

CANADIAN METALS INC.
1 Place Ville Marie, Suite 1670
Montréal, Québec, Canada H3B 2B6
Tel: 514 375-5172

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the “**Meeting**”) of **Canadian Metals Inc.** (the “**Company**”) will be held at McMillan LLP’s offices located at 1000 Sherbrooke W., Suite 2700, Montréal, Québec on Friday, February 3, 2017 at 11:00 a.m. (EST) for the following purposes:

1. to receive the financial statements of the Company for the years ended July 31, 2016 and 2015, and the auditors’ report thereon, and the financial statements of the Corporation for the three months ended October 31, 2016 and 2015;
2. to fix the number of directors at seven (7);
3. to elect the directors for the ensuing year;
4. to appoint auditors of the Company for the ensuing year and authorize the directors to fix their remuneration; and
5. to transact such further or other business as may properly come before the said meeting or any adjournment or adjournments thereof.

A copy of the Information Circular, a form of proxy, and a return envelope accompany this Notice of Meeting. A copy of the audited financial statements of the Company for the years ended July 31, 2016 and 2015, and the auditors’ report thereon, and the financial statements of the Company for the three months ended October 31, 2016 and 2015, and accompanying management discussion and analysis, will be available for review at the Meeting and are available to the public on the SEDAR website at www.sedar.com.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is December 5, 2016 (the “**Record Date**”). Shareholders of the Company whose names have been entered on the register of shareholders at the close of business on the Record 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 proxy must be mailed so as to reach or be deposited with Computershare Investor Services Inc., 100 University Avenue, 8th floor, Toronto, Ontario, M5J 2Y1, facsimile: (416) 263-9524, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof.

The instrument appointing a proxy must be in writing and must be executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

The individuals named in the enclosed form of proxy are directors and/or officers of the Company. Each shareholder has the right to appoint a proxyholder other than such individuals, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder’s behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder’s appointee should be legibly printed in the blank space provided.

DATED this 7th day of January, 2017.

BY ORDER OF THE BOARD

(s) “Hubert Vallée”
President and CEO

CANADIAN METALS INC.
1 Place Ville Marie, Suite 1670
Montreal, Québec, Canada H3B 2B6
Tel: 514 375-5172

INFORMATION CIRCULAR
as at January 7, 2017
(except as otherwise indicated)

This Information Circular is furnished in connection with the solicitation of proxies by the management of Canadian Metals Inc. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of its shareholders to be held on Friday, February 3, 2017 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to the “Company”, “Canadian Metals”, “we” and “our” refer to **Canadian Metals Inc.** “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) is a Director and/or an Officer of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

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

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

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

Registered Shareholders

If you are a registered shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a Proxy, you must complete, date and sign the Proxy and return it by mail or delivery in the enclosed envelope to the Company c/o the Company’s transfer agent, Computershare Investor Services inc., 100 University avenue, 8 floor, Toronto, Ontario M5J 2Y1 at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used. You may also fax your completed proxy to facsimile: (416) 263-9524 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

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

The Company is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent. These VIFs are to be completed and returned to CST Trust Company in the envelope provided or by facsimile. In addition, CST Trust Company provides internet voting as described on the VIF itself which contain complete instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent 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 securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting, and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of Quebec, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the

provinces of Canada differ from the disclosure requirements under United States securities laws.

Revocation of Proxies

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the registered shareholder is a Company, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare Investor Services Inc. or at the registered office address of the Company, 1 Place Ville Marie, Suite 1670, Montreal, Québec, Canada H3B 2B6 at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

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

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

No director or executive officer of the Company, or any person who has held such a position, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

RECORD DATE AND VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") on July 2, 2013.

The board of directors (the "**Board**") of the Company has fixed December 5, 2016 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of the Record Date, there were 40,780,082 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

The authorized share structure capital of the Company is no maximum number of Common Shares.

To the knowledge of the directors and executive officers of the Company as of the date hereof, based on information provided on the System for Disclosure by Insider (SEDI) and on information filed by third parties on the System for Electronic Document Analysis and Retrieval (SEDAR), no persons or companies beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company.

FINANCIAL STATEMENTS

Pursuant to the *Business Corporations Act* (Quebec) (the "**QBCA**") audited financial statements of the Company for its financial year ended July 31, 2016, the report of the auditor and the related management's discussion and analysis were filed on SEDAR at www.sedar.com on November 28, 2016 and will be placed before the shareholders at the Meeting. Shareholder approval is not required in relation to the financial statements.

ELECTION OF DIRECTORS

There are currently 4 directors of the Company. The Board proposes that the number of directors be set at seven (7). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at seven (7).

The term of office of each of the current directors will end immediately before the election or appointment of directors at the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until immediately before the election or appointment of

directors at the Meeting, or if no directors are then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for the director nominees, the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, or controlled or directed, directly or indirectly, by each as at March 22, 2016.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Principal Occupation For Last Five Years⁽¹⁾	Served as Director Since	Common Shares Beneficially Owned or Controlled⁽¹⁾
Stéphane Leblanc ⁽³⁾ Chief Investment Officer and Director Trois-Rivières, Québec	President of Les Propriétés Genius President of 9248-7792 Québec Inc. <i>ALSO REFER TO DIRECTOR BIOGRAPHIES BELOW</i>	August 28, 2012	3,181,414 ⁽²⁾
Victor Cantore ⁽³⁾ Director Montréal, Québec	Investors Relations Nemaska Lithium Inc. <i>ALSO REFER TO DIRECTOR BIOGRAPHIES BELOW</i>	December 10, 2013	2,240,000
Roland Courtemanche Director Saint-Boniface, Québec	Engineer at Consultants MESAR Inc. <i>ALSO REFER TO DIRECTOR BIOGRAPHIES BELOW</i>	February 12, 2016	-
Michel G. Gagnon ⁽³⁾ Director Wentworth, Québec	President GNL Québec Inc. <i>ALSO REFER TO DIRECTOR BIOGRAPHIES BELOW</i>	February 5, 2015	783,333
Hubert Vallée President, Chief Executive Officer Nominee Director Mont-St-Hilaire, Québec	President and CEO of the Company <i>ALSO REFER TO DIRECTOR BIOGRAPHIES BELOW</i>	Nominee Director	4,630
Patrick Moryoussef Nominee Director Dollard-des-Ormeaux, Québec	Vice-President, Mining Operation at SEMAFO Inc. <i>ALSO REFER TO NOMINEE DIRECTOR BIOGRAPHY BELOW</i>	Nominee Director	-
Pierre Renaud Nominee Director Laval, Québec	Partner at McCarthy Tétrault LLP <i>ALSO REFER TO NOMINEE DIRECTOR BIOGRAPHY BELOW</i>	Nominee Director	-

Notes:

⁽¹⁾ The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.

(2) Held by 9248-7792 Québec Inc., a private company beneficially and wholly owned and controlled by Mr. Leblanc.

(3) Member of Audit Committee.

Director Biographies

Stéphane Leblanc – Founder, Chief Investment Officer and Director

Mr. Leblanc is an entrepreneur with over 14 years of experience. He has been involved in all aspects of business from sales and marketing, public relations, communications, and corporate finance; and has specific experience in strategic advisory services, mergers and acquisitions, raising private capital, savings (Initial Public Offerings and RTO), listing on the Toronto Stock Exchange, Canadian Stock Exchange, OTC and other international exchanges.

Mr. Leblanc has participated in the success of many small-cap companies as VP of business under his personal holding company. Mr. Leblanc is an entrepreneur at heart, and is involved in many other projects, including the "Québec Mineral Properties", a mining claims management company that owns more than 6000 claims within the province of Quebec, Nova Scotia, South America and Africa. Mr. Leblanc also collaborated with several companies: Pershimco Resources, Focus Graphite, Adventure Gold, Glen Eagle Resources, Knick Exploration, Active Growth Capital and several other companies for the sale of properties.

Mr. Leblanc is also the President and CEO of Lamêlée Iron Ore Inc., a company listed on the TSX Venture Exchange (TSXV: LIR). He was also the co-founder and Vice President of a roller conveyor manufacturing company and is a shareholder and leader of several manufacturing companies that produce and distribute various products.

Victor Cantore – Vice-President and Director

Mr. Cantore began his investment career in 1992 as an advisor for Tasse & Associates. In 1993 he moved to RBC Dominion Securities, one of the largest brokerage firms in Canada. Since 1999, Mr. Cantore has worked with both public and private companies organizing and structuring financings, primarily in the resource and high tech sector. Mr. Cantore has held directorships on the board of various private and public companies.

Roland Courtemanche – Director

Mr. Roland Courtemanche is a professional engineer with a mechanical engineering degree that has more than 42 years of experience. Over the last 18 years, Mr. Courtemanche has worked with Consultants MESAR Inc., and is now in charge of its industrial group that serves many large clients, including RIMA, ArcelorMittal, RioTinto, Hydro Quebec, Saint-Gobain, Air Liquide, ESSO, Kruger, Lafarge, Bombardier, Norsk Hydro, Alcoa, etc. Mr. Courtemanche has spent his career working with people from many different counties and cultures, including Norway, France, Belgium, USA, South Africa, Venezuela, and Brazil, and has collaborated in the design and construction of new plant sites (specifically in South Africa, Venezuela, Norway, Brazil and USA) in accordance with local codes. Mr. Courtemanche's field of expertise is the design and operation of silicon carbide factories. During his career, he served as a project engineer, maintenance supervisor, construction manager, plant manager, and vice president of engineering services. The industries he has personally been involved in are primarily associated with silicon carbide production, iron and titanium, mine and foundry, aluminum, silicon metal, polyethylene, and petroleum (pet coke production).

Michel Gagnon – President and Director

Mr. Gagnon was until recently the Vice-President Finance and Business Development as well as Corporate Secretary of Aluminerie Alouette, the largest smelter in the Americas whose shareholders are from Canada, Austria, Norway and Japan. An active member of the negotiating team at Aluminerie Alouette, Mr. Gagnon was instrumental in obtaining a two billion dollar investment and a power supply contract with Hydro Quebec valued at more than five billion dollars. A Business Graduate from the University of Quebec in Montreal, Mr. Gagnon is also a member of the Institute of Corporate Directors and serves on several boards.

Nominee Director Biography

Hubert Vallée – President and CEO and Nominee Director

Mr. Vallée graduated from Laval University. He has been a leader in the mining industry for 30 years. He joined Quebec Cartier Mining as Project Engineer and was promoted to Director of Operations for its Pellet Plant in 2001. He managed the Iron Ore Company of Canada's Pellet Plant in Sept-Iles before joining Domtar Inc. as Mill Manager of its pulp mill in Lebel-sur-Quévillon. He joined Consolidated Thompson in 2006 and was one of the key people who made this project happen. After the sale of Consolidated Thompson to Cliffs, Mr. Vallée acted as VP Project Development for Phase II of Bloom Lake operation. He has also been involved as Senior Vice President of Project Development at Century Iron Mines.

Since February 2014, he has acted as CEO and President of Lamelee Iron Ore Ltd. Mr. Vallée is known for his exceptional ability to complete projects cost-effectively through innovative design and management processes, as well as maintaining relationships with stakeholders.

Patrick Moryoussef – Nominee Director

Mr. Moryoussef has more than 25 years experience in the mining, consulting and mineral resource industry and has a wide range of experience in Exploration, Construction, Development, Operations and Corporate in many countries, including Canada and West Africa. Mr Moryoussef has participated in several Due Diligence processes for various projects across the world and is currently serving as Vice-President, Mining Operations at Semafo Inc. since it came into operation in 2004. Prior to Semafo, Mr. Moryoussef was the General Manager and Director of South-Malartic Exploration. Mr. Moryoussef also served as the main project Engineer on Placer Dome's Sigma Mine prior to its acquisition by les Mines Mcwatter's. Mr Moryoussef and as a Mining Engineer for past producers such as Noranda Inc. and Falconbridge Gold. Mr. Moryoussef is a mining engineering graduate from McGill University and a member of Ordre des Ingénieurs du Québec. Mr Moryoussef has also participated as an executive board member of several non-profit organisations.

Pierre Renaud – Nominee Director

Mr. Renaud has 29 years of experience in environmental law and is counsel and head of the Environmental Law Group for the Quebec region at McCarthy Tétrault. He acts as a strategic advisor to clients and provides guidance from the earliest project stages on matters such as the environmental authorization process, sustainable development, social acceptability, consultation and public participation processes, including Quebec's Environmental Public Hearings Office (Bureau d'audiences publiques sur l'environnement – BAPE). As former president of the BAPE from 2007–2012, he was in charge of appointing and monitoring over 40 commissions of inquiry (public hearings/mediation), in addition to managing and tabling reports with Quebec's environment minister on a variety of specific initiatives, including La Romaine hydroelectric complex, the Canadian Malartic gold mine, the Arvida Aluminium Smelter, AP60 as well as more diversified mandates (commuter train, shale gas, wind power, small hydroelectric plants and landfill sites).

As Vice President of the Nature Conservancy of Canada in Quebec from 2001–2007, he played a key role in the planning and development of strategic land conservation projects. He was also a member of the Government of Quebec's Conservation and Environmental Council (1990–1993). Early in his career, he was a legal counsel for the Quebec Ministry of the Environment and Hydro-Québec. In parallel with his professional activities, he taught in the master's program in environmental law at Université de Sherbrooke and the bachelor's program at UQAM for more than 10 years. In addition to co-authoring two books on mediation, he has written several articles and reports and given more than 100 talks and presentations on topics related to the environment. Admitted to the Barreau du Québec (Quebec Bar) in 1987, Mr. Renaud has a master's degree in public administration. Mr. Renaud has also participated as an executive board member of several non-profit organisations. In 2014, he received the Pierre-Lachance tribute award, given by Quebec's Council of Environmental Technology Companies (Conseil des entreprises en technologies environnementales du Québec), in recognition of his achievements in sustainable development and his commitment to promoting a green economy.

Corporate Cease Trade Orders or Bankruptcies

Other than set out below, no current or proposed director is, or has been within the past 10 years, a director or executive officer of any other company that, while such person was acting in that capacity: (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after the current or proposed director ceased to be a director or executive officer of such company, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (c) within a year of the current or proposed director 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.

Personal Bankruptcies

No current or proposed director has, within the past 10 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.

Penalties or Sanctions

No current or proposed directors 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 Shareholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

Raymond Chabot Grant Thornton, LLP, will be nominated at the Meeting for appointment as auditor of the Company at a remuneration to be fixed by the directors.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following:

Audit Committee

Audit Committee Charter

The Company’s Audit Committee is governed by an audit committee charter which was adopted on January 7, 2017, a copy of which is attached hereto as Schedule “A”.

Composition of the Audit Committee

The members of the Company’s Audit Committee are comprised of Victor Cantore and Michel Gagnon are independent members of the Audit Committee. Stéphane Leblanc is a non-independent member of this Committee due to his being an Officer of the Company.

Relevant Education and Experience

All members of the Audit Committee are considered to be financially literate. The following chart sets out the assessment of each of the Audit Committee member’s financial literacy and relevant educational background and experience supporting such financial literacy.

Name of Member	Relevant Education and Experience
Victor Cantore	Has audit committee experience.
Michel Gagnon	Has audit committee experience.
Stéphane Leblanc	Has audit committee experience.

Each of the members of the Audit Committee is considered “financially literate” and the majority are considered “independent” within the meaning of NI 52–110. Please refer to “*Director Biographies*” above.

The Company believes that each of the members of the Audit Committee possesses: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company’s directors and, where applicable, the Audit Committee, on a case-by-case basis.

In the following table, “Audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax

compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in its previous two financial year-ends, by category, are as follows (expressed in Canadian dollars):

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
July 31, 2016	\$21,500	\$10,817	\$3,500	\$Nil
July 31, 2015	\$21,000	\$1,470	\$2,500	Nil

Exemptions:

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Company from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than Raymond Chabot Grant Thornton, S.E.N.C.R.L.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices, which are in the interest of its shareholders and contribute to effective and efficient decision-making.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices under Form 58-101 F2 *Corporate Governance Disclosure*, which disclosure is set out below.

Board of Directors

The directors have determined that Victor Cantore, Rolland Courtemanche and Michel G. Gagnon, current and prospective members of the board of directors of the Company, as well as Pierre Renaud and Patrick Moryoussef, prospective members of the board of directors of the Company, are independent as such term is defined in NI 58-101, and that Hubert Vallée, President and Chief Executive Officer and prospective member of the board of directors of the Company, and Stéphane Leblanc, Chief Investment Officer current and prospective members of the board of directors of the Company, are not independent as such term is defined in NI 58-101, as they are executive officers (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”)) of the Company.

Directorships

The following directors and prospective directors of the Company are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Reporting Issuers
Victor Cantore	Margaux Red Capital Inc. Inspiration Mining Corporation Nitinat Minerals Corporation Amex Exploration Inc.
Michel G. Gagnon	Cartier Iron Corporation
Hubert Vallée	Genius Properties Ltd. Lamêlée Iron Ore Ltd.
Stéphane Leblanc	Lamêlée Iron Ore Ltd.

Orientation and Continuing Education

While the Company does not currently have a formal orientation and education program for new members of the board of directors, the Company provides such orientation and education on an ad hoc and informal basis.

Ethical Business Conduct

The directors’ maintain that the Company must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Company’s reputation for honesty and integrity amongst its

shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Company must abstain from discussion and voting by the board of directors or any committee of the board of directors on any motion to recommend or approve the relevant agreement or transaction. The board of directors must comply with conflict of interest provisions of the QBCA.

Nomination of Directors

Both the directors and management are responsible for selecting nominees for election to the Board. At present, there is no formal process established to identify new candidates for nomination. The Board and management determine the requirements for skills and experience needed on the Board from time to time. The present Board and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, support for the Company's business objectives and a willingness to serve.

Compensation

The directors carry out the evaluation of the Chief Executive Officer and develop the appropriate compensation policies for both the employees of the Company and the directors of the Company.

To determine appropriate compensation levels, the directors review compensation paid for directors and Chief Executive Officers of companies of similar size and stage of development in the mining industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting compensation levels, the directors annually review the performance of the Chief Executive Officer in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives. The directors may engage independent compensation advice in order to fulfill their mandate.

Other Board Committees

As of the date of this Circular, except for the Audit Committee, which is required by Canadian securities law for all reporting issuers, the Board has not established any other Board committees.

Assessments

The directors' believe that nomination to the Company's board of directors is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Company. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chairman, if any, of the board of directors.

EXECUTIVE COMPENSATION

Securities legislation requires the disclosure of the compensation received by each "Named Executive Officer" ("**Named Executive Officer**") of the Company for the most recently completed financial year. "Named Executive Officer" is defined by the legislation to mean: (i) the Chief Executive Officer of the Company; (ii) the Chief Financial Officer of the Company; (iii) each of the Company's three most highly compensated executive officers or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation was, individually, more than CAD\$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

Compensation Discussion and Analysis

During the financial year ended July 31, 2016, the Company's executive compensation program was administered by the Board. The Company's executive compensation program has the objective of attracting and retaining a qualified and cohesive group of executives, motivating team performance and the aligning of the interests of executives with the interests of the Company's shareholders through a package of compensation that is simple and easy to understand and implement. Compensation under the program was designed to achieve both current and longer term goals of the Company and to optimize returns to shareholders. In addition, in order to further align the interests of executives with the interests of the Company's shareholders, the Company has implemented share ownership incentives through incentive stock options. The Company's overall compensation objectives are in line with its peer group of mining companies with opportunities to participate in equity.

The Corporation's executive compensation consists of a combination of base salary and stock option incentives and has been designed to reward executives for reinforcing the Corporation's business objectives and values, for achieving the Corporation's performance objectives and for their individual performances.

In determining the total compensation of any member of senior management, the directors of the Company consider all elements of compensation in total rather than one element in isolation. The directors of the Company also examine the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

Base Salary

While there is no official set of benchmarks that the Company relies on and there is not a defined list of issuers that the Company uses as a benchmark, the Company makes itself aware of, and is cognisant of, how comparable issuers in its business compensate their executives. The Company's peer group in connection with salary compensation consists of sampling of other similar sized mining companies both private and ones that are reporting issuers (or the equivalent) in Canada. The base salary for each executive officer is reviewed and established near the end of the fiscal year. Base salaries are established taking into consideration the executive officer's personal performance and seniority, comparability within industry norms, and contribution to the corporation's growth and profitability. The Company believes that a competitive base salary is an imperative element of any compensation program that is designed to attract talented and experienced executives.

Bonus Framework

At the discretion of the Board, executives are provided with annual cash incentive bonuses based on annual financial performance. Also at its discretion, the Board may tie annual cash bonuses to the achievement of other financial and non-financial goals. If the targets set are not met, the bonuses are not paid.

Group Benefits

As of the date of this Circular, the Company does not offers a group benefits plan.

Perquisites and Personal Benefits

While the Company reimburses its Named Executive Officers for expenses incurred in the course of performing their duties as executive officers of the Company, the Company did not provide any compensation that would be considered a perquisite or personal benefit to its Named Executive Officers.

Individual Performance

As with the corporate objectives, individual executive officer's performance objectives may include a combination of quantitative and qualitative measures with no pre-determined weightings.

Compensation Consultant

At no time since the Company's most recently completed financial year has the Company retained a compensation consultant or advisor to assist the Board in determining compensation for any of the Company's directors or executive officers.

Equity Participation

Equity participation is accomplished through the Company's share option plan. The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors.

Risks Associated with the Company's Compensation Practices

The Board has not proceeded with a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company has not established a policy on whether or not a NEO or director is permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. During the financial year ended July 31, 2016, the Company did not use any financial hedges.

Option-based Awards

An important part of the Company's compensation program is to offer the opportunity and incentive for executives and staff to own shares of the Company. The directors of the Company believe that ownership of the Company's shares will align the interests of executives and future staff with the interests of the Company's shareholders.

Incentive stock options are not granted on a regular schedule but rather as the compensation is reviewed by the directors of the Company from time to time. When reviewing incentive stock option grants, consideration is given to the total compensation package of the executives and staff and a weighting of appropriate incentives groupings at the senior, mid and junior levels of the staff including past grants. At the time of any incentive stock option grant, consideration is also given to the available incentive stock option pool remaining for new positions being contemplated by the Company.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid to the Named Executive Officers of the Company for the financial years ended July 31, 2016, 2015 and 2014 (expressed in Canadian dollars):

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽⁷⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Stéphane Leblanc ⁽¹⁾ <i>Chief Investment Officer and Director (former President, Chief Executive Officer)</i>	2016	Nil	Nil	27,771	Nil	Nil	Nil	165,000 ⁽²⁾	192,771
	2015	Nil	Nil	Nil	Nil	Nil	Nil	143,187 ⁽²⁾	143,187
	2014	Nil	Nil	34,134	Nil	Nil	Nil	90,000 ⁽²⁾	124,134
Robert Boisjoli ⁽³⁾ <i>Chief Financial Officer</i>	2016	Nil	Nil	9,256	Nil	Nil	Nil	70,000 ⁽⁴⁾	80,256
Liette Nadon ⁽⁵⁾ <i>Controller and Former Chief Financial Officer</i>	2016	Nil	Nil	Nil	Nil	Nil	Nil	18,000 ⁽⁶⁾	18,000
	2015	Nil	Nil	10,700	Nil	Nil	Nil	26,200 ⁽⁶⁾	36,900

Notes:

- (1) Mr. Leblanc was appointed as President and Chief Executive Officer of the Company on July 2, 2013 and resigned on December 14, 2016. Mr. Leblanc was appointed Chief Investment Officer on December 14, 2016.
- (2) This compensation was paid to 9248-7792 Québec Inc., a corporation controlled by Mr. Leblanc, for the services of Mr. Leblanc as President and CEO pursuant to a consulting agreement dated November 1, 2012 as amended April 15, 2013,
- (3) Mr. Boisjoli was appointed as Chief Financial Officer of the Company on January 27, 2016.
- (4) \$13,500 of this compensation was paid to Robert Boisjoli & Associés S.E.C., a corporation controlled by Mr. Boisjoli, for the services of Mr. Boisjoli as CFO pursuant to a consulting agreement. Mr. Boisjoli also received 500,000 common shares valued at \$57,500 as a bonus for extra work performed during the year ended July 31, 2016.
- (5) Ms. Nadon was appointed as Chief Financial Officer of the Company on December 3, 2014 and resigned January 27, 2016..
- (6) This compensation was paid to Gestion LL Nadon Inc., a corporation controlled by Ms. Nadon, for the services of Mr. Nadon as CFO pursuant to a consulting agreement.
- (7) For 2016, calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: dividend yield of 0%, expected volatility of 111.37%, risk-free interest rate of 0.67%, and an expected life of 5 years. The volatility was determined in comparison with the volatility of comparable publicly traded companies.

Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

Other than as set out below, there were no share-based awards or option-based awards granted to the Company's NEOs as at July 31, 2016.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Stéphane Leblanc	300,000	\$0.10	January 5, 2020	18,000	Nil	Nil	Nil
	400,000	\$0.12	October 3, 2018	16,000	Nil	Nil	Nil
Robert Boisjoli	100,000	\$0.10	January 5, 2020	6,000	Nil	Nil	Nil
Liette Nadon	100,000	\$0.135	March 6, 2020	2,500	Nil	Nil	Nil

Note:

(1) Calculated using the closing price of the Company's common shares on the CSE on July 31, 2016 of \$0.06 and subtracting the exercise price of stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Company's common shares on the date of exercise.

Incentive Plan Awards – Vested Value or Earned

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year:

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value vested during the year (\$)
Stéphane Leblanc	27,771	Nil	Nil
Robert Boisjoli	9,256	Nil	Nil

Note:

Calculated at the date of the grant using the Black-Scholes options pricing model with the following assumptions: dividend yield of 0%, expected volatility of 111.37%, risk-free interest rate of 0.67%, and an expected life of 5 years. The volatility was determined in comparison with the volatility of comparable publicly traded companies

Pension Plan Benefits

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

Termination and Change of Control Benefits

Other than as set out in this Information Circular, there are no compensatory plans or arrangements, with respect to any of the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of the NEOs responsibilities following a change of control.

Director Compensation

The following table sets forth the details of compensation provided to the directors, other than the NEOs during financial year ended July 31, 2016:

Name	Fees (\$)	Share-based Awards (\$)	Option-based Awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	Other Compensation (\$)	Total (\$)
Michel G. Gagnon	Nil	Nil	18,512	Nil	Nil	60,000 ⁽¹⁾	78,512
Rolland Courtemanche ⁽²⁾	Nil	Nil	18,512	Nil	Nil	Nil	18,512
Victor Cantore	Nil	Nil	18,512	Nil	Nil	Nil	144,788 ⁽⁴⁾
Claude Dufresne	Nil	Nil	18,512	Nil	Nil	Nil	18,512

Notes:

- (1) \$27,500 of this compensation was paid to Vega Capital Inc., a corporation controlled by Mr. Gagnon, for consulting services of Mr. Gagnon. Mr. Gagnon also received 250,000 common shares valued at \$32,500 as a bonus for extra work performed during the year ended July 31, 2016.
- (2) Mr. Courtemanche was appointed a director of the Company on February 12, 2016 and resigned on September 16, 2016.
- (3) Mr. Dufresne was appointed a director of the Company on February 12, 2016 and resigned on September 16, 2016.
- (4) \$28,276 of this compensation is payable to Bay Capital Markets Inc., a corporation controlled by Mr. Cantore, for consulting services of Mr. Cantore between February 2016 and July 31, 2016. Mr. Cantore also received 140,000 common shares valued at \$21,000 in consideration of a Company lease covering the period of January 2014 to April 2015, and 1,100,000 common shares valued at \$77,000 in consideration of consulting services of Mr. Cantore before July 31, 2015.

10% “rolling” stock option plan

The Company’s directors are compensated for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expertise by the issuance of incentive stock options. On January 22, 2013 (as amended), the Company implemented a 10% rolling share option plan (the “**Option Plan**”) in order to provide the Company with the flexibility necessary to attract and maintain the services of senior executives and other employees in competition with other businesses in the industry and in accordance with CSE policies.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-based Awards

Other than as set out below, there were no share-based awards or option-based awards granted to the Company’s NEOs as at July 31, 2016.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michel G. Gagnon	200,000	0.10	February 26, 2021	12,000	Nil	Nil	Nil
	350,000	0.10	February 25, 2020	21,000	Nil	Nil	Nil
Rolland Courtemanche	200,000	0.10	February 26, 2021	12,000	Nil	Nil	Nil
Victor Cantore	200,000	0.10	February 26, 2021	12,000	Nil	Nil	Nil
	200,000	0.19	July 22, 2018	Nil	Nil	Nil	Nil
Claude Dufresne	200,000	0.10	February 26, 2021	12,000	Nil	Nil	Nil

Note:

- (1) Calculated using the closing price of the Company’s common shares on the CSE on July 31, 2016 of \$0.06 and subtracting the exercise price of stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Company’s common shares on the date of exercise.

Incentive Plan Awards – Value Vested or Earned

There were no option based awards vested or earned during financial year ended July 31, 2016 to any director who was not an NEO during financial year ended July 31, 2016.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the stock option plan. The following table sets out equity compensation plan information as at the end of the Company's financial year ended July 31, 2016:

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - the Share Option Plan	4,005,000	\$0.159	239,008
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,005,000	-	239,008

Notes:

(1) Stock Option Plan limitation of 10% of the issued and outstanding Common Shares as at July 31, 2016, less issued options as listed in column (a) of this table.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set out in this Information Circular, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the Company's last completed financial year ended July 31, 2016 or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, other than set out below, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the financial year ended July 31, 2016.

MANAGEMENT CONTRACTS

Other than as set out in this Information Circular, there are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Other than the foregoing, management of the Company 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.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the year ended July 31, 2016, the report of the auditor and the related management's discussion and analysis will be mailed out to shareholders for this Meeting. These financial statements were filed on SEDAR at www.sedar.com on November 28, 2016, and will be placed before the Meeting.

Additional information relating to the Company is filed on SEDAR at www.sedar.com and upon request from the Company at 1 Place Ville Marie, Suite 1670, Montréal, Québec, Canada H3B 2B6, Tel: 514 375-5172. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders has been approved by the Board.

DATED at Montreal, Quebec, January 7, 2017.

BY ORDER OF THE BOARD

(s) "Hubert Vallée"
President and CEO

SCHEDULE A
AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER BLACK SPRINGS CAPITAL CORP.

1. Mandate

The Audit Committee (the “Committee”) of the board of directors (the “Board”) of Black Springs Capital Corp. (the “Company”) is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing (1) the financial statements, reports and other financially-based information provided to shareholders, regulators and others; (2) the internal controls that management and the Board have established; and (3) the audit, accounting and financial reporting processes generally.

In meeting these responsibilities, the Committee will:

- (a) monitor the financial reporting process and internal control system;
- (b) review and appraise the work of the external auditors; and
- (c) provide an open avenue of communication between the external auditors, senior management and the Board.

The external auditors are accountable to the shareholders through the Committee. The Committee is responsible for ensuring that the external auditors comply with the requirements stipulated in this Charter and satisfying itself of the external auditors’ independence.

2. Composition

The Committee shall be composed of a minimum of three directors of the Company, a majority of whom are independent. An independent director, as defined in National Instrument 52-110 - *Audit Committees* (“NI 52- 110”) is a director who has no direct or indirect material relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a members independent judgment or as otherwise determined to be independent in accordance with NI 52-110.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Committee’s Charter, the definition of “financially literate” is 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 presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the Board. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience. The chairperson of the Committee (the “Chairperson”) shall be appointed by the Board for a one-year term, and may serve any number of consecutive terms.

3. Meetings

The Committee shall try to meet at least four times per year and may call special meetings as required. A quorum at meetings of the Committee shall be its Chairperson and one of its other members or the Chairman of the Board. The Committee may hold its meetings, and members of the Committee may attend meetings, by telephone conference if this is deemed appropriate.

The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Committee. The Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to Committee members with copies to the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

4. Responsibilities and Duties

Audit Committee

To fulfill its responsibilities and duties, the Committee shall:

- (a) Review this Charter annually, and update if necessary.
- (b) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company.
- (c) Where the Committee deems it necessary, obtain a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company.
- (d) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (e) Take, or recommend that the full Board, take appropriate action to oversee the independence of the external auditors.
- (f) Recommend to the Board the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (g) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent (5%) of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

Chairperson

The fundamental responsibility of the Chairperson is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Chairperson's responsibilities shall include:

- (a) working with the Chairman of the Board, the Chief Executive Officer and the Secretary to establish the frequency of Committee meetings and the agendas for meetings;
- (b) providing leadership to the Committee and presiding over Committee meetings;
- (c) facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
- (d) reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;

- (e) leading the Committee in annually reviewing and assessing the adequacy of its mandate and evaluating its effectiveness in fulfilling its mandate; and
- (f) taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

5. Financial Reporting Processes

- (a) Review, discuss and recommend to the Board for approval, the annual audited financial statements and related “management’s discussion and analysis” prior to delivery to shareholders, and where applicable, filing with securities regulatory authorities.
- (b) Review and discuss with the external auditors the results of their reviews and audit, any issues arising and management’s response, including any restrictions on the scope of the external auditors’ activities or requested information and any significant disagreements with management, and resolving any disputes.
- (c) Review, discuss, approve, or recommend to the Board for approval, the quarterly financial statements and quarterly “management’s discussion and analysis” prior to delivery to shareholders, and where applicable, filing with securities regulatory authorities.
- (d) Review and discuss with management and the external auditors the Company’s critical accounting policies and practices, material alternative accounting treatments, significant accounting and reporting judgments, material written communications between the external auditor and management (including management representation letters and any schedule of unadjusted differences) and significant adjustments resulting from the audit or review.
- (e) Where applicable, review and discuss with management the Company’s earnings press releases, and such other relevant public disclosures containing financial information as the Committee may consider necessary or appropriate.
- (f) Where applicable, review and discuss with management the disclosure controls relating to the Company’s public disclosure of financial information, including information extracted or derived from the financial statements, and periodically assess the adequacy of such procedures.
- (g) In consultation with the external auditors, review with management the integrity of the Company’s financial reporting process, both internal and external.
- (h) Consider the external auditors’ judgments about the quality and appropriateness of the Company’s accounting principles as applied in its financial reporting.
- (i) Consider and approve, if appropriate, changes to the Company’s auditing and accounting principles and practices as suggested by the external auditors and management.
- (j) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (k) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (l) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (m) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (n) Review the certification process.
- (o) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

6. Other

Review any related-party transactions.

