

PROPHECY DEVELOPMENT CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Special Meeting of shareholders of **PROPHECY DEVELOPMENT CORP.** (the “**Company**”) will be held at Suite 488 - 1090 West Georgia Street, Vancouver, British Columbia on the 15th day of December, 2017 at the hour of 10:00 AM (PST), for the following purposes:

1. To consider an ordinary resolution of shareholders to approve the allotment and issuance of 1,139,711 Units underlying an equivalent number of Special Warrants issued pursuant to a private placement, as more particularly described in the accompanying information circular;
2. To consider an ordinary resolution of disinterested shareholders to approve the allotment and issuance of 42,254 Debt Settlement Units to certain directors and officers of the Company, as more particularly described in the accompanying information circular;
3. To consider an ordinary resolution of disinterested shareholders to approve the allotment and issuance of 98,420 Compensation Units to a consultant of the Company, as more particularly described in the accompanying information circular; and
4. To transact such other business as may properly come before the meeting.

Accompanying this Notice of meeting is the Company’s Information Circular and Form of Proxy (or Voting Instruction Form if you hold Common shares through a broker or other intermediary). The accompanying Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO DATE AND SIGN THE ENCLOSED PROXY FORM AND RETURN IT PROMPTLY TO THE COMPANY’S REGISTRAR AND TRANSFER AGENT IN ACCORDANCE WITH THE INSTRUCTIONS SET OUT IN THE FORM OF PROXY AND INFORMATION CIRCULAR ACCOMPANYING THIS NOTICE. THE PROXY WILL NOT BE USED AT THE MEETING OR ANY ADJOURNMENT(S) THEREOF UNLESS THE SAME IS DEPOSITED AT THE OFFICE OF THE REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE TRUST COMPANY OF CANADA BY FAX WITHIN NORTH AMERICA AT 1-866-249-7775, OUTSIDE NORTH AMERICA AT 1-416-263-9524, AND BY MAIL TO THE 9TH FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, M5J 2Y1 OR BY HAND DELIVERY AT 3RD FLOOR, 510 BURRARD STREET, VANCOUVER, BRITISH COLUMBIA, CANADA V6C 3B9, AT LEAST 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE HOLDING OF THE MEETING`. THE ENCLOSED PROXY FORM IS SOLICITED BY MANAGEMENT AND YOU MAY AMEND IT, IF YOU SO DESIRE, BY STRIKING OUT THE NAMES LISTED THEREIN AND INSERTING IN THE SPACE PROVIDED THE NAME OF THE PERSON YOU WISH TO REPRESENT YOU AT THE MEETING. IF A SHAREHOLDER RECEIVES MORE THAN ONE PROXY FORM IT IS BECAUSE SUCH SHAREHOLDER OWNS SHARES REGISTERED IN DIFFERENT NAMES OR ADDRESSES; EACH PROXY FORM SHOULD BE COMPLETED AND RETURNED.

Dated at Vancouver, British Columbia, this 1st day of November, 2017.

BY ORDER OF THE BOARD

“John Lee”

John Lee, Executive Chairman



Management Information Circular
Special Meeting of Shareholders

November 1, 2017

PROPHECY DEVELOPMENT CORP.
(the “Company”)

Suite 1610 – 409 Granville Street
Vancouver, B.C. Canada, V6C 1T2
Telephone No.: (604) 569-3661/Fax No.: (604) 569-3617

MANAGEMENT INFORMATION CIRCULAR

as at November 1, 2017 *(except as otherwise indicated)*

This Management Information Circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management of the Company for use at the special meeting (the “Meeting”) of its shareholders to be held on Friday, December 15, 2017 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting. In this Information Circular, references to “the Company”, “we” and “our” refer to Prophecy Development Corp. “Common Shares” means the Common shares without par value in the capital of the Company.

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”), that came into effect February 11, 2013 for meetings held on or after March 1, 2013, under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 *Continuous Disclosure Obligations* (“**NI 51-102**”) for distribution of this Information Circular to non-registered shareholders of the Company. See *General Proxy Information – Notice-and-Access* for further information.

GENERAL PROXY INFORMATION

Solicitation of Proxies

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

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy. If your Common Shares are held in physical (i.e. paper) form and actually registered in your name, then you are a registered shareholder (“Registered Shareholder”). However, if like most shareholders you keep your Common Shares in a brokerage account, then you are a beneficial shareholder (“Beneficial Shareholder”). The manner for voting is different for Registered and Beneficial Shareholders and you need to carefully read the instructions below.** “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar

entities that own securities on behalf of Beneficial Shareholders.

Voting by Proxyholder

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

- (a) each matter or group of matters identified therein for which a choice is not specified;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that may properly come before the Meeting.

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

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at 1-416-263-9524, or by mail to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) using the internet through the website of the Company's transfer agent at www.computershare.com/ca/proxy. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases ensuring that the proxy must be received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof at which the proxy is to be used.

Notice-and-Access

As noted above, the Company is utilizing Notice-and-Access Provisions that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Information Circular to non-registered shareholders.

The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and at least one other website, rather than mailing paper copies of such materials to non-registered shareholders. An electronic copy of this Information Circular may be found under the Company's SEDAR profile at www.SEDAR.com and on the Company's website at

www.prophecydev.com under “Investor – Shareholder Meetings – 2017 Special Meeting”.

The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Information Circular to some shareholders with the notice package.

In relation to the Meeting, non-registered shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Information Circular. Shareholders are reminded to review this Information Circular.

Beneficial Shareholders

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

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

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

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called OBOs for objecting beneficial owners), and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for non-objecting beneficial owners).

The Company is taking advantage of the provisions of NI 54-101 that permit it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Information Form (“VIF”) from Computershare, our transfer agent. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile to the number provided in the VIF. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

The Meeting materials are being sent to Beneficial Shareholders who are NOBOs. If you are a Beneficial Shareholder, and the Company or its agent sent these materials directly to you, your name, address and information about your holdings of securities were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send the Meeting materials to you directly, the Company (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii)

executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions sent to you.

The Company is taking advantage of the provisions of NI 54-101 that permit it to deliver proxy-related materials indirectly through intermediaries to its OBOs. The Company will pay these intermediaries to deliver Meeting materials to OBOs. Intermediaries are responsible for delivering the Meeting materials to OBOs unless the OBO has waived the right to receive them. Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

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

Alternatively, you can request in writing that your broker send you a proxy which would enable you, or a person designated by you, to attend the Meeting and vote your Common Shares.

Notice to Shareholders in the United States

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

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is amalgamated under the *Business Corporations Act* (British Columbia), as amended, certain of its directors and its executive officers are residents of Canada or elsewhere, and its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment made by a United States court.

Revocation of Proxies

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare at the address shown on the preceding page or at the address of the registered office of the Company at Suite 1610 – 409 Granville Street, Vancouver, British Columbia Canada V6C 1T2 at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the Registered Shareholder's Common Shares.

Beneficial Shareholders who wish to change their votes must arrange for their respective intermediaries to revoke the proxy on their behalf.

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

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

Other than as set out herein, no director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

RECORD DATE, VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed November 1, 2017 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and vote their Common Shares at the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares of the Company commenced trading on the Toronto Stock Exchange ("**TSX**") on October 19, 2011. Prior thereto, the Common Shares were listed on the TSX Venture Exchange. The Company is authorized to issue an unlimited number of Common Shares, and as of the Record Date, there were 6,191,794 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company the following are the registered holders of Common Shares carrying more than 10% of the voting rights:

Shareholder Name ⁽¹⁾	Number of Shares Held ⁽¹⁾	Percentage of Issued Shares ⁽¹⁾
CDS & CO (NCI) ⁽²⁾	5,016,250	81.01%

Notes:

- (1) The above information was supplied by the Company's transfer agent, Computershare.
- (2) CDS & CO is a share depository, the beneficial ownership of the Common Shares they hold is unknown to the Company.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. Some resolutions must be passed by disinterested shareholders only; disinterested shareholders are shareholders who have no interest in the subject matter of the resolutions.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) of the Company or any associate or affiliate of any informed person had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2016, or has any interest in any material transaction in the current year other than as set out in a document already disclosed to the public.

BUSINESS OF THE MEETING

A. APPROVAL OF SPECIAL WARRANT UNITS

On August 24, 2017, the Company applied to the TSX for approval of a private placement of up to 888,000 units at a price of \$3.50 per unit. Each unit (the "Units" and each, a "Unit") is comprised of one Common Share and one half of one Common Share purchase warrant (the "Warrants" and each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share of the Company at an exercise price of \$4.00 for a period of three years from the date of issuance. The Warrants are subject to anti-dilution adjustment provisions in the event of any reorganization of the authorized capital of the Company. On August 31, 2017, the Company amended its application to the TSX by applying to add up to 900,000 special warrants to the private placement offering, also at a price of \$3.50 per special warrant. Each special warrant (the "Special Warrants" and each, a "Special Warrant") is exercisable for one Unit at no additional cost to the holder provided shareholder approval for the issuance of the Units underlying the Special Warrants is obtained at the Meeting. Conversion of the Special Warrants to the underlying Units would take place on the first business day following the date shareholder approval is received. The gross proceeds received from the sale of the Special Warrants have been deposited into an escrow account and will not be released to the Company unless shareholder approval is obtained for this resolution. If such shareholder approval is not obtained, all of the funds held in escrow will be returned to the subscribers of the Special Warrants, and all outstanding Special Warrants will be cancelled and of no further force or effect. On September 15, 2017, the TSX advised the Company that it had conditionally accepted notice of the Company's private placement as amended. The Company closed the first tranche of the private placement on September 20, 2017, issuing 667,968 Units and 716,013 Special Warrants for gross aggregate proceeds of \$4,539,390. On September 26, 2017, the Company further amended its application to the TSX by applying to increase the number of Special Warrants available to be offered under the private placement to up to 1,250,000. On October 4, 2017 (replacing its letter of September 15, 2017), the TSX advised

the Company that it had conditionally accepted notice of the Company's private placement as further amended (the "**Private Placement**") of up to 888,000 Units at a price of \$3.50 per Unit, and up to 1,250,000 Special Warrants also at a price of \$3.50 per Special Warrant. The Company closed the second and final tranche of the Private Placement on October 16, 2017, issuing an additional 116,578 Units and 432,698 Special Warrants (for an aggregate total of 784,546 Units and 1,139,711 Special Warrants issued under the Private Placement) for gross proceeds of \$1,858,325 (for total gross aggregate proceeds of \$6,397,715 raised under the Private Placement). Of these amounts, an aggregate total of 96,340 Special Warrants were issued to finders under both tranches of the Private Placement.

The TSX requires shareholder approval to be obtained for private placements that result in an aggregate of more than 25% of a listed issuer's then issued and outstanding shares, on a non-diluted basis, to be potentially issued where the issue price is less than the "market price" (as defined under the TSX rules). The Private Placement will result in a total of up to 2,886,383 Common Shares being issued and made issuable, which represents 53.56% of the Company's issued and outstanding shares immediately preceding the closing of the first tranche of the Private Placement on September 20, 2017. The Private Placement will not materially affect control of the Company.

The issuance of the Units pursuant to the Private Placement does not require shareholder approval. However, the Units underlying the Special Warrants that were issued pursuant to the Private Placement, when issued and combined with the Units issued pursuant to the Private Placement, total more than 25% of the Company's issued and outstanding shares as of the closing of the first tranche of the Private Placement. As a result, since the offering price of \$3.50 per Special Warrant represented a discount to the "market price" of the Company's Common Shares as of September 20, 2017, the issuance of the Units underlying the Special Warrants requires shareholder approval.

John Lee, Interim CEO, Executive Chairman and a director of the Company, being an insider of the Company, has subscribed for 100,000 Special Warrants, which represent a total of up to 150,000 Common Shares being issued or made issuable, or 2.78% of the Company's issued and outstanding shares immediately preceding the closing of the first tranche of the Private Placement on September 20, 2017. Mr. Lee will hold approximately 15.80% of the issued and outstanding shares of the Company following the transaction, (in the unlikely event that Mr. Lee were to exercise all of the options and warrants he holds, post-transaction, including those that are "out of the money", Mr. Lee could potentially hold up to 29.53% of the issued and outstanding Common Shares of the Company on a partially-diluted basis).

The TSX's acceptance of the Company's notice of the Private Placement is conditional upon, among other things, the Company obtaining shareholder approval (excluding any votes attached to those Common Shares attached to Units issued pursuant to the Private Placement) for the issuance of 1,139,711 Units at a price of \$3.50 per Unit (being 7.14% below the market price for the Company's Common Shares as of September 26, 2017, the date the Company applied to the TSX for approval of the Private Placement, and 24.54% below the market price for the Company's Common Shares as of November 1, 2017, the record and effective date of this information circular) underlying the 1,139,711 Special Warrants issued in aggregate, to the subscribers of the Special Warrants under the Private Placement. As a result, up to a total of 1,709,566 Common Shares may ultimately be issued in connection with the Special Warrant Units if all of their underlying Warrants are also exercised.

The Board believes that the equity dilution to shareholders of up to 27.61% (assuming all of the Warrants attached to the Units underlying the Special Warrants are also exercised) is outweighed by the benefits to the Company from receiving the proceeds from the sale of the Special Warrants, and the proposed issuance of the

Units underlying the Special Warrants is fair and in the best interests of the Company. Accordingly, 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 of the shareholders of the Company, THAT:

1. the allotment and issuance by the Board of 1,139,711 Units underlying 1,139,711 Special Warrants issued in aggregate, to the subscribers of the Special Warrants under the Private Placement as set out in the Information Circular dated November 1, 2017 be approved; and
2. any one director or officer of the Company be and is hereby authorized for and on behalf of and in the name of the Company, to do all such acts and things and to execute and deliver, under corporate seal or otherwise, all such deeds, documents, instruments and assurances as such director or officer may determine to be necessary or desirable to carry out the foregoing resolution.”

Management of the Company recommends that you vote IN FAVOUR of the Special Warrant Units resolution. In the absence of instructions to the contrary, the Company’s proxyholders will vote the Common Shares represented by each form of proxy, properly executed, FOR approving the issuance of the Units underlying the Special Warrants.

B. APPROVAL OF DEBT SETTLEMENT UNITS

On September 26, 2017, the Board resolved, subject to disinterested shareholder approval, to issue units as payment for outstanding debt (the **“Debt Settlement Units”** and each, a **“Debt Settlement Unit”**) owing by the Company to some of the Company’s directors and officers (the **“Creditors”**). It is proposed that an aggregate of 42,254 Debt Settlement Units be issued at a price of \$3.50 per Debt Settlement Unit (being 7.14% below the market price for the Company’s Common Shares as of September 26, 2017, the effective date of the debt settlement agreements between the Company and the Creditors, and 24.54% below the market price for the Company’s Common Shares as of November 1, 2017, the record and effective date of this information circular) to the Creditors and in the amounts as listed in the table below. Each Debt Settlement Unit is to be comprised of one Common Share of the Company and one half of one Common Share purchase warrant (the **“Debt Settlement Warrants”** and each, a **“Debt Settlement Warrant”**) of the Company entitling the holder thereof to purchase, upon exercise of a Debt Settlement Warrant, one additional Common Share at a price of \$4.00 per Common Share for a period of three years from the date of issuance of the Debt Settlement Units. As a result, up to a total of 63,381 Common Shares may ultimately be issued in connection with the Debt Settlement Units if all of their underlying Warrants are also exercised. The Debt Settlement Warrants are subject to anti-dilution adjustment provisions in the event of any reorganization of the authorized capital of the Company.

Name of Creditor	Position	Nature of Debt	Number of Units
John Lee	Interim CEO and Executive Chairman	Accrued and Deferred Consulting Fees	30,000
Makevco Consulting Inc. ⁽¹⁾	Director	Accrued and Deferred Directors Fees	2,760
Harald Batista	Director	Accrued and Deferred Directors Fees	2,285
Sophir Asia Limited ⁽²⁾	Director	Accrued and Deferred Directors Fees	2,285
Tony Wong	General Counsel & Corporate Secretary	Accrued and Deferred Salary	1,153

Name of Creditor	Position	Nature of Debt	Number of Units
Bekzod Kasimov	Vice-President, Operations	Repayment of Remaining Balance of Personal Loan	3,771
TOTAL:			<u>42,254</u>

Notes:

(1) A personal consulting company owned and controlled by Greg Hall, a director of the Company.

(2) A company wholly-owned and controlled by Masa Igata, a director of the Company.

The TSX provided its conditional approval of the transaction on October 6, 2017 and the Debt Settlement Units will be distributed to the Creditors after the Meeting upon receipt of disinterested shareholder approval. The TSX requires shareholder approval to be obtained for the transaction because it is considered a “security based compensation arrangement” under TSX rules. Because the Debt Settlement Units relate to debt incurred for services provided prior to the Meeting, all of the Debt Settlement Units as set out above will be issued. John Lee, Interim CEO, Executive Chairman and a director of the Company will hold approximately 17.45% of the issued and outstanding shares of the Company following the transaction, (in the unlikely event that Mr. Lee were to exercise all of the options and warrants he holds, post-transaction, including those that are “out of the money”, Mr. Lee could potentially hold up to 32.53% of the issued and outstanding Common Shares of the Company on a partially-diluted basis). The Board believes that the equity dilution to shareholders of up to 1.01% of the issued and outstanding Common Shares as of November 1, 2017, the record and effective date of this information circular (assuming all of the Debt Settlement Warrants are also exercised), is outweighed by the benefits to the Company which will be received from conserving cash, and rewarding and incentivizing the continued efforts of these persons.

At the Meeting, disinterested shareholders (meaning shareholders not receiving Debt Settlement Units and named above, holding in aggregate approximately 1,242,068 Common Shares) will be asked to vote on the following ordinary resolution, with or without variation:

“BE IT RESOLVED, as an ordinary resolution of the disinterested shareholders of the Company, THAT:

1. the allotment and issuance by the Board of an aggregate of 42,254 Debt Settlement Units to be granted as payment for outstanding debt owing to certain directors and officers of the Company as set out in the Information Circular dated November 1, 2017 be approved; and
2. any one director or officer of the Company be and is hereby authorized for and on behalf of and in the name of the Company, to do all such acts and things and to execute and deliver, under corporate seal or otherwise, all such deeds, documents, instruments and assurances as such director or officer may determine to be necessary or desirable to carry out the foregoing resolution.”

Management of the Company recommends that you vote IN FAVOUR of the Debt Settlement Units resolution. In the absence of instructions to the contrary, the Company’s proxyholders will vote the Common Shares represented by each form of proxy, properly executed, FOR approving the issuance of the Debt Settlement Units.

C. APPROVAL OF COMPENSATION UNITS

On September 26, 2017, the Board resolved, subject to disinterested shareholder approval, to issue units as compensation (the “**Compensation Units**”) to Skanderbeg Capital Advisors Inc. (“**Skanderbeg**”) for consulting services pursuant to the terms of a consulting agreement (the “**Consulting Agreement**”) entered into between

the Company and Skanderbeg effective September 1, 2017. It is proposed that 98,420 Compensation Units be issued at a price of \$3.50 per Compensation Unit (being 7.14% below the market price for the Company's Common Shares as of September 26, 2017, the date the Company applied to the TSX for approval of the Company's security-based compensation arrangement with Skanderbeg, and 24.54% below the market price for the Company's Common Shares as of November 1, 2017, the record and effective date of this information circular) to Skanderbeg. Each Compensation Unit is to be comprised of one Common Share of the Company and one half of one Common Share purchase warrant (the "**Compensation Warrants**" and each, a "**Compensation Warrant**") of the Company entitling the holder thereof to purchase, upon exercise of a Compensation Warrant, one additional Common Share at a price of \$4.00 per Common Share for a period of three years from the date of issuance of the Compensation Units. As a result, up to a total of 147,630 Common Shares may ultimately be issued in connection with the Compensation Units if all of their underlying Warrants are also exercised. The Compensation Warrants are subject to anti-dilution adjustment provisions in the event of any reorganization of the authorized capital of the Company.

The TSX provided its conditional approval of the transaction on October 6, 2017 and the Compensation Units will be distributed to Skanderbeg no later than one business day after the Meeting upon receipt of disinterested shareholder approval. Because the Consulting Agreement requires the Compensation Units to be issued to Skanderbeg by no later than one business day following the date disinterested shareholder approval is received, all of the Compensation Units will be issued accordingly. The TSX requires shareholder approval to be obtained for the transaction because it is considered a "security based compensation arrangement" under TSX rules. If such shareholder approval for the issuance of the Compensation Units to Skanderbeg is not obtained, the Company will instead, be required to pay to Skanderbeg, the sum of \$344,470 in cash, as consideration for providing their services to the Company pursuant to the Consulting Agreement. The Board believes that the equity dilution to shareholders of up to 2.38% of the issued and outstanding Common Shares as of November 1, 2017, the record and effective date of this information circular (assuming all of the Compensation Warrants are also exercised) is outweighed by the benefits to the Company which will be received from the provision of consulting services from Skanderbeg.

At the Meeting, disinterested shareholders (meaning shareholders other than Skanderbeg, who beneficially holds 2,857 Common Shares through a related company, Skanderbeg Financial Advisory Inc.) will be asked to vote on the following ordinary resolution, with or without variation:

"BE IT RESOLVED, as an ordinary resolution of the disinterested shareholders of the Company, THAT:

1. the allotment and issuance by the Board of 98,420 Compensation Units to be granted as compensation to Skanderbeg for consulting services pursuant to the terms of the Consulting Agreement as set out in the Information Circular dated November 1, 2017 be approved; and
2. any one director or officer of the Company be and is hereby authorized for and on behalf of and in the name of the Company, to do all such acts and things and to execute and deliver, under corporate seal or otherwise, all such deeds, documents, instruments and assurances as such director or officer may determine to be necessary or desirable to carry out the foregoing resolution."

Management of the Company recommends that you vote IN FAVOUR of the Compensation Units resolution. In the absence of instructions to the contrary, the Company's proxyholders will vote the Common Shares represented by each form of proxy, properly executed, FOR approving the issuance of the Compensation Units.

ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company's Annual Information Form, comparative annual audited financial statements for the years ended December 31, 2016 and 2015, auditor's report, and related management discussion and analysis for 2016 filed under the Company's SEDAR profile at www.SEDAR.com. Copies of the Company's most recent interim financial statements and related management discussion and analysis, and additional information, may also be obtained from the Company's SEDAR profile at www.SEDAR.com or upon request from the Company via telephone at (604) 569-3661 or via fax at (604) 569-3617.

OTHER MATTERS

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

DATED at Vancouver, British Columbia this 1st day of November, 2017.

BY ORDER OF THE BOARD

"John Lee"

John Lee
Executive Chairman