



EVOLVING GOLD  
CORP

## INFORMATION CIRCULAR

### FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 30, 2017

This information is given as of October 23, 2017 unless otherwise noted.

#### PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of EVOLVING GOLD CORP. (the “Company”) for use at the Annual and Special Meeting (the “Meeting”) of the shareholders of the Company, to be held on **Thursday, November 30, 2017**, at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

Except as noted below, the Company has distributed or made available for distribution, copies of the Notice, the Information Circular and form of proxy or voting instruction form (“VIF”) (if applicable) (the “Meeting Materials”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “Intermediaries”) for distribution to Beneficial Shareholders (as defined below) whose common shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company is sending proxy-related materials directly to NOBOs (as defined below), through the services of its transfer agent and registrar, Computershare Investor Services Inc. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Company is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered shareholders or Beneficial Shareholders.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for such shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Company’s transfer agent and registrar, Computershare Investor Services Inc., Proxy Department, by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof, or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered shareholder or his, her or its attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the shareholder or by such shareholder's attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
  - (i) at the registered office, Suite 2900 – 595 Burrard Street, Vancouver, BC, V7X 1J5, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof; or
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. The common shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted on, the common shares will be voted accordingly. **In the absence of such direction, where the management nominees are appointed as proxyholder, such common shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of common shares, or non-objecting beneficial owners (“NOBOs”) whose names has been provided to the Company's registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of shareholders who do not hold their common shares in their own name (referred to in this section as “Beneficial Shareholders”). If common shares are listed in an account statement provided to a shareholder by an Intermediary, then in almost all cases those common shares will not be registered in such shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such common shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting common shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails the VIFs or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the VIFs or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or VIF from Broadridge cannot use that proxy to vote common shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their common shares in that capacity.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert his or her name (or the name of the person that the NOBO wants to attend and vote on the NOBO's behalf) in the space provided on the VIF and return it to the Company or its transfer agent. If the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, the Company will arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those common shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder. **If a NOBO requests that the NOBO or its nominee be appointed as proxyholder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBOs vote to be counted.**

**NOBOs that wish to change their vote must in sufficient time in advance of the Meeting contact their Intermediary to arrange to change their vote. NOBOs should carefully follow the instructions of their Intermediaries, including those regarding when and where to complete the VIF's that are to be returned to their Intermediaries.**

Should an objecting beneficial owner (an "OBO") wish to attend and vote at the Meeting in person, the OBO should insert his or her name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's Intermediary or send the Intermediary another written request that the OBO or its nominee be appointed as proxyholder. The Intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the Intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the Intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An Intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder. **If an OBO requests that an Intermediary appoint the OBO or its nominee as proxyholder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBOs vote to be counted.**

**OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the completed request for voting instructions is to be delivered. Only registered shareholders have the right to revoke a proxy. OBOs who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.**

Shareholders with questions respecting the voting of shares held through an Intermediary should contact that Intermediary for assistance.

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice are to shareholders of record unless specifically stated otherwise.

### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

The Meeting Materials are being sent to both registered and NOBOs. If you are a NOBO, and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of common shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Company consists of an unlimited number of common shares without par value.

The Company has fixed the close of business on October 23, 2017 as the record date (the “Record Date”) for the purposes of determining shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 15,722,378 common shares were issued and outstanding. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he, she or it is the holder. The Company has no other classes of voting securities.

In accordance with the provisions of the *Business Corporations Act* (British Columbia), the Company will prepare a list of the holders of common shares on the Record Date. Each holder of common shares named on the list will be entitled to vote the common shares shown opposite his, her or its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

The above information was provided by management of the Company and the Company’s registrar and transfer agent as of the Record Date.

### **QUORUM AND VOTES NECESSARY TO PASS RESOLUTIONS**

Under the Company’s Articles, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued common shares entitled to be voted at the Meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required in order to pass an ordinary resolution. A majority of two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution. There are no special resolutions proposed at this Meeting.

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

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons 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, save and except for those matters pertaining to the election of directors and the Company’s stock option plan.

### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this Information Circular:

“CEO” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“CFO” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“Named Executive Officer” or “NEO” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the financial years ended March 31, 2017, the Company had two Named Executive Officers, namely R. Bruce Duncan, CEO, and Charles E. Jenkins, CFO.

*All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.*

### **Description of Director and Named Executive Officer Compensation**

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. The Compensation Committee, on behalf of the board of directors (the “Board”), monitors compensation for the NEOs of the Company. The Company’s Compensation Committee is currently composed of two independent directors – William (Bill) Majcher (Chair) and Robert N. Horsley.

There is no written Compensation Committee Charter. However, as a general statement, the Compensation Committee is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practices of the Company and its subsidiaries and administering the Company’s stock option plan. With regard to the CEO, the Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the CEO’s compensation, evaluating the CEO’s performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO’s compensation level based on this evaluation. In consultation with the CEO, the Compensation Committee makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans. The Compensation Committee’s decisions are typically reflected in consent resolutions.

During the financial year ended March 31, 2017, no salary increases were awarded and the Company limited bonuses due to market conditions. For the most part, salaries were accrued and not paid. Unpaid accrued management fees as at March 31, 2017 were \$173,000 (2016 - \$144,575). Given the evolving nature of the Company’s business, the Board continues to review and redesign its overall compensation plan for senior management so as to continue to address its objectives.

The Compensation Committee has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisers during the financial year ended March 31, 2017.

### **Stock Options**

Performance-based incentives are granted by way of stock options. The awards are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

- (a) the executive’s performance;
- (b) the executive’s level of responsibility within the Company;
- (c) the number and exercise price of options previously issued to the executive;
- (d) the difference between the executive’s salary and that paid by comparable companies; and

(e) the overall aggregate total compensation package provided to the executive.

Options are typically granted on an annual basis in connection with the review of executives' compensation packages. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance.

### Director and Named Executive Officer Compensation

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) sets forth all annual and long-term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended March 31, 2017, excluding compensation securities.

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 (\$)
<b>R. Bruce Duncan</b> <i>CEO, Director</i>	2017	90,000 <sup>1</sup>	nil	nil	nil	64,200	154,200
	2016	90,000 <sup>1</sup>	nil	nil	nil	3,949	93,949
<b>Charles E. Jenkins</b> <i>CFO</i>	2017	60,000 <sup>1</sup>	nil	nil	nil	49,933	109,933
	2016	60,000 <sup>1</sup>	nil	nil	nil	3,072	63,072
<b>William Majcher</b> <i>Director</i>	2017	nil	nil	nil	nil	35,667	35,667
	2016	nil	nil	nil	nil	2,194	2,194
<b>Robert N. Horsley</b> <i>Director</i>	2017	nil	nil	nil	nil	35,667	33,667
	2016	nil	nil	nil	nil	2,194	2,194

1. For the fiscal years ended March 31, 2017 and March 31, 2016, the above noted expenses were accrued and not paid to the NEOs.

### Stock Options and Other Compensation Securities

During the year ended March 31, 2017, the Company granted a total of 650,000 stock options to its directors and Name Executive Officers.

The following table sets forth all compensation securities granted or issued to each NEO and director by the Company in the financial year ended March 31, 2017 for services provided or to be provided, directly or indirectly, to the Company:

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
<b>R. Bruce Duncan</b> <i>CEO, Director</i>	Stock Options	225,000	July 25/16	0.50	0.36	0.17	July 25/21
<b>Charles E. Jenkins</b> <i>CFO</i>	Stock Options	175,000	July 25/16	0.50	0.36	0.17	July 25/21
<b>William Majcher</b> <i>Director</i>	Stock Options	125,000	July 25/16	0.50	0.36	0.17	July 25/21

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
<b>Robert N. Horsley</b> <i>Director</i>	Stock Options	125,000	July 25/16	0.50	0.36	0.17	July 25/21

### Exercise of Compensation Securities by Directors and NEOs

The following table discloses each exercise by a director or NEO of compensation securities during the financial year ended March 31, 2017:

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 (\$)
<b>R. Bruce Duncan</b> <i>CEO, Director</i>	Stock Options	-	-	-	-	-	-
<b>Charles E. Jenkins</b> <i>CFO</i>	Stock Options	-	-	-	-	-	-
<b>William Majcher</b> <i>Director</i>	Stock Options	-	-	-	-	-	-
<b>Robert N. Horsley</b> <i>Director</i>	Stock Options	-	-	-	-	-	-

### Stock Option Plans and Other Incentive Plans

The only stock option plan or other incentive plan the Company currently has in place is a 10% “rolling” stock option plan (the “Plan”) which meets the requirements of the Canadian Securities Exchange (“CSE”) and which was approved by shareholders at the Company’s Annual and Special Meeting held on August 14, 2014, and adopted by the directors of the Company that same day. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
2. The exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing price of the Company’s common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the CSE to a minimum of \$0.05 per share.
3. Vesting of options shall be at the discretion of the Board.
4. All options will be non-assignable and non-transferable.

5. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more than 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
6. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire on no later than the 90<sup>th</sup> day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Plan. If the option holder is engaged in investor relations activities or ceases to be an employee, consultant or management company employee of the Company (other than by reason of death), then the option granted shall expire on no later than the 30<sup>th</sup> day following the date that the option holder ceases to be employed or contracted by the Company, subject to the terms and conditions set out in the Plan.
7. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued shares.
8. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.
9. The Plan contains a black-out provision restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
10. The Board reserves the right in its absolute discretion to terminate or suspend the Plan with respect to all shares in respect of options which have not yet been granted under the Plan.

As at the Record Date there were 1,549,000 options outstanding under the Company's Plan. Based on the Company currently having 15,722,378 shares outstanding, an additional 23,238 options could be granted under the Plan.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

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

There were no agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer,

other than the grant of options under the Stock Option Plan, and the reimbursement of expenses any director or NEO may have incurred on behalf of the Company. In particular, there were no agreements or arrangement containing provisions with respect to change of control, severance, termination or constructive dismissal.

### **Pension disclosure**

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

### **Termination and Change of Control Benefits**

The executive employment agreements that the Company has entered into with each of R. Bruce Duncan and Charles E. Jenkins (together, the "Executive Employment Agreements") contain similar termination and change of control benefits. On April 28, 2014, those contracts were amended to reduce the termination provisions whereby on any termination without cause or resulting from a change of control of the Company, each NEO will be entitled to receive a six month payout.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of common shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at March 31, 2017:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options #	Weighted-average exercise price of outstanding options \$	Number of Common Shares remaining available for future issuance under equity compensation plans <sup>1</sup> #
Equity compensation plans approved by security holders	1,549,000	0.31	738
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	1,549,000	0.31	738

1. Based on the total number of shares authorized for issuance under the Company's Stock Option Plan, less the number of stock options outstanding as at March 31, 2017.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the last completed financial year was any current director, executive officer or employee or any former director, executive officer or employee of the Company, or any proposed nominee for election as a director of the Company:

- indebted to the Company; or
- indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

other than routine indebtedness.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The term "informed person" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction or in any proposed transaction during the 2017 financial year which has materially affected or will materially affect the Company or any of its subsidiaries.

## AUDIT COMMITTEE

Pursuant to the policies of the CSE and the provisions of section 224 of the *Business Corporations Act* of British Columbia, the Company is required to have an Audit Committee comprised of at least three directors, the majority of which must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* ("NI 52-110"), have a written charter, which sets out the duties and responsibilities of its audit committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

## Audit Committee's Charter

The Company's Audit Committee Charter is set out in Appendix I hereto.

## Composition of the Audit Committee

The Company's Audit Committee is currently comprised of the following directors:

William Majcher (Chair)	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Robert N. Horsley	Independent <sup>1</sup>	Financially literate <sup>1</sup>
R. Bruce Duncan	Not Independent <sup>1</sup>	Financially literate <sup>1</sup>

1. As defined by NI 52-110.

## Relevant Education and Experience

In addition to each member's general business experience, each of the Audit Committee members has the ability to read and understand financial statements and held director and/or officer positions with other reporting issuers in the mineral exploration and mining sector where he has been actively involved in financing and fundraising activities.

Each of the Company's Audit Committee members has been a director or officer of several public companies in the natural resource sector and as a director has been responsible for approving financial statements.

### William Majcher

Mr. Majcher is presently a principal of Majcher Corporation Limited, a Hong Kong based advisory firm catering to the financial industry. Mr. Majcher is also a partner with First Pathway Partners, a U.S. based EB5 Fund platform. He sits on the board as an independent director of Chanceton Financial Limited, a company listed on the Hong Kong Stock Exchange. Mr. Majcher also sits on the board of a private Alberta based oil and gas development company and a private China based E-Commerce company. Mr. Majcher has over 25 years of combined experience in public service, international finance, and capital markets. His background includes management, public stewardship, structured finance, emerging markets, product development, strategic planning and risk management. Mr. Majcher was employed for 22 years with the Royal Canadian Mounted Police. He retired with the rank of Inspector and Officer in charge of capital markets enforcement in Western Canada. Mr. Majcher has experience as a futures and options broker and trader and has lectured extensively on abuse within the international capital markets, including sophisticated money laundering.

### Robert N. Horsley

Mr. Horsley has over 10 years of public markets experience focused in finance, investor relations, marketing management, and merger and acquisitions. Mr. Horsley has served as a director and a consultant to several public and private companies and has worked in a variety of industries including: consumer goods, energy, mining, oil and gas, nutraceuticals and pharmaceuticals, and technology. He is currently the Chief Executive Officer of Pacific Therapeutics Ltd., a CSE listed company.

### R. Bruce Duncan

Mr. Duncan has over 30 years of experience in the capital markets and brokerage industry. Mr. Duncan is currently the principal of West Oak Capital Partners Inc., a private company which provides strategic advisory services including identifying and qualifying merger and acquisition candidates and advising in public transactions. Mr. Duncan's client base at West Oak Capital Partners Inc. has included financial services, aviation, mining, oil and gas, logistics and retail industries. Mr. Duncan currently sits on the boards of several private companies and has served as CEO of a number of public companies listed on the TSX Venture Exchange. See "Directorships" below.

### Audit Committee Oversight

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
2017	\$33,000	nil	\$4,000	nil
2016	\$33,000	nil	\$5,000	nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### Board of Directors

The Board is currently composed of three directors, R. Bruce Duncan, William Majcher and Robert N. Horsley, all of whom will be standing for re-election as directors at the Meeting.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the Board should include a number of directors who do not have interests in either the company or the significant shareholder. All of the current members of the Board are considered "independent" within the meaning of NI 52-110, except for R. Bruce Duncan. Mr. Duncan is not considered to be independent as

he is the CEO of the Company, and therefore a member of management. The independent directors will exercise their responsibility for independent oversight of management.

Board consideration and approval is required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the CEO, responsibility for meeting defined corporate objectives, evaluating new business opportunities and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives.

The directors believe that, at this early stage of the Company's development, the current composition of the Board adequately facilitates its exercise of independent supervision over management. The Board anticipates that as the Company matures as a business enterprise, it will identify additional qualified candidates that have experience relevant to the Company's needs, who are independent of management applying the guidelines contained in applicable legislation.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial year ended March 31, 2017.

### Directorships

Certain of the proposed directors are also directors of other reporting companies, as follows:

Director	Other Reporting Issuer(s)	Exchange
R. Bruce Duncan	Canada Coal Inc. Canada Carbon Inc. Potash Ridge Corporation	TSX Venture TSX Venture TSX
William Majcher	Chanceton Financial VBG International Yorkshine Group	Hong Kong Stock Exchange Hong Kong Stock Exchange Hong Kong Stock Exchange and Stock Exchange of Singapore
Robert N. Horsley	Fortify Resources Inc. Tower One Wireless Corp.	CSE CSE/OTCQB

### Orientation and Continuing Education

New directors are briefed on the Company's overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company's size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company's operations warrants it, it is possible that a formal orientation process would be implemented.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector. Board members are encouraged to communicate with management and auditors to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

### **Ethical Business Conduct**

The Board has not adopted a written Code of Ethical Conduct for its directors, officers and employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates in the best interests of the Company and its shareholders.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

### **Board Committees**

The Company has established three Board committees:

*Audit Committee* – comprising of William Majcher (Chair), Robert N. Horsley and R. Bruce Duncan

*Compensation Committee* – comprising of William Majcher and Robert N. Horsley

*Corporate Governance Committee* – comprising of William Majcher and Robert N. Horsley

All Board decisions are made by full board of director meetings or consent resolutions.

### **Assessments**

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Election of Directors

Although Management is only nominating three individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting.

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted for the nominees listed in this Information Circular. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Province/State and Country of Residence and Other Positions, if any, held with the Company	Date First Became a Director	Principal Occupation	Number of Shares <sup>1</sup>
<b>R. BRUCE DUNCAN</b> <sup>2</sup> Ontario, Canada <i>CEO and Director</i>	May 21, 2010	CEO of the Company since May 21, 2010; Executive Chairman and CEO of Canada Carbon Inc. and Executive Chairman and CEO of Canada Coal Inc., both junior natural resource companies listed on the TSX Venture Exchange; Executive Chairman of the board of directors of Potash Ridge Corporation, listed on the TSX. President of West Oak Capital Partners Inc. (a private company). Former CEO and director of Prosperity Goldfields Inc. (February 2011 to July 2012).	974,786 <sup>4</sup>
<b>WILLIAM MAJCHER</b> <sup>2,3</sup> Hong Kong, China <i>Director</i>	Sept. 21, 2007	Principal of Majcher Corporation Limited, a Hong Kong based advisory firm catering to the financial industry, and EMIDR Limited, a Corporate Risk Advisory Firm. Formerly Executive Director of China Investment Fund (October 2007 to January 2013). Director of several private and public companies based in Canada, Hong Kong and China.	3,571
<b>ROBERT N. HORSLEY</b> <sup>2,3</sup> British Columbia, Canada <i>Director</i>	March 5, 2014	Consultant. Mr. Horsley has over 8 years of public company experience in investor relations, exploration, management and merger and acquisitions. He is currently the Chief Executive Officer of Tower One Wireless Corp., a CSE listed company.	nil

1. Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
2. Member of Audit Committee.
3. Member of Compensation Committee and Corporate Governance Committee.
4. 7,142 of these shares are held by West Oak Capital Partners Inc., a private company wholly owned by Mr. Duncan.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

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

Except as disclosed herein, no proposed director is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director 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.

For the purposes hereof, the term “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

No proposed director:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such 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
- (b) has, within 10 years before the date of this Information Circular, 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 has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Except as disclosed herein, no proposed 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 investor in deciding whether to vote for a proposed director.

**B. Appointment of Auditor**

Management proposes to nominate Smythe LLP, Chartered Professional Accountants, as the Company’s auditors for the ensuing year. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the re-appointment of Smythe LLP as auditors of the Company for the financial year ending March 31, 2018 and to authorize the directors to fix the auditors’ remuneration.

### **C. Renewal Shareholder Rights Agreement**

The Company is a party to a Shareholder Rights Plan Agreement (“Rights Plan”) dated August 24, 2011 and effective September 30, 2011 (the “Effective Date”) between the Company and Computershare Investor Services Inc. (as Rights Agent) which was last ratified by shareholders at the Company’s Annual and Special Meeting held September 30, 2014.

The Board’s objective in adopting the Rights Plan was to ensure the fair treatment of shareholders in connection with any take-over bid for common shares of the Company. A copy of the Rights Plan was filed on SEDAR on July 23, 2012 and can be viewed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Purpose of Rights Plan**

The primary objective of the Rights Plan is to ensure that all Shareholders of the Company are treated fairly in connection with any take-over bid for the Company by (a) providing Shareholders with adequate time to properly assess a take-over bid without undue pressure and (b) providing the Board with more time to fully consider an unsolicited takeover bid, and, if applicable, to explore other alternatives to maximize Shareholder value.

#### **Summary of Rights Plan**

The following description of the Rights Plan is a summary only. Reference can be made to the full text of the Rights Plan, as filed on SEDAR. A copy of the Rights Plan will be available for inspection at the Meeting.

#### ***Term***

If the continued existence of the Rights Plan is ratified at the Meeting, the Rights Plan will continue in full force and effect, unamended, until it expires at the close of the next third annual meeting of shareholders of the Company occurring after the ratification and approval of the continuation of the Rights Plan at this Meeting.

#### ***Shareholder Approval***

For the Rights Plan to continue in effect following the Meeting, the Shareholder Rights Plan Resolution must be approved by a majority of the votes cast at the Meeting by holders of Common Shares and, if applicable, by a separate majority vote excluding votes cast by any non-Independent Shareholder.

Management of the Company is not aware of any shareholder who will be ineligible to vote on the confirmation of the Rights Plan at the Meeting and believes all shareholders are Independent Shareholders as defined under the Rights Plan and that there are no Grandfathered Persons as defined under the Rights Plan. If the Shareholder Rights Plan Resolution is not approved, the Rights Plan will terminate immediately.

#### ***Issue of Rights***

On the Effective Date, one right (a “Right”) was issued and attached to each Common Share outstanding and attached to each Common Share subsequently issued.

#### ***Exercise of Rights***

The Rights are not exercisable before the Separation Time (defined below). After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the exercise price of \$50.00 (subject to certain anti-dilution adjustments). This exercise price is expected to be in excess of the estimated maximum value of the Common Shares during the term of the Rights Plan. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time, each Right (other than any Right held by an “Acquiring Person” (defined below), which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate market price equal to twice the exercise price of the Rights for a price equal to the exercise price (subject to adjustment). Effectively, this means a Shareholder of the Company (other than the Acquiring Person) can acquire additional Common Shares from treasury at half their market price.

***The Rights***

Each Right will entitle the holder, subject to the terms and conditions of the Rights Plan, to purchase additional Common Shares of the Company after the Separation Time.

***Rights Certificates and Transferability***

Before the Separation Time, the Rights will be evidenced by certificates for the Common Shares, and are not transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates, which will be transferable separately from and independent of the Common Shares.

***Definition of “Acquiring Person”***

Subject to certain exceptions, an Acquiring Person is a person who becomes the Beneficial Owner (defined below) of 20% or more of the Company’s outstanding Common Shares.

***Definition of “Beneficial Ownership”***

A person is a Beneficial Owner of securities if such person or its affiliates or associates or any other person acting jointly or in concert with such person, owns the securities in law or equity, and has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the Rights Plan where:

- (a) the securities have been deposited with or tendered to such person pursuant to a tender or exchange offer or take-over bid by such person, unless those securities have been taken up or paid for;
- (b) the securities have been deposited with such person under a take-over bid pursuant to a permitted lock-up agreement;
- (c) such person (including a mutual fund or investment fund manager, trust Company, pension fund administrator, trustee or non-discretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds, investment funds or public assets for others, as long as that person:
  - (i) holds those Common Shares in the ordinary course of its business for the account of others;
  - (ii) is not making a take-over bid or acting jointly or in concert with a person who is making a takeover bid; or
  - (iii) such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

***Definition of “Separation Time”***

Separation Time occurs on the tenth trading day after the earlier of:

- (a) the first date of public announcement that a person has become an Acquiring Person;
- (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Permitted Bid); and
- (c) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later date as determined by the Board.

***Definition of “Expiration Time”***

Expiration Time occurs on the date being the earlier of:

- (a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and
- (b) immediately after the Company’s annual meeting of Shareholders to be held in 2017 unless at such meeting the duration of the Rights Plan is extended.

***Definition of a “Flip-In Event”***

A Flip-In Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person, or any of its related parties to whom the Acquiring Person has transferred its Rights, will become null and void and, as a result, the Acquiring Person’s investment in the Company will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

***Definition of “Permitted Bid”***

A Permitted Bid is a take-over bid made by a person (the “Offeror”) pursuant to a take-over bid circular that complies with the following conditions:

- (a) the bid is made to all registered holders of Common Shares (other than the Offeror);
- (b) the Offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid; and that no Common Shares will be taken up or paid for unless, at such date, more than 50% of the outstanding Common Shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn;
- (c) the Offeror agrees that the Common Shares may be deposited to and withdrawn from the take-over bid at any time before such Common Shares are taken up and paid for; and
- (d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the Offeror will make a public announcement of that fact and the bid will remain open for an additional period of at least 10 business days to permit the remaining Shareholders to tender their Common Shares.

***Definition of “Competing Permitted Bid”***

A Competing Permitted Bid is a take-over bid that:

- (a) is made while another Permitted Bid or Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid;
- (b) satisfies all the requirements of a Permitted Bid other than the requirement that the Offeror agrees that: (1) no Common Shares will be taken up or paid for under the bid: (i) for at least 60 days following the commencement of the bid; (ii) after such date, more than 50% of the outstanding Common Shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn; and (2) Common Shares may be deposited pursuant to such take-over bid at any time during the 60 day period described in (1)(i) of this paragraph, that any Common Shares deposited pursuant to such take-over bid may be withdrawn until taken up and paid for; and (3) upon deposit of more than 50% of the outstanding Common Shares as described under (1)(ii) in this paragraph, the Offeror will make a public announcement of such 50% deposit and such take-over bid is to remain open for deposits and tenders of Common Shares for a minimum of 10 business days from the date of such public announcement;
- (c) contains the conditions that no Common Shares be taken up or paid for pursuant to the Competing Permitted Bid (x) prior to the close of business on a date that is not earlier than the later of (1) the earliest date on which Common Shares may be taken up and paid for under any prior bid in existence at the date of such Competing Permitted Bid, and (2) 35 days after the date of such Competing Permitted Bid, and (y) unless, at the time that such Common Shares are first taken up or paid for, more than 50% of the then outstanding Common Shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the Competing Permitted Bid and not withdrawn.

***Redemption of Rights***

Subject to prior consent of the holders of Common Shares, all (but not less than all) of the Rights may be redeemed by the Board at any time before a Flip-In Event occurs at a redemption price of \$0.0001 per Right (subject to adjustment). In addition, in the event of a successful Permitted Bid, Competing Permitted Bid or a bid for which the Board has waived the operation of the Rights Plan, the Company will immediately upon such acquisition and without further formality, redeem the Rights at the redemption price. If the Rights are redeemed pursuant to the Rights Plan, the right to exercise the Rights will, without further action and without notice, terminate and the only right thereafter of the Rights holders is to receive the redemption price.

***Waiver***

Before a Flip-In Event occurs, the Board may waive the application of the “Flip-In” provisions of the Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of Common Shares. However, if the Board waives the Rights Plan with respect to a particular bid, it will be deemed to have waived the 2011 Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of Common Shares before the expiry of that first bid. The Board may also waive the “Flip-In” provisions of the Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

***Term of the Rights Plan***

Unless otherwise terminated, the Rights Plan will expire at the Expiration Time (defined above).

***Amending Power***

Except for amendments to correct clerical or typographical errors, Shareholder (other than the Offeror and certain related parties) or Rights holder majority approval is required for supplements or amendments to the Rights Plan. In addition, any supplement or amendment to the Rights Plan will require the written concurrence of the Rights Agent.

***Rights Agent***

The Rights Agent under the Rights Plan is Computershare Investor Services Inc.

***Rights Holder not a Shareholder***

Until a Right is exercised, the holders thereof as such will have no rights as a Shareholder of the Company.

**Shareholder Resolution – Renewal Shareholder Rights Plan**

At the Meeting, Shareholders will be asked to vote on the following ordinary resolution, with or without variation:

**“BE IT RESOLVED, as an ordinary resolution, that:**

1. the continued existence of the Shareholder Rights Plan Agreement dated as of September 30, 2011 between the Company and Computershare Investor Services Inc. and the Rights (as such term is defined thereunder) issued pursuant thereto are hereby ratified, confirmed and re-approved;
2. the Company be authorized to abandon the Rights Plan if the Company’s Board of Directors deems it appropriate and in the best interests of the Company to do so; and
3. any director or officer of the Company be and is hereby authorized and directed, for and in the name of and on behalf of the Company, to execute and deliver such agreements, documents and instruments and to take such other actions as such person may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such agreement, document or instrument or the taking of any such action.”

**Recommendation of the Board**

The Board has determined that the Rights Plan is in the best interest of the Company and its shareholders. **The Board unanimously recommends that shareholders vote for the Shareholder Rights Plan Resolution to ratify, confirm and approve the continued existence of the Rights Plan and the Rights issued pursuant thereto.**

To be effective, the Shareholder Rights Plan Resolution must be approved by a majority of votes cast in person or by proxy at the Meeting. **Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the accompanying form of proxy intend to vote “FOR” the approval of the Shareholder Rights Plan Resolution.**

**A copy of the Rights Plan can be obtained by contacting the Company. A copy will also be available for review at the Meeting.**

**OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

**ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under “Company Profiles – Evolving Gold Corp.”. The Company’s audited financial statements and management discussion and analysis (“MD&A”) for the financial year ended March 31, 2017 are available for review under the Company’s profile on SEDAR. Shareholders that wish to receive a copy of the Company’s financial statements and MD&A may do so by signing the enclosed financial statement request form and returning it to the Company at Suite 605 - 1166 Alberni Street, Vancouver, BC, V6E 3Z3

**BOARD APPROVAL**

The contents of this Information Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 23rd day of October, 2017.

**ON BEHALF OF THE BOARD**

*“R. Bruce Duncan”*

Chief Executive Officer

## Appendix 1

### Audit Committee Charter

#### **Mandate**

The audit committee will assist the board of directors (the “Board”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the Company’s business, operations and risks.

#### **Composition**

The Board will appoint from among their membership an audit committee after each annual meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

#### **Independence**

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

#### **Expertise of Committee Members**

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

#### **Meetings**

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

#### **Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

##### *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and

- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussions & analysis respecting the interim reporting period prior to its release to the public.

##### *Release of Financial Statements*

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

##### *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

*Delegation of Authority*

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

*De-Minimum Non-Audit Services*

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
- i. the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - ii. the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

*Pre-Approval Policies and Procedures*

- (a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
- i. the pre-approval policies and procedures are detailed as to the particular service;
  - ii. the audit committee is informed of each non-audit service; and
  - iii. the procedures do not include delegation of the audit committee's responsibilities to management.

*Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

*Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

**Resources and Authority of the Audit Committee**

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

## Guidance – Roles and Responsibilities

The following guidance is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

### *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

### *Financial Reporting*

#### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

#### *Annual Financial Statements*

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warrant, professional liability; litigation reserves; and other commitments and contingencies;
- (d) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (e) ensure that the external auditors communicate all required matters to the committee.

#### *Interim Financial Statements*

- (a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - i. actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

- ii. changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
- iii. generally accepted accounting principles have been consistently applied;
- iv. there are any actual or proposed changes in accounting or financial reporting practices;
- v. there are any significant or unusual events or transactions;
- vi. the Company's financial and operating controls are functioning effectively;
- vii. the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- viii. the interim financial statements contain adequate and appropriate disclosures.

*Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

*Other Responsibilities*

- (a) review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements.