

DISSIDENT'S PROXY CIRCULAR

TO BE USED IN CONNECTION WITH THE ANNUAL AND SPECIAL MEETING
OF HOLDERS OF COMMON SHARES OF

SGX RESOURCES INC.

TO BE HELD ON JANUARY 10, 2017

FOR THE SOLICITATION OF PROXIES BY AND ON BEHALF OF

KLONDEX CANADA LTD.

(THE "REQUISITIONER")

RECOMMENDATION TO SHAREHOLDERS

THE REQUISITIONER RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE REQUISITIONER NOMINEES NAMED IN THE PROXY CIRCULAR (AND ACCOMPANYING FORM OF PROXY OR VOTING INSTRUCTION FORM) AS DIRECTORS OF SGX RESOURCES INC. AND THAT YOU VOTE "FOR" EACH OF THE MATTERS OUTLINED IN THE PROXY CIRCULAR AND ACCOMPANYING FORM OF PROXY OR VIF AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, JANUARY 10, 2017.

IN ORDER TO BE DEPOSITED IN TIME TO BE USED AT THE MEETING, YOUR PROXY MUST BE RECEIVED BY TSX TRUST COMPANY PRIOR TO 11:00 A.M. (EASTERN STANDARD TIME) ON JANUARY 6, 2017.

This Proxy Circular is provided in connection with the solicitation of proxies by the Requisitioner, Klondex Canada Ltd., for use at the annual and special meeting of shareholders of SGX Resources Inc. to be held on January 10, 2017, at the time and place and for the purposes set forth in the accompanying notice of meeting.

If you have any questions and/or need assistance in voting your shares, please contact:

Bruce Reid
647-500-4495

Dated December 7, 2016

BACKGROUND TO THIS SOLICITATION

On October 14, 2016, Klondex Canada Ltd. (the “**Requisitioner**”) asked the directors of SGX Resources Inc. (the “**Company**”) to call a meeting of holders of common shares of the Company (“**Shareholders**”), for the purpose of transacting the following business: 1) to set the number of directors at five and to elect the nominees of the Requisitioner (“**Requisitioner Nominees**”) as directors of the Company to hold office until the next annual meeting of the Shareholders of the Company or until their successors are elected or appointed; 2) to re-appoint Scarrow & Donald LLP, as auditor of the Company for the ensuing year and authorize the directors to fix the auditor's remuneration; 3) to approve, as required by the policies of the TSX Venture Exchange, the Company's Stock Option Plan; and 4) to transact such other business as may properly come before the meeting or any adjournment thereof.

The requisition (“**Requisition**”) was made pursuant to section 143 of the *Canada Business Corporations Act* (the “**Act**”).

As of the date of this notice of annual and special meeting (“**Notice**”) and dissident's proxy circular (“**Proxy Circular**”), the Company has failed to act upon the request to call a meeting of Shareholders and to provide notice of the time and place of the meeting and the business to be transacted at the meeting, including the nature of any special business to be considered at such meeting. Further, the Company has not sent to Shareholders a management information circular, form of proxy, or voting instruction form.

In accordance with Subsection 143(4) of the Act, the Requisitioner is empowered to call the Meeting.

The Proxy Circular, dated December 7, 2016, and the accompanying form of proxy or voting instruction form (the “**VIF**”) are provided to you in connection with the solicitation by and on behalf of the Requisitioner of proxies to be used at the annual and special meeting of Shareholders (“**Meeting**”) called by the Requisitioner in response to the Requisition, as described in the Notice, and at any and all adjournments or postponements thereof.

This solicitation of proxies is made by Klondex Canada Ltd. This solicitation of proxies is NOT made by or on behalf of management of SGX Resources Inc.

The Requisitioner is soliciting proxies in support of, among other matters set out in the Notice, setting the number of directors of the Company at five (5) and electing each of Jennifer Boyle, William Ferreira, K. Sethu Raman, Bruce Reid and Brien Sirola (“**Requisitioner Nominees**”) as directors of the Company.

RECOMMENDATION TO SHAREHOLDERS:

THE REQUISITIONER RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THE REQUISITIONER NOMINEES NAMED IN THE PROXY CIRCULAR (AND ACCOMPANYING FORM OF PROXY OR VOTING INSTRUCTION FORM) AS DIRECTORS OF SGX RESOURCES INC. AND THAT YOU VOTE “FOR” EACH OF THE MATTERS OUTLINED IN THE PROXY CIRCULAR AND ACCOMPANYING FORM OF PROXY OR VIF AT THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON TUESDAY, JANUARY 10, 2017.

IN ORDER TO BE DEPOSITED IN TIME TO BE USED AT THE MEETING, YOUR PROXY MUST BE RECEIVED BY TSX TRUST COMPANY PRIOR TO 11:00 A.M. (EASTERN STANDARD TIME) ON JANUARY 6, 2017.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Proxy Circular.

SGX RESOURCES INC.

NOTICE OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 10, 2017

NOTICE is hereby given by the Requisitioner that an annual and special meeting (“**Meeting**”) of the holders of common shares (“**Shares**”) of SGX Resources Inc. (the “**Company**”) will be held in Toronto Ontario, at 401 Bay Street, Suite 2702, on the 10th day of January, 2017, at 11:00 a.m. (Toronto time) for the following purposes:

- 1) to set the number of directors at five and to elect the nominees of the Requisitioner as directors of the Company to hold office until the next annual meeting of the shareholders (“**Shareholders**”) of the Company or until their successors are elected or appointed;
- 2) to re-appoint Scarrow & Donald LLP, as auditor of the Company for the ensuing year and authorize the directors to fix the auditor's remuneration;
- 3) to approve, as required by the policies of the TSX Venture Exchange, the Company's Stock Option Plan; and
- 4) to transact such other business as may properly come before the Meeting or any adjournment thereof.

THIS SOLICITATION IS MADE BY AND ON BEHALF OF KLONDEX CANADA LTD.

The record date for determination of Shareholders entitled to receive notice of and to attend and vote at the Meeting is December 9, 2016 (“**Record Date**”). Only Shareholders whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting.

A Shareholder may attend the Meeting in person or may be represented by Proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed form of proxy must be received by TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, or by email to tmxproxysupport@tmx.com or by facsimile to 416-595-9593 on or before 11:00 am (Eastern Standard Time) on January 6, 2017 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Non-registered Shareholders who received the form of proxy or VIF through an intermediary must deliver the proxy or VIF in accordance with the instructions given by such intermediary. Accompanying this Notice is a dissident's proxy circular (“**Proxy Circular**”), which provides additional information relating to the matters to be dealt with at the Meeting and a form of proxy. The Requisitioner fixed December 9, 2016 as the record date for the determination of the Shareholders entitled to receive this Notice and to attend and vote at the Meeting.

DATED at Toronto, Ontario this 7th day of December, 2016.

ON BEHALF OF THE REQUISITIONER

“Barry Dahl”

Barry Dahl
Secretary
Klondex Canada Ltd.

GLOSSARY

Capitalized terms used in this Proxy Circular have the meanings ascribed to them below.

“**Act**” means the Canada Business Corporations Act;

“**Company**” means SGX Resources Inc.;

“**Director**” means a director of the Company;

“**Meeting**” means the annual and special meeting of Shareholders to be held on January 10, 2017 at the time and place set forth in the Notice and, where the context requires, includes any adjournment thereof;

“**Notice**” means the notice of the meeting accompanying this Proxy Circular;

“**Ordinary Resolution**” means the affirmative vote of not less than a majority of votes cast by Shareholders with respect to a particular matter;

“**Proxy**” means a completed and executed signed form of proxy by means of which a Shareholder appoints a proxyholder to attend and act on the Shareholder’s behalf at the Meeting;

“**Proxy Circular**” means this dissident’s proxy circular dated December 7, 2016 in respect of the Meeting;

“**Record Date**” means December 9, 2016;

“**Requisitioner**” means Klondex Canada Ltd.;

“**Requisitioner Nominees**” means director nominees proposed by Klondex, namely Jennifer Boyle, William Ferreira, K. Sethu Raman, Bruce Reid and Brien Sirola;

“**Share**” means a common share of the Company;

“**Shareholder(s)**” means a holder(s) of Shares;

“**Stock Option Plan**” means the stock option plan of the Company dated January 25, 2010

“**TSXV**” means the TSX Venture Exchange, and

“**VIF**” means voting instruction form.

DISSIDENT'S PROXY CIRCULAR

TO BE USED IN CONNECTION WITH THE
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF

SGX RESOURCES INC.

TO BE HELD ON JANUARY 10, 2017
FOR THE SOLICITATION OF PROXIES BY AND ON BEHALF OF

KLONDEX CANADA LTD.

(the "Requisitioner")

This information is given as of December 7, 2016

SOLICITATION OF PROXIES BY AND ON BEHALF OF KLONDEX CANADA LTD.

The information contained in this Proxy Circular is furnished to the Shareholders of SGX Resources Inc. (the "Company") in connection with the solicitation of proxies by and on behalf of Klondex Canada Ltd. (the "Requisitioner") to be used at the annual and special meeting ("Meeting") of the Shareholders to be held in Toronto, Ontario, at 401 Bay Street, Suite 2702, at 11:00 a.m. (Toronto time) on January 10, 2017 and at all adjournments thereof, for the purposes set forth in the Notice which accompanies this Proxy Circular. Proxies may be solicited by mail, telephone, fax or other electronic means and in person, as well as by newspaper or other media advertising. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Shares held of record by such persons. The Requisitioner may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Requisitioner.

The solicitation of proxies by this Proxy Circular is being made by and on behalf of the Requisitioner. Section 143(6) of the Act provides that unless the Shareholders otherwise resolve at the Meeting, the Company shall reimburse the Requisitioner the expenses reasonably incurred by it in requisitioning, calling and holding the Meeting.

No person is authorized to give information or to make any representations other than those contained in this Proxy Circular and, if given or made, such information or representations must not be relied upon as having been authorized by the Requisitioner to be given or made.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the form of proxy accompanying this Proxy Circular are Bruce Reid or, failing him, Jennifer Boyle.

A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons named in the form of proxy accompanying this Proxy Circular to represent him or her at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the enclosed form of proxy the name of the person to be designated and striking out the names of the persons named in the form of proxy and inserting the name of the person to be appointed as proxyholder in the blank space provided on the form of proxy, or by completing another proper form of proxy. Such Shareholder should notify the nominee of the appointment, obtain his consent to act as proxy and should provide instructions on how the Shareholder's Shares are to be voted. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached where an attorney has executed the form of proxy.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and deposited with TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, or by email to tmxproxysupport@tmx.com or by facsimile to 416-595-9593 on or before 11:00 am on January 6, 2017 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof.

A Proxy given by a Shareholder for use at the Meeting may be revoked at any time prior to its use. In accordance with section 148(4) of the Act, in addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information in this section is of significant importance to public shareholders of the Company since most public shareholders do not hold shares in their own name. Shareholders who do not hold their Shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only Proxies from shareholders of record can be recognized and voted upon at the Meeting. If shares are listed in the account statement provided to the shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name. Such shares are more likely held under the name of the broker or a broker’s agent clearing house. Applicable corporate law provides that Beneficial Shareholders may request that the Beneficial Shareholder or the Beneficial Shareholder’s nominee be appointed as the proxyholder for such shares. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against or withheld, as applicable) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting shares for their clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person in advance of the Meeting.**

The Requisitioner does not know whom the shares registered to CDS & Co. are held for. Therefore, Beneficial Shareholders cannot be recognized by the Company at the Meeting. In order to ensure that their shares are voted at the Meeting, Beneficial Shareholders should carefully follow the return instructions. Often, the form of proxy supplied to Beneficial Shareholders by their brokers is identical to that provided to registered shareholders, however, its purpose is limited to instructing the brokers/registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of the brokers now delegate the job of obtaining instructions from clients and voting shares according to their client’s instructions to a corporation named Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically mails proxy instruction forms to the Beneficial Shareholders and asks Beneficial Shareholders to return these proxy instruction forms to Broadridge, which may be by mail, by internet or by telephone. Broadridge then tabulates the results of all instructions received and then votes the shares to be voted at the Meeting according to the instructions received. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that voting instruction form to vote shares at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.**

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

All references to shareholders in this Proxy Circular and the accompanying proxy and Notice are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered shareholders that produce proof of their identity.

DISTRIBUTION OF SECURITYHOLDER MATERIALS TO NON-OBJECTING BENEFICIAL OWNERS

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Requisitioner or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

PROVISIONS RELATING TO VOTING OF PROXIES

The Shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated proxy holder in accordance with the instructions of the Shareholder appointing him. If there is no direction by the Shareholder, those Shares will be voted for all proposals set out in the form of proxy. The form of proxy gives the person named in it the discretion to vote as they see fit on any amendments or variations to matters identified in the Notice, or any other matters, which may properly come before the Meeting. At the time of the printing of this Proxy Circular, the Requisitioner knows of no other matters which may come before the Meeting other than those referred to in the Notice.

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

Except as disclosed herein, none of the Requisitioner Nominees, the Requisitioner, nor each of their respective associates or affiliates, are aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

VOTING SECURITIES, RECORD DATE AND PRINCIPAL HOLDERS OF VOTING SECURITIES

For purposes of the Meeting, the Requisitioner established December 9, 2016 as the Record Date for determining Shareholders entitled to be given Notice and to vote at the Meeting.

To the knowledge of the Requisitioner, based on publicly available information: (i) the authorized capital of the Company consists of an unlimited number of common shares, of which, as at the Record Date, there were 135,194,169 common shares issued and outstanding; and (ii) each common share carries one vote per share.

To the knowledge of the Requisitioner, based on publicly available information, as at the Record Date, no person had ownership or control over more than 10% of the outstanding common shares of the Company, other than the Requisitioner, which owns or controls 43,047,256 common shares, which represents 31.84% of the issued common shares of the Company.

BUSINESS OF THE MEETING

Setting the Number of Directors at Five (5) and Electing the Requisitioner Nominees

The current Board is comprised of four (4) individuals. In order to obtain the level of independent and experienced board representation that the Requisitioner considers is necessary to reflect corporate governance best practices, the Requisitioner asks that shareholders vote in favour of an ordinary resolution to set the number of directors of the Company at five (5) and for the election of each of the Requisitioner Nominees, two of which are currently directors of the Company, namely William Ferreira and K. Sethu Raman.

At the Meeting, Shareholders of the Company will be asked to consider and vote upon an ordinary resolution setting the number of directors at five (5) and to elect each of Jennifer Boyle, William Ferreira, K. Sethu Raman, Bruce Reid and Brien Sirola as directors of the Company in each case to hold office until the next annual general meeting of the Company or until their respective successors are elected or appointed.

The Requisitioner believes that the Requisitioner Nominees have the experience necessary to provide the Company with the leadership and oversight required to maximize shareholder value. Each of the Requisitioner Nominees, if elected, will hold office until the close of the next annual general meeting of Shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated.

The following table sets forth certain required information regarding the Requisitioner Nominees, as of the date hereof.

Name of Nominee and Municipality of Residence	Director Since	Principal Occupation during the Past Five Years	# of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised
Jennifer Boyle Toronto, ON, Canada	Director nominee	Head of Global Corporate Finance and General Counsel, Velocity Trade Group of Companies (2014 to Present); President and CEO of Takara Resources Inc. (2006 to 2013); Formerly CEO and Director of St. Eugene Mining Corporation (2009 to 2012); and Director of Satori Resources Inc. (since 2012; CEO 2012-2014);	Nil
William Ferreira Winnipeg, MB, Canada	11/2011	President of W. S. Ferreira Ltd., an exploration company	690,348
K. Sethu Raman Toronto, ON, Canada	08/2012	Independent mining consultant to corporations, equity funds and private investors	900,000
Bruce Reid Toronto, ON, Canada	Director Nominee Also 8/2015 to 5/2016	President and CEO/Chairman of Carlisle Goldfields Limited (2009-2016); President and CEO of Satori Resources Inc. (2015-2016); Executive Chairman of Satori (2016 – current)	Nil
Brien Sirola Barrie, ON, Canada	Director nominee	President and Director, SAE Inc. (1990 – current); President and Director Shoreacres Explorations Ltd. (1980 – current)	2,550,000

Current Director Profiles and Requisitioner Nominee Profiles

Further background information with respect to the Continuing Directors and Requisitioner Nominees is set forth below:

Jennifer Boyle – Director Nominee

Ms. Boyle is a Director and Founder, and former Executive Chair of Satori, and is a director of KWG Resources Inc. Jennifer sat as a member of the board of directors of Carlisle Goldfields Limited (TSX:CGJ) before it was acquired by Alamos Gold Inc. in January 2016, and she sat as a member of the board of directors of Nevada Exploration Inc. (TSXV:NGE) (2010 to 2015). Jennifer is a former securities lawyer who has been, for the past 18 years, working at founding or re-organizing early-stage junior resource issuers, and developing various growth strategies for various clients. Formerly, Jennifer was a director and Chief Executive Officer of St. Eugene Mining before the company was bought by Claude Resources Inc. and she was a founding director and Executive Vice President of Canadian Royalties Inc. (was TSX:CZZ, 1997 to 2006); co-founder and Executive Vice President of Golden Valley Mines Ltd. (GZZ) (2002 to 2005); and co-founder and Chief Executive Officer of Takara Resources Inc. (2006 to 2013). She currently works as Head of Global Corporate Finance and General Counsel at Velocity Trade, an Institutional Forex and IIROC dealer.

William Ferreira – Continuing Director

Mr. Ferreira is a current director of the Company and an exploration geologist with over 30 years experience in gold, base-metal and diamond exploration in Canada. Mr. Ferreira holds a Master of Science degree from the University of Manitoba and a bachelor of science degree from the University of Minnesota, Duluth. Mr. Ferreira's employment experience includes work for Noranda Exploration Canada, Esso Minerals Canada, Getty Mines, Falconbridge Ltd., Granges Exploration, Canmine Resources Corp. and San Gold Corp. Mr. Ferreira is past president of the Manitoba Prospectors and Developers Association. Mr. Ferreira is currently a member of the Association of Professional Engineers and Geoscientists of the Province of Manitoba, and is a director of another publicly listed company. William served on the audit committee of SGX Resources Inc.

K. Sethu Raman – Continuing Director

Dr. K. Sethu Raman is a serial mine finder and a successful entrepreneur with more than 46 years of international experience in all phases of exploration, mine development, acquisitions and operations as well as experience in financial and legal areas. He has pioneered many new exploration concepts and strategies which have led to the discovery of eleven significant gold, silver, copper, zinc, phosphate and uranium deposits located near established mining camps, seven of which went on to become producing gold mines in Canada. As President and CEO of Holmer Gold Mines Ltd (1985-2004) and Director and Advisor to Lake Shore Gold Corp (2004-2016), Dr. Raman has been the driving force behind the discovery and development of the Timmins West Gold Mine Trend in a previously unknown faulted extension of the Timmins Mining Camp. This Trend hosts several gold deposits and profitable mines operated by Lake Shore Gold with an annual production of 180,000 ounces of gold in 2015. On April 1, 2016 Lake Shore accepted a friendly \$945M takeover offer by Tahoe Resources Inc.

Dr. Raman previously spent 13 years with Campbell Chibougamau Mines/Campbell Resources, Royex Gold Mining and International Corona Resources Group of companies controlled by Ned Goodman. He joined as a Research Geologist and held various management positions including Vice President from 1980 to 1986. Here he played a key role in the discovery and development of six gold mines in Quebec, Ontario and the Canadian Arctic. Subsequently these companies were sold to Home Stake Mining (now Barrick Gold) and Patino Mining Corp. He holds a Ph.D. in Geology from Carleton University and a UNESCO Post-Graduate Diploma from the University of Vienna, Austria.

Bruce Reid– Director nominee

Mr. Reid is the former Executive Director of Carlisle Goldfields Limited, a Canadian-based gold exploration and development company that was recently (2016) purchased by Alamos Gold Inc. From June 2006 to November 2009, Mr. Reid was the President and Chief Executive Officer of U.S. Silver Corp., a Canadian mining company the shares of which also trade on the TSX, and from 2002 to 2006 he was Vice President, Corporate Finance of Research Capital, a Canadian investment firm. Mr. Reid has experience in corporate finance and in the mining and mineral exploration industry. His background includes more than 30 years of direct experience in the mining industry following graduation with a B.Sc. in Geology from the University of Toronto in 1979 and a finance degree from the University of Windsor.

Brien Sirola– Director nominee

Brien Sirola, P. Eng. is the President and a board member of SAE Inc. an Ontario based engineering and manufacturing corporation specializing in the design and material supply of custom electrical grounding and corrosion control systems for use in industrial, mining and pipeline applications. The corporation functions worldwide and has been active since 1990. In addition, Mr. Sirola is President and a board member of Shoreacres Explorations Ltd. a private Ontario based mineral exploration corporation, which was founded in 1980. Mr. Sirola holds an engineering degree from Michigan Technological University 1970 and P. Eng. status in Ontario and Alberta.

Additional Information Regarding the Requisitioner Nominees

Each of the Requisitioner Nominees has consented to being named as a nominee in this Circular. It is not contemplated that any of the Requisitioner Nominees will be unable to stand for election to the Board of Directors of the Company or to serve as a director, if elected. If for any reason, any of the Requisitioner Nominees do not stand for election or

are unable to serve as such, proxies in favour of the Requisitioner Nominees will be voted for another nominee in the discretion of the persons named in the enclosed form of proxy of VIF unless the Shareholder has specified in his proxy that his Shares are to be withheld from voting in the election of the Requisitioner Nominees.

The Requisitioner believes that, if elected, all of the Requisitioner Nominees will be independent directors within the meaning of National Instrument 58-101 - Disclosure of Corporate Governance Practices.

There are no contracts, arrangements or understandings between any of the Requisitioner Nominees and any other person pursuant to which the Requisitioner Nominees are to be elected.

To the knowledge of the Requisitioner Nominees, none of them, or each of their respective associates or affiliates: (i) is or has been at any time since the beginning of the Company's most recently completed financial year indebted to the Company or any of its subsidiaries; or (ii) has or had at any time since the beginning of the Company's most recently completed financial year indebtedness to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding by the Company or any of its subsidiaries.

Other Boards of Reporting Issuers

The following directors or Requisitioner Nominees of the Corporation presently serve as directors of other reporting issuers as follows:

Director	Reporting Issuer
Jennifer Boyle	Satori Resources Inc. and KWG Resources Inc.
William Ferreira	Arctic Star Exploration Corp.
K. Sethu Raman	CBD Med Research Corp., Northern Graphite Corporation
Bruce Reid	Debut Diamonds Inc., GoldTrain Resources Inc., KWG Resources Inc., Multivision Communications Corp., Satori Resources Inc. and Telferscot Resources Inc.
Brien Sirola	N/A

Cease Trade Orders and Bankruptcies

Other than as disclosed below, to the knowledge of the Requisitioner, no Requisitioner Nominee is, as at the date of this Proxy Circular, or has been, within 10 years before the date of this Circular:

- a) a director, chief executive officer or chief financial officer of any corporation that:
 - i) was subject to an order that was issued while a Requisitioner 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 a Requisitioner 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;
- b) a director or executive officer of any corporation that, while such Requisitioner Nominee was acting in that capacity, or within a year of such Requisitioner Nominee 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) someone who became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such shareholder nominee.

For the purposes of section (a) above, the term “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, except as otherwise noted below:

William Ferreira

Mr. Ferreira is a director the Company. The Company did not file its annual financial statements and annual MD&A for the fourth quarter ended December 31, 2015 on time. On May 9, 2016 the Manitoba Securities Commission (“MSC”) issued a Cease Trade Order for failing to file the documents within the required time period. Upon revocation of the Cease Trade Order, the Company’s shares will remain suspended until the Company meets TSX Venture Exchange requirements. Members are prohibited from trading in the securities of the companies during the period of the suspension or until further notice.

K. Sethu Raman

Mr. Raman is a director the Company. The Company did not file its annual financial statements and annual MD&A for the fourth quarter ended December 31, 2015 on time. On May 9, 2016 the Manitoba Securities Commission (“MSC”) issued a Cease Trade Order for failing to file the documents within the required time period. Upon revocation of the Cease Trade Order, the Company’s shares will remain suspended until the Company meets TSX Venture Exchange requirements. Members are prohibited from trading in the securities of the companies during the period of the suspension or until further notice.

Bruce Reid

Mr. Reid was a director of the Company between August 31, 2015 and April 29, 2016. The Company did not file its annual financial statements and annual MD&A for the fourth quarter ended December 31, 2015 on time. On May 9, 2016 the Manitoba Securities Commission (“MSC”) issued a Cease Trade Order for failing to file the documents within the required time period. Upon revocation of the Cease Trade Order, the Company’s shares will remain suspended until the Company meets TSX Venture Exchange requirements. Members are prohibited from trading in the securities of the companies during the period of the suspension or until further notice.

Mr. Reid served as an independent non-executive director of Asia Now Resources Corp. (“ANR”) from June 2012 to January 2015. Subsequent to his resignation, after much work and deliberation, the Special Committee of the Board of Directors determined that it was in the company’s best interests to facilitate a “going private” transaction whereby its majority shareholder and secured debtholder, China Gold Pte. Ltd., would purchase the ANR shares it did not already own. In July 2015, a sufficient number of ANR’s minority shareholders voted against this proposal thereby blocking approval of the proposed transaction and ultimately resulting in a default on the secured debt. Subsequently, a receiver was appointed in August 2015 with a view to liquidating ANR’s remaining assets. This process was completed and settled fairly through the courts in Ontario.

Penalties and Sanctions

To the knowledge of the Requisitioner, as of the date of this Circular, no Requisitioner Nominee 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 securityholder in deciding whether to vote for a proposed director.

RECOMMENDATION TO SHAREHOLDERS:

The Requisitioner recommends that you vote **FOR** setting the size of the Board at five (5) and **FOR** the election of the Requisitioner Nominees. The individuals named in the enclosed form of proxy and VIF intend to cast the votes represented by such proxy **FOR** setting the size of the Board at five (5) and the election of the Requisitioner Nominees, unless you direct that the Shares represented thereby be voted otherwise.

- ✓ **FOR** Jennifer Boyle
- ✓ **FOR** William Ferreira
- ✓ **FOR** K. Sethu Raman
- ✓ **FOR** Bruce Reid
- ✓ **FOR** Brien Sirola

APPOINTMENT OF AUDITORS

Shareholders are being asked to re-appoint Scarrow & Donald LLP to act as auditors of the Company until the next annual meeting of Shareholders. **PROXIES RECEIVED IN FAVOUR OF THE REQUISITIONER PROXYHOLDERS WILL BE VOTED FOR THE APPOINTMENT OF SCARROW & DONALD LLP, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE APPOINTMENT OF SCARROW & DONALD LLP.** Scarrow & Donald LLP were first appointed as auditors for the corporation in 2010.

SPECIAL BUSINESS

Approval of Stock Option Plan

At the Meeting, the Shareholders will be asked to re-approve the Stock Option Plan. The following is a summary of the material terms of the Stock Option Plan derived from the Notice of Annual and Special Meeting and Management Information Circular of the Company dated May 14th 2014.

The Stock Option Plan is administered by the Board and all option issuances are approved by the Board. The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging participants in the Stock Option Plan ("Participants") to acquire Shares thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and providing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Pursuant to the Stock Option Plan, the Company may grant options to purchase Shares to a Director or a director of a subsidiary of the Company, a senior officer of the Company or a subsidiary of the Company, an employee of the Company or a subsidiary of the Company, management company employees of the Company or a subsidiary of the Company and consultants retained by the Company, including investor relations consultants. The Directors will set the exercise price at the time that an option is granted under the Stock Option Plan. The options will have a maximum term of five years from the date of grant. 10% of the issued and outstanding Shares may be reserved for issuance pursuant to the Stock Option Plan.

The Requisitioner does not have access to the number of Shares which may be reserved for issuance under the Stock Option Plan or the number of options currently issued and outstanding.

The Stock Option Plan provides that the number of Shares reserved for issuance pursuant to the Stock Option Plan in respect of all options granted to any one Participant, other than a consultant or a person employed in investor relations, together with any other previously established or proposed security compensation arrangement of the Company, at any one time shall not exceed 5% of the issued and outstanding Shares in the capital of the Company from time to time. The number of Shares reserved for issuance pursuant to the Stock Option Plan in respect of all options granted to any one Participant that is a consultant or a person involved in investor relations at any one time shall not exceed 2% of the issued and outstanding Shares in the capital of the Company from time to time. The Stock Option Plan also provides that the number of Shares reserved for issuance pursuant to the Stock Option Plan together with any other previously established or proposed security compensation arrangement of the Company, at any one time shall not exceed 10% of the issued and outstanding Shares in the capital of the Company from time to time.

The exercise price of the Shares subject to each option shall be determined by the Board at the time that the option is granted. In no event shall such exercise price be lower than the last daily closing price of the Shares on the day before the grant of the options. Once the exercise price has been determined by the Board, the exercise price of an option may be reduced upon receipt of the approval of the Board, provided that in the case of options held by insiders of the Company, the exercise price of an option may be reduced only if disinterested Shareholder approval is obtained.

The number of Shares issuable to insiders of the Company, at any time, under the Stock Option Plan and all other security-based compensation arrangements of the Company, cannot exceed 10% of the issued and outstanding Shares (calculated on a non-diluted basis). The number of Shares issued to insiders of the Company within any one year period, under the Stock Option Plan and all other security-based compensation arrangements of the Company, cannot exceed 10% of the issued and outstanding Shares (calculated on a non-diluted basis).

If a Participant shall cease to be a Director, a director of a subsidiary of the Company, a senior officer of the Company or a subsidiary of the Company, an employee of the Company or a subsidiary of the Company, a management company employee of the Company or a subsidiary of the Company or a consultant for any reason (other than death), such Participant may then only exercise his or her option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to hold such office.

In the event of the death of a Participant, the options previously granted to him or her shall be exercisable only within the first year after such death and then only: (a) by the person or persons to whom the Participant's rights under the options shall pass by the Participant's will or the laws of descent and distribution; and (b) if and to the extent that such Participant was entitled to exercise the option at the date of his or her death.

Subject to any vesting restrictions imposed by the relevant exchange upon which the Shares are listed or applicable securities laws, the Board may, in its sole discretion, determine the time period(s) during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Stock Option Plan shall not be transferable or assignable. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

The Board has the power to amend, modify, suspend or terminate the Stock Option Plan, subject to any necessary regulatory and Shareholder approvals. Subject to the receipt of any necessary regulatory or Shareholder approvals, the Board may also at any time amend or revise the terms of any options granted under the Stock Option Plan from time to time. The Board has the authority to make amendments to the Stock Option Plan without requiring Shareholder approval that: (i) are regarded as "housekeeping" in nature; (ii) change the vesting provisions of an option or the Plan; or (iii) change the termination provisions of an option or the Stock Option Plan so long as such change does not extend the expiry date of any option.

Notwithstanding the foregoing, the following amendments to the Stock Option Plan may not be made without the approval of the Shareholders: (i) an increase to the maximum number of options that may be granted or reserved for granting pursuant to the Stock Option Plan; (ii) a change to the amendment provisions of the Stock Option Plan; (iii)

a reduction of the exercise price of options held by insiders of the Company; (iv) an extension to the term of options held by insiders of the Company; and (v) a change to the insider participation limits of the Stock Option Plan.

If approval of the Stock Option Plan or a modified version thereof is not obtained, the Company will not proceed to grant options under the Stock Option Plan. The Stock Option Plan will be available for inspection at the Meeting. As the Stock Option Plan is intended to align the interests of management, employees and the Directors with the interests of the Shareholders and to provide added incentive to the optionees, the Directors recommend that the Shareholders re-approve the Stock Option Plan.

PROXIES RECEIVED IN FAVOUR OF THE REQUISITIONER PROXYHOLDER WILL BE VOTED FOR THE APPROVAL OF THE STOCK OPTION PLAN, UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION. In the event shareholder approval is not given, the stock option plan will be terminated. In order to approve the stock option plan, at least a majority of the votes cast at the meeting by holders of Common Shares must be voted in favour of the resolution.

OTHER BUSINESS

As at the date hereof, the Requisitioner knows of no amendments, variations or other matters to be presented for action at the Meeting. If, however, any amendments, variations or other matters properly come before the Meeting or any postponement(s) or adjournment(s) thereof, or if any other matters, which are not now known to the Requisitioner should properly come before the Meeting or any postponement(s) or adjournment(s) thereof, the form of proxy or VIF confers discretionary authority on the person voting the proxy to vote on such amendments or variations or such other matters in the discretion of such person, whether or not the amendments, variations or other matters that come before the Meeting are or are not routine, and whether or not the amendments, variations or other matters that come before the Meeting are contested, the Requisitioner reserves the right to amend or supplement this Proxy Circular, form of proxy and VIF, as the case may be, as it sees fit in order to solicit proxies for any business to be transacted at the Meeting which is in addition to or a variation of the resolutions set out in the Requisition.

ADDITIONAL INFORMATION

Additional information relating to the Company is not reasonably within the Requisitioner's power to obtain since such information was only available to the management of the Company, including information regarding the compensation of executive officers and directors of the Company (as prescribed by Form 51-102F6 - Statement of Executive Compensation), the indebtedness of the Company's executive officers and directors or their respective associates, management contracts that may be in place with the Company, securities authorized for issuance under the Company's compensation plans and interests of informed persons in material transactions.

Although the Requisitioner has no knowledge that would indicate that any statements contained herein taken from or based upon such documents, records and sources is untrue or incomplete, the Requisitioner does not assume any responsibility for the accuracy or completeness of such information or for any failure by the Company or any other person to disclose material information which may affect the significance or accuracy of such information. Information concerning the Company is available for review on SEDAR at www.sedar.com.

APPROVAL

Information contained in this Proxy Circular, unless otherwise indicated, is given as of the date hereof. A copy of this Proxy Circular has been sent to the Company, each director of the Company, each Shareholder whose proxy has been solicited, and the auditor of the Company.

DATED at Toronto, Ontario this 7th day of December, 2016.

"Barry Dahl"

Barry Dahl
Secretary
Klondex Canada Ltd.

