KWG RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE (the "Notice") IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders (the "Meeting") of KWG RESOURCES INC. (the "Corporation"), for the year ended December 31, 2013, will be held on Monday, June 30, 2014 at 11:00 a.m. (local time), at the offices of Norton Rose Fulbright Canada LLP, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario, for the following purposes:

(a) TO receive the audited consolidated financial statements of the Corporation for the years ended December 31, 2013 and 2012 and the auditor's report thereon;

(b) TO elect directors of the Corporation;

(c) TO appoint the auditors of the Corporation and to authorize the directors to fix their remuneration;

(d) TO consider, and if deemed advisable, pass a special resolution, with or without variation, the full text of which is reproduced as Schedule "A" to the Management Information Circular accompanying this Notice and incorporated by reference in this Notice (the "**Capital Reorganization Resolution**"), authorizing the Corporation to:

  (i) convert each issued and outstanding common share of the Corporation (each, a "**Common Share**" and collectively, the "**Common Shares**") into one share of a newly-created class of share to be designated as "Subordinate Voting Shares" (the "**Conversion**"), such Conversion to become effective concurrently with, and being subject to, the creation of the Subordinate Voting Shares; and

  (ii) amend its articles (the "**Articles**") to (A) create a new class of shares to be designated as "Multiple Voting Shares" and a new class of shares to be designated as "Subordinate Voting Shares"; and (B) immediately upon the Conversion becoming effective, remove the authorized Common Shares, none of which will be issued and outstanding and to repeal the provisions regarding the rights and restrictions attaching to the Common Shares set out in the Articles;

(e) TO consider, and if deemed advisable, pass a special resolution, with or without variation, the full text of which is reproduced in the Management Proxy Circular accompanying this Notice under the heading "Creation of Preference Shares" and incorporated by reference in this Notice, authorizing the Corporation (the "**Preference Shares Resolution**"), to amend the Articles to create a new class of shares, issuable in series, to be designated as "Preference Shares" and, if applicable, to repeal the existing rights and restrictions to the Common Shares and provide for new rights and restrictions attaching to the Common Shares that are substantively similar to the existing rights and restrictions attaching to the Common Shares;

(f) TO consider, and if deemed advisable, to pass an ordinary resolution, with or without variation, re-approving the Corporation's rolling share option plan (the "**Stock Option Plan**"), which provides that the maximum number of Common Shares that may be reserved and set aside for issuance under the Stock Option Plan shall not exceed 10% of the aggregate number of Common Shares outstanding;

(g) TO consider, and if deemed advisable, pass an ordinary resolution, with or without variation, to approve the amendment and restatement of the Stock Option Plan, in the event the Capital Reorganization is completed, to provide that the maximum number of Subordinate Voting Shares which may be reserved and set aside for issuance under the Stock Option Plan, as amended and restated, shall not exceed 10% of the aggregate number of Subordinate Voting Shares outstanding calculated on the basis that all Multiple Voting Shares outstanding have been converted to Subordinate Voting Shares; and

(h) TO transact such other business as may properly be brought before the Meeting, or any adjournment thereof.

A shareholder of the Corporation may in connection with the Capital Reorganization Resolution and the Preference Shares Resolution, exercise the right to demand that the Corporation repurchase its Common Shares pursuant to Section 373 of the *Business Corporations Act* (Québec), the whole as described in the Management Proxy Circular accompanying this Notice under the heading "Right to Demand Repurchase of Common Shares".

The details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying the Notice, which is supplemental to and expressly made part of this Notice.

A Proxy Form is enclosed herewith. Registered Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed Proxy Form to Computershare Investor Services Inc., Attention Proxy Department by mail or personal delivery to 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by fax to 1-866-249-7775, in either case, prior to 5:00 p.m. (Toronto time) on June 26, 2014 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to such adjourned or postponed meeting. Non-registered Shareholders receiving these materials through their broker or other intermediary should complete and return the voting instruction form provided to them by their broker or other intermediary in accordance with the instructions provided therein.

DATED at Montréal, Québec, this 2nd day of June, 2014

BY ORDER OF THE BOARD OF DIRECTORS

(s) *Luce L. Saint-Pierre*

Luce L. Saint-Pierre, Corporate Secretary

If you have any questions or need assistance completing your proxy or voting instruction form, please call Kingsdale Shareholder Services Inc. at 1-877-659-1825 or email contactus@kingsdaleshareholder.com

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation by the management of KWG Resources Inc. (the "Corporation") of proxies to be used at the Annual and Special Meeting of shareholders and any adjournment thereof (the "Meeting") of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, facsimile, e-mail or in person.

In addition, the Corporation has retained Kingsdale Shareholder Services Inc. ("**Kingsdale**") as its proxy solicitation agent to assist the Corporation in soliciting proxies, including contacting Shareholders by telephone. If you have any questions about how to vote your shares, please contact Kingsdale, toll-free in North America at 1-877-659-1825 or collect call outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com. In connection with these services, the Corporation will pay Kingsdale approximately $35,000 and Kingsdale will be reimbursed for its reasonable out-of-pocket expenses. The total cost of the solicitation of proxies will be borne by the Corporation.

Appointment and Revocation of Proxies

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

To be valid, the Proxy Form must be received by Computershare not later than 5:00 p.m. (Toronto time) on June 26, 2014, or at least 48 hours (excluding Saturdays, Sundays and holidays) before the date of the Meeting in the case of any adjournment or postponement thereof.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a company, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Investor Services Inc. (Attention: Proxy Department), 700 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 prior to 5:00 p.m. on the second to last business day immediately preceding the Meeting or with the Secretary of the Corporation before the commencement of the Meeting or at any adjournment thereof.

Exercise of Discretion by Proxies

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted: (i) for the election of directors; (ii) for the appointment of auditors; (iii) for the Capital Reorganization (as defined herein) which includes the amendment of the articles of the Corporation (the "Articles"); (iv) for the creation of the Preference Shares (as defined herein) and, if applicable, to repeal the existing rights and restrictions to the Common Shares and provide for new rights and restrictions attaching to the Common Shares that are substantively similar to the existing rights and restrictions attaching to the Common Shares; (v) for the re-approval of the Stock Option Plan (as defined herein); and (vi) for the amendment and restatement of the Stock Option Plan, all as further described in this Management Information Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. As of the date of this Management Information Circular, management of the Corporation knows of no such amendments, variations or other matters.

Non Registered Shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the shares, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled "Communication with Beneficial Owners of Securities of a Reporting Issuer", the Corporation has distributed copies of the Notice of Meeting and this Management Information Circular (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

(a) typically, be provided with a computerized form (often called a "voting instruction form") which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or

(b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Investor Services Inc. (Attention: Proxy Department), 700 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

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

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

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

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

A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

Interest of Certain Persons or Companies in Matters to be Acted Upon

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

Voting Securities and Principal Holders

The directors of the Corporation have fixed May 7, 2014 (the "**Record Date**"), at the close of business, as the record date for the determination of the shareholders entitled to receive notice of the Meeting and to vote thereat. All holders of at least one common share of the Corporation (a "**Common Share**") as of that date will have the right to vote at the Meeting, except to the extent that a person has transferred any of his Common Shares after such record date and the transferee of those shares (i) produces properly endorsed share certificates, or (ii) otherwise establishes that he owns the shares and demands, no later than ten days before the Meeting, that his name be included in the list prepared by the transfer agent before the Meeting, in which case the transferee will be entitled to vote at the Meeting.

As of May 7, 2014, 752,512,273 Common Shares were outstanding, each giving the right to one vote at the Meeting. To the knowledge of the directors and officers of the Corporation, the only persons, firms or corporations who own, as of the date hereof, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, are as follows:

Shareholder Name	Number of Common Shares	Percentage of Issued Shares
Cliffs Greene B.V.	111,733,215	14.84%

Election of Directors

The board of directors of the Corporation (the "**Board**") proposes to nominate the five persons named below for election as directors of the Corporation, all of whom are current directors of the Corporation. Unless otherwise directed, it is the intention of management nominees to vote proxies in the accompanying form of proxy for these four nominees. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause or is replaced in accordance with the by-laws of the Corporation.

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

Name, Position with the Corporation and Province/State of Residence	Principal Occupation	Date Became a Director of the Corporation	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
FRANK C. SMEENK (1) President, Chief Executive Officer and Director *Ontario, Canada*	President and Chief Executive Officer of the Corporation	April 14, 1998	10,337,000, of which 1,010,000 are held indirectly
DOUGLAS M. FLETT (2)(3) Chairman and Director *Ontario, Canada*	Treasurer and general counsel of *Fletcher Nickel Inc.*, a public junior mining company	January 25, 2006	924,000, of which 892,000 are held indirectly
CYNTHIA THOMAS (1)(2)(3) Director *Nevada, USA*	CEO of Conseil Advisory Service, a consulting practice	May 21, 2010	None
THOMAS PLADSEN (1)(2)(3) Director *Ontario, Canada*	Chief Financial Officer of Atacama Pacific Gold Corporation, a public gold exploration and development company	February 29, 2012	None
DONALD A. SHELDON Director *Ontario, Canada*	Executive Officer and Securities Lawyer of Sheldon Huxtable Professional Corporation, a law firm	April 8, 2014	687,500, all of which are held indirectly

(1) Member of the Governance and Nominating Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee.

Except for Donald Sheldon, all of the nominees whose names are above mentioned have previously been elected directors of the Corporation at a shareholders' meeting for which a proxy circular was issued. Mr. Sheldon, P.Eng. (1973, Association of Professional Engineers of Ontario) holds a B.A.Sc. (1970 University of Toronto), M.A.Sc. (1972, University of Toronto), and a LL.B. (1974, Osgoode Hall Law School at York University). Mr. Sheldon is a mining securities lawyer practising at the firm of Sheldon Huxtable Professional Corporation in Toronto. Mr. Sheldon has been practicing corporate and commercial law for over 30 years with an emphasis on corporate finance and securities regulation. He is licensed to practice law in both Ontario and Alberta. He is and has been the director and/or officer of numerous other public corporations listed on Canadian stock exchanges.

Orders, Penalties and Bankruptcies

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

(a) is, as at the date of this Management Information Circular, or has been, within the last ten years, a director, or executive officer of any company that, while that person was acting in that capacity:

  (i) was the subject of an order while the nominee 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 nominee ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is, as at the date of this Management Information Circular or has been within the last ten years has been, a director or executive officer of any 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 last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Except as described below, to the knowledge of the Corporation, none of the foregoing nominees for election as director has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

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

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

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

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

Except where authority to vote on the election of directors is withheld, it is the intention of management nominees to vote FOR the election of the nominees whose names are here above set forth.

Management is not presently aware that any of the nominees will be unwilling to serve as a director if elected but in the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herewith, the enclosed form of proxy confers discretionary authority upon the persons named therein to vote for the election of any other eligible person designated by the Board, unless instructions have been given to refrain from voting with respect to the election of directors.

Executive Compensation

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis ("**CD&A**") is to provide information about the Corporation's executive compensation objectives and processes and to discuss compensation decisions relating to the Corporation's senior officers, being the two identified named executive officers (the "**NEOs**") for the year ended December 31, 2013. The NEOs who are the focus of the CD&A and who appear in the compensation tables of this Management Information Circular are: Frank C. Smeenk, President and Chief Executive Officer ("**CEO**") of the Corporation and Thomas E. Masters, the Chief Financial Officer ("**CFO**") of the Corporation.

Compensation Committee

In order to assist the Board in fulfilling its oversight responsibilities with respect to human resources matters, the Board has established the compensation committee (the "**Compensation Committee**"). The Compensation Committee is comprised of three directors: Cynthia Thomas, Douglas Flett and Thomas Pladsen. All of the current Compensation Committee members are independent within the meaning of National Instrument 58-101 **—** *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

The Compensation Committee's purpose is to: (i) establish the objectives that will govern the Corporation's compensation program; (ii) oversee and approve the compensation and benefits paid to the CEO and other senior officers; (iii) recommend to the Board for approval executive compensation; (iv) oversee the Stock Option Plan (as defined herein); (v) review the Corporation's compensation plans, policies and programs and other specific compensation arrangements to assess whether they meet the Corporation's risk profile and to ensure they do not encourage excessive risk taking on the part of the recipient of such compensation; and (vi) promote the clear and complete disclosure to shareholders of material information regarding executive compensation.

The Corporation does not anticipate making any significant changes to its compensation policies and practices in 2014.

Compensation Process

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

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

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

In reviewing comparative data, the Compensation Committee refers to public information on executive compensation but does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined level. In the Compensation Committee's view, external data provides insight into external competitiveness, but it is not an appropriate single basis for establishing compensation levels for the Corporation. External data is considered, along with an assessment of individual performance and experience, the Corporation's business strategy, and general economic considerations.

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

From time to time the Board grants stock options. The Board determines the particulars with respect of all options granted to senior officers and takes into account the previous grants. The exercise price of each option awarded under the Stock Option Plan is generally the closing price of the Common Shares on the day preceding the grant.

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

During 2013, the Corporation did not retain a compensation consultant or advisor to assist the Board or Compensation Committee in determining compensation for the Corporation's executive officers and directors.

Compensation Program

Principles/Objectives of the Compensation Program

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

Compensation Program Design and Analysis of Compensation Decisions

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

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Salary or Consultant Fees	Attract and Retain Reward	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives. Yearly review based on NEO performance.
Stock options	Motivate and Reward Align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value by the achievement of long-term corporate strategies and objectives.

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

Base Salaries and Consultant Fees

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

Stock Options

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

Summary Compensation Table

The following table summarizes the compensation earned by each NEO for services rendered in all capacities during the fiscal years ended December 31, 2013, 2012 and 2011.

Name and principal position	Fiscal period	Salary/ Fees ($)	Option-based awards ($)[2]	Non equity incentive plan compensation ($)	All other Compensation ($)	Total compensation ($)
Frank C. Smeenk President and Chief Executive Officer	2013	317,308	33,330	80,000	5,000	455,638
	2012	300,000	38,400	100,000	1,750	440,150
	2011	240,000	Nil	400,000	Nil	640,000
Thomas E. Masters [1] Chief Financial Officer	2013	168,184	21,000	Nil	Nil	189,184
	2012	170,548	Nil	Nil	Nil	170,548
	2011	168,531	Nil	50,000	Nil	218,531

(1) Mr. Masters is a partner of Palmer Reed, an accounting firm which provides accounting services to the Corporation.

(2) Represents the aggregate fair value on the dates of grant of the options under the Stock Option Plan. The grant date fair value has been calculated using the Black Scholes model as shown in the consolidated financial statements of the Corporation for the years ended December 31, 2013, 2012 and 2011, as applicable. The key assumptions and estimates used for the calculation of the grant date fair value include:

Year	Risk-free interest rate	Volatility	Expected life
2013	1.69%	104%	5 years
2012	1.63%	159%	5 years

Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation's senior officers are composed of base salary or consulting fees and stock options. In addition to the above compensation elements, the Compensation Committee is empowered to grant cash bonuses to senior officers in order to reward exceptional performance. In 2011, the Compensation Committee recommended the payment of a $400,000 bonus to the CEO for his negotiations in relation to the sale of a net smelter royalty for gross proceeds of US$18 million. In 2012, the Compensation Committee approved the payment of a $100,000 bonus to the CEO for advancing key initiatives of the Corporation during 2012 including acquiring the option to earn into the Black Horse deposit as eventual operator. In 2013, the Compensation approved the payment of a $80,000 bonus to the CEO in recognition of adding value to the Company's assets: principally the success of the Black Horse drilling program, securing the rights to a novel chromite reduction method which could potentially have a significant impact on processing metrics and spearheading initiatives to define a district development plan for the Ring of Fire.

Outstanding option-based awards

The following table sets forth all awards granted to NEOs that remain outstanding as at December 31, 2013.

Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options
Frank C. Smeenk	260,000 3,000,000 2,000,000 600,000 1,111,000	$0.10 $0.125 $0.10 $0.10 $0.10	15-10-2014 06-05-2015 21-12-2015 14-03-2017 09-05-2018	Nil[1]
Thomas E. Masters	400,000 1,400,000 500,000 700,000	$0.10 $0.125 $0.10 $0.10	15-10-2014 06-05-2015 21-12-2015 09-05-2018	Nil[1]

(1) Based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2013 of $0.04.

For details of the Stock Option Plan please refer to "Other Business to be Considered at the Meeting - Re-Approval of the Stock Option Plan".

Incentive plan awards – value vested or earned during the year

The following table provides details regarding outstanding option-based awards relating to the NEOs which vested during the year ended December 31, 2013:

Name	Option-based awards - value vested during the year	Share-based awards - value vested during the year	Non-equity incentive plan compensation - value earned during the year
Frank C. Smeenk	$23,391	N/A	Nil
Thomas E. Masters	$13,125	N/A	Nil

Termination and Change of Control Benefits

NEO Contracts

On October 8, 2008, the Corporation entered into an employment agreement with Mr. Frank C. Smeenk (the "**Smeenk Agreement**"). The term of the Smeenk Agreement is automatically extended from year to year. The Corporation may terminate the Smeenk Agreement at any time without cause provided that the Corporation pays at the time of termination an amount equal to 1.5 times his then-current annual salary and 1.5 times his annual performance bonus most recently paid. In the event Mr. Smeenk dies or becomes incapacitated, a payment of 12 month salary shall be paid to his wife or his estate. In the event of a change of control of the Corporation and the employment of Mr. Smeenk is terminated within the period of three (3) years following the date of the change of control ("**Involuntary Termination**"), the Corporation shall pay to Mr. Smeenk an amount equivalent to three (3) times the then-current annual salary and three (3) times the annual bonus most recently paid. In addition, Mr. Smeenk will be allowed to exercise all stock options granted to him which had not previously been exercised, including options not otherwise exercisable or, at his election, receive from the Corporation an amount equal to the positive difference, if any, between the market price (as defined in the *Securities Act* (Ontario)) of the shares on the date of the Involuntary Termination and the average price at which Mr. Smeenk has the right to exercise the options or, he may elect to have the Corporation arrange for him to participate in the stock option plan or plans applicable to the Corporation's senior management for a further period of three (3) years from the date of the Involuntary Termination and to exercise all rights with respect to options granted under that plan or plans as if he were employed during this period. Within 10 days of a change of control of the Corporation, the Corporation shall pay to Mr. Smeenk a lump sum amount of $125,000 as a retention bonus. The Smeenk Agreement defines change of control as, the occurrence of any of the following events after October 8, 2008: (i) any change in the holding, direct or indirect, of shares of the Corporation which would result in persons or a group of persons acquiring a position to exercise effective control of the Corporation (including any holdings of shares entitling the holders to cast 20% or more of the votes attaching to the Common Shares), (ii) the members of the Board, as at October 8, 2008, ceasing to constitute a majority of the Board within any 12 month period, or (iii) a sale of 50% of the assets of the business to a person who is not affiliated with the Corporation. The Smeenk Agreement was last reviewed in January 2012 by the Compensation Committee increasing Mr. Smeenk's annual salary to $300,000, all other terms and conditions of the Smeenk Agreement remaining the same.

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

Other Change of Control Commitments

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

The following tables provide estimates of the incremental amounts that would have been payable to NEOs assuming termination and/or change of control events occurred on December 31, 2013.

Estimated Incremental Payments as of December 31, 2013 - Termination without Cause

Name	Salary and Bonus
Frank C. Smeenk	$600,000
Total	$600,000

Estimated Incremental Payments as of December 31, 2013 - Death or Permanent disability

Name	Salary
Frank C. Smeenk	$300,000
Total	$300,000

Estimated Incremental Payments as of December 31, 2013 - Change of Control

Name	Lump sum
Frank C. Smeenk	$125,000

Estimated Incremental Payments as of December 31, 2013 – Termination without Cause Following a Change of Control

Name	Salary and bonus
Frank C. Smeenk	$1,200,000(1)
Thomas E. Masters	Nil(2)

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

(2) Mr. Masters does not have a contract or agreement with the Corporation that provides for payment to him of any amounts following or in connection with any termination, change of control or otherwise. However, under the Stock Option Plan, Mr. Masters would be entitled to exercise all outstanding Options granted to him (vested or unvested) within 90 days of a sale of all or substantially all of the assets of the Corporation.

Directors' Compensation

DIRECTORS' COMPENSATION

The Compensation Committee is responsible for developing the directors' compensation plan which is approved by the Board. The objectives of the directors' compensation plan are to compensate the directors in a manner that is cost effective for the Corporation and competitive with other comparable companies and to align the interests of the directors with the shareholders.

Fees

Each director who is not an officer or employee of the Corporation receives a monthly retainer of $1,000. All directors are paid $500 per meeting attended subject to a maximum of $750 per day. Additional annual stipends are paid as follows: Chairman of the Board - $30,000 and Chairman of the Audit Committee - $10,000, Chairman of the Compensation Committee - $3,000.

Summary Compensation Table

The following table summarizes the compensation paid and options granted during the year ended December 31, 2013 to the directors of the Corporation other than the CEO.

Name	Fees earned ($)	Option-based awards ($)(1)	All other compensation ($)	Total ($)
Douglas M. Flett	$47,500	$51,450	Nil	$98,950
Cynthia Thomas	$20,500	$34,500	Nil	$55,000
Thomas Pladsen	$27,500	$42,000	Nil	$69,500

(1) Represents the aggregate fair value on the dates of grant of the options under the Corporation's Stock Option Plan. The grant date fair value has been calculated using the Black Scholes model as shown in the consolidated financial statements of the Corporation for the year ended December 31, 2013. The key assumptions and estimates used for the calculation of the grant date fair value include: risk-free interest rate of 1.69%; expected volatility of 104%; expected life of 5 years; and no dividend yield.

Incentive plan awards – value vested during the year

Outstanding option-based awards

The following table sets forth all awards outstanding as at December 31, 2013 for each of the directors of the Corporation other than the CEO.

Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options ($)[1]
Douglas M. Flett	185,000 1,500,000 500,000 600,000 1,715,000	$0.10 $0.125 $0.10 $0.10 $0.10	15-10-2014 06-05-2015 21-12-2015 14-03-2017 09-05-2018	Nil
Cynthia Thomas	1,500,000 500,000 750,000 600,000 1,150,000	$0.14 $0.10 $0.115 $0.10 $0.10	30-06-2015 21-12-2015 23-03-2016 13-03-2017 09-05-2018	Nil
Thomas Pladsen	3,100,000 1,400,000	$0.10 $0.10	14-03-2017 09-05-2018	Nil

(1) Based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2013 of $0.04.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out certain details as at December 31, 2013 with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance, the Stock Option Plan being the sole such compensation plan of the Corporation.

Plan category	Number of Common Shares to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	66,404,500	$0.111	8,846,727[1]
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	66,404,500	$0.111	8,846,727[1]

(1) On the basis of 75,251,227 being equal to 10% of the number of issued and outstanding shares at the date hereof. See "Other Business to be Considered at the Meeting – Amendment to the Stock Option Plan" for a description of proposed changes to the Stock Option Plan, in the event the Capital Reorganization is completed.

Indebtedness of Directors and Officers

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

During the fiscal year ended December 31, 2013, none of the directors or executive officers of the Corporation, proposed nominees for election as a director, or any associate of the foregoing was indebted to the Corporation or any subsidiary of the Corporation.

Interest of Informed Persons in Material Transactions

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

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

Management Contracts

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

Appointment of Auditors

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

Unless instructions are given to abstain from voting with regard to the appointment of the Auditors, it is the intention of management nominees to vote FOR the appointment of McGovern, Hurley, Cunningham, LLP as auditors of the Company.

Other Business to Consider at the Meeting

1. Capital Reorganization of the Corporation

The Corporation intends to create two new classes of shares, namely Subordinate Voting Shares and Multiple Voting Shares, as described below, to replace its outstanding Common Shares. Currently, given the current trading price of the Common Shares on the TSX Venture Exchange, the Common Shares are not marginable. The Corporation has determined that it would be better positioned to take advantage of opportunities to acquire additional assets in exchange for its securities if the Common Shares were marginable, as any such acquisition or other similar transaction would be more attractive to any potential counterparty. By virtue of creating the new classes of shares, the Corporation expects that the completion of any such transactions could be facilitated and therefore beneficial to the Corporation.

Summary of the Capital Reorganization

The Corporation proposes to reorganize the capital structure of the Corporation as follows (the "**Capital Reorganization**"):

(a) by converting each outstanding Common Share into one share of a newly-created class of shares to be designated as "Subordinate Voting Shares" (the "**Conversion**"), such Conversion becoming effective concurrently with, and being subject to, the creation of the Subordinate Voting Shares; and

(b) by amending the Articles to (i) create a new class of shares to be designated as "Multiple Voting Shares" and a new class of shares to be designated as "Subordinate Voting Shares"; and (ii) immediately upon the Conversion becoming effective, remove the authorized Common Shares, none of which will be issued and outstanding and repeal the provisions regarding the rights and restrictions attaching to the Common Shares set out in the Articles (the "**Amendment**").

If, subject to the approval of the shareholders at the Meeting, the Capital Reorganization is completed, the principal rights and restrictions attaching to the Subordinate Voting Shares and the Multiple Voting Shares will be as summarized below. **A copy of the full rights and restrictions that would attach to the Subordinate Voting Shares and the Multiple Voting Shares is attached as Exhibit I to Schedule "A" to this Management Information Circular.**

Voting Rights

The holders of the Subordinate Voting Shares and the Multiple Voting Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any other series of shares of such other class of shares as the same may come into existence) and to vote at all such meetings with each holder of Subordinate Voting Shares being entitled to one vote per Subordinate Voting Share held and each holder of Multiple Voting Shares being entitled to 50 votes per Multiple Voting Share held at all such meetings.

Subordinate Voting Share and Multiple Voting Share Conversion Rights

Holders of Subordinate Voting Shares shall be entitled to convert their Subordinate Voting Shares into Multiple Voting Shares, at their option, at any time from time to time, on the basis of 50 Subordinate Voting Shares for one Multiple Voting Share and Holders of the Multiple Voting Shares shall be entitled to convert their Multiple Voting Shares into fully paid and non-assessable Subordinate Voting Shares at their option, at any time from time to time, on the basis of one Multiple Voting Share for 50 Subordinate Voting Shares. There are no restrictions on the right and ability of holders of either Subordinate Voting Shares or Multiple Voting Shares to participate in a takeover bid for either or both classes of shares, as the shares in each class are convertible into shares of the other class at any time.

Immediately after the Amendment, there will be no Multiple Voting Shares outstanding and the Corporation has no current intention of issuing Multiple Voting Shares other than for the purposes of completing any conversion of Subordinate Voting Shares into Multiple Voting Shares as described herein in the event the Capital Reorganization is completed. Any other Multiple Voting Shares will be issued only upon such further exchange and shareholder approvals as may be required by law or by the TSX Venture Exchange. Accordingly, if the Capital Reorganization is completed, and no Subordinate Voting Shares are converted into Multiple Voting Shares, the Subordinate Voting Shares will represent 100% of the voting interest in the Corporation.

Priority

Subject to any preference as to the payment of dividends provided to any shares ranking in priority to the Subordinate Voting Shares and the Multiple Voting Shares, the holders of Subordinate Voting Shares and Multiple Voting Shares shall be entitled to participate equally with each other on a pro-rata basis based on the number of votes attaching to each such shares as to dividends and the Corporation shall pay dividends thereon, as and when declared by the Board out of monies properly applicable to the payment of dividends, in amounts per share and at the same time on all such Subordinate Voting Shares and Multiple Voting Shares at the time outstanding as the Board may from time to time determine. In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, all the property and assets of the Corporation which remain after payment to the holders of any shares ranking in priority to the Subordinate Voting Shares and Multiple Voting Shares in respect of payment of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution or winding-up or distribution, shall be paid or distributed equally on a pro-rata basis based on the number of votes attaching to each such shares to the holders of the Subordinate Voting Shares and Multiple Voting Shares, without preference or distinction.

Anti-Dilution

None of the Subordinate Voting Shares or Multiple Voting Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner so as to preserve the rights conferred on each class of shares.

Listing

In effect, except for the difference in voting rights per share between the Subordinate Voting Shares and the Multiple Voting Shares, there are no differences between such shares. The Corporation has applied to the TSX Venture Exchange for approval of the Capital Reorganization and the listing of the Subordinate Voting Shares and the Multiple Voting Shares on the TSX Venture Exchange. The TSX Venture Exchange has provided its approval to the Capital Reorganization and the listing of such shares subject to certain conditions, including, without limitation, the Corporation providing evidence to the TSX Venture Exchange that distribution requirements of the TSX Venture Exchange have been met with respect to the Multiple Voting Shares prior to listing such shares on such exchange. Although the Corporation does not have any current intention to issue Multiple Voting Shares, it expects that a sufficient number of Subordinate Voting Shares will be converted to meet the TSX Venture Exchange's distribution requirements, thus supporting the listing of the Multiple Voting Shares on the TSX Venture Exchange.

Share Conversion Procedure

Provided that the Capital Reorganization is approved at the Meeting and the Board determines to proceed with the Capital Reorganization, the Corporation will mail to each registered holder of Common Shares, a letter of transmittal (the "**Letter of Transmittal**") and instruction letter (the "**Instruction Letter**") describing how to obtain their new Subordinate Voting Shares certificates in exchange for their certificate(s) evidencing their Common Shares. In addition the Letter of Transmittal will also provide for such shareholders to elect to receive Multiple Voting Shares for the Subordinate Voting Shares to which they are entitled upon the conversion of the Common Shares by making such an election in the Letter of Transmittal. Shareholders of record will be requested to complete and return the Letter of Transmittal along with their Common Shares certificates to Computershare Investor Services Inc., which will issue and deliver to them certificates representing the Subordinate Voting Shares or, if such shareholders elect to convert the Subordinate Voting Shares to which they are entitled pursuant to the exchange of their Common Shares into Multiple Voting Shares as described herein, certificates representing the Multiple Voting Shares.

Non-registered shareholders of Common Shares should complete the documents provided to them by the Intermediary that holds Common Shares on their behalf in accordance with the instructions provided by such Intermediary to effect the conversion of the Common Shares into Subordinate Voting Shares and the conversion of Subordinate Voting Shares into Multiple Voting Shares pursuant to an election, as applicable.

Income Tax Consequences

The following summary, as of the date of this Management Information Circular, describes the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "**Tax Act**") and the regulations thereunder in respect of the Capital Reorganization to shareholders who (i) hold their Common Shares of the Corporation and will hold Subordinate Voting Shares to be acquired by them pursuant to the Capital Reorganization as capital property for the purposes of the Tax Act; and (ii) at all relevant times are, or are deemed to be, resident of Canada for the purposes of the Tax Act.

Generally, the Corporation's Common Shares, Multiple Voting Shares and/or Subordinate Voting Shares will be considered to be capital property to a shareholder, provided such shareholder does not own the Corporation's Common Shares in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain shareholders who might not otherwise be considered to hold any such assets as capital property may be entitled to have them treated as capital property in certain circumstances by making the irrevocable election permitted under subsection 39(4) of the Tax Act.

This summary is not applicable to (i) a shareholder that is a "financial institution" (as defined in the Tax Act for the purposes of the "mark-to-market" rules) or a "specified financial institution"; (ii) a shareholder an interest in which is a "tax shelter investment" (as such terms are defined in the Tax Act); or (iii) a shareholder who has entered into (or will enter into) a "derivative forward contract" (as such term is defined in the Tax Act) in respect of the Corporation's Common Shares. This summary is also not applicable to a shareholder that makes an election under section 85 of the Tax Act in respect of the Capital Reorganization or any subsequent conversion of Subordinate Voting Shares into Multiple Voting Shares. Any such shareholder should consult its own tax advisor with regard to its income tax consequences.

This summary is of a general nature only, based upon the facts set out in this Management Information Circular and upon the current provisions of the Tax Act in force as of the date of this Management Information Circular and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("**CRA**"). The summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Management Information Circular (the "**Proposed Amendments"**). There can be no assurance that all of the Proposed Amendments will be implemented in their current form or at all. The summary otherwise does not take into account or anticipate any changes in the laws whether by legislative, regulatory or judicial decision or action which may affect adversely any income tax consequences described herein and does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those described herein, unless otherwise indicated.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the transactions contemplated by the Capital Reorganization or to the holding of the Corporation's Common Shares, Subordinate Voting Shares or Multiple Voting Shares. Furthermore, the income and other income tax considerations will vary depending on the shareholder's particular circumstances, including the province or provinces in which the shareholder resides or carries on business. Accordingly, the summary is of a general nature only and is not intended to be legal or tax advice to any shareholder. Shareholders should consult their own tax advisors for advice with respect to the tax consequences of these transactions based on their particular circumstances.

The Capital Reorganization comprises a concurrent conversion and amendment to the Articles of the Corporation whereby each of the Corporation's Common Shares will be converted into one Subordinate Voting Share. Each 50 Subordinate Voting Shares will in turn be convertible pursuant to their terms and conditions into one Multiple Voting Share.

On the Capital Reorganization, a shareholder will be deemed to have disposed of the Common Shares for proceeds of disposition equal to their adjusted cost base to such shareholder and will be considered to have acquired the Subordinate Voting Shares for proceeds of disposition at a cost equal to the same amount. Accordingly, the shareholder will not realize a capital gain or incur a capital loss on the conversion of Common Shares into Subordinate Voting Shares under the Capital Reorganization.

On the conversion of Subordinate Voting Shares held by a shareholder into Multiple Voting Shares pursuant to the terms of the Subordinate Voting Shares, no disposition will be considered to occur and therefore the shareholder will not realize a capital gain or incur a capital loss. The shareholder will be deemed to acquire the Multiple Voting Shares at a cost equal to the adjusted cost base of the converted Subordinate Voting Shares and such cost will be averaged with the adjusted cost base of any other Multiple Voting Shares held by the shareholder as capital property.

Shareholder Approval

The proposed Capital Reorganization must be approved by a majority of not less than two-thirds of the votes cast by the shareholders who vote in respect of the proposed Capital Reorganization (the "**Capital Reorganization Resolution**"). In addition, the Capital Reorganization Resolution must also be approved by a "majority of the minority" which means that the resolution must also be approved by at least a majority of the votes cast by the holders of Common Shares or their proxies who vote at the Meeting, other than votes cast by promoters, directors, officers or other insiders (i.e. 10% holders of Common Shares) of the Corporation and any proposed recipient of Multiple Voting Shares, in each case, including their associates and affiliates. As such, at the Meeting, the shareholders will be asked to consider and, if appropriate, approve the Capital Reorganization Resolution in the form appended to this Management Information Circular as Schedule "A" authorizing the Capital Reorganization.

The Board is recommending that shareholders vote FOR the approval of the Capital Reorganization Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the Capital Reorganization Resolution.

The Capital Reorganization Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the Capital Reorganization, without further approval of the shareholders. In particular, if the Capital Reorganization Resolution is presented to the Meeting and approved, the Corporation may thereafter determine not to proceed with the Capital Reorganization.

Shareholders Right to Dissent

Pursuant to Section 373 of the Business Corporations Act (Québec) (the "**QBCA**"), a shareholder of the Corporation may, in connection with the Capital Reorganization Resolution, exercise the right to demand that the Corporation repurchase its Common Shares as described in this Management Information Circular under the heading "Right to Demand Repurchase of Common Shares".

2. Creation of Preference Shares

The Corporation also intends, whether or not the Capital Reorganization Resolution is approved and whether or not the Capital Reorganization is completed, as the case may be, to amend its Articles to create a new class of shares, issuable in series, to be designated "Preference Shares" (the "**Preference Shares Amendment**"), which shares, if issued, are not intended to be listed on the TSX Venture Exchange. The Corporation has determined that the creation of such shares will provide the Corporation with the flexibility to complete acquisitions or other corporate transactions, such as financings, that may arise in the future. Such new class of shares will effectively enable the Board to issue such shares with such rights and restrictions and in such numbers as the Board may fix, subject to certain limitations contained in the Articles in respect of the Preference Shares as a class and subject to the prior approval of the TSX Venture Exchange prior to any issuance of such shares. As a result, it is anticipated that any such transactions would be facilitated and therefore beneficial to the Corporation. Accordingly, the Corporation is seeking the approval of its shareholders to amend the Articles to create such a new class of shares and, if the Capital Reorganization Resolution is not approved by Shareholders at the Meeting, to set out the rights and restrictions attaching to the Common Shares (the "**Preference Shares Resolution**").

The Corporation has received the conditional approval of the TSX Venture Exchange for the Preference Shares Amendment. If the Preference Shares Resolution is adopted by the shareholders at the Meeting, the principal rights and restrictions attaching to the Preference Shares will be as summarized below. **A copy of the full rights and restrictions that would attach to the Preference Shares is attached as Schedule "B" to this Management Information Circular.**

If the Capital Reorganization Resolution is not approved by Shareholders at the Meeting or if the Capital Reorganization is not completed by the Corporation notwithstanding the approval of the Capital Reorganization Resolution, and assuming that the Preference Shares Resolution is adopted by the shareholders at the Meeting and that the Preference Shares Amendment is completed by the Corporation, the principal rights and restrictions attaching to the Common Shares will be as summarized below, such rights and restrictions being substantively similar to the current rights and restrictions attaching to the Common Shares. **A copy of the full rights and restrictions that would attach to the Common Shares is attached as Schedule "C" to this Management Information Circular.**

Preference Shares

Authority to Issue One or More Series

The Board may issue the Preference Shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the Board will fix the number of shares in such series and will determine, subject to the limitations set out in the Articles, the designation, number, rights and restrictions to be attached to the shares of such series. Before the issue of the first shares of a series, the Board will file articles of amendment containing a description of such series including the designation, number, rights and restrictions determined by the Board of Directors.

Voting Rights

Except as required by law or in accordance with any voting rights which may from time to time be attached to any series of Preference Shares, the holders of the Preference Shares will not be entitled to receive notice of, attend (in person or by proxy) or be heard at any meeting of the shareholders of the Corporation or to vote at any such meeting.

Priority

No rights or restrictions attached to a series of Preference Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of issued and outstanding Preference Shares. The Preference Shares shall rank in priority to, any issued and outstanding Subordinate Voting Shares, Multiple Voting Shares and/or Common Shares, as the case may be, in respect of dividends. The Preference Shares shall rank in priority to, any issued and

outstanding Subordinate Voting Shares, Multiple Voting Shares and/or Common Shares, as the case may be, in respect of the return of capital, including, inter alia, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The Preference Shares shall be entitled to priority over any other class of shares of the Corporation ranking junior to the Preference Shares in respect of dividends and the return of capital, including, inter alia, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Approval of the Holders of Preference Shares

The rights and restrictions attaching to the Preference Shares as a class may be added to, changed or removed but only with the approval of at least two-thirds of the votes cast at a meeting of the holders of the Preference Shares duly called for that purpose.

Common Shares

Voting Rights

The holders of the Common Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any other series of shares of such other class of shares as the same may come into existence) and to vote at all such meetings with each holder of Common Shares being entitled to one vote per Common Share held at all such meetings.

Priority

Subject to any preference as to the payment of dividends provided to any shares ranking in priority to the Common Shares, the holders of Common Shares shall be entitled to participate equally with each other on a pro-rata basis as to dividends and the Corporation shall pay dividends thereon, as and when declared by the Board out of monies properly applicable to the payment of dividends, in amounts per share and at the same time on all such Common Shares at the time outstanding as the Board may from time to time determine.

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, all the property and assets of the Corporation which remain after payment to the holders of any shares ranking in priority to the Common Shares in respect of payment of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution or winding-up or distribution, shall be paid or distributed equally on a pro-rata basis to the holders of the Common Shares, without preference or distinction.

Shareholder Approval

The proposed Preference Shares Resolution must be approved by a majority of not less than two-thirds of the votes cast by the shareholders who vote in respect of such resolution. As such, at the Meeting, the shareholders will be asked to consider and, if appropriate, approve the Preference Shares Resolution as set forth below:

"**BE IT RESOLVED, AS A SPECIAL RESOLUTION THAT:**

1. the Corporation be authorized to amend its Articles under Section 241 of the *Business Corporations Act* (Québec) to create a new class of shares to be designated as "Preference Shares", issuable in series, in an unlimited number with the rights and restrictions described in Schedule "B" to the Management Proxy Circular dated June 2, 2014 (the "**Circular**"), which rights and restrictions shall be annexed to the Articles;

2. if the Capital Reorganization Resolution (as defined in the Circular) is not approved by the shareholders of the Corporation at the Annual and Special Meeting of shareholders of the Corporation to consider such resolution or if the Capital Reorganization (as defined in the Circular) is not completed, the Corporation

be authorized to amend its Articles under Section 241 of the Business Corporations Act (Québec) to repeal the current rights and restrictions attaching to the common shares of the Corporation and to provide for new rights and restrictions attaching to the common shares of the Corporation as the same are described in Schedule "C" to the Circular, which rights and restrictions shall be annexed to the Articles;

3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, to the extent required, the board of directors may, in its sole discretion, determine not to proceed with this resolution or revoke this resolution at any time prior to the filing of the articles of amendment, without further approval of the shareholders of the Corporation; and

4. any director or officer of the Corporation is hereby authorized to execute and deliver articles of amendment and to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

The Board is recommending that shareholders vote FOR the approval of the Preference Shares Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the approval of the Preference Shares Resolution.

The Preference Shares Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the matters set forth in the Preference Shares Resolution, without further approval of the shareholders. In particular, if the Preference Shares Resolution is presented to the Meeting and approved, the Corporation may thereafter determine not to proceed with the matters set forth in the Preference Shares Resolution.

Shareholders Right to Dissent

Pursuant to Section 373 of the QBCA, a shareholder of the Corporation may, in connection with the Preference Shares Resolution, exercise the right to demand that the Corporation repurchase its Common Shares as described in this Management Information Circular under the heading "Right to Demand Repurchase of Common Shares".

3. Re-Approval of the Stock Option Plan

The Corporation has established the Stock Option Plan to provide incentive compensation to the Corporation's directors, officers, employees and consultants. The maximum number of Common Shares which may be reserved and set aside for issuance under the Stock Option Plan shall not exceed 10% of the aggregate number of Common Shares outstanding at such time. The maximum number of Common Shares which may be reserved for issuance to any one person, in any 12-month period, under the Stock Option Plan is 5% of the issued Common Shares at the time of the grant (on a non-diluted basis). Pursuant to the Stock Option Plan, the maximum number of Common Shares which may be reserved for issuance to any consultant in any 12-month period shall not exceed 2% of the Common Shares outstanding at the date of grant (on a non-diluted basis) and the maximum number of Common Shares that may be granted to persons employed to provide investor relations activities must not exceed 2% of the Common Shares outstanding at the date of grant (on a non-diluted basis) in any 12-month period. The exercise price of Common Shares in respect of which an option may be granted shall not be less than the "market price" (as such term is defined in the Stock Option Plan) of the Common Shares at the time the option is granted. Options granted under the Stock Option Plan are exercisable over a period not exceeding five years, unless earlier terminated in accordance with Stock Option Plan and vest in accordance with the provisions of the Stock Option Plan. All options granted under the Stock Option Plan are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of options granted thereunder. The Stock Option Plan was previously re-approved by the shareholders of the Corporation on June 5, 2013.

The TSX Venture Exchange requires that "rolling" stock option plans be approved by shareholders on an annual basis. Therefore, at the Meeting, shareholders of the Corporation entitled to vote on the matter will be asked to consider, and if thought advisable, pass an ordinary resolution re-approving the Stock Option Plan (the "**Stock Option Plan Resolution**"), the full text of which is set out below. In the event that the Stock Option Plan Resolution is not passed by the requisite

number of votes cast at the Meeting, the Corporation will not have an operative stock option plan and therefore the Board will not be able to issue additional options unless and until such time as another stock option plan is created and approved, and may consequently have difficulty attracting and retaining high calibre personnel. However, whether or not the Stock Option Plan Resolution is approved, all options currently outstanding under the Stock Option Plan will remain in effect in accordance with their terms.

Resolution to Re-Approve the Stock Option Plan

The rules of the TSX Venture Exchange require that the Stock Option Plan Resolution receives the affirmative vote of a majority of the votes cast at the Meeting. The shareholders of the Corporation will be asked to pass the Stock Option Plan Resolution set out below.

"**BE IT HEREBY RESOLVED AS AN ORDINARY RESOLUTION THAT**:

1. the Rolling Share Option Plan of the Corporation be approved; and

2. any one director or officer of the Corporation be and is hereby authorized to execute and deliver, under corporate seal or otherwise, all such deeds, documents, instruments and assurances and to do all such acts and things as such person may deem necessary or desirable to give effect to the foregoing."

The Board is recommending that shareholders vote FOR the approval of the Stock Option Plan Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the approval of the Stock Option Plan Resolution.

4. Amendment and Restatement of Stock Option Plan

In the event that the Capital Reorganization is completed, the Common Shares will be cancelled and each holder of such Common Shares will receive one Subordinate Voting Share for each such Common Share held. As a result, the Corporation has amended and restated the Stock Option Plan, subject to the completion of the Capital Reorganization, to provide that options granted thereunder will entitle the holder to acquire Subordinate Voting Shares. Similarly outstanding options to purchase Common Shares will be adjusted such that each such option will entitle the holder to acquire one Subordinate Voting Share for each Common Share that would previously have been acquired, at the same exercise price. In addition, pursuant to such amendments, outstanding Multiple Voting Shares will be taken into account for purposes of determining the maximum number of Subordinate Voting Shares that may be reserved and set aside for issuance under the Stock Option Plan. Furthermore, because no options granted under the Stock Option Plan will be exercisable to acquire Multiple Voting Shares, the amended and restated Stock Option Plan provides that the maximum number of Subordinate Voting Shares which may be reserved for issuance thereunder will not exceed 10% of the number of issued and outstanding Subordinate Voting Shares, calculated on the basis that all Multiple Voting Shares then outstanding have been converted to Subordinate Voting Shares. All other terms and conditions of the Stock Option Plan, as amended and restated, will remain substantially similar to the current Stock Option Plan. A copy of the Stock Option Plan, as amended and restated, is attached as Schedule "D" to this Management Information Circular.

Therefore, at the Meeting, shareholders of the Corporation entitled to vote on the matter will be asked to consider, and if thought advisable, pass an ordinary resolution to approve the amendment and restatement of the Stock Option Plan (the "**Stock Option Plan Amendment Resolution**"), the full text of which is set out below.

The text of the proposed resolution is set forth below:

"**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT**:

1. subject to all necessary approvals being obtained and to the Capital Reorganization being completed, the Rolling Share Option Plan of the Corporation, as amended and restated, providing, amongst other things, that the maximum number of Subordinate Voting Shares of the Corporation to be reserved for issuance under the Rolling Share Option Plan, as amended and restated, shall not exceed 10% of the issued and outstanding Subordinate Voting Shares of the Corporation calculated on the basis that all Multiple Voting Shares have been converted to Subordinate Voting Shares of the Corporation is hereby approved;

2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received all required approvals, the board of directors of the Corporation may, in its sole discretion, determine not to proceed with the implementation of the Rolling Share Option Plan, as amended and restated, or revoke this resolution at any time, without further approval of the shareholders of the Corporation; and

3. any one director or officer of the Corporation is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

The Board is recommending that shareholders vote FOR the approval of the Stock Option Plan Amendment Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote for the Stock Option Plan Amendment Resolution.

RIGHT TO DEMAND REPURCHASE OF COMMON SHARES

Shareholders who wish to dissent from the Capital Reorganization or the Preference Shares Amendment by exercising their right to demand the repurchase of their Common Shares at their fair value (the "Repurchase Rights") should take note that strict compliance with the repurchase procedures described in the QBCA is required. The following text is a summary of the provisions of the QBCA that apply to shareholders who have exercised their Repurchase Rights, which provisions are technical and complex. The full text of Sections 372 to 397 of the QBCA is included in Schedule "E" to this Management Proxy Circular. It is suggested that shareholders wishing to exercise their Repurchase Rights seek legal advice, as failure to strictly comply with the provisions of the QBCA may result in the loss or unavailability of such Repurchase Rights.

Pursuant to Section 373 of the QBCA, a registered shareholder as of the Record Date may, in connection with the Capital Reorganization Resolution with respect to the Capital Reorganization or the Preference Shares Resolution with respect to the Preference Shares Amendment, exercise the right to demand that the Corporation repurchase the shares of the Corporation held by such holder. If the Share Capital Reorganization or the Preference Shares Resolution is carried out, shareholders having exercised their Repurchase Rights in compliance with the procedures set out in the QBCA will be entitled to be paid, in cash, the fair value of the Common Shares of the Corporation held by them, determined as of the close of business on the day before the Capital Reorganization Resolution or the Preference Shares Resolution is adopted.

To exercise such right, a written notice of intent to exercise the right to demand the repurchase of the registered holder's Common Shares must be received from the registered holder by the Corporation at the following address: 600 de Maisonneuve Boulevard West, Bureau 2750, Montréal, Québec, H3A 3J2, addressed to the Corporate Secretary, no later than 5:00 p.m. (Montréal time) on June 17, 2014, being the day before the Capital Reorganization Resolution or the Preference Shares Resolution are slated for approval and adoption by the shareholders at the Meeting, or two (2) business days prior to the reconvening of any adjournment or postponement of the Meeting. However, this right is subject to the shareholder having exercised all the voting rights carried by the Common Shares held by such holder against the approval and adoption of the Capital Reorganization Resolution or the Preference Shares Resolution. The right is also subject to the holder of Common Shares having otherwise complied with the provisions of the QBCA respecting the exercise of the Repurchase Rights.

The remittance of a notice of exercise of Repurchase Rights does not deprive a dissenting shareholder of the right to vote the Common Shares for which such notice was given. A vote either in person or by proxy against the Capital Reorganization Resolution or the Preference Shares Resolution does not constitute a notice of exercise of Repurchase Rights in respect of such resolution. However, should the shares of a dissenting shareholder not be voted in their entirety against the Capital Reorganization Resolution or the Preference Shares Resolution, or should a dissenting shareholder abstain from voting such holder's Common Shares on the matter of the Capital Reorganization Resolution or the Preference Shares Resolution, the Repurchase Rights of such dissenting shareholder will be terminated with respect to all of such holder's Common Shares.

Failure to strictly comply with the requirements set out in Sections 373 and following of the QBCA may result in the loss or unavailability of any Repurchase Rights. Only registered shareholders are entitled to exercise Repurchase Rights; accordingly, non-registered shareholders should contact their nominee, such as their broker, investment dealer, bank, trust company or other intermediary or depositary, to exercise their Repurchase Rights.

In the event that Repurchase Rights are exercised by shareholders representing a large number of Common Shares in respect of any of the foregoing matters, the Board may decide not to proceed with the implementation of the Capital Reorganization and/or the Preference Shares Amendment, as permitted by the text of the Capital Reorganization Resolution and the Preference Shares Resolution.

Registered shareholders who renounce, or who are deemed to renounce, their right to demand the repurchase of their Common Shares pursuant to the Repurchase Rights will be deemed to have participated in the Capital Reorganization, as of the date on which the Capital Reorganization becomes effective, and will automatically become registered holders of an equivalent number of Subordinate Voting Shares under the Capital Reorganization. For greater certainty, in addition to any other restrictions in Chapter XIV of the QBCA, no shareholder who has failed to exercise all of the voting rights carried by the shares held by such shareholder against the Capital Reorganization Resolution or the Preference Shares Resolution will be entitled to exercise Repurchase Rights with respect to the Capital Reorganization or the Preference Shares Amendment, as the case may be.

Without limiting the generality of the other provisions of this Management Proxy Circular describing the Repurchase Rights and the exercise thereof, a dissenting shareholder will, on the date on which the Capital Reorganization or the Preference Shares Amendment becomes effective and notwithstanding any provision of Chapter XIV of the QBCA, cease to be the holder of Common Shares and to have any rights as a holder or former holder of such shares other than the right to be paid the fair value for such shares by the Corporation in accordance with such dissenting shareholder's Repurchase Rights pursuant to the provisions of the QBCA. In no event will the Corporation or any other person be required to recognize any holder of Common Shares who exercises Repurchase Rights as a holder of shares after the date on which the Capital Reorganization or the Preference Shares Amendment becomes effective. The rights of shareholders having exercised Repurchase Rights are limited to receiving the fair value of their Common Shares determined on the day before the Capital Reorganization Resolution and the Preference Shares Resolution are adopted.

If the Capital Reorganization or the Preference Shares Amendment are not implemented for any reason, applicable dissenting shareholders will not be entitled to be paid the fair value for their shares under the Repurchase Rights.

Terms of Repurchase of Dissenting Shareholders' Shares

Promptly after the date on which the Capital Reorganization or the Preference Shares Amendment, as applicable, become effective, the Corporation is required to give notice (the "**Repurchase Notice**") to each dissenting shareholder in respect of the Capital Reorganization Resolution or the Preference Shares Resolution, as the case may be, which notice shall mention the repurchase price being offered for the Common Shares held by all dissenting shareholders and an explanation of how such price was determined. The repurchase price of the Common Shares is their fair value as of the close of the offices of the Corporation on the day before the Capital Reorganization Resolution and the Preference Shares Resolution are adopted. Within 30 days after receiving the Repurchase Notice, each dissenting shareholder is required, if the dissenting shareholder wishes to proceed with exercising such holder's Repurchase Rights, to deliver to the Corporation a written statement:

i) confirming that the dissenting shareholder wishes to exercise such holder's Repurchase Rights and have all of such holder's Common Shares repurchased at the repurchase price indicated in the Repurchase Notice (in such case, a "**Notice of Confirmation**"); or

ii) indicating that the dissenting shareholder contests the repurchase price indicated in the Repurchase Notice and demands an increase in the repurchase price offered (in such case, a "**Notice of Contestation**").

Additionally, if not done previously, all certificates representing the Common Shares pursuant to which the Repurchase Rights were exercised, together with the completed and executed applicable letter(s) of transmittal, should be delivered with the Notice of Confirmation or the Notice of Contestation.

A dissenting shareholder who fails to send to the Corporation, within the required timeframe, a Notice of Confirmation or a Notice of Contestation, as the case may be, will be deemed to have renounced to such holder's Repurchase Rights and will be deemed to have participated in the Capital Reorganization on the same basis as shareholders who did not exercise Repurchase Rights.

Upon receiving a Notice of Confirmation within the required timeframe, the Corporation shall pay the dissenting shareholder, within ten (10) days of receiving such Notice of Confirmation, the repurchase price indicated in the Repurchase Notice for all of such holder's Common Shares.

Upon receiving a Notice of Contestation within the required timeframe, the Corporation may propose an increased repurchase price within 30 days of receiving such Notice of Contestation, which increased repurchase price must be the same for all dissenting shareholders who duly submitted a Notice of Contestation. If (a) the Corporation does not follow up on a dissenting shareholder's contestation within 30 days after receiving the holder's Notice of Contestation or (b) the dissenting shareholder contests the increase in the repurchase price offered by the Corporation, such dissenting shareholder may ask the Superior Court of Québec (the "**Court**") to determine the increase in the repurchase price. However, any such application to the Court must be made within 90 days after receiving the Repurchase Notice. As soon as any such application is filed with the Court by any dissenting shareholder, the Corporation must notify this fact (a "**Notice of Application**") to all the other dissenting shareholders who are still contesting the repurchase price, or the increase in the repurchase price, offered by the Corporation.

All dissenting shareholders who received the Notice of Application are bound by the judgment of the Court hearing the application as to the fair value of the shares (which Court may entrust the appraisal of the fair value to an expert). Within ten (10) days after such Court judgment, the Corporation must pay the repurchase price determined by the Court to all dissenting shareholders who received the Notice of Application, and promptly pay any increase in the repurchase price to all dissenting shareholders who submitted a Notice of Contestation but did not contest the increase in the repurchase price offered by the Corporation.

Non-Registered Shareholders

Non-Registered Shareholders who wish to exercise Repurchase Rights should be aware that only the registered shareholders on the Record Date are entitled to exercise Repurchase Rights. A Non-Registered Shareholder may give instructions to the registered shareholder in whose name the Common Shares in which the Non-Registered Shareholder has a beneficial interest are registered as to the exercise of Repurchase Rights attached to such shares. Such registered shareholder must inform the Corporation of the identity of the Non-Registered Shareholder who intends to exercise Repurchase Rights, and of the number of Common Shares with respect to which the Repurchase Rights are being exercised, within the prescribed period for giving a notice of exercise of Repurchase Rights. A registered shareholder who demands the repurchase of Common Shares pursuant to Repurchase Rights in accordance with the instructions of a Non-Registered Shareholder may demand the repurchase of part of the shares to which such Repurchase Rights are attached. A Non-Registered Shareholder who wishes to exercise Repurchase Rights should communicate with such holder's nominee in whose name the Common Shares in which such holder has a beneficial interest are registered on the Record Date with respect to the procedures for instructing such registered shareholder regarding the exercise of the Repurchase Rights on behalf of the Non-Registered Shareholder. Note that Sections 393 to 397 of the QBCA, the text of which is included in Schedule "E" to this Management Proxy Circular, set forth special provisions and are required to be followed with respect to the exercise of Repurchase Rights by non-registered shareholders.

Income Tax Considerations for Dissenting Shareholders

This summary is not applicable to (i) a shareholder that is a "financial institution" (as defined in the Tax Act for the purposes of the "mark-to-market" rules) or a "specified financial institution"; (ii) a shareholder an interest in which is a "tax shelter investment" (as such terms are defined in the Tax Act); or (iii) a shareholder who has entered into (or will enter into) a "derivative forward contract" (as such term is defined in the Tax Act) in respect of the Corporation's Common Shares. This summary is also not applicable to a shareholder that makes an election under section 85 of the Tax Act in respect of the Capital Reorganization or any subsequent conversion of Subordinate Voting Shares into Multiple Voting Shares. Any such shareholder should consult its own tax advisor with regard to its income tax consequences.

This summary is of a general nature only, based upon the facts set out in this Management Information Circular and upon the current provisions of the Tax Act in force as of the date of this Management Information Circular and counsel's understanding of the current published administrative and assessing practices of the CRA. The summary takes into account all Proposed Amendments. There can be no assurance that all of the Proposed Amendments will be implemented in their current form or at all. The summary otherwise does not take into account or anticipate any changes in the laws whether by legislative, regulatory or judicial decision or action which may affect adversely any income tax consequences described

herein and does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those described herein, unless otherwise indicated.

A shareholder who dissents from the Capital Reorganization or the Preference Shares Amendment by exercising the Repurchase Rights will be deemed to receive a dividend on such shareholder's Common Shares equal to the amount, if any, by which the amount paid to such shareholder for its Common Shares (except any amount that represents interest) exceeds the "paid-up capital" (as defined in the Tax Act) of the shareholder's Common Shares immediately prior to the disposition. The dissenting shareholder will be required to include the amount of such dividend in computing its income for the applicable taxation year.

In the case of a dissenting shareholder who is an individual (other than certain trusts), such dividend will be subject to the gross-up and dividend tax credit rules that are generally applicable to dividends received from taxable Canadian corporations. The Tax Act provides for an enhanced gross-up and dividend tax credit for "eligible dividends" (as defined in the Tax Act). The Corporation has made no commitment with respect to the designation of any deemed dividend as an "eligible dividend" and makes no representation to that effect.

Subject to the possible application of section 55(2) of the Tax Act and the other restrictions set out therein, dividends deemed to have been received during the applicable taxation year by a dissenting shareholder that is a corporation will generally be deductible in computing its income for that taxation year. Dissenting shareholders that are corporations should consult their own tax advisors in this regard.

A dissenting shareholder that is a "private corporation" or "subject corporation" (as defined in the Tax Act) during the applicable taxation year will generally be required to pay a special $33^{1}/_{3}$ % tax (refundable in certain circumstances) pursuant to Part IV of the Tax Act with respect to dividends received (or deemed to have been received), to the extent that such dividends are deductible in computing the corporation's taxable income for the year.

In addition to the foregoing, a dissenting shareholder will be deemed to have disposed of the Common Shares held for proceeds of disposition equal to the amount received for the shares, net of the deemed dividend amount (as computed above) and the amount, if any received as interest. To the extent that such proceeds of disposition exceed (or are exceeded by) the aggregate adjusted cost base of such Common Shares plus reasonable costs of disposition, the dissenting shareholder will realize a capital gain (or a capital loss).

Generally, one-half of the amount of a capital gain realized by a dissenting shareholder must be included as a taxable capital gain in computing the shareholder's income for the applicable taxation year. One-half of a capital loss is deductible from taxable capital gains realized during the taxation year and any balance may be deducted against taxable capital gains during the three (3) taxation years preceding the taxation year concerned or in the years following the year concerned, to the extent and under the circumstances described in the Tax Act.

The amount of dividends received (or deemed to have been received) on a share may reduce the amount of any capital loss sustained by a dissenting shareholder that is a corporation at the time of disposition of the share, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where the share is owned by a partnership or a trust of which a corporation, trust or partnership is a member or beneficiary.

A dissenting shareholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) during the applicable taxation year may be liable to pay a special $6\frac{2}{3}$ % tax (refundable in certain circumstances) on its "aggregate investment income", which includes taxable capital gains and deemed dividends received (or deemed to have been received) to the extent that such dividends are not deductible in computing the holder's taxable income.

Interest awarded to a dissenting shareholder by a court will be included in computing the shareholder's income for purposes of the Tax Act.

Dividends and capital gains realized by a dissenting shareholder who is an individual (including certain trusts) may result in such holder being liable for alternative minimum tax under the Tax Act.

Holders who are considering exercising their dissent rights should consult their own tax advisors to ascertain the tax consequences that apply to them in light of their particular circumstances.

The discussion above is only a summary of the repurchase procedures provided for in the QBCA, which are technical and complex procedures. A registered shareholder who intends to exercise Repurchase Rights should carefully consider and comply with the provisions of Chapter XIV of the QBCA. It is recommended that any shareholder wishing to exercise Repurchase Rights seeks legal advice, as failure to strictly comply with the applicable provisions of the QBCA may result in the loss or availability of such Repurchase Rights. Dissenting shareholders should note that the exercise of Repurchase Rights can be a complex, time consuming and expensive process.

INFORMATION ON THE AUDIT COMMITTEE

Charter of the Audit Committee

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

Composition of the Audit Committee

During 2013, the Audit Committee was composed of Thomas Pladsen, Cynthia Thomas and Douglas Flett. Under Multilateral Instrument 52-110 Audit Committees, a director of an Audit Committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board, reasonably be expected to interfere with the exercise of the member's independent judgment. All members of the Audit Committee are independent.

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

Education and Relevant Experience

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

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

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

Cynthia Thomas, MBA has over 20 years of international mining and project finance experience. An independent mining finance consultant, Ms. Thomas formerly held the position of Director, Investment Banking with ScotiaMcLeod's Mining Group.

Reliance on Exemption

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

Pre-approval Policies and Procedures for Audit Services

Under its charter, the Audit Committee has the mandate to review and pre-approve management requests for any consulting engagement to be performed by the auditors of the Corporation that is beyond the scope of their audit services. There were no such mandates in 2013 and 2012.

External Auditor Fees

(a) Audit Fees

Audit fees amounted to $38,760 for the fiscal year ended December 31, 2013 and $103,905 for the fiscal year ended December 31, 2012.

(b) Non Audit-Related Fees

Non audit-related fees paid during the fiscal year ended December 31, 2013 amounted to $10,200 and $8,400 for the fiscal year ended December 31, 2012.

(c) Tax Fees

No tax fees were billed during the fiscal years ended December 31, 2013 and 2012.

OTHER MATTERS

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

CORPORATE GOVERNANCE PRACTICES

Information on Corporate Governance

The following information of the Corporation's Corporate Governance Policy is given in accordance with NI 58-101.

Board of Directors

Ms. Cynthia Thomas and Messrs. Douglas Flett, Thomas Pladsen and Donald Sheldon are independent. Mr. Frank Smeenk, President and Chief Executive Officer of the Corporation, is not considered independent.

Directorships

Director	Issuer
Frank C. Smeenk	Fletcher Nickel Inc. Debut Diamonds Inc. GoldTrain Resources Inc. Carlisle Goldfields Inc. MacDonald Oil Exploration Ltd.
Douglas M. Flett	Fletcher Nickel Inc. Debut Diamonds Inc. Tartisan Resources Corp.
Cynthia Thomas	Victory Nickel Inc. Nautilus Minerals Inc.
Thomas Pladsen	Carrie Arran Resources Inc. Columbia Crest Gold Corp. EPM Mining Ventures Inc. Northfield Capital Corporation Nighthawk Gold Corp. White Pine Resources Inc.
Donald A. Sheldon	Champion Iron Limited Metalcorp Limited Crown Gold Corporation Carlisle Goldfields Limited Fletcher Nickel Inc.

Orientation and Continuing Education

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

Ethical Business Conduct

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

In situation of conflict of interest, a director is required to disclose the nature and extent of any material interest he/she has in any material contract or proposed contract of the Corporation, as soon as the director becomes aware of the agreement or the intention of the Corporation to consider or enter into the proposed agreement and the director must refrain from voting.

Nomination of Directors

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

Governance and Nominating Committee

The Governance and Nominating Committee is composed of Frank C. Smeenk, Cynthia Thomas and Thomas Pladsen.

The Committee has the authority and responsibility for:

(i) reviewing the mandates of the Board and its committees and recommending to the Board such amendments to those mandates as the Committee believes are necessary or desirable;

(ii) reviewing annually the disclosure of corporate governance practices to be included in the Corporation's information circular;

(iii) reviewing at least annually the size and composition of the Board, analyzing the needs of the Board and considering the skills, areas of experience, backgrounds, independence and qualifications of the Board members to ensure that the Board, as a whole, has a diversity of competencies and experience that support it in carrying out its responsibilities;

(iv) assessing on a regular basis the effectiveness of the Board as a whole, the committees of the Board and the contribution of each director regarding his, her or its effectiveness and contribution;

(v) acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;

(vi) determining at the earliest stage possible whether any proposed transaction discussed by the Board is or can be perceived as a related party transaction and, if such is the case, review any such transaction to ensure that it is being proposed and will be carried out with fairness and with the best interest of the Corporation in mind and or, alternatively, recommend that a special committee of disinterested directors be constituted to carry out the negotiations for such transaction and review and reported thereupon to the Board.

Assessments

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at **WWW.SEDAR.COM.**

Copies of the Notice may be obtained without charge by contacting the Corporation as set forth below. Financial information relating to the Corporation is provided in the Corporation's audited consolidated financial statements for the years ended December 31, 2013 and 2012 and the related management's discussion and analysis (the "**MD&A**"). Shareholders who wish to obtain a copy of the financial statements and MD&A of the Corporation may contact the Corporation as follows:

By phone:	416 642-3575 or 1-888-642-3575
By fax:	416 644-0592
By e-mail:	bh@kwgresources.com
By mail:	**KWG RESOURCES INC.** 141 Adelaide Street West. Suite 1000, Toronto, Ontario M5H 3L5

BY ORDER OF THE BOARD OF DIRECTORS

(s) *Luce L. Saint-Pierre*

Luce L. Saint-Pierre, Corporate Secretary

Montréal, Québec
June 2, 2014

If you have any questions or need assistance completing your proxy or voting instruction form, please call Kingsdale Shareholder Services Inc. at 1-877-659-1825 or email contactus@kingsdaleshareholder.com

SCHEDULE "A"

SPECIAL RESOLUTION OF THE SHAREHOLDERS OF KWG RESOURCES INC.

WHEREAS the authorized share capital of the Corporation consists of an unlimited number of shares designated as common shares (the "**Common Shares**");

AND WHEREAS the Corporation proposes to convert each outstanding Common Share into one share of a newly-created class in the share capital of the Corporation to be designated as "Subordinate Voting Shares" and, in order to give effect to such conversion, to increase its authorized share capital by amending its Articles as hereinafter provided.

BE IT HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT:

1. each outstanding Common Share be converted into one share of a newly-created class of share in the share capital of the Corporation to be designated as "Subordinate Voting Shares", issued as fully paid (the "**Conversion**"), such Conversion to become effective concurrently with, and being subject to, the creation of the Subordinate Voting Shares and that the holders of issued and outstanding Common Shares be considered to have become holders of Subordinate Voting Shares for all purposes upon the Conversion becoming effective;

2. the Corporation be authorized to amend its Articles under Section 241 of the *Business Corporations Act* (Québec):

    (i) to create a new class of shares to be designated as "Multiple Voting Shares" in an unlimited number with the rights and restrictions described in Exhibit I to this special resolution, which rights and restrictions shall be annexed to the Articles;

    (ii) to create a new class of shares to be designated as "Subordinate Voting Shares" in an unlimited number with the rights and restrictions described in Exhibit I to this special resolution, which rights and restrictions shall be annexed to the Articles; and

    (iii) immediately upon the Conversion becoming effective, to remove the authorized Common Shares, none of which will be issued and outstanding, and repeal the provisions regarding the rights and restrictions attaching to the Common Shares (collectively, the "**Amendment**");

3. where the Conversion would result in a registered holder of Common Shares being entitled to receive a fractional Subordinate Voting Share (after aggregating all Subordinate Voting Shares held by such holder), such fractional Subordinate Voting Share shall be rounded down to the next nearest whole Subordinate Voting Share and without payment for any such fractional interest being rounded down;

4. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation or has received the approval of all applicable exchange and regulatory authorities, the board of directors may, in its sole discretion, determine not to proceed with the Conversion or the Amendment or revoke this resolution at any time prior to the filing of the articles of amendment, without further approval of the shareholders of the Corporation; and

5. any director or officer of the Corporation is hereby authorized to execute and deliver articles of amendment and to do all things and execute and deliver all such other instruments and documents as such person may determine to be necessary or desirable to give effect to this resolution and carry out the foregoing, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

EXHIBIT I

SHARE CONDITIONS ATTACHED TO MULTIPLE VOTING SHARES AND SUBORDINATE VOTING SHARES

The Multiple Voting Shares and Subordinate Voting Shares (sometimes collectively referred to as the "**Voting Shares**" or "**Participating Shares**") shall have attached thereto the following rights and restrictions:

1. Payment of Dividends

1.1 Subject to any preference as to the payment of dividends provided to any shares ranking in priority to the Participating Shares, the holders of Participating Shares shall, except as otherwise hereinafter provided, be entitled to participate equally with each other as to dividends on a pro-rata basis based on the number of votes attaching to each such shares and the Corporation shall pay dividends thereon, as and when declared by the Board of Directors of the Corporation out of moneys properly applicable to the payment of dividends, in amounts per share described herein and at the same time on all such Participating Shares at the time outstanding as the Board of Directors may from time to time determine.

2. **Liquidation, Dissolution or Winding-up**

2.1 In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, all of the property and assets of the Corporation which remain after payment to the holders of any shares ranking in priority to the Participating Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution, winding-up or distribution, shall, except as otherwise hereinafter provided, be paid or distributed equally on a pro-rata basis based on the number of votes attaching to each such shares, to the holders of the Participating Shares, without preference or distinction.

3. **Anti-Dilution**

3.1 Neither class of Participating Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class of Participating Shares is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner so as to preserve the rights conferred hereby on each class in relation to the other class.

4. **Voting**

4.1 The holders of the Multiple Voting Shares shall be entitled to receive notice of and attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any series of such other class of shares) and to vote at all such meetings with each holder of Multiple Voting Shares, being entitled to 50 votes per Multiple Voting Share.

4.2 The holders of the Subordinate Voting Shares shall be entitled to receive notice of and attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any series of shares of such other class of shares) and to vote at all such meetings with each holder of Subordinate Voting Shares, being entitled to one vote per Subordinate Voting Share.

5. **Conversion of Multiple Voting Shares**

5.1 A holder of Multiple Voting Shares shall have the right, at his, her or its option, at any time and from time to time, to convert such Multiple Voting Shares into Subordinate Voting Shares on the basis of 50 Subordinate Voting Shares for each Multiple Voting Share so converted.

5.2 To exercise such conversion right a shareholder or the shareholder's attorney duly authorized in writing shall:

(a) give written notice to the Corporation's transfer agent (the "**Transfer Agent**") of the exercise of such right and of the number of Multiple Voting Shares in respect of which the right is being exercised;

(b) deliver to the Transfer Agent, the share certificate or certificates representing the Multiple Voting Shares in respect of which the right is being exercised; and

(c) pay any governmental or other tax imposed on or in respect of such conversion.

5.3 Upon due exercise of the conversion right, the Corporation shall issue a share certificate representing the number of fully paid and non-assessable Subordinate Voting Shares determined on the basis set out above in the name of the registered holder of the Multiple Voting Shares converted or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes. If the conversion right is exercised in respect of less than all of the Multiple Voting Shares represented by any share certificate, the Corporation shall also issue a new share certificate representing the number of Multiple Voting Shares in respect of which the conversion right is not being exercised.

5.4 A holder of Multiple Voting Shares converted in whole or in part (or any other person or persons in whose name or names any certificate representing Subordinate Voting Shares are issued as provided above) shall be deemed to have become the holder of record of the Subordinate Voting Shares into which such Multiple Voting Shares are converted, for all purposes, on the final date of receipt by the Transfer Agent of the items referenced in clauses 5.2(a), (b) and (c) above, notwithstanding any delay in the delivery of the certificate representing the Subordinate Voting Shares into which such Multiple Voting Shares have been converted and, effective as of such date, the holder of Multiple Voting Shares shall cease to be registered as the holder of record of the Multiple Voting Shares so converted.

6. **Conversion of Subordinate Voting Shares**

6.1 A holder of Subordinate Voting Shares shall have the right, at his, her or its option, at any time and from time to time, to convert such Subordinate Voting Shares into Multiple Voting Shares on the basis of one Multiple Voting Share for every 50 Subordinate Voting Shares so converted.

6.2 To exercise such conversion right, such holder or the shareholder's attorney duly authorized in writing shall:

(a) give written notice to the Transfer Agent of the exercise of such right and of the number of Subordinate Voting Shares in respect of which the right is being exercised, which number of Subordinate Voting Shares shall not be less than 50 and in multiples of 50 for any number of Subordinate Voting Shares in excess of 50;

(b) deliver to the Transfer Agent, the share certificate or certificates representing the Subordinate Voting Shares in respect of which the right is being exercised; and

(c) pay any governmental or other tax imposed on or in respect of such conversion.

6.3 Upon due exercise of the conversion right, the Corporation shall issue a share certificate representing the number of fully paid and non-assessable Multiple Voting Shares determined on the basis set out above in the name of the registered holder of the Subordinate Voting Shares converted or in such name or names as such registered holder may direct in writing, provided that such registered holder shall pay any applicable security transfer taxes. If the conversion right is exercised in respect of less than all of the Subordinate Voting Shares represented by any share certificate, the Corporation shall also issue a new share certificate representing the number of Subordinate Voting Shares in respect of which the conversion right is not being exercised.

6.4 A holder of Subordinate Voting Shares converted in whole or in part (or any other person or persons in whose name or names any certificate representing Multiple Voting Shares are issued as provided above) shall be deemed to have become the holder of record of the Multiple Voting Shares into which such Subordinate Voting Shares are converted, for all purposes, on the final date of receipt by the Transfer Agent of the items referenced in clauses 6.2(a), (b) and (c) above, notwithstanding any delay in the delivery of the certificate representing the Multiple Voting Shares into which such Subordinate Voting Shares have been converted and, effective as of such date, the holder of Subordinate Voting Shares shall cease to be registered as the holder of record of the Subordinate Voting Shares so converted.

7. **General Conditions**

7.1 Save as aforesaid, each Multiple Voting Share and Subordinate Voting Share shall have the same rights and attributes and be the same in all respects.

7.2 The provisions of these Articles 1 through 7 may be deleted, amended, modified or varied in whole or in part upon the approval of any such amendment being given by the holders of the Multiple Voting Shares and the Subordinate Voting Shares by special resolution and as required by applicable law.

SCHEDULE "B"

PROVISIONS ATTACHING TO THE PREFERENCE SHARES

The Preference Shares, as a class, shall have attached thereto the following rights and restrictions:

1. Directors' Authority to Issue in One or More Series

1.1 The board of directors of the Corporation may issue the Preference Shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the board of directors of the Corporation shall fix the number of shares in such series and shall determine, subject to the limitations set out in the articles, the designation, number, rights and restrictions to be attached to the shares of such series including, without limitation, the rate or rates, amount or method or methods of calculation of dividends thereon (if any), the time and place of payment of any dividends, whether cumulative or non-cumulative or partially cumulative and whether any such rate, amount or method of calculation (if any) shall be subject to change or adjustment in the future, the currency or currencies of payment of dividends (if any), the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any), the voting rights attached thereto (if any), and the terms and conditions of any share purchase plan or sinking fund (if any) with respect thereto. Before the issue of the first shares of a series, the board of directors of the Corporation shall file articles of amendment containing a description of such series including the designation, number, rights and restrictions determined by the board of directors of the Corporation.

2. Ranking

2.1 No rights or restrictions attached to a series of Preference Shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of issued and outstanding Preference Shares. Each series of Preference Shares issued by the Corporation shall rank in priority to, any issued and outstanding Subordinate Voting Shares, Multiple Voting Shares and/or Common Shares, as the case may be, in respect of dividends. Each series of Preference Shares issued by the Corporation shall rank in priority to any issued and outstanding Subordinate Voting Shares, Multiple Voting Shares and/or Common Shares, as the case may be, in respect of the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. The Preference Shares shall be entitled to priority over any other class of shares of the Corporation ranking junior to the Preference Shares in respect of dividends and the return of capital, including, *inter alia*, the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. If any cumulative dividends or amounts payable on a return of capital in respect of a series of Preference Shares are not paid in full, the Preference Shares of all series shall participate rateably in respect of such dividends, including accumulations, if any, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided however, that in the event of there being insufficient assets to satisfy in full all such claims to dividends and return of capital, the claims of the holders of the Preference Shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends. The Preference Shares of any series may also be given such preferences, not inconsistent with sections 1.1 to 4.1 hereof, over the Subordinate Voting Shares, the Multiple Voting Shares, and/or the Common Shares, as the case may be, and over any other shares ranking junior to the Preference Shares as may be determined in the case of such series of Preference Shares.

3. Voting

3.1 Except as hereinafter referred to or as otherwise required by law or in accordance with any voting rights which may from time to time be attached to any series of Preference Shares, the holders of the Preference Shares shall not be entitled to receive notice of, attend (in person or by proxy) or be heard at any meeting of the shareholders of the Corporation or to vote at any such meeting.

4. Approval of Holders of Preference Shares

4.1 The rights and restrictions attaching to the Preference Shares as a class may be added to, changed or removed but only with the approval of the holders of the Preference Shares given as hereinafter specified.

The approval of the holders of Preference Shares to add to, change or remove any right or restriction attaching to the Preference Shares voting as a class or to any other matter requiring the approval of the holders of the Preference Shares voting as a class shall be deemed sufficiently given if, in addition to any other requirement contained in the applicable corporate law statute, it is contained in (i) a resolution passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Preference Shares duly called for that purpose or (ii) a written resolution signed by all holders of Preference Shares.

The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting required to be called under this section 4 and the conduct thereof shall be those from time to time required by the applicable corporate law statute and prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at a meeting of holders of Preference Shares voting as a class, each holder entitled to vote thereat shall have one vote in respect of each Preference Share held by him.

SCHEDULE "C"

SHARE CONDITIONS ATTACHED TO THE COMMON SHARES

The Common Shares shall have attached thereto the following rights and restrictions:

1. Payment of Dividends

1.1 Subject to any preference as to the payment of dividends provided to any shares ranking in priority to the Common Shares, the holders of Common Shares shall, except as otherwise hereinafter provided, be entitled to participate equally with each other as to dividends on a pro-rata basis based on the number of Common Shares held and the Corporation shall pay dividends thereon, as and when declared by the Board of Directors of the Corporation out of moneys properly applicable to the payment of dividends, in amounts per share and at the same time on all such Common Shares at the time outstanding as the Board of Directors may from time to time determine.

2. **Liquidation, Dissolution or Winding-up**

2.1 In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, all of the property and assets of the Corporation which remain after payment to the holders of any shares ranking in priority to the Common Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution, winding-up or distribution, shall, except as otherwise hereinafter provided, be paid or distributed equally, on a pro-rata basis based on the number of Common Shares held, to the holders of the Common Shares, without preference or distinction.

3. **Voting**

3.1 The holders of the Common Shares shall be entitled to receive notice of and attend (in person or by proxy) and be heard at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or any series of such other class of shares) and to vote at all such meetings with each holder of Common Shares being entitled to one vote per Common Share.

SCHEDULE "D"

ROLLING SHARE OPTION PLAN, AS AMENDED AND RESTATED

1. PURPOSE OF PLAN

1.1 The purpose of the plan is to attract, retain and motivate persons as directors, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire a proprietary interest in the Corporation.

2. DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

2.1 "*board*" means the board of directors of the Corporation or the executive committee or any another committee duly constituted and authorized to act on behalf of the board in the matter of the stock option plan;

2.2 "*business day*" means any day, other than a Saturday or a Sunday, on which the TSX Venture Exchange is open for trading;

2.3 "*Corporation*" means collectively KWG RESOURCES INC**.** and its subsidiaries;

2.4 "*consultant"* means a consultant as defined in Section 1.2 of Policy 4.4 of the TSX Venture Exchange;

2.5 "*director*" has the meaning ascribed Section 1.2 of Policy 4.4 of the TSX Venture Exchange;

2.6 "*eligible person*" means any director, employee or consultant of the Corporation;

2.7 "*Exchange*" means any exchange on which the shares are listed;

2.8 "*insider*" means a director or an officer of the Corporation;

2.9 "*market price*" at any date in respect of the shares shall be the highest closing price of such shares on any Exchange on the last business day preceding the date on which the option is approved by the board. In the event that such shares did not trade on such business day, the market price shall be the average of the bid and ask prices in respect of such shares at the close of trading on such date. In the event that such shares are not listed and posted for trading on any stock exchange, the market price shall be the fair market value of such shares as determined by the board in its sole discretion;

2.10 "*option*" means an option to purchase shares granted under the plan;

2.11 "*option price*" means the price per share at which shares may be purchased under the option, as the same may be adjusted from time to time in accordance with Section 8;

2.12 "*optionee*" means any eligible person to whom an option has been granted;

2.13 "*plan*" means the Corporation's share option plan, as the same may be amended from time to time;

2.14 "*shares*" means the Subordinate Voting Shares of the Corporation or, in the event of an adjustment contemplated by Section 8, such other shares or securities to which an optionee may be entitled upon the exercise of an option as a result of such adjustment; and

2.15 "*subsidiary*" means any corporation controlled by the Corporation i.e. in which the Corporation holds an interest greater 50%.

3. ADMINISTRATION OF THE PLAN

3.1 The plan shall be administered in accordance with the rules and policies of the Exchange in respect of stock option plans. The board shall receive recommendations of management and shall determine from time to time those directors, employees, and consultants of the Corporation to whom options may be granted and the terms and conditions of the grant.

3.2 The board shall have the power, where consistent with the general purpose and intent of the plan and subject to the specific provisions of the plan:

(a) to establish policies and to adopt, prescribe, amend or vary rules and regulations for carrying out the purposes, provisions and administration of the plan and make all other determinations necessary or advisable for its management;

(b) to interpret and construe the plan and to determine all questions arising out of the plan and any option granted pursuant to the plan and any such interpretation, construction or determination made by the board shall be final, binding and conclusive for all purposes;

(c) to grant options;

(d) to determine the number of shares covered by each option;

(e) to determine the option price;

(f) to determine the period when the options will be vested and exercised;

(g) to determine if the shares issued upon the exercise of option are subject to any restrictions; and

(h) to prescribe the form of the instruments relating to the grant, exercise and other terms of options which initially shall be substantially in the form annexed hereto as Annex "A".

4. SHARES SUBJECT TO THE PLAN

4.1 Options may be granted in respect of authorized and unissued shares provided that the maximum number of shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all options shall not exceed 10% of the number of issued and outstanding shares calculated on the basis that all issued and outstanding Multiple Voting Shares of the Corporation have been converted to shares. No fractional shares may be purchased or issued under the plan.

5. ELIGIBILITY, GRANT AND TERMS OF OPTIONS

5.1 Options may only be granted to the directors, employees, and consultants the Corporation.

5.2 Options are non-assignable and non-transferable.

5.3 Options that have been cancelled or that have expired without being exercised continue to be issuable under the plan under which they were approved.

5.4 At no time shall the period during which an option shall be exercisable exceed five (5) years.

5.5 Stock options and listed shares issued on the exercise of stock options must be legended with a four month hold period commencing on the date the stock options were granted.

5.5 The option price of shares, which are the subject of any option, shall in no circumstances be lower than the market price of the shares at the date of the grant of the option.

5.6 The maximum number of shares, which may be reserved for issuance to insiders (as a group), in any 12-month period, shall not exceed 10% of the shares outstanding at the date of the grant (on a non-diluted basis)

5.7 The maximum number of shares, which may be reserved for issuance to any one optionee, in any 12-month period, shall not exceed 5% of the shares outstanding at the date of the grant (on a non-diluted basis).

5.8 The maximum number of shares, which may be reserved for issuance to any consultant, in any 12-month period, shall not exceed 2% of the shares outstanding at the date of the grant (on a non-diluted basis).

5.9 The maximum number of shares granted to persons employed to provide investor relations activities must not exceed 2% of the shares outstanding at the date of the grant (on a non-diluted basis) in any 12-month period.

5.10 Options issued to consultants performing investor relations activities must vest in stages over a period of not less than 12 months with no more than ¼ of the options vesting in any three-month period.

5.11 For stock options granted to employees or consultants, the Corporation must represent that the optionee is a *bona fide* employee or consultant, as the case may be.

5.12 Options vest as follows: 25% at the date of the grant and thereafter, 12.5% per quarter.

6. EXERCISE OF OPTIONS

6.1 Subject to the provisions of the plan, an option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the secretary of the Corporation specifying the number of shares with respect to which the option is being exercised and accompanied by full payment in cash or by certified cheque, money order or bank draft payable to the order of the Corporation, of the option price of the shares to be purchased. Certificates for such shares shall be issued and delivered to the optionee within a reasonable period of time following the receipt of such notice and payment.

6.2 Notwithstanding any of the provisions contained in the plan or in any option, the Corporation's obligation to issue shares to an optionee pursuant to the exercise of an option shall be subject to:

(a) obtaining approval of such governmental or regulatory authority as counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof; and

(b) the receipt from the optionee of such representations as the Corporation or its counsel reasonably determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

7. TERMINATION OF EMPLOYMENT OR MANDATE, DEATH

7.1 Subject to any provision of the plan and any express resolution passed by the board with respect to an option, an option and all rights to purchase pursuant thereto, shall expire at the latest 90 days after the optionee ceases to be a director, employee or consultant of the Corporation. If the optionee provides investor relation services, the option shall expire within 30 days of the end of the mandate.

7.2 In case of the death of the optionee, any option may, subject to the terms thereof and any other terms of the plan, be exercised by the legal representative(s) of the estate of the optionee at any time during 90 days following the death of the optionee but prior to the expiry of the option and only to the extent that the optionee was entitled to exercise such option at the date of death.

8. CHANGE IN CONTROL AND CERTAIN ADJUSTMENTS

8.1 Notwithstanding any other provision of this plan in the event of:

(a) the acquisition by any person who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation, of shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders; or

(b) the sale by the Corporation of all or substantially all of the property or assets of the Corporation;

then notwithstanding that at the effective time of such transaction the optionee may not be entitled to all the shares granted by the option, the optionee shall be entitled to exercise the options to the full amount of the shares granted by the option within 90 days of the close of any such transaction.

8.2 Appropriate adjustments with respect to options granted or to be granted, in the number of shares optioned and in the option price, shall be made by the board to give effect to adjustments in the number of shares of the Corporation resulting from reclassifications, subdivisions or consolidations of the shares of the Corporation, the payment of stock dividends or cash dividends by the Corporation (other than dividends in the ordinary course), the distribution of securities, property or assets by way of dividend or otherwise (other than dividends in the ordinary course), or other relevant changes in the capital stock of the Corporation or the amalgamation or merger of the Corporation with or into any other entity, subsequent to the approval of the plan by the board. The appropriate adjustment in any particular circumstance shall be conclusively determined by the board in its sole discretion, subject to approval by the shareholders of the Corporation and to acceptance by the Exchange respectively, if applicable.

9. AMENDMENTS OR DISCONTINUANCE OF PLAN

9.1 The board may amend or discontinue the plan at any time upon receipt of requisite regulatory approvals provided, however, that no such amendment may increase the maximum number of shares that may be optioned under the plan, change the manner of determining the minimum option price or alter or impair any of the terms of any option previously granted to an optionee under the plan.

9.2 A disinterested shareholder approval must be obtained for any reduction in the exercise price if the optionee is an insider of the Corporation at the time of the proposed amendment.

10. MISCELLANEOUS PROVISIONS

10.1 The holder of an option shall not have any rights as shareholder of the Corporation with respect to any of the shares covered by such option until such holder shall have exercised such option in accordance with the terms of the plan (including tendering payment in full of the option price of the shares in respect of which the option is being exercised) and the issuance of shares by the Corporation.

10.2 Nothing in the plan or any option shall confer upon an optionee any right to continue in the employ of the Corporation or affect in any way the right of the Corporation to terminate his employment at any time.

11. SHAREHOLDERS AND REGULATORY APPROVALS

11.1 The plan shall be subject to, and shall only become effective upon, the approval of the shareholders of the Corporation to be given by a resolution duly passed at a meeting of the shareholders of the Corporation and any required approvals of applicable regulatory authorities as well as being subject to the completion of the capital reorganization of the Corporation to create the Subordinate Voting Shares (into which the Common Shares of the Corporation will be converted) and the Multiple Voting Shares. Any options granted prior to such approvals and the completion of the said capital reorganization shall be conditional upon such approvals being obtained and the completion of the capital reorganization and no such options may be exercised unless such approvals are obtained and the capital reorganization is completed.

APPROVED BY THE BOARD OF DIRECTORS

June 2, 2014

ANNEX TO ROLLING SHARE OPTION PLAN, AS AMENDED AND RESTATED

CERTIFICATE OF KWG RESOURCES INC.

KWG RESOURCES INC. (the "Corporation"), for good and valuable consideration, hereby grants to the optionee set forth below an option to purchase common shares of the Corporation. The option shall be subject to the terms and conditions set forth in the Corporation's share option plan, as the same may be amended or replaced from time to time (the "plan"), and in addition shall be subject to the terms set forth below:

OPTIONEE	:	_____
POSITION WITH THE CORPORATION	:	_____
NUMBER OF SHARES	:	_____
OPTION PRICE	:	_____
EXPIRY DATE OF OPTION	:	_____
RIGHTS OF EXERCISE	:	_____

At 5:00 p.m. (Montreal time) on the expiry date, the options granted will expire and terminate and be of no further force and effect whatsoever as to the shares for which the option hereby granted has not been exercised.

Where used herein all defined terms shall have the respective meanings attributed thereto in the plan. As provided for under the plan, the option provided for herein is not assignable to any other person.

DATED this _____ day of _____ 20 ____ .

KWG RESOURCES INC.

Per: _____
OFFICER OF THE CORPORATION

The undersigned hereby acknowledges receipt of a copy of the plan and accepts and agrees to the grant of this option on the terms and conditions set forth herein and in the plan effective as of the date above written.

SIGNED this _____ day of _____ 201 ___ .

_____
SIGNATURE OF OPTIONEE

SCHEDULE "E"

PROVISIONS RELATING TO THE RIGHT TO DEMAND REPURCHASE OF SHARES AT CHAPTER XIV OF THE BUSINESS CORPORATIONS ACT (QUÉBEC)

CHAPTER XIV
RIGHT TO DEMAND REPURCHASE OF SHARES

DIVISION I
GENERAL PROVISIONS

§ 1. — *Conditions giving rise to right*

372. The adoption of any of the resolutions listed below confers on a shareholder the right to demand that the corporation repurchase all of the person's shares if the person exercised all the voting rights carried by those shares against the resolution:

(1) an ordinary resolution authorizing the corporation to carry out a squeeze-out transaction;

(2) a special resolution authorizing an amendment to the articles to add, change or remove a restriction on the corporation's business activity or on the transfer of the corporation's shares;

(3) a special resolution authorizing an alienation of corporation property if, as a result of the alienation, the corporation is unable to retain a significant part of its business activity;

(4) a special resolution authorizing the corporation to permit the alienation of property of its subsidiary;

(5) a special resolution approving an amalgamation agreement;

(6) a special resolution authorizing the continuance of the corporation under the laws of a jurisdiction other than Québec; or

(7) a resolution by which consent to the dissolution of the corporation is withdrawn if, as a result of the alienation of property begun during the liquidation of the corporation, the corporation is unable to retain a significant part of its business activity.

The adoption of a resolution referred to in any of subparagraphs 3 to 7 of the first paragraph confers on a shareholder whose shares do not carry voting rights the right to demand that the corporation repurchase all of the person's shares.

2009, c. 52, s. 372.

373. The adoption of a special resolution described in section 191 confers on a shareholder holding shares of the class or series specified in that section the right to demand that the corporation repurchase all of the person's shares of that class or series. That right is subject to the shareholder having exercised all the person's available voting rights against the adoption and approval of the special resolution.

That right also exists if all the shares held by the shareholders are of the same class; in that case, the right is subject to the shareholder having exercised all of the person's available voting rights against the adoption of the special resolution.

2009, c. 52, s. 373; 2010, c. 40, s. 81.

373.1. Despite section 93, non fully paid shares also confer the right to demand a repurchase.

2010, c. 40, s. 82.

374. The right to demand a repurchase conferred by the adoption of a resolution is subject to the corporation carrying out the action approved by the resolution.

2009, c. 52, s. 374.

375. A notice of a shareholders meeting at which a special resolution that could confer the right to demand a repurchase may be adopted must mention that fact.

The action approved by the resolution is not invalidated solely because of the absence of such a mention in the notice of meeting.

Moreover, if the meeting is called to adopt a resolution described in section 191 or in any of subparagraphs 3 to 7 of the first paragraph of section 372, the corporation notifies the shareholders whose shares do not carry voting rights of the possible adoption of a resolution that could give rise to the right to demand a repurchase of shares.

2009, c. 52, s. 375.

§ 2. — *Conditions for exercise of right and terms of repurchase*

I. — *Prior notices*

376. Shareholders intending to exercise the right to demand the repurchase of their shares must so inform the corporation; otherwise, they are deemed to renounce their right, subject to Division II.

To inform the corporation of the intention to exercise the right to demand the repurchase of shares, a shareholder must send a notice to the corporation before the shareholders meeting or advise the chair of the meeting during the meeting. In the case of a shareholder described in the second paragraph of section 372 none of whose shares carry voting rights, the notice must be sent to the corporation not later than 48 hours before the shareholders meeting.

2009, c. 52, s. 376.

377. As soon as a corporation takes the action approved by a resolution giving rise to the right to demand a repurchase of shares, it must give notice to all shareholders who informed the corporation of their intention to exercise that right.

The repurchase notice must mention the repurchase price offered by the corporation for the shares held by each shareholder and explain how the price was determined.

If the corporation is unable to pay the full redemption price offered because there are reasonable grounds for believing that it is or would be unable to pay its liabilities as they become due, the repurchase notice must mention that fact and indicate the maximum amount of the price offered the corporation will legally be able to pay.

2009, c. 52, s. 377.

378. The repurchase price is the fair value of the shares as of the close of the offices of the corporation on the day before the resolution conferring the right to demand a repurchase is adopted.

When the action approved by the resolution is taken following a take-over bid with respect to all the shares of a class of shares issued by a corporation that is a reporting issuer and the bid is closed within 120 days before the resolution is adopted, the repurchase price may be determined to be the fair value of the shares on the day before the take-over bid closed if the offeror informed the shareholders, on making the take-over bid, that the action would be submitted to shareholder authorization or approval.

2009, c. 52, s. 378.

379. The repurchase price of all shares of the same class or series must be the same, regardless of the shareholder holding them.

However, in the case of a shareholder holding non-fully paid shares, the corporation must subtract the unpaid portion of the shares from the repurchase price offered or, if it cannot pay the full repurchase price offered, the maximum amount that it can legally pay for those shares.

The repurchase notice must mention the subtraction and show the amount that can be paid to the shareholder.

2009, c. 52, s. 379; 2010, c. 40, s. 83.

380. Within 30 days after receiving a repurchase notice, shareholders must confirm to the corporation that they wish to exercise their right to demand a repurchase. Otherwise, they are deemed to have renounced their right.

The confirmation may not be limited to only part of the repurchasable shares. It does not affect a shareholder's right to demand an increase in the repurchase price offered.

2009, c. 52, s. 380.

II. — *Payment of repurchase price*

381. A corporation must pay the offered repurchase price to all shareholders who confirmed their decision to exercise their right to demand the repurchase of their shares within 10 days after such confirmation.

However, a corporation that is unable to pay the full repurchase price offered because there are reasonable grounds for believing that it is or would be unable to pay its liabilities as they become due is only required to pay the maximum amount it may legally pay the shareholders. In that case, the shareholders remain creditors of the corporation for the unpaid balance of the repurchase price and are entitled to be paid as soon as the corporation is legally able to do so or, in the event of the liquidation of the corporation, are entitled to be collocated after the other creditors but by preference over the other shareholders.

2009, c. 52, s. 381.

III. — *Increase in repurchase price*

382. To contest a corporation's appraisal of the fair value of their shares, shareholders must notify the corporation within the time given to confirm their decision to exercise their right to demand a repurchase.

Such contestation is a confirmation of a shareholder's decision to exercise the right to demand a repurchase.

2009, c. 52, s. 382.

383. A corporation may increase the repurchase price offered within 30 days after receiving a notice of contestation.

The increase in the repurchase price of the shares of the same class or series must be the same, regardless the shareholder holding them.

2009, c. 52, s. 383.

384. If a corporation does not follow up on a shareholder's contestation within 30 days after receiving a notice of contestation, the shareholder may ask the court to determine the increase in the repurchase price. The same applies when a shareholder contests the increase in the repurchase price offered by the corporation.

The shareholder must, however, make the application within 90 days after receiving the repurchase notice.

2009, c. 52, s. 384.

385. As soon as an application is filed under section 384, it must be notified by the corporation to all the other shareholders who are still contesting the appraisal of the fair value of their shares or the increase in the repurchase price offered by the corporation.

2009, c. 52, s. 385.

386. All shareholders to whom the corporation notified the application are bound by the court judgment.

2009, c. 52, s. 386.

387. The court may entrust the appraisal of the fair value of the shares to an expert.

2009, c. 52, s. 387.

388. The corporation must, without delay, pay the increase in the repurchase price to all shareholders who did not contest the increase offered. It must pay the increase determined by the court to all shareholders who, under section 386, are bound by the court judgment, within 10 days after the judgment.

However, a corporation that is unable to pay the full increase in the repurchase price because there are reasonable grounds for believing that it is or would be unable to pay its liabilities as they become due is only required to pay the maximum amount it may legally pay the shareholders. In such a case, the shareholders remain creditors of the corporation for the unpaid balance of the repurchase price and are entitled to be paid as soon as the corporation is legally able to do so or, in the event of the liquidation of the corporation, are entitled to be collocated after the other creditors but by preference over the other shareholders.

2009, c. 52, s. 388.

DIVISION II
SPECIAL PROVISIONS FOLLOWING FAILURE TO NOTIFY SHAREHOLDERS

389. If shareholders were unable to inform the corporation of their intention to exercise the right to demand the repurchase of their shares within the period prescribed by section 376 because the corporation failed to notify them of the possible adoption of a resolution giving rise to that demand, they may demand the repurchase of their shares as though they had informed the corporation and had voted against the resolution.

Shareholders entitled to vote may not exercise the right to demand the repurchase of their shares if they voted in favour of the resolution or were present at the meeting but abstained from voting on the resolution.

A shareholder is presumed to have been notified of the proposed adoption of the resolution if notice of the shareholders meeting was sent to the address entered in the security register for that shareholder.

2009, c. 52, s. 389.

390. A shareholder must demand the repurchase of shares within 30 days after becoming aware that the action approved by the resolution conferring the right to demand a repurchase has been taken.

However, the repurchase demand may not be made later than 90 days after that action is taken.

2009, c. 52, s. 390.

391. As soon as the corporation receives a repurchase demand, it must notify the shareholder of the repurchase price it is offering for the shareholder's shares.

The repurchase price offered for the shares of a class or series must be the same as that offered to shareholders, if any, who exercised their right to demand a repurchase after informing the corporation of their intention to do so in accordance with Division I.

2009, c. 52, s. 391.

392. The corporation may not pay the repurchase price offered to the shareholder if such payment would make it unable to pay the maximum amount mentioned in the repurchase notice sent to the shareholders who informed the corporation, in accordance with section 376, of their intention to exercise their right to demand the repurchase of their shares.

If the corporation cannot pay to the shareholder the full amount offered to the shareholder, the directors are solidarily liable for payment to the shareholder of the sums needed to complete the payment of that amount. The directors are subrogated to the shareholder's rights against the corporation, up to the sums they have paid.

2009, c. 52, s. 392.

DIVISION III
SPECIAL PROVISIONS WITH RESPECT TO BENEFICIARY

393. A beneficiary who may give instructions to a shareholder as to the exercise of rights attaching to a share has the right to demand the repurchase of that share as though the beneficiary were a shareholder; however, the beneficiary may only exercise that right by giving instructions for that purpose to the shareholder.

The beneficiary's instructions must allow the shareholder to exercise the right in accordance with this chapter.

2009, c. 52, s. 393.

394. A shareholder is required to notify the beneficiary of the calling of any shareholders meeting at which a resolution that could give rise to the right to demand a repurchase may be adopted, specifying that the beneficiary may exercise that right as though the beneficiary were a shareholder.

The shareholder is presumed to have fulfilled that obligation if the beneficiary is notified in accordance with any applicable regulations under the Securities Act (chapter V-1.1).

2009, c. 52, s. 394.

395. A shareholder must inform the corporation of the identity of a beneficiary who intends to demand the repurchase of shares, and of the number of shares to be repurchased, within the period prescribed by section 376.

2009, c. 52, s. 395.

396. A shareholder who demands the repurchase of shares in accordance with the instructions of a beneficiary may demand the repurchase of part of the shares to which that right is attached.

2009, c. 52, s. 396.

397. The beneficiary's claim with respect to shares for which the full repurchase price could not be paid, as well as the other rights granted to a beneficiary under this chapter, may be exercised directly against the corporation.

Likewise, after the repurchase price has been fully paid, the rights granted to a beneficiary under this chapter regarding an increase in the repurchase price may be exercised directly against the corporation.

2009, c. 52, s. 397.

SCHEDULE "F"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

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

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

II. COMPOSITION

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

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

III. DUTIES AND RESPONSIBILITIES

1. The Committee shall review and recommend to the board for approval the annual audited consolidated financial statements and the annual MD&A.

2. The Committee shall review with financial management and the external auditor the Company's financial statements, MD&A's and earnings releases prior to filing with regulatory bodies such as securities commissions and/or prior to their release.

3. The Committee shall review all documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or non audited interim financial statements results (e.g., prospectuses, press releases with financial results) prior to their release.

4. The Committee, in fulfilling its mandate, will:

   (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.

   (b) Satisfy itself that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the issuer's financial statements, other than MD&A and annual and interim earnings press releases, and must periodically assess the adequacy of those procedures.

   (c) Recommend to the board of directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.

(d) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor, and discussing and resolving any material differences of opinion or disagreements between management and the external auditor.

(e) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Company to determine their independence and report to the board of directors.

(f) Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Consider with management the rationale for employing accounting/auditing firms other than the principal external auditor.

(g) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

(h) Arrange for the external auditor to be available to the Audit Committee and the full board of directors as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.

(i) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.

(j) Review and approve hiring policies for employees or former employees of the past and present external auditors.

(k) Review the scope of the external audit, including the fees involved.

(l) Review the report of the external auditor on the annual audited consolidated financial statements.

(m) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.

(n) Review major positive and negative observations of the auditor during the course of the audit.

(o) Review with management and the external auditor of the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.

(p) Review emerging accounting issues and their potential impact on the Company's financial reporting.

(q) Review and approve requests for any engagement to be performed by the external auditor that is beyond the scope of the audit engagement letter and related fees.

(r) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Company, and whether these matters have been appropriately disclosed in the financial statements.

(s) Review the conclusions reached in the evaluation of management's internal control systems by the external auditors, and management's responses to any identified weaknesses.

(t) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.

(u) Review with management their approach with respect to business ethics and corporate conduct.

(v) Review annually the legal and regulatory requirements that, if breached, could have a significant impact on the Company's published financial reports or reputation.

(w) Receive periodic reports on the nature and extent of compliance with security policies. The nature and extent of non-compliance together with the reasons therefore, with the plan and timetable to correct such non-compliance will be reported to the board, if material.

(x) Review with management the accuracy and timeliness of filing with regulatory authorities.

(y) Review periodically the business continuity plans for the Company.

(z) Review the annual audit plans of the external auditors of the Company.

(aa) Review annually general insurance coverage of the Company to ensure adequate protection of major corporate assets including but not limited to D&O and "Key Person" coverage.

(bb) Perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies.

(cc) Establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or audit matters.

5. The Committee may engage and communicate directly and independently with outside legal and other advisors for the Committee as required and set and pay the compensation of such advisors.

6. On a yearly basis, the Committee will review the Audit Committee Charter and where appropriate recommend changes to the board of directors.

IV. SECRETARY

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

V. MEETINGS

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.

2. Meetings may be conducted with members present, in person, by telephone or by video conference facilities.

3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.

4. Meetings of the Audit Committee shall be held from time to time as the Audit Committee or the Chairman of the Committee shall determine upon 48 hour notice to each of its members. The notice period may be waived by a quorum of the Committee.

5. The external auditors or any member of the Committee may also call a meeting of the Committee. The external auditors of the Company will receive notice of every meeting of the Committee.

6. The board shall be kept informed of the Committee's activities by a report, including copies of minutes, at the next board meeting following each Committee meeting.

VI. QUORUM

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

VII. DEFINITIONS

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

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

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20%

of the outstanding voting shares of the Company except where there is evidence showing that the holder of those securities does not materially affect the control of the Company.

APPROVED BY THE BOARD OF DIRECTORS

May 30, 2014

Any questions and requests for assistance may be directed to the Proxy Solicitation Agent:

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Toronto, Ontario
M5X 1E2
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North American Toll Free Phone:

1-877-659-1825

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Outside North America, Banks and Brokers Call Collect: 416-867-2272