

MANAGEMENT INFORMATION CIRCULAR SOLICITATION OF PROXIES BY MANAGEMENT

Solicitation of Proxies

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

Appointment and Revocation of Proxies

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

To be valid, the Proxy Form must be received by Computershare not later than 5:00 p.m. (Toronto time) on June 26, 2015, or at least 48 hours (excluding Saturdays, Sundays and holidays) before the date of the Meeting in the case of any adjournment or postponement thereof.

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

Exercise of Discretion by Proxies

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted: (i) for the election of directors; (ii) for the appointment of auditors; and (iii) for the consolidation of the common shares of the Corporation; all as further described in this Management Information Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. As of the date of this Management Information Circular, management of the Corporation knows of no such amendments, variations or other matters.

Non Registered Shareholders

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

- (a) typically, be provided with a computerized form (often called a “voting instruction form”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the

Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number; or

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

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

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

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

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

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

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

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

Voting Securities and Principal Holders

The directors of the Corporation have fixed May 26, 2015 (the “**Record Date**”), at the close of business, as the record date for the determination of the shareholders entitled to receive notice of the Meeting and to vote thereat. All holders of at least one common share of the Corporation (a “**Common Share**”) as of that date will have the right to vote at the Meeting, except to the extent that a person has transferred any of his Common Shares after such record date and the transferee of those shares (i) produces properly endorsed share certificates, or (ii) otherwise establishes that he owns the shares and demands, no later than ten days before the Meeting, that his name be included in the list prepared by the transfer agent before the Meeting, in which case the transferee will be entitled to vote at the Meeting.

As of May 26, 2015, 813,164,518 Common Shares were outstanding, each giving the right to one vote at the Meeting. To the knowledge of the directors and officers of the Corporation, the only persons, firms or corporations who own, as of the date hereof, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, are as follows:

Shareholder Name	Number of Common Shares	Percentage of Issued Shares
Noront Resources Ltd.	111,733,215	13.74%

Election of Directors

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

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

Name, Position with the Corporation and Province/State of Residence	Principal Occupation	Date Became a Director of the Corporation	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly
FRANK C. SMEENK ⁽¹⁾ President, Chief Executive Officer and Director <i>Ontario, Canada</i>	President and Chief Executive Officer of the Corporation	April 14, 1998	15,090,000, of which 1,260,000 are held indirectly
DOUGLAS M. FLETT ⁽²⁾ Chairman and Director <i>Ontario, Canada</i>	Treasurer and general counsel of <i>Fletcher Nickel Inc.</i> , a public junior mining company	January 25, 2006	992,000, of which 892,000 are held indirectly
CYNTHIA THOMAS ⁽¹⁾⁽²⁾⁽³⁾ Director <i>Nevada, USA</i>	CEO of Conseil Advisory Service, a consulting practice	May 21, 2010	None
THOMAS J. PLADSEN ⁽¹⁾⁽²⁾⁽³⁾ Director <i>Ontario, Canada</i>	Chief Financial Officer of Atacama Pacific Gold Corporation, a public gold exploration and development company	February 29, 2012	None
DONALD A. SHELDON ⁽³⁾ Director <i>Ontario, Canada</i>	Partner of Dickinson Wright LLP, a law firm	April 8, 2014	687,500, all of which are held indirectly

(1) Member of the Governance and Nominating Committee

(2) Member of the Audit Committee

(3) Member of the Compensation Committee.

All of the nominees whose names are above mentioned have previously been elected directors of the Corporation at a shareholders’ meeting for which a proxy circular was issued.

Orders, Penalties and Bankruptcies

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

- (a) is, as at the date of this Management Information Circular, or has been, within the last ten years, a director, or executive officer of any company that, while that person was acting in that capacity:
 - (i) was the subject of an order while the nominee was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date of this Management Information Circular or has been within the last ten years has been, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

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

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

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

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

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

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

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

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

Executive Compensation

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis (“**CD&A**”) is to provide information about the Corporation’s executive compensation objectives and processes and to discuss compensation decisions relating to the Corporation’s senior officers, being the two identified named executive officers (the “**NEOs**”) for the year ended December 31, 2014. The NEOs who are the focus of the CD&A and who appear in the compensation tables of this Management Information Circular are: Frank C. Smeenk, President and Chief Executive Officer (“**CEO**”) of the Corporation and Thomas E. Masters, the Chief Financial Officer (“**CFO**”) of the Corporation.

Compensation Committee

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

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

The Corporation does not anticipate making any significant changes to its compensation policies and practices in 2015.

Compensation Process

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

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

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

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

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

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

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

During 2014, the Corporation did not retain a compensation consultant or advisor to assist the Board or Compensation Committee in determining compensation for the Corporation's executive officers and directors.

Compensation Program

Principles/Objectives of the Compensation Program

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

Compensation Program Design and Analysis of Compensation Decisions

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

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

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

Base Salaries and Consultant Fees

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

Stock Options

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

Summary Compensation Table

The following table summarizes the compensation earned by each NEO for services rendered in all capacities during the fiscal years ended December 31, 2014, 2013 and 2012.

Name and principal position	Fiscal period	Salary/ Fees (\$)	Option-based awards (\$)⁽²⁾	Non equity incentive plan compensation (\$)	All other Compensation (\$)	Total compensation (\$)
Frank C. Smeenk President and Chief Executive Officer	2014	288,481	26,000	80,000	Nil	394,481
	2013	317,308	33,330	100,000	5,000	455,638
	2012	300,000	38,400	100,000	1,750	440,150
Thomas E. Masters ⁽¹⁾ Chief Financial Officer	2014	181,028	31,200	Nil	Nil	212,228
	2013	168,184	21,000	Nil	Nil	189,184
	2012	170,548	Nil	Nil	Nil	170,548

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

(2) Represents the aggregate fair value on the dates of grant of the options under the Stock Option Plan. The grant date fair value has been calculated using the Black Scholes model as shown in the consolidated financial statements of the Corporation for the years ended December 31, 2014, 2013 and 2012, as applicable. The key assumptions and estimates used for the calculation of the grant date fair value include:

Year	Risk-free interest rate	Volatility	Expected life
2014	1.67%	79%	5 years
2013	1.69%	104%	5 years
2012	1.63%	159%	5 years

Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation’s senior officers are composed of base salary or consulting fees and stock options. In addition to the above compensation elements, the Compensation Committee is empowered to grant cash bonuses to senior officers in order to reward exceptional performance. In 2012, the Compensation Committee approved the payment of a \$100,000 bonus to the CEO for advancing key initiatives of the Corporation during 2012 including acquiring the option to earn into the Black Horse deposit as eventual operator. In 2014, the Compensation approved the payment of a \$80,000 bonus to the CEO in recognition of adding value to the Corporation’s assets: principally the success of the Black Horse drilling program, securing the rights to a novel chromite reduction method which could potentially have a significant impact on processing metrics and spearheading initiatives to define a district development plan for the Ring of Fire.

Outstanding option-based awards

The following table sets forth all awards granted to NEOs that remain outstanding as at December 31, 2014.

Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options
Frank C. Smeenk	3,000,000	\$0.125	06-05-2015	Nil ⁽¹⁾
	2,000,000	\$0.10	21-12-2015	
	600,000	\$0.10	14-03-2017	
	1,111,000	\$0.10	09-05-2018	
	500,000	\$0.10	08-04-2019	
Thomas E. Masters	1,400,000	\$0.125	06-05-2015	Nil ⁽¹⁾
	500,000	\$0.10	21-12-2015	
	700,000	\$0.10	09-05-2018	
	600,000	\$0.10	08-04-2019	

(1) Based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2014 of \$0.04.

Incentive plan awards – value vested or earned during the year

The following table provides details regarding outstanding option-based awards relating to the NEOs which vested during the year ended December 31, 2014:

Name	Option-based awards - value vested during the year	Share-based awards - value vested during the year	Non-equity incentive plan compensation - value earned during the year
Frank C. Smeenk	\$28,749	N/A	Nil
Thomas E. Masters	\$27,375	N/A	Nil

Termination and Change of Control Benefits

NEO Contracts

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

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

Other Change of Control Commitments

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

The following tables provide estimates of the incremental amounts that would have been payable to NEOs assuming termination and/or change of control events occurred on December 31, 2014.

Estimated Incremental Payments as of December 31, 2014 - Termination without Cause

Name	Salary and Bonus
Frank Smeenk	\$600,000
Total	\$600,000

Estimated Incremental Payments as of December 31, 2014 - Death or Permanent disability

Name	Salary
Frank Smeenk	\$300,000
Total	\$300,000

Estimated Incremental Payments as of December 31, 2014 - Change of Control

Name	Lump sum
Frank Smeenk	\$125,000

Estimated Incremental Payments as of December 31, 2014 – Termination without Cause Following a Change of Control

Name	Salary and bonus
Frank Smeenk	\$1,140,000 ⁽¹⁾
Thomas Masters	Nil ⁽²⁾

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

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

Directors' Compensation

DIRECTORS' COMPENSATION

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

Fees

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

Summary Compensation Table

The following table summarizes the compensation paid and options granted during the year ended December 31, 2014 to the directors of the Corporation other than the CEO.

Name	Fees earned (\$)	Option-based awards (\$)⁽¹⁾	All other compensation (\$)	Total (\$)
Douglas Flett	45,750	26,000	Nil	71,750
Cynthia Thomas	18,250	26,000	Nil	44,250
Thomas Pladsen	25,750	26,000	Nil	96,000
Donald Sheldon	11,517	156,000	Nil	167,517

(1) Represents the aggregate fair value on the dates of grant of the options under the Corporation's Stock Option Plan. The grant date fair value has been calculated using the Black Scholes model as shown in the consolidated financial statements of the Corporation for the year ended December 31, 2014. The key assumptions and estimates used for the calculation of the grant date fair value include: risk-free interest rate of 1.67%; expected volatility of 79%; expected life of 5 years; and no dividend yield.

Incentive plan awards – value vested during the year

Outstanding option-based awards

The following table sets forth all awards outstanding as at December 31, 2014 for each of the directors of the Corporation other than the CEO.

Name	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options (\$)⁽¹⁾
Douglas Flett	1,500,000	\$0.125	06-05-2015	Nil
	500,000	\$0.10	21-12-2015	
	600,000	\$0.10	14-03-2017	
	1,715,000	\$0.10	09-05-2018	
	500,000	\$0.10	08-04-2019	
Cynthia Thomas	1,500,000	\$0.14	30-06-2015	Nil
	500,000	\$0.10	21-12-2015	
	750,000	\$0.115	23-03-2016	
	600,000	\$0.10	13-03-2017	
	1,150,000	\$0.10	09-05-2018	
Thomas Pladsen	3,100,000	\$0.10	14-03-2017	Nil
	1,400,000	\$0.10	09-05-2018	
	500,000	\$0.10	08-04-2019	
Donald Sheldon	3,000,000	\$0.10	08-04-2019	Nil

(1) Based on the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2014 of \$0.04.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out certain details as at December 31, 2014 with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance, the Stock Option Plan being the sole such compensation plan of the Corporation.

Plan category	Number of Common Shares to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	69,181,000	\$0.111	8,603,247 ⁽¹⁾
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	69,181,000	\$0.111	8,603,247⁽¹⁾

(1) On the basis of 77,784,247 being equal to 10% of the number of issued and outstanding shares at December 31, 2014.

Indebtedness of Directors and Officers

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

During the fiscal year ended December 31, 2014, none of the directors or executive officers of the Corporation, proposed nominees for election as a director, or any associate of the foregoing was indebted to the Corporation or any subsidiary of the Corporation.

Interest of Informed Persons in Material Transactions

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

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

Management Contracts

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

Appointment of Auditors

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

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

PARTICULARS OF THE MATTER TO BE ACTED UPON AT THE MEETING

Share Consolidation

Shareholders will be asked at the Meeting to approve a special resolution (the "Share Consolidation Resolution") to consolidate all of the Corporation's issued and outstanding Common Shares on the basis of a ratio (the "Ratio") of not more than one (1) post-consolidation Common Share for a maximum of every ten (10) pre-consolidation Common Shares (the "Consolidation"), with the Consolidation to be implemented by the Corporation's Board of Directors (the "Board") at any time prior to June 30, 2016. The Consolidation remains subject to receipt of all necessary regulatory approvals, including shareholder approval.

The Corporation believes that the number of the currently outstanding Common Shares may no longer reflect the value of the assets of the Corporation. The Corporation's future performance is largely tied to the Corporation's ability to raise equity financings, without excessively diluting the interests of its current shareholders. The proposed Consolidation will enable potential investors to better evaluate the Corporation in connection with future equity financings of the Corporation. The proposed Ratio will help Directors to mitigate potential dilution, depending on the circumstances under which the Consolidation is implemented. Accordingly, the Corporation is seeking approval by the shareholders of the Consolidation on the basis of the proposed Ratio. The Board will not proceed with the Consolidation if it determines that the Consolidation is no longer in the best interests of the Corporation and its shareholders.

If the Share Consolidation Resolution is approved, the Consolidation will be implemented only upon a determination by the Board that the Consolidation is in the best interests of the Corporation and its shareholders at that time. In connection with any determination to implement a proposed Consolidation, the Board will set the timing for such Consolidation. No further action on the part of the shareholders will be required in order for the Board to implement the Consolidation. Under the *Quebec Business Corporations Act* ("QBCA"), shareholders do not have dissent rights with respect to the proposed Consolidation. If the Board does not implement the Consolidation before June 30, 2016, the authority granted by the Share Consolidation Resolution to implement the Consolidation on these terms will lapse and be of no further force or effect. The Share Consolidation Resolution will also authorize the Board to elect not to proceed with, and abandon, the Consolidation at any time if it determines, in its sole discretion, to do so. The Board would exercise this right if it determined that the Consolidation was no longer in the best interests of the Corporation and its shareholders. No further action on the part of the shareholders will be required in order for the Board to abandon the Consolidation.

If the Share Consolidation Resolution is approved by the shareholders, and the Board decides to implement the Consolidation, following the obtaining of all necessary regulatory approvals, the Corporation will promptly file articles of amendment with the Director under the QBCA in the form prescribed by the QBCA to amend the Corporation's articles of incorporation. The Consolidation will become effective on the date shown in the certificate of amendment in connection therewith, or such other date as indicated in the articles of amendment.

If the Board decides to implement the Consolidation at the maximum authorized ratio of 1:10, upon completion of the proposed Consolidation the number of Common Shares issued and outstanding will be reduced from 813,164,518 as of May 26, 2015 to 81,316,451. No fractional shares will be issued in connection with the Consolidation and, in the event that a shareholder would otherwise be entitled to receive a fractional share upon the Consolidation, this shareholder shall have such fractional shares cancelled. Except for any variances attributable to fractional shares, the change in the number of issued and outstanding Common Shares that will result from the Consolidation will cause no change in the capital attributable to the Common Shares and will not materially affect any shareholders' percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of Common Shares.

The exercise or conversion price and/or the number of Common Shares issuable under any outstanding convertible securities, including under outstanding stock options, warrants, rights and any other similar securities will be adjusted on a pro rata basis upon the implementation of the Consolidation, in accordance with the terms of such securities, based on the Consolidation ratio.

If the proposed Consolidation is approved by the shareholders and all regulatory requirements are complied with, and implemented by the Board, following the announcement by the Corporation of the effective date of Consolidation, registered shareholders will be sent a transmittal letter by the Corporation's transfer agent, Computershare Investor Services Inc., containing instructions on how to exchange their share certificates representing pre-Consolidation Common Shares for new share certificates representing post-Consolidation Common Shares.

Accordingly, the shareholders of the Corporation will be asked to consider and, if thought appropriate, pass the following special resolution authorizing the Consolidation:

“BE IT HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Articles of the Corporation be amended to consolidate the issued and outstanding Common Shares of the Corporation, on the basis of a consolidation ratio of not more than one (1) post-consolidation share for a maximum of every ten (10) pre-consolidation shares (the "Consolidation");
2. Subject to the maximum set out above, the determination of the basis for the consolidation shall be at the discretion of the Board of Directors of the Corporation;
3. No fractional Common Shares shall be issued in connection with the Consolidation and, in the event that shareholders would otherwise be entitled to receive a fractional share upon Consolidation, such shareholders shall have such fractional shares cancelled;
4. The effective date of such Consolidation shall be the date shown in the certificate of amendment issued by the Director appointed under the *Quebec Business Corporations Act* or such other date indicated in the Articles of Amendment;
5. Any officer or director of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to this resolution, but in no case later than June 30, 2016; and
6. Notwithstanding the foregoing, the Board of Directors of the Corporation is hereby authorized to revoke this special resolution before it is acted on and to abandon the proposed amendment to the Articles of the Corporation with or without further approval of the shareholders of the Corporation. "

Under the QBCA, the Share Consolidation Resolution requires the approval of at least two-thirds of the votes cast present in person or represented by proxy at the Meeting. **Unless otherwise directed by holders of Common Shares, the persons named as proxies in the accompanying form of Proxy intend to vote the Common Shares represented by such proxy in favour of the Share Consolidation Resolution.**

INFORMATION ON THE AUDIT COMMITTEE

Charter of the Audit Committee

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

Composition of the Audit Committee

During 2014, the Audit Committee was composed of Ms. Thomas and Messrs. Flett and Pladsen. Under Multilateral Instrument 52-110 Audit Committees, a director of an Audit Committee is “independent” if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board, reasonably be expected to interfere with the exercise of the member’s independent judgment. All members of the Audit Committee are independent.

The Board has determined that each of the three members of the Audit Committee is “financially literate” within the meaning of section 1.6 of Multilateral Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable

to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Education and Relevant Experience

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

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

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

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

Reliance on Exemption

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

Pre-approval Policies and Procedures for Audit Services

Under its charter, the Audit Committee has the mandate to review and pre-approve management requests for any consulting engagement to be performed by the auditors of the Corporation that is beyond the scope of their audit services. There were no such mandates in 2014 and 2013.

External Auditor Fees

(a) Audit Fees

Audit fees amounted to \$36,720 for the fiscal year ended December 31, 2014 and \$38,760 for the fiscal year ended December 31, 2013.

(b) Non Audit-Related Fees

Non audit-related fees paid during the fiscal year ended December 31, 2014 amounted to \$48,960 and \$10,200 for the fiscal year ended December 31, 2013.

(c) Tax Fees

No tax fees were billed during the fiscal years ended December 31, 2014 and 2013.

OTHER MATTERS

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

CORPORATE GOVERNANCE PRACTICES

Information on Corporate Governance

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

Board of Directors

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

Directorships

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

Orientation and Continuing Education

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

Ethical Business Conduct

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

In a situation of conflict of interest, a director is required to disclose the nature and extent of any material interest he/she has in any material contract or proposed contract of the Corporation, as soon as the director becomes aware of the agreement or the intention of the Corporation to consider or enter into the proposed agreement and the director must refrain from voting and may not be present during deliberations concerning the agreement or transaction.

Nomination of Directors

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

Governance and Nominating Committee

The Governance and Nominating Committee is composed of Ms. Thomas and Messrs. Pladsen and Smeenk.

The Committee has the authority and responsibility for:

- (i) reviewing the mandates of the Board and its committees and recommending to the Board such amendments to those mandates as the Committee believes are necessary or desirable;
- (ii) reviewing annually the disclosure of corporate governance practices to be included in the Corporation's information circular;
- (iii) reviewing at least annually the size and composition of the Board, analyzing the needs of the Board and considering the skills, areas of experience, backgrounds, independence and qualifications of the Board members to ensure that the Board, as a whole, has a diversity of competencies and experience that support it in carrying out its responsibilities;
- (iv) assessing on a regular basis the effectiveness of the Board as a whole, the committees of the Board and the contribution of each director regarding his, her or its effectiveness and contribution;
- (v) acting as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of the Board or individual members of the Board;
- (vi) determining at the earliest stage possible whether any proposed transaction discussed by the Board is or can be perceived as a related party transaction and, if such is the case, review any such transaction to ensure that it is being proposed and will be carried out with fairness and with the best interest of the Corporation in mind and or, alternatively, recommend that a special committee of disinterested directors be constituted to carry out the negotiations for such transaction and review and reported thereupon to the Board.

Assessments

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

ADDITIONAL INFORMATION

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

Copies of the Notice may be obtained without charge by contacting the Corporation as set forth below. Financial information relating to the Corporation is provided in the Corporation's audited consolidated financial statements for the years ended December 31, 2014 and 2013 and the related management's discussion and analysis (the "MD&A"). Shareholders who wish to obtain a copy of the financial statements and MD&A of the Corporation may contact the Corporation as follows:

By phone: 416 642-3575 or 1-888-642-3575
By fax: 416 644-0592

By e-mail: bh@kwgresources.com

By mail: **KWG RESOURCES INC.**
141 Adelaide Street West,
Suite 1000,
Toronto, Ontario M5H 3L5

BY ORDER OF THE BOARD OF DIRECTORS

(s) *Luce L. Saint-Pierre*

Luce L. Saint-Pierre, Corporate Secretary

Montréal, Québec
June 1, 2015

SCHEDULE A

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

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

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

II. COMPOSITION

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

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

III. DUTIES AND RESPONSIBILITIES

1. The Committee shall review and recommend to the board for approval the annual audited consolidated financial statements and the annual MD&A.
2. The Committee shall review with financial management and the external auditor the Corporation’s financial statements, MD&A’s and earnings releases prior to filing with regulatory bodies such as securities commissions and/or prior to their release.
3. The Committee shall review all documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or non audited interim financial statements results (e.g., prospectuses, press releases with financial results) prior to their release.
4. The Committee, in fulfilling its mandate, will:
 - (a) Satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws.
 - (b) Satisfy itself that adequate procedures are in place for the review of the issuer’s public disclosure of financial information extracted or derived from the issuer’s financial statements, other than MD&A and annual and interim earnings press releases, and must periodically assess the adequacy of those procedures.
 - (c) Recommend to the board of directors the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.
 - (d) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor, and discussing and resolving any material differences of opinion or disagreements between management and the external auditor.

- (e) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to determine their independence and report to the board of directors.
- (f) Review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. Consider with management the rationale for employing accounting/auditing firms other than the principal external auditor.
- (g) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- (h) Arrange for the external auditor to be available to the Audit Committee and the full board of directors as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (i) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- (j) Review and approve hiring policies for employees or former employees of the past and present external auditors.
- (k) Review the scope of the external audit, including the fees involved.
- (l) Review the report of the external auditor on the annual audited consolidated financial statements.
- (m) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.
- (n) Review major positive and negative observations of the auditor during the course of the audit.
- (o) Review with management and the external auditor of the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (p) Review emerging accounting issues and their potential impact on the Corporation's financial reporting.
- (q) Review and approve requests for any engagement to be performed by the external auditor that is beyond the scope of the audit engagement letter and related fees.
- (r) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements.
- (s) Review the conclusions reached in the evaluation of management's internal control systems by the external auditors, and management's responses to any identified weaknesses.
- (t) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
- (u) Review with management their approach with respect to business ethics and corporate conduct.
- (v) Review annually the legal and regulatory requirements that, if breached, could have a significant impact on the Corporation's published financial reports or reputation.
- (w) Receive periodic reports on the nature and extent of compliance with security policies. The nature and extent of non-compliance together with the reasons therefore, with the plan and timetable to correct such non-compliance will be reported to the board, if material.
- (x) Review with management the accuracy and timeliness of filing with regulatory authorities.
- (y) Review periodically the business continuity plans for the Corporation.
- (z) Review the annual audit plans of the external auditors of the Corporation.
- (aa) Review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to D&O and "Key Person" coverage.
- (bb) Perform such other duties as required by the Corporation's incorporating statute and applicable securities legislation and policies.
- (cc) Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or audit matters.

5. The Committee may engage and communicate directly and independently with outside legal and other advisors for the Committee as required and set and pay the compensation of such advisors.
6. On a yearly basis, the Committee will review the Audit Committee Charter and where appropriate recommend changes to the board of directors.

IV. SECRETARY

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

V. MEETINGS

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members present, in person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.
4. Meetings of the Audit Committee shall be held from time to time as the Audit Committee or the Chairman of the Committee shall determine upon 48 hour notice to each of its members. The notice period may be waived by a quorum of the Committee.
5. The external auditors or any member of the Committee may also call a meeting of the Committee. The external auditors of the Corporation will receive notice of every meeting of the Committee.
6. The board shall be kept informed of the Committee's activities by a report, including copies of minutes, at the next board meeting following each Committee meeting.

VI. QUORUM

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

VII. DEFINITIONS

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

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

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.

APPROVED BY THE BOARD OF DIRECTORS

May 27, 2015