

**TELFERSCOT RESOURCES INC.**  
SUITE 2702, 401 BAY STREET  
TORONTO, ONTARIO  
M5H 2Y4

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of Telferscot Resources Inc. (the "Corporation") will be held at **the offices of Telferscot Resources Inc., Suite 2702, 401 Bay Street, Toronto, Ontario, at 10:00 o'clock in the morning (Toronto time), on Thursday, the 14<sup>th</sup> day of September, 2017**, for the following purposes:

1. to receive and consider the audited financial statements of the Company for the fiscal year ending December 31, 2016 and the auditor's report thereon;
2. to appoint MNP LLP as auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
3. to elect the directors as nominated by Management; and
4. to transact such further and other business as may properly come before the said Meeting or any adjournment or adjournments thereof.

Shareholders of the Corporation are referred to the Information Circular accompanying this Notice for more detailed information with respect to the matters to be considered at the Meeting.

If you are a registered Shareholder of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and return it in the envelope provided to Capital Transfer Agency Inc., 121 Richmond Street West, Suite 401, Toronto, Ontario M5H 2K1. In order to be valid and acted upon at the Meeting, proxies must be received at the aforesaid address not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment thereof.

If you are an unregistered Shareholder of the Corporation and received these materials through your broker or through another intermediary, please complete and return the voting information form in accordance with the instructions provided to you by your broker or by the other intermediary.

As provided in the Canada Business Corporations Act shareholders registered on the books of the Corporation at the close of business on July 21<sup>st</sup>, 2017 are entitled to notice of the meeting.

**DATED** the 14<sup>th</sup> day of August 2017.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"signed"*

**STEPHEN COATES**  
C.E.O.

**TELFERSCOT RESOURCES INC.**  
SUITE 2702, 401 BAY STREET  
TORONTO, ONTARIO  
M5H 2Y4

**INFORMATION CIRCULAR  
MANAGEMENT SOLICITATION**  
(Containing information as at July 21, 2017 unless otherwise stated)

**SOLICITATION OF PROXIES**

**This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management (the “Management”) of Telferscot Resources Inc. (the “Corporation”) for use at the Annual General of the Corporation (the “Meeting”) to be held at Suite 2702, 401 Bay Street, Toronto, Ontario, M5H 2Y4, at the hour of 10:00 o’clock in the morning (Toronto time), on Thursday September 14, 2017 for the purposes set out in the accompanying Notice of Meeting. The cost of solicitation will be borne by the Corporation.**

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally by the directors and/or officers of the Corporation at nominal cost. Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares (“**Common Shares**”) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are officers or directors of the Corporation (the “**Management Designees**”). **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** by inserting such other person’s name in the blank space provided in the form of proxy and depositing the completed proxy with the Transfer Agent of the Corporation, **Capital Transfer Agency, Inc., 121 Richmond Street West, Suite 401, Toronto, Ontario M5H 2K1**. A proxy can be executed by the Shareholder or his attorney duly authorized in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, the proxy may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the proxy at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the proxy is revoked.

Please note that Shareholders who receive their Meeting Materials (as defined in the “Advice to Beneficial Shareholders” section below) from Broadridge Investor Communication Solutions, Canada (“**Broadridge**”) must return the proxy forms, once voted, to Broadridge for the proxy to be dealt with.

**DEPOSIT OF PROXY**

By resolution of the Directors duly passed, **ALL PROXIES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 10:00 A.M. TUESDAY SEPTEMBER 12, 2017, OR ANY ADJOURNMENT THEREOF, WITH THE CORPORATION OR ITS AGENT, CAPITAL TRANSFER AGENCY, INC.**, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting to revoke a valid proxy previously delivered in accordance with the foregoing. A return envelope has been included with this material.

**ADVICE TO BENEFICIAL SHAREHOLDERS**

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares owned by a person are registered either (a) in the name of an intermediary (an “**Intermediary**”) that the non-registered holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement

income funds, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant (a “non-registered holder”). In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of Common Shares. Intermediaries are required to forward the Meeting Materials to non-registered holders unless a non-registered holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders who have not waived the right to receive Meeting Materials will either:

- a) Be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- b) Be given a form of proxy 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 (often called a “Voting Instruction Form”) which the Intermediary must follow. Typically the non-registered holder will also be given a page of instructions, which contains a removable label containing a bar code and other information. In order for the form of proxy to validly constitute a Voting Instruction Form, the non-registered holder must remove the label from the instructions and affix it to the Voting Instruction Form, properly complete and sign the Voting Instruction Form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided. Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meeting are to Shareholders of record unless specifically stated otherwise.

#### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the enclosed form of proxy for use at the Meeting will vote the shares in respect of which they are appointed in accordance with the directions of the Shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL BE VOTED “FOR”:**

- (a) Appointment of MNP LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and authorizing the directors to fix their remuneration;
- (b) Election of the directors as nominated by Management, and;
- (c) To transact such further and other business as may properly come before the said Meeting or any adjournment of adjournments thereof.

#### **ALL AS MORE PARTICULARLY DESCRIBED IN THIS CIRCULAR**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT DESIGNEES SHOULD PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

## EFFECTIVE DATE

The effective date of the Circular is July 21, 2017.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each Shareholder of record will be entitled to one (1) vote for each Common Share held at the Meeting.

Holders of record of the Common Shares of the Corporation on July 21, 2017 (the “**Record Date**”) will be entitled either to attend and vote at the Meeting in person shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation as described herein, to attend and vote thereat by proxy the shares held by them.

The authorized capital of the Corporation presently consists of an unlimited number of Common Shares, of which 114,856,961 Common Shares are issued and outstanding as fully paid and non-assessable as of the Record Date.

To the knowledge of the directors and executive officers of the Corporation, there are no parties who beneficially own, directly or indirectly, or exercise control or direction over 10% or more of any class of securities of the Corporation other than as follows:

<u>Name of Share holder</u>	<u>Number and Type of Securities</u>	<u>Percentage of Class</u>	<u>Percentage of Voting Securities</u>
Stephen Coates	16,313,729 Common Shares <sup>(1)</sup>	14.20%	14.20%

**Note:**

<sup>(1)</sup> Held as to 4,681,010 Common Shares directly, and 1,560,000 Common Shares through two trusts which are controlled by Mr. Coates and 10,072,719 are held by Mr. Coates’ spouse and children.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation’s last completed financial year, and no associate or affiliate of any of the foregoing 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 and the appointment of officers except as disclosed herein.

## EXECUTIVE COMPENSATION

The information contained below is provided as required under National Instrument Form 51-102F6V – Statement of Executive Compensation – Venture Issuers of Telferscot Resources Inc. for the financial year ended December 31, 2016. During the last completed financial year of the Corporation, the Corporation had two Named Executive Officers (“NEO”) (as determined by applicable securities legislation) namely Stephen Coates, CEO and Geoff Kritzinger, CFO.

### Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company, for each of the Company’s 2 most recent completed financial years.

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Stephen Coates, CEO <sup>(1)</sup>	2016	Nil	Nil	Nil	Nil	60,000 <sup>(3)</sup>	60,000
	2015	Nil	Nil	Nil	Nil	105,000 <sup>(4)</sup>	105,000
Geoff Kritzinger, CFO	2016	Nil	Nil	Nil	Nil	30,000 <sup>(5)</sup>	30,000
	2015	Nil	Nil	Nil	Nil	22,500 <sup>(6)</sup>	22,500
James Garcelon, CEO <sup>(2)</sup>	2016		Nil	Nil		Nil	
	2015		Nil	Nil		Nil	

<sup>(1)</sup> Mr. Coates was appointed CEO March 1, 2016

<sup>(2)</sup> Mr. Garcelon resigned as CEO March 1, 2016.

<sup>(3)</sup> During the year ended December 31, 2016, Telferscot was billed a monthly fee of \$5,000 (or \$60,000 in total), exclusive of applicable taxes, by Grove Capital Group Ltd. (“Grove”), a corporation controlled by Mr. Coates. The fee was for management and administrative services, including monthly compensation of the corporate secretary, office rent and other regular administrative functions.

<sup>(4)</sup> Telferscot was billed a monthly fee of \$10,000, exclusive of applicable taxes, from January, 2015 to September, 2015 by Grove. The fee was for management and administrative services, including monthly compensation to the CFO of \$2,500, the corporate secretary, office rent and regular administrative functions. Starting in October, 2015, the fee decreased to \$5,000 per month, excluding compensation to the CFO. During the year ended December 31, 2015, the Company was billed total fees of \$105,000, including compensation paid to the CFO described below under (6).

<sup>(5)</sup> Starting in January, 2016, Telferscot was directly billed a monthly fee of \$2,500, exclusive of applicable taxes, by Geoff Kritzinger Professional Corporation (“GKPC”), a corporation controlled by the CFO, for services of the CFO. During the year ended December 31, 2016, the Company incurred total fees of \$30,000.

<sup>(6)</sup> For the period from January, 2015 to September, 2015, GKPC received a monthly fee of \$2,500, exclusive of applicable taxes, for services of the CFO for an annual total of \$22,500. Such amount was received directly from Grove, and accordingly, is included in its total fees described above under (4).

### External Management Companies

Grove Capital Group Ltd. (“Grove”) is a private company controlled by Stephen Coates, President, CEO and a Director of the Company. Pursuant to an agreement dated December 1, 2010, the Company entered into a management agreement with Grove to provide management and administrative services to Telferscot. The contract included the cost of the corporate secretary, office rent and other regular administrative functions. Up to September 30, 2015, it also included monthly compensation of the CFO. The contract is billed on a monthly basis with a six-month notice period. Effective October 1, 2015, the monthly rate was decreased from \$10,000 to \$5,000. Either party can terminate the contract on six (6) months written notice. It can also be terminated by the 10Company for cause without prior notice.

As described above under “Director and NEO Compensation, Excluding Compensation Securities”, the Company was billed \$60,000 by Grove during the year ended December 31, 2016 (2015 - \$105,000). On October 5, 2016, the Board of Directors approved the grant of 10,150,000 options to Grove, valued at \$50,750 using the Black-Scholes option pricing methodology. The

options have an exercise price of \$0.00714, expire 5 years from the date of the grant and fully vested on the date of the grant.

Grove was not indebted to the Company during the Company's last completed financial year, and the contract remains in effect as of the date of this Management Information Circular.

Geoff Kritzinger Professional Corporation ("GKPC") is a private corporation wholly owned by Geoff Kritzinger, the CFO of the Company. The services of the CFO are provided to the Company at a monthly rate of \$2,500, exclusive of applicable taxes. As described above under "Director and NEO Compensation, Excluding Compensation Securities", the Company was billed \$30,000 by GKPC during the year ended December 31, 2016. During the year ended December 31, 2015, the Company indirectly paid GKPC \$22,500, such amount paid directly by Grove and therefore included in Grove's fees described above.

GKPC was not indebted to the Company during the Company's last completed financial year, and the monthly fee remains in effect as of the date of this Management Information Circular.

### Stock options and other compensation securities

The Company did not grant incentive stock options to any NEO or director of the Company in the year ended December 30, 2016. The Company does not have any share-based award plans for its NEOs or directors. However, the Company issued 10,150,000 options to Grove on October 5, 2016 (as described above under "External Management Companies". All stock options outstanding as of December 31, 2015 either expired unexercised or were surrendered by the option holders during the year ended December 31, 2016, such that there were no options outstanding as at December 31, 2016 other than the options issued to Grove as described above.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Grove Capital Group Ltd.	Stock Option	10,150,000	October 5, 2016	\$0.00714	\$0.005	\$0.01	October 5, 2021

<sup>(1)</sup> A corporation controlled by Mr. Coates

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
<i>This is not applicable to the Company</i>							

## **Stock Option Plans and Other Incentive Plans**

Shareholders of the Corporation adopted a stock option plan (the “**Stock Option Plan**”) on October 1, 2010. The following is a summary of its principal terms.

The purpose of the Stock Option Plan is to encourage common stock ownership in the Corporation for directors, executive officers, employees and consultants who are primarily responsible for the management and profitable growth of its business, to provide additional incentive for superior performance by such persons and to enable the Corporation to attract and retain valued directors, officers and employees by granting stock options to such persons.

The Stock Option Plan provides that eligible persons thereunder including any director, employee (full-time or part-time), executive officer or consultant of the Corporation or any subsidiary thereof. A consultant means an individual (including an individual whose services are contracted through a personal holding company) with whom the Corporation or a subsidiary has a contract for substantial services.

The Stock Option Plan is administered by the Board of Directors of the Corporation. The Board of Directors has the authority to determine, among other things, subject to the terms and conditions of the Stock Option Plan, the terms, limitations, restrictions and conditions respecting the grant of stock options under the Stock Option Plan.

The total number of shares which may be reserved and set aside for issuance to eligible persons may not exceed 10% of the issued and outstanding common shares from time to time. Investor Relations persons may not be granted options exceeding 2% of outstanding capital and such options must vest over one (1) year with no more than 25% vesting in each quarter.

Pursuant to the Stock Option Plan, the options will not be transferable other than by will or the laws of descent and distribution, the option price to be such price as is to be fixed by the Plan’s administrator but shall not be less than the fair market value of the shares at the time the option is granted and payment thereof shall be made in full on the exercise of the options. The terms of the options may not exceed five (5) years and shall be subject to earlier redemption upon the termination of employment. If an optionee ceases to be an eligible person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable in a period not exceeding six (6) months following the termination of the optionee’s position with the Corporation but only up to and including the original option expiry date. If an optionee dies, the legal representative of the optionee may exercise the optionee’s options for a period not exceeding one (1) year after the date of the optionee’s death but only up to and including the original option expiry date. The Stock Option Plan also contains anti-dilution provisions usual to plans of this type.

The Corporation will not provide any optionee with financial assistance in order to enable such optionee to exercise stock options granted under the Stock Option Plan. The Corporation has no other compensation plans or arrangements in place and none are currently contemplated.

## **Employment, Consulting and Management Agreements**

### ***Management Agreements***

No management functions of the Corporation are performed to any substantial degree by a person other than the directors or named executive officers of the Corporation, the details of which are described above under “External Management Companies

## **Oversight and Description of Director and NEO Compensation**

Historically, the Corporation is a mineral exploration company with property interests located in the Democratic Republic of Congo. The Corporation has no revenues from operations and often operates with limited financial resources. As a result, to ensure that funds are available to complete scheduled programs, the Compensation Committee has to consider not only the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial condition of the Corporation in the future.

Since the preservation of cash is an important goal of the Corporation, an important element of the compensation awarded to the NEO is the granting of stock options, which do not require cash disbursement by the Corporation. The granting of stock options also helps to align the interests of the NEOs with the interests of the Corporation. The other two elements of the compensation the Corporation awards to its NEOs are: (i) base cash consulting fees; and (ii) cash bonus payments for achievement of stated

milestones or benchmarks. The Corporation does not provide its NEOs with perquisites or personal benefits that are not otherwise available to all of our employees.

The deliberations with respect to compensation are conducted in a special session from which management is absent. These deliberations are intended to advance the key objectives of the compensation program for the Corporation's NEOs. At the request of the Board of Directors, the NEOs may, from time to time, provide advice to the Board of Directors with respect to the compensation program for the Corporation's NEOs.

The Corporation relies on its Compensation Committee, through discussion without any formal objectives, targets, criteria or analysis, in determining the compensation of its NEOs. The Compensation Committee is responsible for determining all forms of compensation, including the provision of long-term incentives through the granting of stock options to the NEOs of the Corporation, and to others, including without limitation to the Corporation's directors, to ensure such arrangements reflect the responsibilities and risks associated with each such officer's position. The Compensation Committee incorporates the following goals when it makes its compensation decisions with respect to the Corporation's NEOs: (i) the recruiting and retaining of executives who are critical both to the success of the Corporation and to the enhancement of Shareholder value; (ii) the provision of fair and competitive compensation; (iii) the balancing of the interests of management with the interests of the Corporation's Shareholders; (iv) the rewarding of performance, both on an individual basis and with respect to the operations of the Corporation as a whole; and (v) the preservation of available financial resources. The Board of Directors does not currently consider the implications of the risks associated with the Corporation's compensation policies and practices as a result of the limited options available to the Corporation.

**Pension disclosure**

The Corporation does not have any form of pension plan that provides for payments or benefits for any NEO at, following, or in connection with retirement. The Corporation does not have any form of deferred compensation plan.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out information as of December 31, 2016 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
Equity compensation plans approved by security holders	10,150,000	\$0.00714	335,696 <sup>(1)</sup>
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	10,150,000	\$0.15	335,696 <sup>(1)</sup>

<sup>(1)</sup> Since December 31, 2016 an additional 10,000,000 common shares have been issued so that the number of securities remaining available for future issuance is now 1,335,696.

**INDEBTEDNESS OF OFFICERS AND DIRECTORS**

No officer or director of the Corporation is indebted to the Corporation for any sum.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No insider of the Corporation, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries, other than disclosed under the headings "Executive Compensation" and as disclosed below.

### AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

The Corporation is required to have an audit committee comprised of not less than three directors. The following sets out the disclosure required by Multilateral Instrument 52-110 of the Canadian Securities Administrators ("MI 52-110") with respect to the audit committee of a Venture Issuer.

#### The Audit Committee's Charter

The Corporation's Audit Committee is governed by its Audit Committee Charter, a copy of which is annexed hereto as **Appendix "A"**.

#### Composition of the Audit Committee

The Corporation's Audit Committee is a committee of the whole board. As defined in MI 52-110, Messrs. Reid and Kirtlan are independent. Also as defined in MI 52-110, all members of the Audit Committee are financially literate. Following the Meeting, the Audit Committee will be reconstituted as a committee of the whole board.

#### Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal year, the Corporation's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

#### Relevant Education and Experience

As the Board consists of only three directors, following the meeting the Audit Committee will continue to be a committee of the whole.

The following is a summary of the relevant education and experience of each of the proposed members of the Corporation's Audit Committee following the meeting:

**Stephen Coates:** Mr. Coates is a founder and principal of Grove Capital Group Ltd, a merchant bank specializing in the incubation and development of businesses in Canada and internationally. Grove was established in 2003 to provide business development and strategic relationship advice to small-cap public and private companies primarily in the mining and resource industry. In 2006, he co-founded Homeland Uranium Inc., which subsequently gave rise to Homeland Energy Group Limited, which he served as President and Chief Executive Officer of from December 2004 to October 2009. Mr. Coates began his career in investment management and advisory services at RBC Dominion Securities in Canada. Following which he joined Independent Equity Research Corp. as Vice President, Business Development. Mr. Coates is a graduate of Kings College at the UWO in London, Canada and is an active volunteer, Director and Trustee in the fields of politics, education and with local community organizations.

**Bruce Reid:** Mr. Reid is the Executive Chairman of the Carlisle Goldfields Limited, as well as a Director. Mr. Reid was the President and Chief Executive Officer of the Corporation from January 2010 until January 2014. Mr. Reid is also a Director of SGX Resources Inc. and other public companies. Mr. Reid was also the President and Chief Executive Officer of U.S. Silver Corp. (a mining company) from June 2006 to November 2009 as well as Vice-President, Corporate Finance of Research Capital (an investment dealer) from 2002 to 2006. Mr. Reid brings to the Corporation extensive experience in corporate finance and in the mining and mineral exploration industry. His background includes more than 30 years of direct and indirect experience in the mining and mineral exploration industry following graduation with a B.Sc. in Geology from the University of Toronto in 1979 and a finance degree from the University of Windsor in 1982.

**Robert Kirtlan:** Mr. Kirtlan is a finance professional with over 20 years of experience in company management and arranging

equity and debt financing in the resource sector. For the last 11 years, Mr. Kirtlan has taken active roles in the financing, management and development of exploration and development opportunities across a broad spectrum of commodities in various countries. Prior to that he spent 7 years in the investment banking sector. He is currently Chairman of RMG Limited, a company focused on copper in Chile; Chairman of Decimal Software Limited, a Company with leading edge robo advice technology; and a Director of Credo Resources Limited.

### Reliance on Certain Exemptions

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

### Pre-Approval Policies and Procedures

The Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Committee will review the engagement of non-audit services as required.

### External Auditors Service Fees (By Category)

The fees paid to the Corporation’s external auditors in each of the last two fiscal years for audit fees are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u> <sup>(1)</sup>	<u>Tax Fees</u> <sup>(2)</sup>	<u>All Other Fees</u> <sup>(3)</sup>
2016	\$10,700	Nil	Nil	Nil
2015	\$12,840	Nil	Nil	Nil

<sup>(1)</sup> Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under Audit Fees.

<sup>(2)</sup> Fees charged for tax compliance, tax advice and tax planning services.

<sup>(3)</sup> Fees for services other than disclosed in any other column

### Exemption

The Corporation is relying upon the exemption in section 6.1 of MI 52-110 for venture issuers which allows for an exemption from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of MI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2.

## CORPORATE GOVERNANCE

The Corporation is required to comply with National Instrument 58-101-Disclosure of Corporate Governance Practices (“**NI-58-101**”) and National Policy 58-201 Corporate Governance Guidelines (“**NP-58-201**”). NP-58-201 contains a series of guidelines for effective corporate governance. The guidelines deal with such matters as the constitution and independence of corporate boards, their functions, the experience and education of board members and other items dealing with sound corporate governance.

Pursuant to NI-58-101, the Corporation is required to provide disclosure in this Information Circular of its corporate governance practices in accordance with Form 58-101F2 which follows:

- Board of Directors** — Currently Bruce Reid and Rob Kirtlan are the independent directors of the Corporation. Stephen Coates is Chief Executive Officer. On March 7, 2012 the Board of Directors adopted a new set of corporate governance policies including a Board Charter, Code of Business Conduct and Ethics, Insider Trading Policy, Whistle Blower Policy and Disclosure Policy.
- Directorships** — No director of the Corporation is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction except for: Stephen Coates, Director of Exploratus Inc., and

Caracara Silver Inc.; Bruce Reid, Director of Debut Diamonds Inc., GoldTrain Resources Inc., KWG Resources Inc., Satori Resources Inc., and Canuc Resources, and Robert Kirtlan, Director of RMG Limited, Currie Rose Resources Inc. and Vault Intelligence Limited.

3. **Orientation and Continuing Education** — Currently the full Board of Directors is responsible for providing for orientation and continuing education for new directors. In the future, the Board of Directors may consider creating a Corporate Governance Committee, one of the mandates of which will be to create an orientation program for new board members. The Board of Directors has not currently established criteria for continuing education for directors.
4. **Ethical Business Conduct** — A Code of Business Conduct was established March 7, 2012 and is available on SEDAR.
5. **Nomination of Directors** — The Board of Directors will continue to be responsible for identifying new candidates for the board including members to fill any vacancies on the board. It will consider candidates submitted by directors, officers, employees, Shareholders and others and may retain search firms for the purposes of identifying suitable candidates who meet the level of personal and professional integrity and ability it deems appropriate for directors of the Corporation.
6. **Compensation** — On March 7, 2012 a Compensation Committee was established comprised of a committee of the whole and the majority of whom are independent. The Compensation Committee will continue to review the compensation of directors and officers including the granting of stock options. Compensation will be determined with reference, in part, to compensation of officers and directors in similar industries performing similar functions.
7. **Other Board Committees** — Currently the Board of Directors has established an Audit Committee and a Compensation Committee. The Board of Directors is considering the establishment of a Corporate Governance Committee but has no intention at this time to establish other standing committees of the board.
8. **Assessments** — The full Board of Directors will establish procedures for satisfying itself that the board, its committees, and its individual directors are performing effectively.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **1. Presentation of Financial Statements**

The consolidated financial statements of the Corporation for the years ended December 31, 2016 and 2015 and the report of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' report and the Corporation's consolidated financial statements will not constitute approval or disapproval of any matters referred to therein. The consolidated financial statements and the Management's Discussion and Analysis for the year ended December 31, 2016 have been mailed to Shareholders of record and non-objecting beneficial Shareholders. A copy of these consolidated financial statements can be obtained at [www.sedar.com](http://www.sedar.com). In the alternative, upon receiving a written request to the address on the first page of this Circular, the Corporation will mail a copy of the consolidated financial statements to you.

### **2. Appointment of Auditors**

The persons named in the enclosed form of proxy intend to vote for the re appointment MNP LLP, as auditors of the Corporation to hold office until the next annual meeting of Shareholders and to authorize the directors of the Corporation to fix the auditors' remuneration.

On the representations of the said auditors, neither that firm nor any of its partners has any direct financial interest nor any material indirect financial interest in the Corporation or any of its subsidiaries nor has had any connection during the past three years with the Corporation or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee.

The Shareholders are urged by Management to appoint MNP LLP, as the Corporation's auditors and to authorize the Board of Directors to fix their remuneration.

### **3. Election of the Board of Directors**

The Board of Directors of the Corporation presently consists of three (3) directors. The persons named in the enclosed form of proxy intend to vote for the election as directors of the Corporation, the three (3) nominees of Management whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation. The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all of the positions and offices with the Corporation now held by them, their present principal occupations or employments and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them as of May 17, 2017. The information as to shares beneficially owned has been furnished to the Board of Directors by the respective nominees.

<b><u>Name Municipality of Residence</u></b>	<b><u>Position with Corporation</u></b>	<b><u>Principal Occupation or Employment for the Last Five Years</u></b>	<b><u>Director From</u></b>	<b><u>Number of Shares Beneficially Owned or Controlled</u></b>
Stephen Coates <sup>(1)(2)</sup> Toronto, Ontario	Director	Principal of Grove Capital Group since 2009.	June 2, 2010	16,313,729 Common Shares <sup>(3)</sup>
Robert Kirtlan <sup>(1)(2)</sup> Perth, Australia	Director	Finance Professional	February 25, 2016	8,500,000 <sup>(4)</sup>
Bruce Reid Toronto Ontario <sup>(1)(2)</sup>	Director	Geologist	February 25, 2016	12,010,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee

(3) Held as to 4,681,010 Common Shares directly, and 1,560,000 Common Shares through two trusts which are controlled by Mr. Coates and 10,072,719 are held by Mr. Coates' spouse and children.

(4) Held beneficially through a holding company controlled by Mr. Kirtlan

The Shareholders are urged to elect Management's nominees as directors of the Corporation.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

#### **Cease Trade Orders**

Except as disclosed below, none of the directors or officers of the Corporation is, or within the past ten years prior to the date hereof has been, a director, officer or promoter of any other issuer that, while that person was acting in that capacity:

- (1) was subject to a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or
- (2) was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person,

Geoff Kritzinger was Chief Financial Officer of Enquest Energy Services Corp. (ENQ – TSXV), which in May, 2010, was subject to a cease trade order for failure to file audited financial statements and other required disclosures within prescribed time limits. The cease trade order has not been rescinded.

#### **Penalties or Sanctions**

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or have entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory

body that would likely be considered important to a reasonable investor making an investment decision.

### **Individual Bankruptcies**

None of the directors or officers of the Corporation has, within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Conflict of Interest**

To the best of the Corporation's knowledge and other than as disclosed herein, there are no existing or potential conflicts of interest among the Corporation, its promoters, directors, officers or other members of management of the Corporation except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies and their duties as a director, officer, promoter or management of the Corporation.

The directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the Corporation's comparative financial statements and management discussion and analysis ("MD&A") for the fiscal year ended December 31, 2014. Shareholders may contact the Corporation to request copies of the financial statements and MD&A by mail to Suite 2701, P.O. Box 136, 401 Bay Street, Toronto, ON M5H 2Y4 Attention: Catherine Beckett.

### **APPROVAL OF DIRECTORS**

The Circular and the mailing of same to Shareholders have been approved by the Board of Directors of the Corporation.

DATED the 21<sup>st</sup> day of July, 2017

**BY ORDER OF THE  
BOARD OF DIRECTORS**

*"Stephen Coates"*

**STEPHEN COATES**  
C.E.O.

APPENDIX "A"  
AUDIT COMMITTEE CHARTER

PURPOSE

The overall purpose of the Audit Committee (the "Committee") of the Board of Directors of Telferscot Resources Inc. (the "Corporation") will be to carry out the functions associated with an audit committee of an issuer of the size and nature of the Corporation (as defined below). The purpose of the Committee is to ensure that the Corporation's management has designed and implemented an effective system to review and report on the integrity of the consolidated financial statements, operational and financial risk management and internal controls of the Corporation. The Committee will also review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts with respect to such matters. As part of this mandate, the Committee shall take all necessary steps to ensure compliance by the Corporation with all laws and regulatory policies, rules, regulations and instruments pertaining to audit and financial reporting that are applicable to the Corporation from time to time (the "Applicable Laws").

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of not less than two members of the Board of Directors of the Corporation (the "Board"), of whom:

- (a) must meet any independence tests; and
- (b) must satisfy any financial literacy or other competency standards;

set out under Applicable Laws, except as may be allowed under any applicable exemptions provided for under Applicable Laws or any exemption orders obtained from applicable regulatory authorities.

2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the Shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair (the "Chairman") from amongst their number.

4. The Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee.

5. The quorum for meetings shall be a majority of the members (the "Members") of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

6. The Committee shall have access to such officers and employees of the Corporation and of the other consolidated subsidiaries of the Corporation, and to the Corporation's external auditors and to such information respecting the Corporation, as the Committee considers to be necessary or advisable in order to perform its duties and responsibilities.

7. Meetings of the Committee shall be conducted as follows:

- (a) the Committee shall meet at least six times annually at such times and at such locations as may be requested by the Chairman. The Corporation's external auditors or any member of the Committee may request a meeting of the Committee;
- (b) the Corporation's external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
- (c) the Chief Executive Officer and the Chief Financial Officer of the Corporation shall be invited to attend all meetings of the Committee, except executive sessions and private sessions with the external auditors. Other management representatives of the Corporation shall be invited to attend as necessary.

8. The internal auditors of the Corporation (if any) and the external auditors of the Corporation shall have a direct line of communication to the Committee through the Chairman. The Corporation shall require the external auditors of the Corporation to

report directly to the Committee. The internal auditor (if any) shall report directly and solely to the Chairman of the Audit Committee.

#### DUTIES AND RESPONSIBILITIES

9. The overall duties and responsibilities of the Committee shall include:

- (a) assisting the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and approving the Corporation's annual and quarterly consolidated financial statements;
- (b) establishing and maintaining a direct line of communication with the Corporation's internal (if any) and external auditors and assessing their performance;
- (c) ensuring that the management of the Corporation has designed, implemented and is maintaining an effective system of internal controls for the Corporation; and
- (d) reporting regularly to the Board on the fulfilment of the duties and responsibilities of the Committee.

10. The duties and responsibilities of the Committee as they relate to the external auditors shall include:

- (a) recommending to the Board a firm of external auditors to be engaged by the Corporation;
- (b) reviewing and approving the fee, scope and timing of the audit and other related services rendered by the external auditors;
- (c) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting;
- (d) reviewing the audit plan of the external auditors prior to the commencement of the audit;
- (e) reviewing with the external auditors, upon completion of their audit:
  - (i) contents of their report;
  - (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Corporation's financial and auditing personnel;
  - (iv) co-operation received from the Corporation's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Corporation; and
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems.
- (f) pre-approving all, non-audit services to be provided to the Corporation by the Corporation's external auditor in accordance with Applicable Laws.

11. The Committee shall hold meetings with the external auditors at least once a year without the presence of management of the Corporation prior the approval of the audited annual financial statements of the Corporation and at such other times as determined necessary or appropriate by the Committee.

12. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors (if any) shall include:

- (a) periodically reviewing the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
- (b) reviewing and approving the internal audit plan; and

- (c) reviewing significant internal audit findings and recommendations, and management's response thereto.

13. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

- (a) ensure adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;
- (b) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (c) review compliance with any business conduct policy that the Corporation may put in place and periodically review this policy and recommend to the Board changes which the Committee may deem appropriate;
- (d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
- (e) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

14. The Committee is also charged with the responsibility to:

- (a) review and approve the Corporation's financial statements (annual and interim) and MD&A (annual and interim) as well as the financial sections of prospectuses and other public reports requiring approval by the Board before such documents are publicly disclosed by the Corporation;
- (b) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
- (c) review the minutes of any audit committee meeting of associated companies, partnerships or trusts;
- (d) review with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material affect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
- (e) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- (f) establish procedures for the confidential, anonymous submission by employees of the Corporation or any other consolidated subsidiary of the Corporation of concerns regarding questionable accounting or auditing matters,
- (g) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation; and
- (h) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of Shareholders.

15. The Committee has the authority:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (b) to set and pay the compensation for any advisors employed by the Committee.