Fees

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than Directors' fees (which fees may include cash and/or securities or options or other in-kind consideration ordinarily available to Directors, as well as all of the regular benefits that other Directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any of its subsidiaries.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. INTEGRITY OF FINANCIAL STATEMENTS

8.1 Review and Approval of Financial Information

- (a) Annual Financial Statements. The Committee shall review and discuss with management and the External Auditor, the Corporation's audited annual financial statements and related MD&A together with the report of the External Auditor thereon and, when appropriate, shall recommend to the Board that the Board approve the audited annual financial statements and related MD&A.
- (b) Interim Financial Statements. The Committee shall review and discuss with management and the External Auditor and, when appropriate, shall recommend to the Board that the Board approve the Corporation's interim unaudited financial statements and related MD&A.
- (c) Material Public Financial Disclosure. The Committee shall discuss with management and the External Auditor:
 - (i) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases,
 - (ii) financial information and earnings guidance (if any) to be provided to analysts, investors and rating agencies, and
 - (iii) press releases containing financial information (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information),

and, when appropriate, shall recommend to the Board that the Board approve any such material financial disclosure prior to its release to the public.

- (d) Procedures for Review. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than financial statements, MD&A and earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.
- (e) Accounting Treatment. The Committee shall review and discuss with management and the External Auditor:
 - (i) major issues regarding accounting principles and financial statement presentations including any significant changes in the Corporation's selection or application of accounting principles and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
 - (ii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
 - (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the Corporation's financial statements;
 - (iv) the management certifications of the financial statements as required by applicable securities laws in Canada or otherwise; and
 - (v) pension plan financial statements, if any.

9. EXTERNAL AUDITOR

9.1 External Auditor

- (a) Authority with Respect to External Auditor. The Committee shall be directly responsible for the nomination, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In the discharge of this responsibility, the Committee shall:
 - (i) have sole responsibility for recommending to the Board the person to be proposed to the Corporation's shareholders for appointment as External Auditor for the above-described purposes as well as the responsibility for recommending such External Auditor's compensation and determining at any time whether the Board should recommend to the Corporation's shareholders whether the incumbent External Auditor should be removed from office;
 - (ii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and
 - (iii) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to, and shall report directly to, the Committee as the representative of shareholders.
- (b) Independence. The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:
 - (i) assure the regular rotation of the lead audit partner as required by law and consider whether, in order to ensure continuing independence of the External Auditor, the Corporation should rotate periodically, the audit firm that serves as External Auditor;
 - (ii) require the External Auditor to submit, on a periodic basis to the Committee, a formal written statement delineating all relationships between the External Auditor and the Corporation and its subsidiaries and that the Committee is responsible for actively engaging in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and for recommending that the Board take

- appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;
- (iii) address non-audit services provided by the External Auditor as described in clause (d) below; and
 - (iv) review and approve the policy setting out the restrictions on the Corporation and its subsidiaries hiring partners, employees and former partners and employees of the Corporation's current or former External Auditor.
- (c) Issues Between External Auditor and Management. The Committee shall:
- (i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or in access to requested information;
 - (ii) review any disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor regarding financial reporting; and
 - (iii) review with the External Auditor:
 - (A) any accounting adjustments that were proposed by the External Auditor, but were not made by management;
 - (B) any communications between the audit team and audit firm's national office respecting significant auditing or accounting issues presented by the engagement;
 - (C) any management or internal control letter issued, or proposed to be issued by the External Auditor to the Corporation; and
 - (D) the performance of the Corporation's internal audit function and internal auditors.
- (d) Non-Audit Services.
- (i) The Committee shall either:
 - (A) approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of the Corporation to the Corporation (including its subsidiaries); or
 - (B) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the Committee is informed of each non-audit service and the procedures do not include delegation of the Committee's responsibilities to management.
 - (ii) The Committee may delegate to one or more members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.
 - (iii) The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Corporation at the time of the engagement as being non-audit services.
- (e) Evaluation of External Auditor. The Committee shall evaluate the External Auditor each year, and present its conclusions to the Board. In connection with this evaluation, the Committee shall:
- (i) review and evaluate the performance of the lead partner of the External Auditor;
 - (ii) obtain the opinions of management and of the persons responsible for the Corporation's internal audit function with respect to the performance of the External Auditor; and
 - (iii) obtain and review a report by the External Auditor describing:
 - (A) the External Auditor's internal quality-control procedures;

- (B) to the extent permitted by Applicable Laws and by the Canadian Public Accountability Board, any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm 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 Auditor's firm, and any steps taken to deal with any such issues; and
 - (C) all relationships between the External Auditor and the Corporation (for the purposes of assessing the External Auditor's independence).
- (f) Review of Management's Evaluation and Response. The Committee shall:
 - (i) review management's evaluation of the External Auditor's audit performance;
 - (ii) review the External Auditor's recommendations, and review management's response to and subsequent follow-up on any identified weaknesses;
 - (iii) review management's response to significant internal control recommendations of the internal audit staff and the External Auditor;
 - (iv) receive regular reports from management and receive comments from the External Auditor, if any, on:
 - (A) the Corporation's principal financial risks;
 - (B) the systems implemented to monitor those risks; and
 - (C) the strategies (including hedging strategies) in place to manage those risks; and
- (g) Recommend to the Board whether any new material strategies presented by management should be considered appropriate and approved.

10. INTERNAL AUDIT FUNCTION

10.1 Internal Auditor

In connection with the Corporation's internal audit function, if any the Committee shall:

- (a) review the terms of reference of the internal auditor, if any, and meet with the internal auditor as the Committee may consider appropriate to discuss any concerns or issues;
- (b) in consultation with the External Auditor and the internal audit group, review the adequacy of the Corporation's internal control structure and procedures designed to ensure compliance with laws and regulations and any special audit steps adopted in light of material deficiencies and controls;
- (c) review the internal control report prepared by management, including management's assessment of the effectiveness of the Corporation's internal control structure and procedures for financial reporting; and
- (d) periodically review with the internal auditor, if any, any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the internal auditor.

11. COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

11.1 Risk Assessment and Risk Management

The Committee shall discuss the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures and shall report to the Board with respect thereto.

11.2 Related Party Transactions

The Committee shall review and approve all related party transactions in which the Corporation is involved or which the Corporation proposes to enter into.

12. ANNUAL PERFORMANCE REVIEW

On an annual basis, the Committee shall follow the process established by the Board and overseen by the Nominating and Governance Committee for reviewing the performance of the Committee.

13. CHARTER REVIEW

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

