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, 2012, will be held on Wednesday, June 5, 2013 at 11:00 a.m. (local time), at the offices of Norton Rose Canada LLP, Suite 2300, TD Waterhouse Tower, 79 Wellington Street West, Toronto, Ontario, for the following purposes:

(a) TO receive the audited consolidated financial statements of the Corporation for the years ended December 31, 2012 and 2011 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 in the Management Proxy Circular accompanying this Notice under the heading "Continuance of the Corporation to the Canada Business Corporations Act" and incorporated by reference in this Notice (the "**Continuance Resolution**"), approving the continuance of the Corporation from the jurisdiction of the Business Corporations Act (Québec) to the jurisdiction of the Canada Business Corporations Act (the "Continuance") and approving and ratifying the New By-Laws the full text of which is reproduced as Schedule "C" to the Management Information Circular;

(e) TO consider, and if deemed advisable, pass a special resolution, with or without variation, the full text of which is reproduced as Schedule "D" to the Management Information Circular 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;

(f) TO consider, and if deemed advisable, pass an ordinary resolution, with or without variation, approving and ratifying, subject to regulatory approvals, the Corporation's By-Law 2013-1 on *Advance Notice of Nominations of Directors*, the full text of which is reproduced as Schedule "E" to the Management Information Circular.

(g) 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;

(h) TO consider, and if deemed advisable, pass an ordinary resolution, with or without variation, to amend 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, 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

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

A shareholder of the Corporation may (i) in connection with the Continuance Resolution exercise the right to demand that the Corporation repurchase its Common Shares pursuant to Section 372 of the *Business Corporations Act* (Québec), and (ii) in connection with the Capital Reorganization 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 3, 2013 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 13th day of May 2013

BY ORDER OF THE BOARD OF DIRECTORS

(s) *Luce L. Saint-Pierre*

Luce L. Saint-Pierre

Corporate Secretary

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

Forward-Looking Information

This Management Information Circular contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the future management of the Corporation, the future business of the Corporation and activities, events or developments that management expects or anticipates will occur or may occur in the future. Often, but not always, forward looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward looking information. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this Management Information Circular and, other than as required by securities law, the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise unless so required by applicable securities laws. There can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

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. 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 3, 2013, 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 Continuance (as defined herein) and the ratification of the New By-Law (as defined therein); f; (iv) or the Capital Reorganization (as defined herein) and the amendment of the articles; (v) for the ratification of the By-Law 2013-1 on *Advance Notice of Nominations of Directors*; (vii) for the re-approval of the Stock Option Plan (as defined herein); and (vii) for the amendment to the Stock Option Plan, all as further described in this Management Proxy 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.

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.

Voting Securities and Principal Holders

The directors of the Corporation have fixed May 1, 2013 (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 1, 2013, 691,577,273 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 Record Date, 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	16.15%

Election of Directors

The board of directors of the Corporation (the "**Board**") proposes to nominate the four 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	9,494,500 of which 1,010,000 are held indirectly
DOUGLAS M. FLETT [(2)(3)] Director *Ontario, Canada*	Treasurer and general counsel of *Fletcher Nickel Inc.*, a public junior mining company	January 25, 2006	922,000 of which 532,000 are held indirectly
CYNTHIA THOMAS [(1)(2)(3)] Director *Nevada, USA*	Self-employed financial advisor since 2000	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

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

Orders, Penalties and Bankruptcies

Except as mentioned further, 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.

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.

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, 2012. 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**"). During the year the Compensation Committee was comprised of three directors: Cynthia Thomas, Bruce Reid until his resignation in June 2012 when he was replaced by Thomas Pladsen, and René Galipeau until his resignation in September 2012 when he was replaced by Douglas Flett. 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); and (iv) promote the clear and complete disclosure to shareholders of material information regarding executive compensation.

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.

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 periods indicated below.

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	2012	300,000	38,400	100,000	1,750	440,150
	2011	240,000	Nil	400,000	Nil	640,000
	2010	228,000	339,000	100,000	1,200	668,200
Thomas E. Masters [1] Chief Financial Officer	2012	170,548	Nil	Nil	Nil	170,548
	2011	168,531	Nil	50,000	Nil	218,531
	2010	152,998	125,700	Nil	Nil	278,698

(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, 2012, 2011 and 2010, 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
2012	1.63%	159%	5 years
2011	n/a	n/a	n/a
2010	1.14%	100%	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 2010, the Compensation Committee recommended the payment of a $100,000 bonus to the CEO for his continued contribution to the development of the Corporation including capital raising, negotiating the acquisition of a 1% net smelter royalty ("NSR") on the Black Thor, Black Label and Big Daddy chromite deposits for $2.6 million and responding to the takeover bid from Cliffs Natural Resources. In 2011, the Compensation Committee recommended the payment of a $400,000 bonus to the CEO for his negotiations of the sale of the NSR for $18 million. In 2012, the Compensation Committee approved the payment of a $100,000 bonus to the CEO for advancing key initiatives in 2012 including the option to earn into the Black Horse deposit as eventual operator.

Outstanding option-based awards

The following table sets forth all awards granted to NEOs that remain outstanding as at December 31, 2012.

Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options
Frank C. Smeenk	495,500 29,000 100,000 260,000 3,000,000 2,000,000 600,000	$0.10 $0.10 $0.10 $0.10 $0.125 $0.10 $0.10	26-02-2013 29-05-2013 10-10-2013 15-10-2014 06-05-2015 21-12-2015 14-03-2017	Nil(1)
Thomas E. Masters	400,000 1,400,000 500,000	$0.10 $0.125 $0.10	15-10-2014 06-05-2015 21-12-2015	Nil(1)

(1) Based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2012 of $0.05.

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, 2012:

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	Nil	N/A	$100,000
Thomas E. Masters	Nil	N/A	Nil

Termination and Change of Control Benefits

NEO Contract

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 Janaury 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.

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, 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, 2012.

Estimated Incremental Payments as of December 31, 2012
Termination without Cause

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

Estimated Incremental Payments as of December 31, 2012
Death or Permanent disability

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

Estimated Incremental Payments as of December 31, 2012
Change of Control

Name	Lump sum
Frank C. Smeenk	$125,000

Estimated Incremental Payments as of December 31, 2012
Termination without Cause Following a Change of Control

Name	Salary and bonus
Frank C. Smeenk	$1,200,000

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

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 daily cap of $750. Additional annual stipends are paid as follows: Chairman of the Board - $30,000, 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 in 2012 to the directors of the Corporation other than the CEO.

Name	Fees earned ($)	Option-based awards ($)[1]	All other compensation ($)	Total ($)
Douglas M. Flett	$20,250	$38,400	Nil	$58,650
Michael Harrington[2]	$3,000	Nil	Nil	$3,000
Mousseau Tremblay[2]	$3,000	Nil	Nil	$3,000
Bruce Reid[3]	$6,000	$38,400	Nil	$44,400
René Galipeau[4]	$32,500	$102,400	Nil	$134,900
Cynthia Thomas	$14,875	$38,400	Nil	$53,275
Thomas Pladsen[5]	$14,500	$198,400	Nil	$212,900

(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, 2012. The key assumptions and estimates used for the calculation of the grant date fair value include: risk-free interest rate of 1.63%; expected volatility of 159%; expected life of 5 years; and no dividend yield.
(2) Michael Harrington and Mousseau Tremblay did not stand for re-election on February 29, 2012.
(3) Bruce Reid did not stand for re-election on June 27, 2012.
(4) René Galipeau resigned on September 10, 2012
(5) Thomas Pladsen was elected to the Board on February 29, 2012

Incentive plan awards – value vested during the year
Incentive plan awards – value vested during the year

Outstanding option-based awards

The following table sets forth all awards outstanding as at December 31, 2012 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	175,000 185,000 1,500,000 500,000 600,000	$0.10 $0.10 $0.125 $0.10 $0.10	26-02-2013 15-10-2014 06-05-2015 21-12-2015 14-03-2017	$Nil
Cynthia Thomas	1,500,000 500,000 750,000 600,000	$0.14 $0.10 $0.115 $0.10	30-06-2015 21-12-2015 23-03-2016 13-03-2017	$Nil
Thomas Pladsen	3,100,000	$0.10	14-03-2017	$Nil

(1) Based on the closing price of the Common Shares on the TSX Venture on December 31, 2012 of $0.085.

Other

The Corporation does not have a policy that would prohibit executive officers or directors from purchasing financial instruments that are designed or would have the effect of hedging the value of equity securities granted to, or held by these individuals.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out certain details as at December 31, 2012 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	59,273,200	$0.113	9,884,527[(1)]
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	59,273,200	$0.113	9,884,527[(1)]

(1) On the basis of a maximum number of shares reserved of 69,157,727. 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, 2012, 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

Except as disclosed herein and in the audited financial statements of the Corporation for fiscal year ended December 31, 2012, which are accessible on SEDAR at www.sedar.com, the Corporation is not aware that any director, executive officer, employee or any former director, executive officer or employee of the Corporation or a subsidiary thereof, or any person who is a nominee for election as a director of the Corporation, or any associate of such persons, has had an interest in any material transaction carried out since the commencement of the last fiscal period of the Corporation and which has materially affected, or is likely to materially affect, the Corporation.

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 appointment of McGovern, Hurley, Cunningham LLP, Chartered Accountants, of Toronto, Ontario, as Auditors of the Company. 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.

PricewaterhouseCoopers LLP were first appointed as auditors of the Company in 1989. On November 14, 2012, the Audit Committee of the Company removed PricewaterhouseCoopers LLP as auditors of the Company during their term of appointment. The report of PricewaterhouseCoopers LLP on the consolidated financial statements of the Company for the fiscal year ended December 31, 2011 does not contain any reservations and no "reportable event" (within the meaning of National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102)") has occurred involving the Company and PricewaterhouseCoopers LLP.

In accordance with NI 51-102, the Company has prepared a notice of change of auditor, which has been delivered to McGovern, Hurley, Cunningham, LLP and PricewaterhouseCoopers LLP. A copy of the notice and the response letter from McGovern, Hurley, Cunningham, LLP and PricewaterhouseCoopers LLP is included in this Management Information Circular as Schedule "A".

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 be Considered at the Meeting

1. Continuance of the Corporation to the *Canada Business Corporations Act*

The shareholders will be asked to pass a special resolution (the "**Continuance Resolution**") to approve the continuance of the Corporation (the "**Continuance**") from the jurisdiction of the QBCA to the jurisdiction of the *Canada Business Corporations Act* (the "**CBCA**").

Reasons for Continuance

The Corporation is subject to the QBCA. The Corporation recently disposed of its only remaining mineral property interest located in the Province of Québec, all of its subsidiaries are CBCA corporations and for a number of years raised most of the Corporation's equity capital has been raised in Ontario where its Executive Offices have been located since 2003. The Corporation also completed a reorganization on December 15, 2011 effecting a return of capital to its shareholders to the extent of the value of its diamond exploration assets in the form of a dividend in specie of the shares of Debut Diamonds Inc, a company incorporated under the CBCA. Currently, the Corporation's principle assets are the Ring of Fire interests in the James Bay Lowlands of Northern Ontario comprising an imminent 30% joint venture interest in the Big Daddy chromite deposit (held by wholly-owned Canada Chrome Mining Corporation, a CBCA company) and the contiguous transportation corridor claims (held by wholly-owned Canada Chrome Corporation, a CBCA company) as well as a minority interest in the area's McFaulds Lake claim blocks. More than approximately 95% of the Common Shares are now held outside of Québec. As such, the Board has determined that it is in the best interests of the Corporation's shareholders that the Corporation be continued to the jurisdiction of the CBCA and to amend its constating documents accordingly.

Effect of the Continuance

If the Continuance is approved by shareholders, the Corporation intends to apply to the Registrar of Enterprises under the QBCA for permission to be continued under the CBCA, and upon receipt of such authorization, the Corporation intends to file with the Director under the CBCA articles of continuance in the form of the draft articles attached as Schedule "B" to this Management Information Circular. After the articles of continuance have been filed, the Director will endorse on such

articles a certificate of continuance. The Corporation will cease to be governed by the QBCA and will be governed by the CBCA as of the date shown in the certificate of continuance endorsed.

The endorsed articles of continuance will function as the articles of incorporation of the Corporation. The articles of continuance will contain the same terms as the current Articles of the Corporation (as amended to reflect the Capital Reorganization Amendment, if approved by the shareholders, as further described herein).

In addition, the by-laws to be adopted by the Corporation after the Continuance (the "**New By-Laws**") are attached to this Management Information Circular as Schedule "C". Subject to the Continuance becoming effective, the Corporation's existing by-laws (the "**Existing By-Laws**"), will be repealed and replaced with the New By-Laws.

The New By-Laws add a provision stating that the Board may cause the business and operations of the Corporation to be divided into one or more divisions. As well, the New By-Laws remove the provision that the Board shall consist of between four and twenty directors until changed, instead stating that the Board shall consist of the number of directors provided for in the Articles. As well, the provisions relating to director qualification, election, term, removal and vacancies have been deleted and the provisions of the CBCA will now govern.

In addition, the borrowing and securities section of the Existing By-Laws has been deleted, as have many of the provisions relating to the roles and responsibilities of officers in their respective offices, while provisions discussing the payment of dividends have been added. The New By-Laws allow for shareholder meetings to be held outside of the Province of Québec and to be attended and voted at via electronic means. Additionally, legal counsel and other persons are now permitted to attend shareholders meetings when invited by the Corporation or Chair. The New By-Laws also change the number of shares required in order to have a quorum at a shareholder's meeting to 5% from the previous 10%.

The Continuance will not create a new legal entity, nor will it prejudice or affect the continuity of the Corporation. Once continued, the Corporation will remain a legal person, retain its rights and obligations as such, and remain a party to any judicial or administrative proceeding to which it is a party. The Corporation's authorized capital (after having given effect to the Capital Reorganization) will remain unchanged. The Continuance and the adoption of the articles of continuance and the New By-laws will not result in any substantive changes to the constitution, powers or management of the Corporation, except as otherwise described herein. The Continuance is not expected to have any material business or tax consequences for the Corporation. The Corporation will retain its listing on the TSX Venture Exchange (the "**Exchange**").

Summary Comparison of Shareholder Rights

The CBCA provides shareholders substantially similar rights as are available to shareholders under the QBCA, including rights of dissent and appraisal, and rights to bring derivative actions and oppression actions. However, there are certain differences between the two statutes and the regulations thereunder. The following is a summary of certain differences between the QBCA and the CBCA which management of the Corporation considers of significance to shareholders. This summary is not an exhaustive review of the two statutes. Reference should be made to the full text of both statutes and the regulations thereunder for particulars of any differences between them, and shareholders should consult their legal or other professional advisors with regard to the implications of the Continuance which maybe of importance to them.

Amendments to Charter Documents and Other Fundamental Changes

Under the QBCA, any amendment to the articles of a corporation requires approval from the shareholders by a resolution adopted by at least two-thirds of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution (a special resolution). However, the board of directors of a corporation may, without shareholder authorization, correct certain errors, irregularities and illegal provisions contained in the articles of the corporation (except if such correction would be prejudicial to the rights of shareholders or the corporation's creditors), or consolidate them. In addition, certain fundamental changes also require approval from the shareholders by a special resolution passed by at least two-thirds of the votes cast on the resolution. Such fundamental changes include an alienation of property affecting significant business activity (see below), an amalgamation of the corporation with another entity, the continuance of the corporation to another jurisdiction, or the dissolution or liquidation of the corporation. In all cases where a special resolution is required, an assessment must be made to determine if the resolution favours certain shareholders of a class or series of shares or changes prejudicially the rights attaching to a class or series of shares, in which cases approval by special resolution by each concerned class or series of shares must also be obtained.

Under the CBCA, certain fundamental changes require a special resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution at a meeting of shareholders. Such fundamental changes include the amendment of the corporation's articles, the sale, lease or exchange of all or substantially all the property of the corporation other than in the ordinary course of business, the amalgamation of the corporation with another entity, the continuance of the corporation to another jurisdiction, or the dissolution or liquidation of the corporation. In certain instances, where the rights of the holders of a class or series of shares are affected by an amendment to the corporation's articles differently than those of the holders of other classes or series of shares, the amendment is also subject to approval by a special resolution passed by not less than two-thirds of the votes cast at a shareholders meeting by the holders of shares of each class or series so affected, whether or not they are otherwise entitled to vote.

Alienation of Property

Under the QBCA, an alienation (including by a subsidiary or through loss of control of a subsidiary) of the corporation's property (other than to a wholly-owned subsidiary of the corporation), which results in the corporation being unable to retain a significant part of its business activity, requires prior approval from the shareholders by a special resolution passed by at least two-thirds of the votes cast on the resolution at a shareholders meeting.

Under the CBCA, a sale, lease or exchange of all or substantially all the property of the corporation requires the approval of the holders of each class or series of shares of a corporation by a special resolution passed by not less than two-thirds of the votes cast upon the resolution at a shareholders meeting. The holders of shares of a class or series are entitled to vote separately only if the sale, lease or exchange would affect such class or series in a manner different from the shares of another class or series entitled to vote. Unlike the QBCA, the CBCA does not specify whether shareholder approval is required for the sale, lease or exchange of all or substantially all the property of a subsidiary of the corporation. However, unlike the QBCA, the CBCA does not provide any exception to the requirement of obtaining shareholders' approval before the alienation of the corporation's property to a wholly-owned subsidiary.

While the shareholder approval thresholds are the same under the QBCA as under the CBCA, there are differences in the nature of the sale which requires such approval (i.e. a sale of all or substantially all the "property" under the CBCA, and an alienation that renders the corporation unable to retain a significant part of its business activity, whether directly or indirectly through a subsidiary, under the QBCA). Under the QBCA, a corporation is deemed to retain a significant part of its business activity after an alienation if the business activity retained (i) required the use of at least 25% of the value of the corporation's assets as at the date of the end of the most recently completed fiscal year and (ii) generated at least 25% of either the corporation's revenues or its income before taxes during the most recently completed fiscal year.

Rights to Demand Repurchase of Shares or Right to Dissent

The QBCA provides that shareholders who dissent to certain actions being taken by the corporation may exercise a right of dissent and demand that the corporation repurchase the shares held by such shareholder at the fair value of such shares. The adoption of the following resolutions confers to shareholders a right to demand repurchase of their shares to the extent such shareholders have exercised all the voting rights carried by those shares against the resolution:

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

(b) 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;

(c) 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;

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

(e) a special resolution approving an amalgamation agreement;

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

(g) 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.

In addition, the adoption of a special resolution that favours certain shareholders of a class or series of shares or changes prejudicially the rights attaching to a class or series of shares also confers upon the concerned shareholders the right to demand the repurchase of their shares.

Under the CBCA, shareholders who dissent to certain actions being taken by the corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right may be exercised by a holder of shares of any class of the corporation in certain circumstances, including when the corporation proposes to:

(a) amend its articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles to add, remove or change any restrictions on the business or businesses that the corporation may carry on;

(c) enter into certain statutory amalgamations;

(d) be continued under the laws of another jurisdiction;

(e) sell, lease or exchange all or substantially all its property, other than in the ordinary course of business;

(f) carry out a going-private transaction or a squeeze-out transaction, or

(g) amend its articles to increase or decrease any maximum number of, exchange, reclassify or cancel, or alter the rights, privileges, restrictions or conditions attaching to, shares of any class in certain circumstances where such amendment gives the holders of the affected class of shares the right to vote separately as a class.

Oppression Remedies

Under the QBCA, certain classes of persons may obtain an order from the court to rectify a situation if the court is satisfied that:

(i) any act or omission of the corporation or any of its affiliates effects or threatens to effect a result;

(ii) the business or affairs of the corporation or any of its affiliates have been, are or are threatened to be conducted in a manner; or

(iii) the powers the board of directors of the corporation or any of its affiliates have been, are or are threatened to be exercised in a manner that is or could be oppressive or unfairly prejudicial to any security holder, director or officer of the corporation. On such an application, the court may make any order it thinks fit. An application of this nature may be made by a current or former registered holder or beneficiary of a security of the corporation or any of its affiliates, a current or former director or officer of the corporation or any of its affiliates, or by another person who, in the court's discretion, has the required interest.

The equivalent remedy under the CBCA is substantially the same, though it is also available to remedy conduct that "unfairly disregards the interests" of the protected class of persons, which includes creditors of the corporation. Under the CBCA, a complainant may apply to a court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, (i) any act or omission of the corporation or any of its affiliates effects a result, (ii) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or (iii) the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer. The class of persons that may make such an application is the same as under the QBCA, except that the CBCA remedy is also available to creditors of the corporation and to the Director named under the CBCA, and the threshold test, rather than the "required interest", is that a "proper person" may make such an application.

Derivative Actions

Under the QBCA, a person may apply to the court for leave to bring an action in the name and on behalf of a corporation or a corporation that is one of its subsidiaries, or intervene in an action to which the corporation or subsidiary is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation or subsidiary. Before making such application, the applicant must give the directors of the corporation or the subsidiary 14 days prior notice of the applicant's intention to apply to the court, unless all of the directors of the corporation or the subsidiary have been named as defendants. Authorization may be granted if the court is satisfied that the board of directors of the corporation or its subsidiary has not brought, diligently prosecuted or defended or discontinued the action, and if the court considers that the applicant is acting in good faith and that it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued. An application of this nature may be made by a current or former registered holder or beneficiary of a security of the corporation or any of its affiliates, a current or former director or officer of the corporation or any of its affiliates, or by another person who, in the court's discretion, has the required interest. In connection with an action brought in this manner, the court may make any order it thinks fit.

A right to bring a derivative action is also contained in the CBCA, and this right extends to a registered shareholder, former registered shareholder, beneficial owner of shares, former beneficial owner of shares, director, former director, officer and a former officer of a corporation or any of its affiliates, the Director named under the CBCA, and any person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. No action may be brought and no intervention may be made unless the court is satisfied that:

(h) the complainant has given notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court, not less than 14 days before bringing the application, or as otherwise ordered by the court, if the directors of the corporation or its subsidiary do not bring, diligently prosecute, defend or discontinue the action;

(i) the complainant is acting in good faith; and

(j) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued.

Investigations

Under the QBCA, a registered holder or beneficial owner of a corporation's securities may apply to the court for an order directing an investigation to be made of the corporation and any of its affiliates. The court may order the investigation applied for to be made if it considers that such an investigation would help or permit facts to be established and allow the applicant, if necessary, to seek a remedy under the QBCA (including the oppression remedy or a derivative action), and if it appears to the court that (i) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person, or the corporation or any of its affiliates was formed or is to be dissolved for a fraudulent or unlawful purpose, (ii) persons concerned with the constitution, business or affairs of the corporation or any of its affiliates have acted fraudulently or dishonestly in connection therewith, or (iii) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised, in a manner that is oppressive or unfairly prejudicial to a registered holder or beneficiary of shares of the corporation.

The CBCA provides a similar right to the security holders of a corporation and the Director named under the CBCA. The court may order an investigation to be made of the corporation and any of its affiliates if it appears to the court that (i) the business of the corporation or any of its affiliates is or has been carried on with intent to defraud any person, (ii) the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted, or the powers of the directors are or have been exercised, in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards, the interests of a security holder, (iii) the corporation or any of its affiliates was formed for a fraudulent or unlawful purpose or is to be dissolved for a fraudulent or unlawful purpose, or (iv) persons concerned with the formation, business or affairs of the corporation or any of its affiliates have in connection therewith acted fraudulently or dishonestly.

Interim Costs

In an application made further to certain remedies under the QBCA, the court may, at any time, order a corporation or any of its subsidiaries to pay to the applicant interim costs, including judicial and extrajudicial fees, to the extent that they are reasonable. The applicant may be held accountable for such interim costs at the time of the final decision. The court grants interim costs, on the terms determined by the court, if it considers that (i) the financial situation of the corporation or its

subsidiary enables payment of such costs, (ii) the application appears reasonably founded, and (iii) the financial situation of the applicant would not allow the application to be made or maintained without payment of such interim costs. In its assessment of the financial situation of the applicant, the court need not consider whether or not the situation results from the conduct of the corporation or its subsidiary.

In an application made or an action brought or intervened in further to certain remedies under the CBCA, the court may at any time order the corporation or its subsidiary to pay to the complainant interim costs, including legal fees and disbursements, but the complainant may be held accountable for such interim costs on final disposition of the application or action.

Place of Meetings

Under the QBCA, annual shareholders' meetings must be held at the place within Québec provided in the by-laws or, in the absence of such provision, at the place within Québec determined by the board of directors. Such meetings may be held at a place outside Québec if the articles so allow or, in the absence of such a provision, if all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

The CBCA provides that meetings of shareholders shall be held at the place within Canada provided in the by-laws or, in the absence of such provision, at the place within Canada that the directors determine. A meeting of shareholders of a corporation may be held at a place outside Canada if the place is specified in the articles or all shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Directors

The QBCA provides that if a corporation is a reporting issuer, such as the Corporation, the board of directors must be composed of not fewer than three directors, at least two of whom must not be officers or employees of the corporation or an affiliate of the corporation. The QBCA does not however impose any residency requirements on the directors.

The CBCA requires that a distributing corporation, any of the issued securities of which remain outstanding and are held by more than one person, shall have not fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates. It also requires that at least 25% of the directors be resident Canadians.

Disclosure of Interests

Under the QBCA, every director or officer of a corporation must disclose the nature and value of any interest he or she has in a contract or transaction to which the corporation is a party. For the purposes of this rule, "interest" means any financial stake in a contract or transaction that may reasonably be considered likely to influence decision-making. Furthermore, a proposed contract or a proposed transaction, including related negotiations, is considered a contract or transaction. In addition, a director or an officer must disclose any contract or transaction to which the corporation and any of the following are a party: (i) an associate of the director or officer; (ii) a group of which the director or officer is a director or officer; or (iii) a group in which the director or officer or an associate of the director or officer has an interest. Such disclosure is required even for a contract or transaction that does not require approval by the board of directors. If a director is required to disclose his or her interest in a contract or transaction, such director is not allowed to vote on any resolution to approve, amend or terminate the contract or transaction or be present during deliberations concerning the approval, amendment or termination of such contract or transaction, unless the contract or transaction (i) relates primarily to the remuneration of the director or an associate of the director as a director, officer, employee or mandatory of the corporation or an affiliate of the corporation, (ii) is for indemnity or liability insurance under the QBCA, or (iii) is with an affiliate of the corporation, and the sole interest of the director is as a director or officer of the affiliate.

Under the CBCA, every director or officer of a corporation must disclose to the corporation the nature and extent of any interest that he or she has in a contract or transaction, whether made or proposed, with the corporation, but only if the contract or transaction is "material" and the director or officer (i) is a party to the contract or transaction, (ii) is a director or officer, or an individual acting in a similar capacity of a party to the contract or transaction, or (iii) has a material interest in a party to the contract or transaction. If a director is required to disclose his or her interest in a contract or transaction, such director is not allowed to vote on any resolution to approve the contract or transaction unless the contract or transaction (i) relates primarily to the remuneration of the director as a director, officer, employee or agent of the corporation or an affiliate of the corporation, (ii) is for indemnity or insurance under the CBCA, or (iii) is with an affiliate of the corporation.

Delegation by Directors

Under the QBCA, the board of directors may not delegate its power

(i) to submit to the shareholders any question or matter requiring their approval;

(ii) to fill a vacancy among the directors or in the office of auditor or to appoint additional directors;

(iii) to appoint the president of the corporation, the chair of the board of directors, the chief executive officer, the chief operating officer or the chief financial officer regardless of their title, and to determine their remuneration;

(iv) to authorize the issue of shares;

(v) to approve the transfer of unpaid shares;

(vi) to declare dividends;

(vii) to acquire, including by purchase, redemption or exchange, shares issued by the corporation;

(viii) to split, consolidate or convert shares;

(ix) to authorize the payment of a commission to a person who purchases shares or other securities of the corporation, or procures or agrees to procure purchasers for those shares or securities;

(x) to approve the financial statements presented at the annual meetings of shareholders;

(xi) to adopt, amend or repeal by-laws;

(xii) to authorize calls for payment;

(xiii) to authorize the confiscation of shares;

(xiv) to approve articles of amendment allowing a class of unissued shares to be divided into series, and to determine the designation of and the rights and restrictions attaching to those shares; or

(xv) to approve a short-form amalgamation.

While the CBCA permits the board of directors to delegate most of its powers to a managing director who is a resident Canadian or a committee of directors, the powers enumerated under items (i), (ii), (iv), (vi), (vii), (ix), (x), (xi), as well as the power to approve a management proxy circular or a take-over bid circular or directors' circular may never be delegated to such managing director or committee.

Requisition of Meetings

The QBCA provides that the holders of not less than 10% of the issued shares that carry the right to vote at a shareholders meeting sought to be held may requisition the board of directors to call a shareholders meeting for the purposes stated in the requisition.

The CBCA provides that one or more shareholders of the corporation holding not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held may requisition the directors to call a meeting of shareholders for the purposes stated in the requisition.

Shareholder Proposals

Under the QBCA, any registered holder or beneficiary of voting shares of a corporation that is a reporting issuer or has 50 or more shareholders may submit to the board of directors notice of any matter the person proposes to raise at an annual shareholders meeting. Any shareholder proposal must then be attached to the management proxy circular or, if the management is not soliciting proxies, to the notice of meeting for the annual shareholders meeting. The number of proposals presented by a person for a meeting may not exceed five.

The CBCA provides substantially the same right to registered holders or beneficial owners of voting shares to make proposals to be considered at annual meetings, however, the CBCA does not set a limit to the number of proposals that may be made by any one person for any one meeting.

Financial Tests

Under the QBCA, operations such as a reduction of capital, the purchase or redemption of its own shares, the declaration or payment of a dividend, or an amalgamation, cannot be implemented if there are reasonable grounds for believing that the corporation is, or would after the operation be, unable to pay its liabilities as they become due.

Under the CBCA, the implementation of such operations, is subject to the same restriction, but also to the additional restriction that the operation may not be implemented if there are reasonable grounds to believe that the realizable value of the corporation's assets would after the operation be less than the aggregate of its liabilities (including, in the case of a repurchase, dividend or amalgamation, its stated capital of all classes, and in the case of a redemption, the amount that would be required to pay the holders of shares that have a right to be paid, on a redemption or in a liquidation, rateably with or before the holders of the shares to be purchased or redeemed, to the extent that the amount has not been included in its liabilities).

Shareholder Approval

The Continuance 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 Continuance (the "**Continuance Resolution**"). As such, at the Meeting, shareholders will be asked to consider and, if appropriate, approve the Continuance Resolution as set out below:

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

1. the continuance of the Corporation under the *Canada Business Corporations Act* (the "**CBCA**") is hereby authorized and approved and therefore the Corporation is hereby authorized to apply to Québec's Registrar of Enterprises for authorization to be continued as if it had been constituted under the CBCA, and to continue its existence under said law;

2. Frank C. Smeenk, President & Chief Executive Officer of the Corporation, or any other director or officer of the Corporation is hereby authorized to sign all documents necessary for said continuance;

3. the form of articles of continuance attached as Schedule "B" to the Management Information Circular of the Corporation dated May 13, 2013 is hereby approved, and following receipt of authorization to continue pursuant to the *Business Corporations Act* (Québec) (the "**QBCA**"), the Corporation is hereby authorized to file the articles of continuance with the Director together with any notices and other documents prescribed by the CBCA necessary to continue the Corporation as if it had been incorporated under the laws of Canada;

4. subject to, and upon such continuance becoming effective, and without affecting the validity of any act of the Corporation done under its then existing by-laws (the "**Existing By-Laws**"), the Existing By-Laws are hereby repealed and replaced with the new By-Law No. 1 of the Corporation in the form attached as Schedule "C" to the Management Information Circular of the Corporation dated May 13, 2013 (the "**New By-Laws**"), and such New By-Laws are hereby approved and ratified;

5. the Board of Directors of the Corporation is hereby authorized to, at its discretion, not proceed with the application for continuance under the CBCA authorized by this special resolution without further approval of the shareholders at any time prior to the continuance becoming effective; and

6. any director or officer of the Corporation is hereby authorized to execute, whether under the corporate seal of the Corporation or otherwise, and deliver all documents or instruments in writing and do all other such acts and things as he may consider necessary or desirable to carry out the foregoing resolutions."

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

Shareholders Right to Dissent

Pursuant to Section 372 of the Business Corporations Act (Québec), a shareholder of the Corporation may, in connection with the Continuance Resolution, exercise the right to demand that the Corporation repurchase its Common Shares as described herein under the heading "Right to Demand Repurchase of Common Shares".

2. 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 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 to repeal the provisions regarding the rights and restrictions attaching to the Common Shares set out in the Articles (the "**Amendment**").

If the Amendment is adopted by the shareholders at the Meeting, 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 attaching to the Subordinate Voting Shares and the Multiple Voting Shares is attached as Exhibit I to Schedule "D" 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 to the Articles, 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 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

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 security holders 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 securities 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 securities in the event of such liquidation, dissolution or winding-up or distribution, shall be paid and 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 Exchange for approval of the Capital Reorganization and the listing of the Subordinate Voting Shares and the Multiple Voting Shares on the 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 Share, 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. No fractional Subordinate Voting Share or Multiple Voting Share will be issued pursuant to the conversion of Common Shares into Subordinate Voting shares or the conversion of Subordinate Voting Shares into Multiple Voting Shares; any fractional Subordinate Voting Share or Multiple Voting Share which would otherwise be issued shall be rounded down to the next whole share and without payment for any such fractional interest being rounded down. All Common Shares and Subordinate Voting Shares of a particular registered holder shall be aggregated for this purpose.

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 or 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 a shareholder that is a "financial institution" (as defined in the Tax Act for the purposes of the "mark-to-market" rules), a "specified financial institution", or to a shareholder an interest in which is a "tax shelter investment" (as such terms are defined in the Tax Act). 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 for 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 "D" 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 special 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".

3. Ratification and Approval of By-Law No. 2013-1

Subject to the approval of the Exchange and the shareholders, on May 13, 2013, the Board adopted By-Law No. 2013-1 relating to the nomination of directors (the "**By-Law No. 2013-1**"), a copy of which is attached to this Management Information Circular as Schedule "E". In order for the By-Law No. 2013-1 to remain in effect following the conclusion of the Meeting, it must be ratified and approved by the shareholders at the Meeting.

Purpose of the By-Law No. 2013-1

The Board is committed to facilitating an orderly and efficient process for the nomination of directors at shareholder meetings and ensuring that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees to register an informed vote.

The purpose of the By-Law No. 2013-1 is to provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. The By-Law No. 2013-1 fixes a deadline prior to any shareholders' meeting called for the election of directors by which a registered shareholder may submit director nominations to the Corporation, and sets forth the information that the nominating shareholder must include in the notice to the Corporation in order for a nominee to be eligible for election.

*Terms of th*e By-Law No. 2013-1

Briefly, the By-Law No. 2013-1:

- provides that advance notice to the Corporation must be given where nominations of persons for election to the board of directors are made by shareholders of the Corporation other than pursuant to: (i) a requisition to call a shareholders' meeting made pursuant to the provisions of the Corporation's governing law, or (ii) a shareholder proposal made pursuant to the provisions of the Corporation's governing law;
- fixes a deadline by which a registered shareholder may submit director nominations to the Corporation prior to any annual or special general meeting and sets out the specific information that must be included in the written notice to the Corporation for an effective nomination to occur;

- provides that in the case of an annual meeting, notice to the Corporation must be given no fewer than 30 nor more than 65 days prior to the date of the meeting; provided that if the meeting is to be held on a date that is fewer than 50 days after the date on which the first public announcement of the date of the meeting was made, notice may be given no later than the close of business on the 10th day following such public announcement;
- provides that in the case of a special general meeting that is not also an annual meeting, notice to the Corporation must be made no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made; and
- provides that the board of directors, in its sole discretion, may waive any requirement of the Advance Notice By-Law.

Ratification and Approval of Advance Notice By-Law by Shareholders

The By-Law No. 2013-1will be effective only if it is confirmed by shareholders at the Meeting. If the By-Law No. 2013-1 is not ratified and approved at the Meeting, it will no longer be in effect after the conclusion of the Meeting.

The By-Law No. 2013-1 must be approved by a majority of the votes cast by the shareholders who vote in respect of the By-Law No. 2013-1 (the "**By-Law No. 2013-1 Resolution**"). As such, at the Meeting, shareholders will be asked to consider and, if appropriate, approve the By-Law No. 2013-1 Resolution as set out below:

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

1. The Corporation's By-Law No.2013-1 (the "By-Law No. 2013-1"), a copy of which is attached as Schedule "E" to the Management Information Circular of the Corporation dated May 13, 2013, be and is hereby ratified and approved;

2. the board of directors of the Corporation be and is authorized in its absolute discretion to administer the By-Law No. 2013-1 and to amend or modify the Advance Notice By-Law to the extent needed to reflect changes required by securities regulatory authorities and applicable stock exchanges, or as otherwise determined to be in the best interests of the Corporation and its shareholders; and

3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver all such documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions."

The Board is recommending that the shareholders vote FOR the approval of the By-Law No. 2013-1 Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the approval of the By-Law No. 2013-1 Resolution.

4. 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 approved by the shareholders of the Corporation on June 27, 2012.

The 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 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.

7. Amendment to 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. Accordingly, in accordance with the terms of the Stock Option Plan, outstanding options to purchase Common Shares will be adjusted to provide 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, 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. Accordingly, and because no options granted under the Stock Option Plan will be exercisable to acquire Multiple Voting Shares, the Corporation has amended the Stock Option Plan, subject to the completion of the Capital reorganization, to provide that the maximum number of Subordinate Voting Shares which may be reserved for issuance under the Plan 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 will remain substantially similar. A copy of the Stock Option Plan, as amended, is attached as Schedule "F" 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 amend 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 the Capital Reorganization being completed and to all necessary approvals being obtained, the Rolling Share Option Plan of the Corporation, as amended, 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, 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 amendment to the Rolling Share Option Plan, as amended, 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 Continuance 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 "G" 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 Sections 372 and 373 of the QBCA, a registered shareholder as of the Record Date may, in connection with the the Continuance Resolution with respect to the Continuance, or the Capital Reorganization Resolution with respect to the Capital Reorganization, 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 Continuance Resolution is carried out, as the case may be, 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 Continuance 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 4, 2013, being the day before the Capital Reorganization Resolution or the Continuance 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 Continuance 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 Continuance 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 Continuance Resolution, or should a dissenting shareholder abstain from voting such holder's Common Shares on the matter of the Capital Reorganization Resolution or the Continuance 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 372 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 Continuance, as permitted by the text of the Capital Reorganization Resolution and the Continuance 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 Continuance Resolution will be entitled to exercise Repurchase Rights with respect to the Capital Reorganization or the Continuance, 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 Continuance 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 Continuance 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 Continuance Resolution are adopted.

If the Capital Reorganization or the Continuance 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 Continuance, 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 Continuance 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 Continuance 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 "G" 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

A shareholder who dissents from the Capital Reorganization or the Continuance by exercising the Repurchase Rights will be deemed to receive a dividend on such shareholder's Common Shares corresponding to the amount, if any, by which the amount paid to such shareholder for its Common Shares (except insofar as such amount 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 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 (or a share which replaces it), 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% tax (refundable in certain circumstances) on its "aggregate investment income", which includes taxable capital gains and deemed dividends 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 the computation of the shareholder's income for purposes of the application 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 circular as Schedule "H".

Composition of the Audit Committee

During 2012, the Audit Committee was composed of Thomas Pladsen, René Galipeau until his resignation in September 2012 when he was replaced by Cynthia Thomas. 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 was formerly the 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 2012 and 2010.

External Auditor Fees

(a) Audit Fees

Audit fees amounted to $103,905 for the fiscal year ended December 31, 2012 and $95,275 for the fiscal year ended December 31, 2011.

(b) Non Audit-Related Fees

Non audit-related fees paid during the fiscal year ended December 31, 2012 amounted to $8,400 and $9,765 for the fiscal year ended December 31, 2011.

(c) Tax Fees

No tax fees were billed during the fiscal years ended December 31, 2012 and 2011.

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 and Thomas Pladsen 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.

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 Corporate Governance 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 Committee

The Governance Committee is currently composed of Douglas M. Flett, Frank C. Smeenk and Cynthia Thomas.

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 Committee described herein.

ADDITIONAL INFORMATION

On October 19, 2012, the Corporation launched a second normal course issuer bid (the "**NCIB-2012**") through the facilities of the Exchange. The Corporation could purchase, until October 12, 2012, up to a maximum of 5% of the issued and Common Shares as at October 12, 2012. After the termination of the NCIB-2011, the Corporation launched on October 19, 2012 another normal course issuer bid (the "**NCIB-2012**"). As at the date hereof the Corporation has purchased an aggregate of 11,288,000 Common Shares. All Common Shares acquired by the Corporation under the NCIB are cancelled.

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, 2012 and 2010 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, Secretary

Montréal, Québec
May 13, 2013

SCHEDULE "A"

CHANGE OF AUDITORS

Notice of Change
Response from McGovern, Hurley, Cunningham LLP
Response from PricewaterhouseCoopers LLP

KWG
Resources Inc.

Notice of Change of Auditor
Pursuant to National Instrument 51-102, Section 4.11

On November 15, 2012 KWG Resources Inc. (the "Corporation") removed PricewaterhouseCoopers LLP as its auditor during their current term of appointment.

The Board of Directors of the Corporation approved the decision to change the auditor.

The auditor's reports of PricewaterhouseCoopers LLP on the Corporation's financial statements for the two years ended December 31, 2011 and 2010 did not contain any reservations as to departures from generally accepted accounting principles or limitation in the scope of the audits. Furthermore, in connection with the audits for the two years ended and through to November 15, 2012, there have been no reportable events, as defined in National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators.

DATED this 16th day of November 2012

KWG RESOURCES INC.
Per:

Thomas Pladsen
Chairman of the Audit Committee

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

2005 Sheppard Avenue East, Suite 300
Toronto, Ontario
M2J 5B4, Canada
Phone 416-496-1234
Fax 416-496-0125
Web www.mhc-ca.com

November 23, 2012

To: Autorité des marché financiers
Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Nova Scotia Securities Commission
TSX Venture Exchange

Dear Sirs/Mesdames:

Re: KWG Resources Inc. – Change of Auditor of Reporting Issuer

We have read the Notice of Change of Auditor dated November 16, 2012 of KWG Resources Inc. and, in accordance with section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, we confirm that we agree with the statements contained therein.

Yours very truly,

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern Hurley Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

December 3, 2012

Autorité des marchés financiers
Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Nova Scotia Securities Commission
TSX Venture Exchange

Dear Sirs

We have read the statements made by KWG Resources Inc. in the attached copy of change of auditor notice dated November 16, 2012, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated November 16, 2012.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

SCHEDULE “B”

ARTICLES OF THE CORPORATION UNDER THE CBCA

Industry Canada | Industrie Canada

Canada Business Corporations Act (CBCA) | Loi canadienne sur les sociétés par actions (LCSA)

FORM 11 ARTICLES OF CONTINUANCE (SECTION 187)

FORMULAIRE 11 CLAUSES DE PROROGATION (ARTICLE 187)

Form 11

1 -- Name of the Corporation / Dénomination sociale de la société

KWG Resources Inc./Ressources KWG inc.

2 -- The province or territory in Canada where the registered office is situated (do not indicate the full address) / La province ou le territoire au Canada où est situé le siège social (n'indiquez pas l'adresse complète)

Québec

3 -- The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et tout nombre maximal d'actions que la société est autorisée à émettre

See Schedule 1 annexed hereto forming an integral part of these articles

4 -- Restrictions, if any, on share transfers / Restrictions sur le transfert des actions, s'il y a lieu

None

5 -- Minimum and maximum number of directors (for a fixed number of directors, please indicate the same number in both boxes) / Nombre minimal et maximal d'administrateurs (pour un nombre fixe, veuillez indiquer le même nombre dans les deux cases)

Minimum: 3 Maximum: 20

Minimal : Maximal :

6 -- Restrictions, if any, on business the corporation may carry on / Limites imposées à l'activité commerciale de la société, s'il y a lieu

None

7 -- (1) If change of name effected, previous name / (1) S'il y a changement de dénomination sociale, indiquer la dénomination sociale antérieure

Not applicable

(2) Details of incorporation / (2) Détails de la constitution

August 21, 1937

8 -- Other provisions, if any / Autres dispositions, s'il y a lieu

The directors may appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed one-third (1/3) of the number of directors who held office at the expiration of the last annual meeting of the Corporation.

9 -- **Declaration:** I hereby certify that I am a director or an officer of the corporation. / **Déclaration :** J'atteste que je suis un administrateur ou un dirigeant de la société.

Signature

Printed Name - Nom en lettres moulées

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5000.00 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Nota : Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 $ ou d'un emprisonnement maximal de six mois, ou de ces deux peines (paragraphe 250(1) de la LCSA).

Canada

Schedule 1 to Articles of Continuance

DESCRIPTION OF SHARE CAPITAL

The authorized capital stock of the Corporation shall consist of an unlimited number of common shares, without par value, which shall entitle their holders to vote at any meeting of shareholders, to receive any dividend declared by the Corporation and to receive the remaining property of the Corporation on dissolution.

SCHEDULE "C"

BY-LAW NO. 1

A By-Law relating generally to the transaction of
the business and affairs of

KWG RESOURCES INC./
RESSOURCES KWG INC.

CONTENTS

IT IS HEREBY ENACTED as By-law No. 1 of KWG RESOURCES INC./RESSOURCES KWG INC. (hereinafter called the "Corporation") as follows:

SECTION ONE
INTERPRETATION

1.01 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

"**Act**" means the *Canada Business Corporations Act*, and any statute that may be substituted therefor, including the regulations thereunder, as from time to time amended;

"**appoint**" includes "elect" and vice versa;

"**articles**" means the articles of the Corporation, as defined in the Act, and includes any amendments thereto;

"**board**" means the board of directors of the Corporation;

"**by-laws**" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"**meeting of shareholders**" means any meeting of shareholders, including any meeting of one or more classes or series of shareholders;

"**recorded address**" means, in the case of a shareholder, the address of such shareholder as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and, in the case of a director, officer, auditor or member of a committee of the board, the latest address of such person as recorded in the records of the Corporation; and

"**signing officer**" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.03 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts, unincorporated organizations and personal representatives.

1.02 Conflict with the Act or the Articles

To the extent of any conflict between the provisions of the by-laws and the provisions of the Act or the articles, the provisions of the Act or the articles shall govern.

1.03 Headings and Sections

The headings used throughout the by-laws are inserted for convenience of reference only and are not to be used as an aid in the interpretation of the by-laws. "Section" followed by a number means or refers to the specified section of this by-law.

1.04 Invalidity of any Provision of By-laws

The invalidity or unenforceability of any provision of the by-laws shall not affect the validity or enforceability of the remaining provisions of the by-laws.

SECTION TWO
BUSINESS OF THE CORPORATION

2.01 Corporate Seal

The corporate seal of the Corporation, if any, shall be in such form as the board may from time to time by resolution approve.

2.02 Financial Year

The financial year of the Corporation shall end on such date in each year as the board may from time to time by resolution determine.

2.03 Execution of Instruments

Deeds, transfers, assignments, contracts, mortgages, charges, obligations, certificates and other instruments of any nature whatsoever (collectively "instruments") shall be signed on behalf of the Corporation by any one of the chairman of the board, president, managing director, director or secretary or as the directors may otherwise authorize, from time to time, by resolution. In addition, the board is authorized from time to time by resolution to appoint any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.04 Execution in Counterpart, By Facsimile, and by Electronic Signature

(a) Subject to the Act, any instrument or document required or permitted to be executed by one or more persons on behalf of the Corporation may be signed by electronic means in accordance with the Act or by facsimile;

(b) Any instrument or document required or permitted to be executed by one or more persons may be executed in separate counterparts, each of which when duly executed by one or more of such persons shall be an original and all such counterparts together shall constitute one and the same such instrument or document; and

(c) Subject to the Act, whenever a notice, document or other information is required under the Act or the by-laws to be created or provided in writing, that requirement may be satisfied by the creation and/or provision of an electronic document.

2.05 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be authorized by the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.06 Voting Rights in Other Bodies Corporate

The signing officers may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board or, failing the board, the signing officers may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.08 Divisions

The board may from time to time cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time the board may authorize upon such basis as may be considered appropriate in each case:

(a) the designation of any such division by, and the carrying on of the business and operations of any such division under, a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and

(b) the appointment of officers for any such division and the determination of their powers and duties, provided that any such officers shall not, as such, be officers of the Corporation.

SECTION THREE
DIRECTORS

3.01 Number of Directors

The board shall consist of the number of directors provided in the articles, or, if a minimum number and a maximum number of directors is so provided, the number of directors of the Corporation shall be determined from time to time by ordinary resolution of the shareholders or, in the absence of such resolution, by resolution of the directors.

3.02 Calling and Notice of Meetings

Meetings of the board shall be called and held at such time and at such place as the board, the chair of the board, the president or any two directors may determine, and the secretary or any other officer shall give notice of meetings when directed or authorized by such persons. Notice of each meeting of the board shall be given in the manner provided in Section Nine to each director not less than forty-eight hours before the time when the meeting is to be held unless waived in accordance with the Act. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting, except where required by the Act. Notwithstanding the foregoing, the board may from time to time fix a day or days in any month or months for regular meetings of the board at a place and hour to be named, in which case no other notice shall be required for any such regular meeting except where the Act requires specification of the purpose or the business to be transacted thereat. Provided that a quorum of directors is present, each newly elected board may, without notice, hold its first meeting following the meeting of shareholders at which such board was elected.

3.03 Place of Meetings

Meetings of the board may be held at any place in or outside Canada.

3.04 Meetings by Telephonic, Electronic or Other Communication Facility

Subject to the Act, if all of the directors consent, a director may participate in a meeting of the board or of a committee of the board by means of telephonic, electronic or other communication facilities that permit all persons participating in the meeting to communicate adequately with each other during the meeting. Any required consent of a director to the participation in the meeting in such manner shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board while the director holds office. A director participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

3.05 Quorum

Subject to the requirements under the Act requiring resident Canadians to be present at any meeting of the board, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors or such greater or lesser number of directors as the board may from time to time determine, provided that, if the board consists of only one director, the quorum for the transaction of business at any meeting of the board shall consist of one director.

3.06 Chair

The chair of any meeting of the board shall be the director present at the meeting who is the first mentioned of the following officers as have been appointed: chair of the board, president or a vice-president (in order of seniority). If no such officer is present, the directors present shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair of the meeting shall appoint some person, who need not be a director, to act as secretary of the meeting.

3.07 Action by the Board

At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. Subject to the Act, a director participating in a meeting by telephonic, electronic or other communication facilities may vote by means of such facility. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote. The powers of the board may also be exercised by resolution in writing signed by all the directors who would be entitled to vote on that resolution at a meeting of the board.

3.08 Adjourned Meeting

Any meeting of directors may be adjourned from time to time by the chair of the meeting, with the consent of the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

3.9 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

3.10 Officers

The board from time to time may appoint one or more officers of the Corporation and, without prejudice to rights under any employment contract, may remove any officer of the Corporation. The powers and duties of each officer of the Corporation shall be those determined from time to time by the board and, in the absence of such determination, shall be those usually incidental to the office held.

3.11 Agents and Attorneys

The board shall have the power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

SECTION FOUR
COMMITTEES

4.01 Committees of the Board

Subject to the Act, the board may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board.

4.02 Transaction of Business

The powers of any committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any committee may be held at any place in or outside Canada.

4.03 Procedure

Unless otherwise determined by the board, a quorum for meetings of any committee shall be a majority of its members, each committee shall have the power to appoint its chair and the rules for calling, holding, conducting and adjourning meetings of the committee which, unless otherwise determined, shall be the same as those governing the board. Each member of a committee shall serve during the pleasure of the board of directors and, in any event, only so long as such person shall be a director. The directors may fill vacancies in a committee by appointment from among their members. Provided that a quorum is maintained, the committee may continue to exercise its powers notwithstanding any vacancy among its members.

SECTION FIVE
PROTECTION OF DIRECTORS AND OFFICERS

5.01 Limitation of Liability

No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, firm or corporation including any person, firm or corporation with whom or with which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through his or her failure to exercise the powers and to discharge the duties of his or her office honestly, in good faith and with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5.02 Indemnity

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, indemnify a director or officer of the Corporation, a former director or officer of the Corporation, and a person who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which he or she is involved by reason of that association with the Corporation or such other entity.

5.03 Advance Of Costs

The Corporation shall, to the maximum extent permitted under the Act or otherwise by law, advance moneys to an individual referred to in Section 5.02 for the costs, charges and expenses of a proceeding referred to in Section 5.02 provided such individual shall repay the moneys advanced if the individual does not fulfil the conditions set forth in the Act.

5.04 Court Approval

The Corporation shall use reasonable commercial efforts to obtain any court or other approvals necessary for any indemnification or advance of costs, charges and expenses pursuant to Sections 5.02 or 5.03.

5.05 Indemnities Not Exclusive

The rights of any person to indemnification granted by the Act or this by-law are not exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors, at law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and will enure to the benefit of the heirs and legal representatives of that person.

5.06 Insurance

The Corporation may purchase, maintain or participate in insurance for the benefit of the persons referred to in Section 5.02 as the board may from time to time determine.

SECTION SIX
SHARES

6.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat as the absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

6.02 Joint Shareholders

If two or more persons are registered as joint holders of any share:

(a) the Corporation shall record only one address on its books for such joint holders;

(b) the address of such joint holders for all purposes with respect to the Corporation shall be their recorded address; and

(c) any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

6.03 Lien for Indebtedness

If the articles provide that the Corporation has a lien on any shares registered in the name of a shareholder or his or her legal representative for a debt of that shareholder to the Corporation, such lien may be enforced, subject to the articles and to any unanimous shareholder agreement, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

SECTION SEVEN
DIVIDENDS

7.01 Dividend Cheques

A dividend payable in cash shall be paid by cheque of the Corporation or of any dividend paying agent appointed by the board, to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at the shareholder's recorded address, unless such holder otherwise directs and the Corporation agrees to follow such direction. In the case of joint holders the cheque shall, unless such joint holders otherwise direct and the Corporation agrees to follow such direction, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold. Alternatively, dividends payable in money may be paid to shareholders by such form of electronic funds transfer as the board considers appropriate.

7.02 Non-receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case. No dividend shall bear interest against the Corporation.

7.03 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION EIGHT
MEETINGS OF SHAREHOLDERS

8.01 Place of Meetings

Meetings of the shareholders shall be held at the registered office of the Corporation or elsewhere in Canada as the board shall determine. Subject to the Act, meetings may be held outside of Canada.

8.02 Participation in Meeting By Electronic Means

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means shall be deemed to be present at the meeting.

8.03 Electronic Meetings

If the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act, entirely by means of telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Chair, Secretary and Scrutineers

The chair of any meeting of shareholders, who need not be a shareholder of the Corporation, shall be the first mentioned of the following officers as has been appointed and is present at the meeting: chair of the board, president or a vice-president (in order of seniority). If no such officer is present and willing to act as chair within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. The chair shall conduct the proceedings at the meeting in all respects and his or her decision in any matter or thing, including, but without in any way limiting the generality of the foregoing, any question regarding the validity or invalidity of any instruments of proxy and any question as to the admission or rejection of a vote, shall be conclusive and binding upon the shareholders. The secretary of any meeting of shareholders shall be the secretary of the Corporation, provided that, if the Corporation does not have a secretary or if the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. The board may from time to time appoint in advance of any meeting of shareholders one or more persons to act as scrutineers at such meeting and, in the absence of such appointment, the chair may appoint one or more persons to act as scrutineers at any meeting of shareholders. Scrutineers so appointed may, but need not be, shareholders, directors, officers or employees of the Corporation.

8.05 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be; (a) those entitled to vote at such meeting; (b) the directors and auditors of the Corporation; (c) others who, although not entitled to vote, are entitled or required under any provision of the Act, the articles or the by-laws to be present at the meeting; (d) legal counsel to the Corporation when invited by the Corporation to attend the meeting; and (e) any other person on the invitation of the chair or with the consent of the meeting.

8.06 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled, and representing in the aggregate not less than five percent (5%) of the outstanding shares of the Corporation carrying voting rights at the meeting, provided that, if there should be only one shareholder of the Corporation entitled to vote at any meeting of shareholders, the quorum for the transaction of business at the meeting of shareholders shall consist of the one shareholder.

8.07 Representatives

The authority of an individual to represent a body corporate or association at a meeting of shareholders of the Corporation shall be established by depositing with the Corporation a certified copy of the resolution of the directors or governing body of the body corporate or association, as the case may be, granting such authority, or in such other manner as may be satisfactory to the chair of the meeting.

8.08 Action by Shareholders

The shareholders shall act by ordinary resolution unless otherwise required by the Act, articles, by-laws or any unanimous shareholder agreement. In case of an equality of votes either upon a show of hand or upon a poll, the chair of the meeting shall not be entitled to a second or casting vote.

8.09 Show of Hands

Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

8.10 Ballots

A ballot required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he or she is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

8.11 Electronic Voting

Notwithstanding Section 8.09, any vote referred to in Section 8.08 may be held, in accordance with the Act, partially or entirely by means of a telephonic, electronic or other communication facility, if the Corporation has made available such a facility.

Any person participating in a meeting of shareholders under Section 8.02 or 8.03 and entitled to vote at the meeting may vote, in accordance with the Act by means of the telephonic, electronic or other communication facility that the Corporation has made available such purpose.

8.12 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of shareholders. A resolution in writing may be signed in one or more counterparts.

SECTION NINE
NOTICES

9.01 Method of Giving Notices

Any notice (which term includes any communication or contract document or instrument in writing, or electronic document) to be given (which term includes sent, delivered or served) pursuant to the Act, the articles or the by-laws or otherwise to a shareholder, director, officer, or auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's record address or if mailed to such person at such record address by prepaid mail or if sent to such person by electronic means as permitted by, and in accordance with, the Act. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by the secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

9.02 Notice to Joint Holders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them**.**

9.03 Computation of Time

Unless otherwise required by the *Interpretation Act* (Canada), in computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

9.04 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

9.05 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of such person's entitlement prescribed by the Act.

SECTION TEN
EFFECTIVE DATE

10.01 Effective Date

This by-law shall come into force when the articles of continuance of the Corporation filed in accordance with the Act shall be effective.

MADE by the Board the 13th day of May 2013.

SCHEDULE "D"

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:

    (i) 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) 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;

    (iii) 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 Schedule 1 annexed to the articles of continuance of the Corporation;

    such that immediately upon the Conversion becoming effective, the authorized share capital of the Corporation shall consist of an unlimited number of shares of a class designated as Multiple Voting Shares and an unlimited number of shares of a class designated as Subordinate Voting 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 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, share for share, 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 Subordinate 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;

(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 Multiple Voting Shares in respect of which the conversion right is not being exercised.

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

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SCHEDULE E

BY-LAW No. 2013-1
ADVANCE NOTICE OF
NOMINATIONS OF DIRECTORS

1. Subject only to the Act and the articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the "**Board**") may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

(a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
(c) by any person (a "**Nominating Shareholder**") who:
    (i) at the close of business on the date of the giving of the notice provided for below in this By-Law No. 2013-1 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
    (ii) complies with the notice procedures set forth below in this By-Law No. 2013-1.

2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given:

(a) timely notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation; and
(b) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in, paragraph 5 of By-Law No. 2013-1.

3. To be timely, a Nominating Shareholder's notice to the secretary of the Corporation must be made:

(a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 40 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph 3 of By-Law No. 2013-1.

4. To be in proper written form, a Nominating Shareholder's notice to the secretary of the Corporation must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
    (i) the name, age, business address and residence address of the person;
    (ii) the principal occupation or employment of the person;
    (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
    (iv) a statement as to whether such person would be "independent" of the Corporation (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 - *Audit Committees* of the Canadian Securities

Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination; and

(v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice:

(i) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation;

(ii) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

(iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

5. To be eligible to be a candidate for election as a director of the Corporation and to be duly nominated, a candidate must be nominated in the manner prescribed in this By-Law No. 2013-1 and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the secretary of the Corporation at the principal executive offices of the Corporation, not less than five days prior to the date of the meeting of shareholders, a written representation and agreement (in the form provided by the Corporation) that such candidate for nomination, if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Corporation applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).

6. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this By-Law No. 2013-1; provided, however, that nothing in this By-Law No. 2013-1 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

7. For purposes of this By-Law No. 2013-1:

(a) "**Affiliate**", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;

(c) "**Associate**", when used to indicate a relationship with a specified person, shall mean (i) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (ii) any partner of that person, (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (iv) a spouse of such specified person, (v) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;

(d) "**Derivatives Contract**" shall mean a contract between two parties (the "**Receiving Party**" and the "**Counterparty**") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Corporation or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "**Notional Securities**"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Corporation or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(e) "**owned beneficially**" or "**owns beneficially**" means, in connection with the ownership of shares in the capital of the Corporation by a person, (i) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities; and

(f) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

8. Notwithstanding any other provision of the General By-law No. 1, notice given to the secretary of the Corporation pursuant to this By-Law 2013-1 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montreal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

9. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in paragraph 3 of this By-Law 2013-1 or the delivery of a representation and agreement as described in paragraph 5 of this By-Law 2013-1.

10. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this By-Law 2013-1.

Adopted by the Board on May 13, 2013

SCHEDULE "F"

ROLLING SHARE OPTION PLAN, AS AMENDED

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 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 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 Schedule ”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 APPROVAL

11.1 The plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation and to acceptance by the 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 approval and acceptances and the completion of the said capital reorganization shall be conditional upon such approval and acceptance being given and the completion of the capital reorganization and no such options may be exercised unless such approval and acceptance is given and the capital reorganization is completed.

APPROVED BY THE BOARD OF DIRECTORS

May 13, 2013

SCHEDULE TO ROLLING SHARE OPTION PLAN, AS AMENDED

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 "G"

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 "H"

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

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

9. 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.

10. 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.

11. 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.

12. 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.

13. 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 13, 2013