

**APPIA ENERGY CORP.**

2 TORONTO STREET, SUITE 500  
TORONTO, ONTARIO  
M5C 2B6

**INFORMATION CIRCULAR  
MANAGEMENT SOLICITATION**

**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 APPIA ENERGY CORP. (the “Corporation”) for use at the Annual and Special Meeting of Shareholders (the “Meeting”) of the Corporation to be held at the offices of the Corporation, Suite 500, 2 Toronto Street, Toronto, Ontario, M5C 2B6, at the hour of 3:00 o’clock in the afternoon (Toronto time), on Wednesday, March 1, 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 so doing. 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, **TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1**. 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 BY 3:00 P.M. (TORONTO TIME) ON MONDAY, FEBRUARY 27, 2017, BEING NOT LESS THAN 48 HOURS, EXCLUDING SATURDAYS, SUNDAYS AND STATUTORY HOLIDAYS, PRECEDING THE DATE OF THE MEETING, OR ANY ADJOURNMENT THEREOF, WITH THE CORPORATION’S TRANSFER AGENT, TSX TRUST COMPANY**, 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 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 provided blank space. 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 Common 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 COMMON SHARES SHALL BE VOTED "FOR":**

- (a) the appointment of Wasserman Ramsay, Chartered Accountants, as auditors of the Corporation for the ensuing year and authorizing the directors to fix their remuneration;
- (b) the election of the directors as nominated by Management;

- (c) the ratification of the adoption of the 2017 Stock Option Plan; and
- (d) 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 COMMON 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 this Circular is January 30, 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 January 30, 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 **50,497,078** Common Shares are issued and outstanding as fully paid and non-assessable as of the Record Date. The Common Shares of the Corporation are listed on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**API**”.

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:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of Class</b>	<b>Percentage of Voting Shares</b>
Canada Enerco Corp. <sup>(1)</sup>	33,984,000	67.3%	67.3%

Note:

<sup>(1)</sup> Controlled by Tom Drivas, President, Chief Executive Officer and a director of the Corporation.

**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.

## REQUIRED ANNUAL DISCLOSURE CONCERNING THE CORPORATION

### EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6 for Venture Issuers, as such term is defined in National Instrument 51-102.

#### Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information about the Corporation's executive compensation objectives and processes and discusses compensation decisions relating to its named executive officers ("**Named Executive Officers**") listed in the Summary Compensation Table that follows. During its fiscal year ended September 30, 2016, the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the Corporation:

- Tom Drivas, President and Chief Executive Officer; and
- Michael D'Amico, Chief Financial Officer until December 31, 2015; and
- Frank van de Water, Chief Financial Officer from January 1, 2016.

The Corporation does not employ or retain any other individuals who would qualify as a "Named Executive Officer" because no executive officer or employee of the Corporation receives total compensation (including without limitation salary and bonus) in excess of \$150,000.

The Corporation established a Compensation Committee, currently comprising Thomas Skimming and Nick Bontis, to be responsible for the compensation program for the Corporation's Named Executive Officers for fiscal 2016.

#### Compensation Objectives and Principles

The Corporation is an exploration company focused on the acquisition and exploration of mineral prospects. 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 Board 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.

To date, limited compensation has been paid to the Corporation's Named Executive Officers. It is anticipated that the Compensation Committee will re-evaluate the compensation being paid. It is expected that compensation will consist of a cash component and the granting of stock options or other share compensation arrangements. The Corporation does not provide its Named Executive Officers with perquisites or personal benefits that are not otherwise available to all of its employees.

#### Compensation Processes and Goals

The deliberations of the Compensation Committee 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 Named Executive Officers. At the request of the Compensation Committee, the Named Executive Officers may, from time to time, provide advice to the Compensation Committee with respect to the compensation program for the Corporation's Named Executive Officers. The Compensation Committee makes recommendations regarding the compensation to be awarded to the Named Executive Officers to the full Board of Directors (either on its own volition or based upon the advice it receives from the Named Executive Officers).

The Corporation relies on its Compensation Committee and its Board of Directors, through discussion without any formal objectives, targets, criteria or analysis, in determining the compensation of its Named Executive Officers. The Board is responsible for determining all forms of compensation, including the provision of long-term incentives through the granting of stock options to the Named Executive Officers of the Corporation, and to others, including, without limitation, to the Corporation's directors, and for reviewing the Compensation Committee's recommendation regarding the compensation to be awarded to any other officers of the Corporation from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each such officer's and Director's position. The Board of Director incorporates the following goals when it makes its compensation decisions with respect to the Corporation's Named Executive Officers: (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 Implementation of the Corporation's Compensation Policies**

### *Executive Compensation*

During the year ended September 30, 2016, the Corporation was contractually obligated to pay the Chief Executive Officer a consulting fee of \$60,000 per annum. This amount was agreed upon between the Chief Executive Officer and the Corporation taking into account the following considerations:

- the Chief Executive Officer's public company and regulatory experience gained through his involvement with the Corporation;
- the total number of years of the Chief Executive Officer's relevant experience; and
- the financing raised by the Corporation while the Chief Executive Officer has been in office.

The compensation was not dependent on the Chief Executive Officer's fulfillment of any specific performance goals or similar criteria. In addition, no cash amounts have actually been paid and all compensation for the Chief Executive Officer has been accrued by the Corporation.

For the three months ended December 31, 2015 the Corporation paid the Chief Financial Officer, Michael D'Amico consulting fees totaling \$3,300. This amount was agreed upon between the Chief Financial Officer and the Corporation taking into account the Chief Financial Officer's prior public company and specialized financial reporting experience gained through his senior financial management roles at a number of public mineral exploration and mining companies.

For the nine months to September 30, 2016 the Corporation paid the Chief Financial Officer, Frank van de Water a total of \$21,750 based on the amount of time expended in his positions of Chief Operating Officer, Secretary, and Chief Financial Officer of the Corporation.

### *Stock Options*

The granting of options to the Named Executive Officers under the Corporation's Stock Option Plan provides an appropriate long-term incentive to management to create shareholder value. The number of options the Corporation grants to each Named Executive Officer reasonably reflects the Named Executive Officer's specific contribution to the Corporation in the execution of such person's responsibilities. However, the number of options granted does not depend upon nor does it reflect the fulfillment of any specific performance goals or similar conditions. Previous grants of options to Named Executive Officers are taken into consideration by the Compensation Committee in developing its recommendations with respect to the granting of new options. No stock options were granted to the Corporation's Named Executive Officers in the year ended September 30, 2016.

The granting of options to the non-management directors of the Corporation under the Corporation's Stock Option Plan provides an appropriate long-term incentive to these directors to provide proper independent oversight to the Corporation with a view to maximizing shareholder value. The number of options the Corporation grants to each of

these directors reasonably reflects each director's contributions to the Corporation in his capacity as a director and as a member of one or more committees of the Board (if applicable), including without limitation the Compensation Committee and Audit Committee. Previous grants of options awarded to the independent directors of the Corporation are taken into consideration when the Corporation considers the granting of new options to the independent directors. No options were granted to the Corporation's non-management directors during the year ended September 30, 2016.

The compensation of directors is determined by the full Board with recommendation by the Compensation Committee. The payment of directors' fees to the independent directors recognizes their contributions to the Corporation in their capacities as independent directors and members of one or more committees of the Board (if applicable), including without limitation the Compensation Committee and Audit Committee.

### Summary Compensation Table

The following table contains information about the compensation paid to, earned by and payable to, the Corporation's President and Chief Executive Officer, Tom Drivas, and Chief Financial Officer, Michael D'Amico for the fiscal years ending September 30, 2016, September 30, 2015 and September 30, 2014, as well as Frank van de Water for the nine months ended September 30, 2016. In accordance with the Form, the Corporation does not have any other "Named Executive Officers" given that no executive officer receives total salary and bonus in excess of \$150,000. Specific aspects of compensation payable to the Named Executive Officers of the Corporation are dealt with in further detail in subsequent tables.

<b>Summary Compensation Table</b>									
<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary Or Fees (\$)</b>	<b>Share- Based Awards (\$)</b>	<b>Option- Based Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>		<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
					<b>Annual Incentive Plans</b>	<b>Long- Term Incentive Plans</b>			
Tom Drivas, President and CEO	2016	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2015	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2014	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
<sup>(1)</sup> Michael D'Amico, CFO	2016	3,300	Nil	Nil	Nil	Nil	Nil	Nil	3,300
	2015	10,800	Nil	Nil	Nil	Nil	Nil	Nil	10,800
<sup>(1)</sup> Frank van de Water	2014	6,000	Nil	Nil	Nil	Nil	Nil	Nil	6,000
	2016	21,750	Nil	Nil	Nil	Nil	Nil	Nil	21,750

Note:

<sup>(1)</sup> The Fees for Mr. D'Amico are for the three months ended December 31, 2015 and for Mr. van de Water the nine months ended September 30, 2016. Mr. van de Water's compensation for the three months ended December 31, 2015 is shown in the **Director Compensation Table**.

## Outstanding Share-Based and Option-Based Awards Granted to Named Executive Officers as of September 30, 2016

The following table summarizes all share-based and option-based awards granted by the Corporation to its Named Executive Officers which are outstanding as of September 30, 2016.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)
Frank van de Water	400,000	1.25	April 9, 2018	Nil	Nil	Nil

Note:

<sup>(1)</sup> The value of the unexercised in-the-money options was calculated based on the difference between the last price at which the Common Shares were traded on the Canadian Securities Exchange, which was \$0.18, and the exercise price of the option.

<sup>(2)</sup> Mr. van de Water surrendered his options on December 16, 2016.

## Value Vested or Earned by Named Executive Officers during the Year Ended September 30, 2016 under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation

The following table summarizes the value vested or earned during the year by Named Executive Officers in respect of option-based awards, share-based awards and non-equity incentive plan compensation during the year ended September 30, 2016.

Name	Option-Based Awards- Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards- Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)
Tom Drivas	Nil	Nil	Nil
Frank van de Water	Nil	Nil	Nil

Note:

<sup>(1)</sup> The value of the option-based awards was calculated based on the difference between the last price at which the Common Shares were traded on the Canadian Securities Exchange, which was \$0.18, and the exercise price of the option.

## Employment/Consulting Contracts

The Corporation has not entered into a written consulting agreement with the Chief Executive Officer. Tom Drivas is entitled to \$60,000 per year effective October 1, 2008 for acting as President and Chief Executive Officer of the Corporation. This amount is being accrued, but has not been paid to Tom Drivas.

## Termination and Change of Control Benefits

In the case of a change that could “materially affect control” of the Corporation, or a transaction that results, or could result, in a new holding of more than 25% of the voting securities held by one security holder or a combination of security holders acting together, the notice period to be given by the Corporation to the Chief Financial Officer shall be six months, at a minimum retainer of \$5,000 per month, or \$50,000 in lieu of notice.

Other than as noted herein, the Corporation has no compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment

of any such officer's employment with the Corporation, from a change of control of the Corporation or a change in the responsibilities of a Named Executive Officer following a change in control.

### Compensation of Directors

The following table contains information about the compensation awarded to, earned by, paid to or payable to, the Corporation's directors, other than its Named Executive Officers, the compensation of whom is detailed above under "Summary Compensation Table", for the fiscal year ended September 30, 2016 .

Name	Fees Earned (\$)	Share- Based Awards (\$)	Option- Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)			All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long- Term Incentive Plans	Pension Value (\$)		
Thomas Skimming	4,500	Nil	Nil	Nil	Nil	Nil	Nil	4,500
Brian Robertson	4,500	Nil	Nil	Nil	Nil	Nil	Nil	4,500
Nick Bontis	4,500	Nil	Nil	Nil	Nil	Nil	Nil	4,500
William R. Johnstone <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Douglas Underhill	4,500	Nil	Nil	Nil	Nil	Nil	Nil	4,500

Notes:

- (1) The fair value of the options was estimated using the Black-Scholes Option pricing model with the following assumptions: expected dividend yield of Nil; risk free interest rate of 1.63%-1.98%; estimated life of 5 years and expected volatility ranging from 85% to 141%.
- (2) Mr. Johnstone is not an independent director as he serves as counsel to the Corporation.

### Outstanding Share-Based and Option-Based Awards Granted to Directors (Other than Directors who are Named Executive Officers) as of September 30, 2016

The following table summarizes all share-based and option-based awards granted by the Corporation to its directors (other than directors who are Named Executive Officers whose share-based and option-based awards outstanding on September 30, 2016 are detailed above) which were outstanding on September 30, 2016.

Name	Option-Based Awards			Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share- Based Awards that have not Vested (\$)
Nick Bontis	400,000	1.25	February 1, 2017	Nil	Nil	Nil
Douglas Underhill	400,000	1.25	March 25, 2019	Nil	Nil	Nil



Note:

- (1) The value of the unexercised in-the-money options was calculated based on the difference between the last price at which the Common Shares were traded on the Canadian Securities Exchange, which was \$0.18, and the exercise price of the option.
- (2) Messrs. Bontis and Underhill surrendered their options on December 16, 2016.

**Value Vested or Earned during the Year Ended September 30, 2016 by Directors (Other than Directors who are Named Executive Officers) Under Option-Based Awards, Share-Based Awards and Non-Equity Incentive Plan Compensation**

The following table summarizes the value vested or earned during the year ended September 30, 2016 by directors of the Corporation (other than directors who are Named Executive Officers) whose value vested or earned during the year ended September 30, 2016 under option-based awards, share-based awards and non-equity incentive plan compensation is detailed above) in respect of option-based awards, share-based awards and non-equity incentive plan compensation.

<b>Name</b>	<b>Option-Based Awards- Value Vested During the Year (\$)<sup>(1)</sup></b>	<b>Share-Based Awards- Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation- Value Earned During the Year (\$)</b>
Thomas Skimming	Nil	Nil	Nil
Brian E. Robertson	Nil	Nil	Nil
Nick Bontis	Nil	Nil	Nil
William R. Johnstone	Nil	Nil	Nil
Douglas Underhill	Nil	Nil	Nil

Note:

- (1) The value of the option-based awards was calculated based on the difference between the last price at which the Common Shares were traded on the Canadian Securities Exchange, which was \$0.18, and the exercise price of the option.

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

The following table sets out information as of September 30, 2016 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

<b><u>Plan Category</u></b>	<b><u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u></b>	<b><u>Weighted-average exercise price of outstanding options, warrants and rights</u></b>	<b><u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u></b>
Equity compensation plans approved by security holders	2,100,000	0.80	2,409,207
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>TOTAL</b>	<b>2,100,000</b>	<b>0.80</b>	<b>2,409,207</b>

## STOCK OPTION PLAN

The Corporation has a stock option plan (the “**2010 Stock Option Plan**”) that authorizes the Corporation to grant options for the purchase of Common Shares (“**Options**”) to any employee, executive officer, Director or consultant of the Corporation and its subsidiaries to whom Options can be granted in reliance on a prospectus and registration exemption under applicable securities laws (“**Eligible Persons**”, and each such person holding Options and participating in the Stock Option Plan is hereinafter referred to as an “**Optionee**”). The maximum number of Options that may be issued shall not exceed 10% of the number of Common Shares outstanding from time to time. The Board of Directors adopted a new 2017 Stock Option Plan on January 23, 2017 (the “**2017 Stock Option Plan**”) to replace the **2010 Stock Option Plan**, subject to shareholder ratification at the Meeting.

Grants of Options made to any single Eligible Person and his, her or its associates (as that term is defined in the *Securities Act* (Ontario)) shall not exceed 5% of the issued and outstanding Common Shares. The maximum number of securities issuable to insiders (as defined in the *Securities Act* (Ontario)) of the Corporation and their associates, at any time, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding securities of the Corporation, the maximum number of securities issued to insiders of the Corporation and their associates, within any one year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding securities of the Corporation and, in the case of any one (1) insider and his or her associates, shall not exceed 5% of the issued and outstanding securities.

The Stock Option Plan provides that the terms of the Options granted and the Option prices shall be fixed by the Directors subject to the price and other restrictions imposed by the relevant regulatory authorities, but shall not be less than the market price per Common Share at the time of grant. Options granted under the Stock Option Plan are not transferable or assignable. Options granted under the Stock Option Plan shall be for a term determined by the Directors but in any event must be exercisable for a period not in excess of five years. Options granted under the Stock Option Plan shall vest in such a manner as determined by the Directors and the exercise price must be paid in full upon exercise of the Option. The administration and operation of the Stock Option Plan may be delegated by the Board of Directors to a committee of the Directors.

If an Optionee ceases to be an Eligible Person, due to termination for cause or resignation the Optionee will have a period not in excess of three (3) months from the date the person ceased to be an Eligible Person to exercise Options held to the extent that the Optionee was entitled to exercise the Options at the date of such cessation. In the event of death of the Optionee, Options previously granted are exercisable for a period not in excess of one year next succeeding such death to the extent that the Optionee was entitled to exercise the Option at the date of death. In the event of termination of employment otherwise than for cause by reason of retirement or disability, the Optionee will have a period not in excess of twelve (12) months from the date the person ceased to be an Eligible Person to exercise the Options held to the extent that the Optionee was entitled to exercise the Options at the date of such cessation. The Board of Directors may at any time discontinue the Stock Option Plan. The Board of Directors may amend the terms of the Stock Option Plan in those circumstances permitted by applicable regulatory authorities.

As of the date of this Circular, there are currently 5,049,707 options available for grant under the Plan and 900,000 stock options that are outstanding under the Plan as follows:

<b>Name and Position</b>	<b>Common Shares Under Option</b>	<b>Exercise Price Range (per Common Share)</b>	<b>Expiry Date</b>
Directors & Executive Officers	Nil		
Consultants	900,000	\$0.10-\$0.30	April 14, 2021 to August 22, 2021
<b>TOTAL</b>	<b>900,000</b>	<b>\$0.19</b>	

## INDEBTEDNESS OF OFFICERS AND DIRECTORS

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

## **MANAGEMENT CONTRACTS**

No management functions of the Corporation are performed to any substantial degree by a person other than the directors or executive officers of the Corporation.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Tom Drivas, President, CEO and a director of the Corporation controls Canada Enerco Corp. (“CEC”) which in turn controls the Corporation. Reference is made to the headings “Voting Securities and Principal Holders Thereof” and “Corporate Governance – Board of Directors”. No other informed person (within the meaning of applicable securities laws) of the Corporation, and no Director or officer, or any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the inception date of the Corporation, other than disclosed above under the headings “Executive Compensation” and “Stock Option Plan”.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Corporation to disclose annually in its information circular certain information relating to the Corporation’s audit committee and its relationship with the Corporation’s independent auditors.

### **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 **Schedule “A”**.

### **Composition of the Audit Committee**

The Corporation’s Audit Committee currently comprises three (3) independent directors, Nick Bontis (Chairman), Brian Robertson and Thomas Skimming. As defined in NI 52-110, all directors are independent and are financially literate.

### **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**

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

#### *Nick Bontis*

Dr. Nick Bontis is a tenured professor of strategic management at the DeGroote School of Business, McMaster University. He received both his Bachelor of Arts in 1992, (Honours Business Administration), and his PhD from the Ivey School of Business at Western University in 1999. He is a globally-recognized management consultant and frequently appears in the media to discuss corporate performance and business trends. He is also a former staff auditor at KPMG and is currently an Executive Board Member and Director at Harvest Portfolio Group.

### *Brian Robertson*

Mr. Robertson holds a Graduate Diploma in Business Administration from Laurentian University, Sudbury, Ontario, and has extensive experience in financial matters related to public companies gained as President and CEO of Source Exploration Corp. as well as former President of Nuinsco Resources Ltd. and Victory Nickel Ltd. Mr. Robertson has played a key role in a number of financings for both public and private companies.

### *Thomas Skimming*

In his role as a professional engineer, consulting geologist and a director and officer of a number of resource companies, Mr. Skimming has reviewed and analyzed financial statements, MD&A's and other financial documents of many Canadian resource companies. Formerly, Mr. Skimming was the lead director and a member of the Audit Committee of Till Capital Ltd., a TSXV-listed resource company, and also previously acted as Chief Financial Officer of Romios Gold Resources Inc., a public resource company listed on the TSXV. Mr. Skimming has been instrumental in a number of financial transactions for public and private companies.

### **Reliance on Certain Exemptions**

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 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 NI 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 by 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 <sup>(1)</sup></u>	<u>Tax Fees <sup>(2)</sup></u>	<u>All Other Fees <sup>(3)</sup></u>
2016	\$14,000	Nil	Nil	Nil
2015	\$18,500	Nil	Nil	Nil

Notes:

(2) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under Audit Fees.

(3) Fees charged for tax compliance, tax advice and tax planning services.

(4) Fees for services other than disclosed in any other column.

### **Exemption**

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

## CORPORATE GOVERNANCE

The following disclosure is provided in compliance with National Instrument 58-101 – Disclosure of Corporate Governance Practices (“NI 58-101”) and National Policy 58-201 – Corporate Governance Guidelines (“NP 58-201”).

The Board of Directors believes that sound corporate governance practices are essential to the effective, efficient and prudent operation of the Corporation and to the enhancement of shareholder value. The Board of Directors fulfils its mandate directly and through committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending on the state of the Corporation’s affairs and in light of opportunities and risks which the Corporation faces. The Directors are kept informed of the Corporation’s operations at these meetings as well as through reports and discussions with Management.

### Board of Directors

Four (4) of the seven (7) members of the Board of Directors, Brian Robertson, Thomas Skimming, Douglas Underhill and Nick Bontis, are independent within the meaning of NI 58-201. Tom Drivas, Frank van de Water and William R. Johnstone are not independent. Mr. Drivas is the President and Chief Executive Officer and controls the Corporation through CEC. Mr. van de Water was appointed to the Board on April 9, 2013 at which time he assumed the roles of Chief Operating Officer and Secretary of the Corporation and on January 1, 2016, Chief Financial Officer. Mr. Johnstone is Assistant Secretary and legal counsel to the Corporation. The Board of Directors is of the view that it operates independently of management. Directors are expected and encouraged to exercise independent judgment and effectively review and challenge the performance of management. All Independent Directors have public company experience and a full understanding of their fiduciary duties. The Independent Directors will be encouraged to have open and frank discussions and, if felt necessary, require that the non-independent directors leave the meeting while such discussions are undertaken.

The following table summarizes directorships of other reporting issuers held by the Directors of the Corporation:

Director	Name of Reporting Issuer	Market	Position(s) with Issuer
Tom Drivas	Romios Gold Resources Inc.	TSXV	Director, President and CEO
William R. Johnstone	AurCrest Gold Inc.	TSXV	Director and Corporate Secretary
	Romios Gold Resources Inc.	TSXV	Director and Asst. Secretary
	Razore Rock Resources Inc.	CSE	Director and Corporate Secretary
	Bold Ventures Inc.	TSXV	Director and Corporate Secretary
	Rockcliff Copper Corporation	TSXV	Director and Corporate Secretary
Brian Robertson	Minnova Corp.	TSXV	Director
	Romios Gold Resources Inc.	TSXV	Director and Asst. Secretary
	Source Exploration Corp.	TSXV	President, CEO and Director
Thomas Skimming	Romios Gold Resources Inc.	TSXV	Director and VP, Exploration
Nick Bontis	Harvest Portfolio Group Inc.	TSXV	Director
Frank van de Water	Inter-Rock Minerals Inc.	TSXV	Director
	Razore Rock Resources Inc.	CSE	Director
	Consolidated Tanager Limited	Unlisted	Director
	AurCrest Gold Inc.	TSXV	Director
	Romios Gold Resources Inc.	TSXV	Director, COO, CFO and Secretary
Douglas Underhill	None		

## **Board Mandate**

The Board of Directors of the Corporation is responsible for the general supervision of the management of the business as well as for the oversight and review of the strategic planning process of the Corporation. The Board of Directors will discharge its responsibilities directly and through its committees, currently consisting of the Audit Committee and the Compensation Committee. The Board of Directors meets regularly to review the business operations, corporate governance and financial results of the Corporation. The Board's Charter sets out its responsibilities and the duties of its members. A copy of the Board Charter of the Corporation is attached hereto as **Schedule "B"**.

## **Position Description**

The Board of Directors has not adopted descriptions for the Chairman of the Board of Directors, the Chief Executive Officer or the chairs of its committees. The Corporation is considering what requirements will be appropriate on a going forward basis.

## **Orientation and Continuing Education**

The Corporation does not have any formal orientation process for new Directors. The Board of Directors will consider implementing such a procedure if it becomes necessary in the future. The Board of Directors has not currently established criteria for continuing education for directors. All of the directors have either expertise or substantial experience in the Corporation's area of business.

## **Nomination of Directors**

The full Board is responsible for recruiting new Directors, proposing nominee Directors to the Board and reviewing the performance and qualifications of existing Directors.

## **Ethical Business Conduct**

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Corporation's operations and corporate practices. The Corporation's Code of Business Conduct and Ethics (the "**Code**") aims to encourage the appropriate standards of conduct and behavior of the Directors, officers, employees and contractors (collectively the "**Corporation Representatives**") in carrying out their roles for the Corporation. The Corporation Representatives are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Corporation. The general principles of the Code are as follows:

- Corporation Representatives must act honestly, in good faith and in the best interest of the Corporation as a whole.
- Corporation Representatives have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employments.
- A Corporation Representative's primary responsibility is to the Corporation and its Shareholders as a whole and there is a duty not to make improper use of information acquired as a Corporation Representative, take improper use or advantage of their position or engage in conduct likely to bring discredit upon the Corporation. In addition, Corporation Representatives must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Corporation.

Confidential information received by Corporation Representatives in the course of the exercise of their duties remains the property of the Corporation. It is improper to disclose the information, or allow it to be disclosed, unless that disclosure has been authorized by the Corporation, or the person from whom the information is provided, or it is required by law.

The Corporation has also implemented an Insider Trading Policy, which imposes basic trading restrictions on all

employees and consultants of the Corporation and a Whistleblower Policy, which encourages the reporting of any non-compliance with the Code.

All Directors are required to notify fellow Directors of any material personal interest in any matter under the Board's consideration. Having regard to the nature and extent of such interest, the affected Director may be required to remove himself from discussion and consideration of, and voting on, such matter.

### **Compensation**

Compensation is determined by the Compensation Committee comprising Thomas Skimming and Nick Bontis, including reviewing the compensation of directors and officers and 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.

### **Other Board Committees**

There are no committees of the board of directors other than the Compensation Committee and the Audit Committee.

### **Board Assessments**

The full Board will be responsible for reviewing with the Board of Directors, on an annual basis, the requisite skills and characteristics of prospective members of the Board of Directors as well as the composition of the Board of Directors as a whole. This assessment will include a member's contribution, qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board of Directors.

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

### **PRESENTATION OF FINANCIAL STATEMENTS**

The Audited Financial Statements for the fiscal year ended September 30, 2016 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 Financial Statements for its last completed fiscal period, will not constitute approval or disapproval of any matters referred to therein. The Audited Financial Statements and the Management's Discussion and Analysis for the year ended September 30, 2016 have been mailed to shareholders of record. A copy of these 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 financial statements to you.

### **ELECTION OF THE BOARD OF DIRECTORS**

The board of directors of the Corporation currently consists of seven (7) directors. The persons named in the enclosed form of proxy intend to vote for the election as directors of each of the seven (7) nominees of management whose names are set forth in the table below. The Board of Directors has adopted a majority voting policy in order to promote enhanced director accountability. Each Shareholder is entitled to cast their votes for, or withhold their votes from, the election of each director. If the number of shares "withheld" for any nominee exceeds the number of shares voted "for" the nominee, then, notwithstanding that such director was duly elected as a matter of corporate law, he shall tender his written resignation to the Corporation. The Board will consider such offer of resignation and the director's suitability to continue to serve as a Board member after considering, among other things, the stated reasons, if any, why certain shareholders "withheld" votes for the director, the qualifications of the director and whether the director's resignation from the Board would be in the best interests of the Corporation.

These nominees have consented to being named in this Circular and to serve if elected. The Corporation's management does not contemplate that any of the nominees will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly submitted proxies given in favour of such nominee(s) may be voted by the persons whose names are printed in the form of proxy, in their discretion, in favour of another nominee.

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 for the last five (5) years 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 January 16, 2016. 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>
Tom Drivas <i>Toronto, Ontario</i>	President, CEO and Director	President, CEO and Director of the Corporation; President, CEO and Director of Romios Gold Resources Inc.	August 24, 2007	33,984,000 Common Shares
Frank van de Water <i>Toronto, Ontario</i>	COO, Secretary and Director	Formerly CFO and Director, Red Tiger Mining Inc. COO, CFO and Secretary of Romios Gold Resources Inc.	April 9, 2013	48,000 Common Shares
Thomas Skimming <sup>(1) (2)</sup> <i>Toronto, Ontario</i>	Director	President, Thomas Skimming & Associates Limited	September 9, 2009	50,000 Common Shares
William R. Johnstone <i>Toronto, Ontario</i>	Director, Assistant Secretary	Partner, Gardiner Roberts LLP	September 9, 2009	32,000 Common Shares
Brian Robertson <sup>(2)</sup> <i>Thunder Bay, Ontario</i>	Director	Director, President and CEO of Source Exploration Corp.	September 9, 2009	48,500 Common Shares
Nick Bontis <sup>(1)(2)</sup> <i>Ancaster, Ontario</i>	Director, Chairman of the Audit Committee	Associate Professor, Strategic Management, DeGroote School of Business, McMaster University; Executive Board, Harvest Portfolios Group;	February 1, 2012	Nil
Douglas Underhill <u><i>Glade Park, Colorado</i></u>	Director	Consulting Geologist	March 25, 2014	Nil

Notes:

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

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

#### **Corporate Cease Trade Orders**

To the knowledge of the Corporation, no Director or proposed director of the Corporation is, as at the date of this Circular, or has been in the last 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity,



- (a) was subject to an order that was issued while the director or executive officer 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 director or executive officer 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,

except for William R. Johnstone who was corporate secretary of PacRim Resources Inc., which was cease traded by the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission for failure to file financial statements; who is corporate secretary and a director of Razore Rock Resources Inc. (formerly Edda Resources Inc.), which was cease traded by the Ontario Securities Commission for failure to file financial statements until January 29, 2008 and for Frank van de Water who was a director of Red Tiger Mining Inc. (formerly Zaruma Resources Inc.), which was cease traded for 90 days from May 13, 2010 to August 10, 2010 by the Ontario Securities Commission and British Columbia Securities Commission for failure to file financial statements.

For the purposes of subsections (a) and (b) above, “order” means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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.

### **Bankruptcies**

To the knowledge of the Corporation, no Director or proposed director of the Corporation:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this 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 had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director, except William R. Johnstone who was an officer and director of Outlook Resources Inc. (“**Outlook**”) until August 2010. Outlook filed a Proposal under the *Bankruptcy and Insolvency Act of Canada* which was approved by the Court on March 21, 2011 and has not yet been finalized.

### **Penalties or Sanctions**

To the knowledge of the Corporation, none of the Directors or proposed directors of the Corporation have 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 except for William R. Johnstone who was reprimanded by the TSXV for breaching three (3) requirements of an undertaking given to the TSXV in his capacity as an officer and director of Outlook in respect of the holding of an Annual Meeting for Outlook in compliance with TSXV policies. Mr. Johnstone was required to resign as an officer and director of Outlook; was restricted to his then current involvement as an officer and/or director of six TSXV listed companies; and is required to obtain prior written approval from TSXV before having any involvement as an officer and/or director of another TSXV listed company. The TSXV subsequently granted permission for Mr. Johnstone to be a director of that company. The TSXV recently granted permission for Mr. Johnstone to be corporate secretary for another TSXV listed company. In February 2016, the TSXV revoked the restrictions and requirements imposed by the TSXV in 2010.

## **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.

## **APPOINTMENT OF AUDITORS**

The persons named in the enclosed form of proxy intend to vote for the appointment of Wasserman Ramsay, Chartered Accountants, of Markham, Ontario, 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 Wasserman Ramsay, Chartered Accountants, as the Corporation's auditors and to authorize the board of directors to fix their remuneration.

## **RATIFICATION OF THE ADOPTION OF THE 2017 STOCK OPTION PLAN**

Management of the Corporation is seeking shareholder approval to replace the 2010 Stock Option Plan (the "**2010 Plan**") by ratifying the adoption of the new **2017 Stock Option Plan** approved by the Board of Directors on January 23, 2017. The changes to the 2010 Plan include the permitted extension of the term of options for a period not exceeding ten (10) years, the extension of the expiry of an option for up to twelve (12) months following the date of termination of the optionee and some minor administrative changes. The proposed new 2017 Stock Option Plan, **Schedule "D"** and with black-lined changes to the 2010 Plan, **Schedule "C"** are attached.

It is proposed that shareholders approve the following resolution:

### **"BE IT RESOLVED THAT:**

- the Corporation's 2017 Stock Option Plan, a copy of which is annexed to the Circular as **Schedule "D"**, is hereby ratified and approved; and
- any one director or officer of the Corporation be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

**Management urges shareholders to approve the 2017 Stock Option Plan.**

## **ADDITIONAL INFORMATION**

Additional information concerning the Corporation can be obtained from [www.sedar.com](http://www.sedar.com) and on the Corporation's website [www.appiaenergy.ca](http://www.appiaenergy.ca).

Financial information concerning the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis for its fiscal year ended September 30, 2016 which have been mailed to registered shareholders. Copies of these documents may also be obtained from the Corporation by making a request in writing to the Corporation at Suite 500, 2 Toronto Street, Toronto, Ontario, M5C 2B6, fax (416) 218-9772, Attention: Secretary.

## **APPROVAL OF DIRECTORS**

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

**DATED:** January 30, 2017.

**BY ORDER OF THE  
BOARD OF DIRECTORS**

*"Frank van de Water"*

**Frank van de Water  
Secretary**

## **SCHEDULE “A”**

### **APPIA ENERGY CORP. (the “Corporation”)**

#### **AUDIT COMMITTEE CHARTER**

##### **Purpose of the Audit Committee**

The purpose of the Audit Committee (**the “Committee”**) of the Board of Directors (**the “Board”**) of the Corporation is to assist the Board in fulfilling its responsibility for the oversight of the financial reporting process. The purpose of this Charter is to ensure that the Corporation maintains a strong, effective and independent audit committee, to enhance the quality of financial disclosure made by the Corporation and to foster increased investor confidence in both the Corporation and Canada’s capital markets. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Corporation’s Management to ensure that the independent auditors serve the interests of shareholders rather than the interests of Management of the Corporation. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will review financial reports or other financial information provided by the Corporation to regulatory authorities and shareholders and review the integrity, adequacy and timeliness of the financial reporting and disclosure practices of the Corporation. The Committee will monitor the independence and performance of the Corporation’s independent auditors.

##### **Composition and Procedures of the Audit Committee**

The Committee shall consist of at least three (3) directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. While the Board may recommend a Chairman for the Committee, the Committee shall have the discretion to appoint the Chairman from amongst its members. The Committee shall establish procedures for quorum, notice and timing of meetings subject to the proviso that a quorum shall be no less than two (2) Committee members. Meetings shall be held no less regularly than once per quarter to review the audited financial statements and interim financial statements of the Corporation. At least one (1) member of the Committee shall be independent and the Board and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members’ independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Corporation. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

##### **Specific duties and responsibilities of the Audit Committee**

- (1) The Committee shall recommend to the Board:
  - (a) the external auditors to be nominated for the purpose of preparing or issuing an auditors’ report or performing other audit, review or attest services for the Corporation; and
  - (b) the compensation of the external auditors.
- (2) The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors’ report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between Management and the external auditors regarding financial reporting.

- (3) The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors.
- (4) The Committee satisfies the pre-approval requirement in subsection (3) if:
  - (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the Corporation's external auditors during the fiscal year in which the services are provided;
  - (b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.
- (5)
  - (a) The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection (3).
  - (b) The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to subsection (5) (a) must be presented to the Committee at its first scheduled meeting following such pre-approval.
- (6) The Committee satisfies the pre-approval requirement in subsection (3) if it adopts specific policies and procedures for the engagement of the non-audit services, if:
  - (a) the pre-approval policies and procedures are detailed as to the particular service;
  - (b) the Committee is informed of each non-audit service; and
  - (c) the procedures do not include delegation of the Committee's responsibilities to Management.
- (7) The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
- (8) The Committee must be satisfied that 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, other than the public disclosure referred to in subsection (7), and must periodically assess the adequacy of those procedures.
- (9) The Committee must establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (10) The Committee must 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.

- (11) The Committee shall have the authority:
  - (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.
- (12) The Committee shall review with Management and independent auditors the quality and the appropriateness of the Corporation's financial reporting and accounting policies, standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
- (13) The Committee shall review the clarity of the financial statement presentation with a view to ensuring that the financial statements provide meaningful and readily understandable information to shareholders and the investing public.
- (14) The Committee shall monitor the independence of the independent auditors and establish procedures for confirming annually the independence of the independent auditors and any relationships that may impact upon the objectivity and the independence of the external auditors.
- (15) The Committee shall review with Management and the external auditors the audit plan for the year-end financial statements prior to the commencement of the year end audit.
- (16) The Committee shall review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
- (17) The Committee shall review with Management and the external auditors significant related party transactions and potential conflicts of interest.
- (18) The Committee shall review in consultation with the external auditors and Management the integrity of the Corporation's financial reporting process and internal controls.
- (19) The Committee shall meet with the external auditors in the absence of Management to discuss the audit process, any difficulties encountered, any restrictions on the scope of work or access to required information, any significant judgments made by Management and any disagreement among Management and the external auditors in the preparation of the financial statements and such other matters that may arise as a result of the audit or review by the external auditors.
- (20) The Committee shall conduct or authorize any review or investigation and consider any matters of the Corporation the Committee believes is within the scope of its responsibilities and shall establish procedures for such review or investigation as may be required.
- (21) The Committee shall make recommendations to the Board with respect to changes or improvements to financial or accounting practices, policies and principles and changes to this Charter.

**SCHEDULE “B”**

**APIIA ENERGY CORP.**

**BOARD CHARTER**

The Board of Directors (the “**Board**”) of Appia Energy Corp. (the “**Corporation**”) is responsible for the stewardship of the business and affairs of the Corporation on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board shall be constituted with at least three (3) individuals who are independent directors. Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Corporation’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board shall appoint one director as Chairman. The Chairman shall be an independent director. The Chairman is responsible for the leadership of the Board and for specific functions to ensure the independence of the Board.

The Senior Officers are accountable to the Board for all authority delegated to the positions. For the purposes of these Corporate Governance Policies, Senior Officer shall be defined as any person holding the position of President, CEO, CFO, COO or Vice President of Exploration.

The Board has the following overall responsibilities:

- in conjunction with management, establishing the direction and strategies for the Corporation and monitoring the implementation of those strategies; and
- monitoring compliance with regulatory requirements and setting the tone for ethical behaviour and standards.

The monitoring and ultimate control of the business of the Corporation is vested in the Board. The Board’s primary responsibility is to oversee the Corporation’s business activities and management for the benefit of the Corporation and its shareholders. The specific responsibilities of the Board include:

- selection, appointment, monitoring, evaluation, rewarding and if necessary the removal of the Senior Officers of the Corporation;
- in conjunction with management, development of the strategic planning process and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- monitor and review annually the success of management in implementing the approved strategies and plans;
- establishing appropriate levels of delegation to the Senior Officers to allow them to manage the Corporation’s operations efficiently;
- monitoring actual performance against planned performance expectations and reviewing operating information;
- appreciation of areas of significant business risk and ensuring arrangements are in place to adequately manage those risks;
- overseeing the management of safety and occupational health, environmental issues and community development;

- satisfying itself that the financial statements of the Corporation fairly and accurately set out the financial position and financial performance of the Corporation for the period under review;
- satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- ensuring that appropriate external audit arrangements are in place and operating effectively;
- developing the Corporation's approach to corporate governance issues;
- having a framework in place to help ensure that the Corporation acts legally and responsibly on all matters consistent with the Code of Business Conduct and Ethics; and
- reporting to shareholders.

At all times the Board retains full responsibility for guiding and monitoring the Corporation; however, in discharging its stewardship it makes use of committees. To this end, the Board has established the following committees:

- Audit Committee; and
- Compensation Committee.

Each director has the right to seek independent professional advice on matters relating to his position as a director of the Corporation at the Corporation's expense, subject to the prior approval of the Chairman which shall not be unreasonably withheld.

The independent members of the Board shall meet regularly during the year without any member of the Corporation's management present. Generally these meetings will be held prior to regular Board meetings. Any material business items arising from these meetings shall be brought to the attention of the Corporate Secretary and such matters will be added to the agenda of the next regularly scheduled Board meeting.

In the event of a conflict of interest or where a potential conflict of interest may arise, involved directors will, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter. The Board does not specify a maximum term for which a director may hold office.

The responsibility for the day-to-day operation and administration of the Corporation is delegated by the Board to the Senior Officers. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Senior Officers.

#### Policy history

Established:	February, 2012
Last review:	January, 2017