

MELKIOR RESOURCES INC.

INFORMATION CIRCULAR

(Contains information as at December 20, 2017 unless indicated otherwise)

This Information Circular is in respect of the annual general and special meeting (the “**Meeting**”) of the shareholders of **Melkior Resources Inc.** (the “**Corporation**”) to be held on January 24, 2018, at the time and place set out in the accompanying Notice of Meeting. **This Information Circular is furnished in connection with the solicitation of proxies by management of the Corporation for use at the Meeting and any adjournment of the Meeting.** The Board of Directors of the Corporation (the “**Board**”) has fixed the close of business on December 20, 2017, as the record date (the “**Record Date**”), being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

PROXY INSTRUCTIONS

Management Solicitation and Appointment of Proxies

The persons named in the form of proxy are nominees of the Corporation’s management. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for and on the shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the form of proxy.** To exercise this right, the shareholder must either:

- (a) on the form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the shareholder’s nominee in the blank space provided; or
- (b) complete another proper form of proxy.

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer or attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Trust Company of Canada (“**Computershare**”), 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1; fax within North America: 1-866-249-7775; fax outside North America: 416-263-9524, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Computershare also offers voting via the Internet. Instructions for Internet voting can be found on the enclosed form of proxy or voting instruction form.

Revocability of Proxies

A shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- (a) by an instrument in writing that is:
 - (i) signed by the shareholder, the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, a duly authorized officer or attorney of the corporation; and
 - (ii) delivered to Computershare or to the Corporation’s registered and records office at Suite 1680, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the Chairperson of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or
- (b) in any other manner provided by law.

Exercise of Discretion by Proxyholders

A shareholder may indicate the manner in which the persons named in the form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting**

indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given in the proxy.

If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the form of proxy. It is intended that the proxyholder named by management in the form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Corporation for directors and auditor.

The form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Corporation is not aware of any such amendments or variations, or any other matters that will be presented for action at the Meeting other than those set out herein and referred to in the Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the form of proxy intend to vote on them in accordance with their best judgment.

Solicitation of Proxies

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers, employees and consultants of the Corporation without special compensation. The Corporation will not reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The cost of solicitation will be borne by the Corporation.

Advice to Beneficial Shareholders

ONLY REGISTERED SHAREHOLDERS OR DULY APPOINTED PROXYHOLDERS ARE PERMITTED TO VOTE AT THE MEETING. SHAREHOLDERS WHO DO NOT HOLD THEIR SHARES IN THEIR OWN NAME (REFERRED TO AS “**NON-REGISTERED SHAREHOLDERS**”) ARE ADVISED THAT ONLY PROXIES FROM SHAREHOLDERS OF RECORD CAN BE RECOGNIZED AND VOTED AT THE MEETING. Non-Registered Shareholders who complete and return an instrument of proxy or voting instruction form must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder.

If securities are listed in an account statement provided to a shareholder by a broker, then in almost all cases those securities will not be registered in such shareholder's name on the records of the Corporation and will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Securities held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the beneficial shareholder. Without specific instructions, brokers/nominees are prohibited from voting securities for their clients.

If you are a Non-Registered Shareholder and Computershare has sent Meeting materials directly to you, your name and address and information about your shareholdings have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. Such shareholders can expect to receive a scannable voting instruction form (“**VIF**”) with this Meeting material. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described in the VIF. Computershare will tabulate the results of the VIFs received from beneficial shareholders and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. **A NON-REGISTERED SHAREHOLDER RECEIVING A VIF CANNOT USE THAT VIF TO VOTE SECURITIES DIRECTLY AT THE MEETING. THE VIF MUST BE RETURNED TO COMPUTERSHARE WELL IN ADVANCE OF THE MEETING IN ORDER TO HAVE THE SHARES VOTED.**

Non-Registered Shareholders who have objected to their broker/nominee disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners (“**OBOs**”). In accordance with securities regulatory policy, we will have distributed copies of the required Meeting materials to the brokers/nominees for onward distribution to OBOs. **THE CORPORATION DOES NOT INTEND TO PAY FOR A BROKER/NOMINEE TO DELIVER MEETING MATERIALS TO OBOS. THEREFORE, AN OBO WILL NOT**

RECEIVE THE MATERIALS UNLESS THE OBO'S BROKER/NOMINEE ASSUMES THE COSTS OF DELIVERY. Brokers/nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Every broker/nominee has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs in order to ensure that their securities are voted at the Meeting. Often the form of proxy supplied to a beneficial shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the beneficial shareholder.

Should a Non-Registered Shareholder receiving a form of proxy or VIF wish to vote at the Meeting, the Non-Registered Shareholder should strike out the names of the management proxyholders named in the form and insert the Non-Registered Shareholder's name in the blank provided and return the materials to the broker or Computershare as directed and well before the Meeting date.

United States Shareholders

This solicitation of proxies involves securities of a corporation incorporated in Canada and is being affected in accordance with the corporate laws of 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 Corporation or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of the provinces of Canada differ from the disclosure and proxy solicitation 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 Corporation is incorporated under the *Canada Business Corporations Act*, its directors and its executive officers are residents of Canada and a significant portion of its assets and the assets of such persons are located outside the United States. Shareholders may not have standing to bring a claim against a foreign corporation 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 corporation and its officers and directors to subject themselves to a judgment by a United States court.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The authorized capital of the Corporation consists of an unlimited number of common shares without par value (each a "**Common Share**") and an unlimited number of preferred shares with an 8% non-cumulative dividend, redeemable at paid up capital. On December 20, 2017, there were 147,480,965 Common Shares issued and outstanding and no preferred shares issued and outstanding. Each issued and outstanding Common Share confers upon its holder the right to one vote.

Registered holders of Common Shares as shown on the shareholders' list prepared as of the Record Date will be entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that the person has transferred the ownership of any of his Common Shares after the Record Date, and the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands, not later than 10 days before the Meeting, or shorter period before the Meeting that the Bylaws of the Corporation may provide, that his name be included in the list before the Meeting, in which case the transferee is entitled to vote his Common Shares at the Meeting.

As at the date hereof, to the knowledge of the management of the Corporation, the only person or company that beneficially owns or exercises control or direction, directly or indirectly, over Common Shares carrying more than 10% of the voting rights attached to all Common Shares is:

Name	Number of Common Shares	Percentage of issued Common Shares
Keith James Deluce	18,260,500	12.4%

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation, 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 other than the election of directors.

MATTERS FOR CONSIDERATION AT THE MEETING

Presentation of Financial Statements

The audited financial statements of the Corporation for the financial year ended August 31, 2017 and the auditors' report thereon will be placed before the Meeting but no vote with respect thereto is required.

Election of the Directors

The mandates of Keith James Deluce, Norman Farrell, Bruce Deluce and Dominic Verdejo will expire at the close of the Meeting. The Board consists of four members as of the date of this Information Circular. **At the Meeting, the four nominees named hereunder will be proposed for election as directors of the Corporation. Except where authority to vote in favour of the election of directors is withheld, the nominees named in the accompanying form of proxy will vote the Common Shares represented by such proxy FOR the election of the four persons named hereunder.** The persons named hereunder have all been members of the Board since the dates indicated. Management does not contemplate that any nominee will be unable or unwilling to serve as a director. Each elected director will hold office until the next annual meeting or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Bylaws of the Corporation.

The following table and notes thereto state the names, provinces and countries of residence of all persons proposed to be nominated for election as directors, the date on which each of them first became a director of the Corporation, all positions and offices with the Corporation held by each of them, the principal occupation or employment of each of them, and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them as at the Record Date. The biographical information set out below as to principal occupation of, and number of Common Shares owned by, each of the nominees, not being within the knowledge of the Corporation, has been furnished by the nominees.

Name, Province/State and Country of Residence and Position with Corporation	Present Principal Occupation ⁽¹⁾⁽²⁾	Director Since	Shares Owned
Keith James Deluce Ontario, Canada <i>Chief Executive Officer and Director</i>	Chief Executive Officer of the Corporation; commercial airline pilot	March 4, 2016	18,260,000 ⁽⁴⁾
Norman Farrell ⁽³⁾⁽⁵⁾ Quebec, Canada <i>Chairman of the Board and Director</i>	Marketing advisor for Forex Inc.	October 18, 1979	4,028,678 ⁽⁶⁾
Bruce Deluce ⁽³⁾⁽⁵⁾ Ontario, Canada <i>Director</i>	President of Project Management Resources Inc.	December 18, 2013	4,071,184 ⁽⁷⁾
Dominic Verdejo ⁽³⁾ British Columbia, Canada <i>Director</i>	Business development consultant since 2009; Chairman of the Board of Directors of Pacton Gold Inc. since November, 2017; director of Pacton Gold Inc. since February, 2017; President and CEO of Pacton Gold Inc. from February, 2017 to November, 2017; President and CEO of Bullion Gold Resources Corp. from April, 2015 to August, 2017; director of Golden Peak Minerals Inc. since June 2015	November 20, 2017	Nil

- (1) Information as to principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee.
- (4) 6,000,000 Common Shares held directly; 12,260,500 Common Shares controlled by Keith James Deluce and held by various family members of Keith James Deluce.
- (5) Member of the Compensation Committee.
- (6) 3,363,678 Common Shares held directly; 64,500 Common Shares held in the name of Consultant Global Farrell & Lacelle; 600,500 Common Shares held in the name of Gesfar Inc.
- (7) 1,385,500 Common Shares held directly; 892,000 Common Shares held in a family trust; 1,793,684 Common Shares controlled by Bruce Deluce and held by various family members of Bruce Deluce.

Pursuant to the provisions of the TSX Venture Exchange (the “**TSXV**”), the Corporation is required to have an audit committee whose members are indicated above. See also “**AUDIT COMMITTEE**” below.

Corporate Cease Trade Orders and Bankruptcy

To the knowledge of the Corporation, except as set out below, no nominee as director of the Corporation (a) is, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that: (i) was the subject of a cease trade, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which, in all cases, was in effect for a period of more than 30 consecutive days (an “**order**”), which order was issued while the nominee was acting in that capacity; or (ii) was subject to an order that was issued after the nominee ceased to act in that capacity and which resulted from an event that occurred while the nominee was acting in that capacity; or (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or (c) has within the 10 years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

To the knowledge of the Corporation, none of the nominees for election as director of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

You can vote for the election of all the candidates described above, vote for the election of some of them and withhold from voting for others, or withhold from voting for all of them. Unless otherwise instructed, the persons named in the accompanying form of proxy will vote IN FAVOUR of the election of each of the candidates described above as director of the Corporation.

Appointment of the Auditor

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass the following resolution with respect to the appointment of auditors for the Corporation:

“RESOLVED, as an ordinary resolution, THAT Crowe MacKay LLP, Chartered Accountants, be appointed as the Corporation’s auditor for the ensuing year, at a remuneration to be fixed by the Board of Directors.”

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Crowe MacKay LLP, Chartered Accountants, to serve as auditor of the Corporation until the next annual general meeting of the Corporation’s shareholders and to authorize the Board to fix the remuneration to be paid to the auditor.

Continuation of the Corporation into British Columbia

Since the Corporation’s registered office, lawyers and auditors and some of its management are located in British Columbia, and there is certain flexibility in provisions of the *Business Corporations Act* (BC) (“**BCBCA**”) that the Board believes would benefit the Corporation, the Board has determined that it would be more expedient and cost effective to have the Corporation continue into the Province of British Columbia (the “**Continuation**”) pursuant to section 302 of the BCBCA. The CBCA currently governs the corporate affairs of the Corporation and restricts jurisdictions into which the Corporation may continue. The Director under the CBCA will allow the Corporation to continue out of the CBCA to the BCBCA upon being provided with proof of continuation into British Columbia and being satisfied that certain rights, obligations, liabilities and responsibilities of the Corporation remain unaffected as a result of the Continuation.

Upon completion of the Continuation, the BCBCA will apply to the continued company to the same extent as if the Corporation had been incorporated under the BCBCA.

Therefore, pursuant to section 188 of the CBCA, shareholders of the Corporation will be asked to consider and, if thought appropriate, approve and adopt a special resolution authorizing the Board, in its sole discretion, to continue the Corporation out of the federal jurisdiction and into the jurisdiction of British Columbia under the BCBCA and to adopt a Notice of Articles and new articles necessary to comply with and conform to the requirements of the BCBCA. The Board may, in its sole discretion, decide not to act on this resolution without further approval from the shareholders of the Corporation. A special resolution requires approval by not less than two-thirds of the votes cast in respect of the special resolution. After having obtained shareholder approval, the Corporation must make a written application to the Registrar under the BCBCA. A copy of the consent from the Director under the CBCA to the Continuation along with the prescribed documents under the BCBCA will then be filed with the Registrar and a Certificate of Continuation will be obtained.

The Continuation does not create a new legal entity, nor will it prejudice or affect the continuity of the Corporation. The Continuation will not result in any change in the business of the Corporation.

A copy of the proposed continuation application, Notice of Articles and Articles are available for viewing up to the date of the Meeting at the Corporation's registered office at Suite 1680, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6, and at the Meeting.

Differences between the CBCA and the BCBCA

The following is a summary of the material differences between the CBCA and BCBCA. This summary is not intended to be exhaustive and shareholders may wish to consult their legal advisors regarding all of the implications of the Continuation.

Charter Documents

Under the BCBCA, the charter documents consist of a "Notice of Articles", which sets forth the name of the Corporation and the authorized share structure for the Corporation, and "Articles" which will govern the management of the Corporation (collectively, the "**Charter Documents**"). The Notice of Articles is filed with the BC Registrar of Companies and the Articles are filed in the Corporation's minute book maintained at its registered and records office in BC.

Under the CBCA, the Corporation has "Articles" which set forth the name of the Corporation and the amount and type of authorized capital, and "Bylaws" which govern the management of the Corporation. The Articles are filed with the Director, Corporations Canada and the Bylaws are filed in the Corporation's minute book.

If the shareholders approve the Continuation, the Notice of Articles and the Articles under the BCBCA, the authorized share structure of the Corporation will consist of an unlimited number of common shares. The Corporation wishes to eliminate the preferred shares (as the Corporation presently has under the CBCA), as none are issued and the Corporation does not require such preferred shares. The Continuation to BC and adoption of the new Charter Documents will not result in any substantive changes to the constitution, powers or management of the Corporation except as described herein.

Amendments to the Charter Documents and Share Capital

Under both the CBCA and the BCBCA, certain fundamental changes to the articles of a corporation, such as an alteration of the restrictions, if any, on the business carried on by the Corporation, an alteration of any maximum number of shares that the Corporation is authorized to issue or the creation of any new classes of shares, must be approved by a special resolution passed by a majority of not less than 2/3rds of the votes cast by shareholders voting in person or by proxy at a general meeting of the Corporation; however, under the BCBCA, if the Articles provide, certain changes may be made by way of an ordinary resolution of the shareholders or, in certain cases, by a resolution of the directors. In the case of the Articles which will govern the Corporation following the Continuation, the Board will be authorized to change the Corporation's name (which is different from the CBCA), and will be authorized to approve certain share consolidations and splits (which is different from the CBCA).

Sale of Corporation's Property

Under both the CBCA and the BCBCA, any proposed sale, lease or exchange of all or substantially all of the property of the corporation, other than in the ordinary course of business, must be approved by a special resolution passed by not less than 2/3rds of the votes cast by shareholders voting in person or by proxy (regardless of whether their shares otherwise do not carry a right to vote) at a general meeting. If the proposed sale, lease or exchange of the Corporation's property will affect a class or series of shares differently from another class or series of shares, then the special resolution approving it must be submitted to a separate vote of the holders of shares of that class or series, as the case may be.

Rights of Dissent and Appraisal

Both the CBCA and the BCBCA provide that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require that corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right may be exercised by a holder of shares of any class of the corporation if the corporation resolves to:

- (a) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on;
- (b) amalgamate with another corporation (except pursuant to a vertical or horizontal short form of amalgamation, as provided for under the CBCA or the BCBCA, as the case may be);
- (c) continue out of the jurisdiction; or
- (d) sell, lease or exchange all or substantially all of its property, other than in the ordinary course of business.

Oppression Remedies

Under BCBCA, a shareholder of the Corporation, or any other person whom the court considers to be an appropriate person to make an application, has the right to apply to court on the grounds that:

- (a) the affairs of the Corporation are being or have been conducted, or that the powers of the directors are being or have been exercised in a manner oppressive to one or more of the shareholders. including the applicant, or
- (b) some act of the Corporation has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit including an order to prohibit any act proposed by the Corporation.

The CBCA contains rights available to a larger class of complainants, i.e. a shareholder, former shareholder, director, former director, officer or former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy may apply to a court to rectify the matters complained of where in respect of a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the corporation or its affiliates are or have been exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of any security holder, creditor, director or officer.

Shareholder Derivative Actions

Under the CBCA and the BCBCA, a shareholder, former shareholder, director, former director, officer or former officer of a corporation or its affiliates, and any person who, in the discretion of the court, is a proper person to do so, may apply for the court's leave to:

- (a) bring a derivative action in the name and on behalf of the corporation or any of its subsidiaries; or

- (b) intervene in an action to which a corporation or any of its subsidiaries is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the corporation or the subsidiary.

Requisition of Meetings

Both the CBCA and the BCBCA permit the holders of not less than 5% of the issued shares that carry the right to vote at a meeting to require the directors to call and hold a general meeting of a corporation.

Form of Proxy and Information Circular

The CBCA requires a distributing (public) corporation to provide notice of a general meeting and a form of proxy for use by every shareholder entitled to vote at such meeting as well as an information circular containing prescribed information regarding the matters to be dealt with at the general meeting. There are no such provisions in the BCBCA (except with respect to providing notice of general meetings), but reporting issuers (public companies) are subject to the provisions of the National Instrument 51-102 – *Continuous Disclosure Obligations*, which require such companies to prepare and deliver a form of proxy and information circular containing prescribed information to shareholders in connection with general meetings.

Directors

The CBCA requires that at least 25% of the directors of a corporation must be resident Canadians (unless the corporation has less than four directors, in which case one director must be resident Canadian). The BCBCA has no residency requirements.

The CBCA requires that at least two of the directors of a distributing corporation (such as the Corporation), not be officers or employees of the Corporation or its affiliates, which is difficult for a small entity such as the Corporation. The BCBCA does not have such requirements; although, the Corporation is subject to applicable securities laws which provide various corporate governance and audit committee requirements.

Rights of Dissenting Shareholders

Pursuant to Section 190 of the CBCA, registered shareholders have the right to dissent to the Continuation and receive the fair market value of their respective shares from the Corporation. Shareholders who wish to exercise their right of dissent should seek their own legal advice as failure to comply strictly with the provisions of Section 190 of the CBCA may prejudice their right of dissent. In order to dissent, a written objection to the special resolution must be received by the Corporation at its registered office at least 48 hours, not including Saturday, Sunday or holidays, prior to the Meeting or by the Chairman of the Meeting at or before the Meeting. A vote against the Continuation resolution, an abstention or the execution of the proxy to vote against the Continuation resolution does not constitute such written objection.

The above summary is not a comprehensive statement of the procedures to be followed by dissenting shareholders who seek payment of the fair value for their common shares. Section 190 of the CBCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. The full text of Section 190 of the CBCA is set out in Exhibit “A” to this Information Circular.

If management determines that an unacceptable number of shareholders have dissented from the Continuation, the Continuation will not be proceeded with.

The text of the special resolution in respect of the approval of the Continuation out of federal jurisdiction and into the Province of British Columbia that management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“IT IS RESOLVED, as a special resolution that:

1. The Corporation is authorized to make an application to the Director, Corporations Canada under section 188 of the *Canada Business Corporations Act* to continue the Corporation from the federal jurisdiction of Canada into the provincial jurisdiction of British Columbia.
2. The Corporation is authorized to file a Continuation Application and Notice of Articles with the Registrar of Companies for the Province of British Columbia under section 302 of the *Business Corporations Act*

(British Columbia) (the “BCBCA”) for continuation into British Columbia and to request the Registrar to issue a certificate of continuation evidencing such continuation.

3. The Corporation adopt the Notice of Articles authorizing an unlimited number of Common shares without par value and adopt Articles substantially in the form presented at the Meeting in substitution respectively for the existing articles and bylaws of the Corporation.
4. Despite the passing of this special resolution by shareholders, the directors of the Corporation are authorized, in their sole discretion and without further notice to or approval of the shareholders of the Corporation, to abandon or not proceed with the continuation application under the BCBCA.
5. Any one officer or director of the Corporation is authorized and directed to do, sign and execute all such things, deeds and documents necessary or desirable to carry out the foregoing including, without limitation, signing the continuation application, the Notice of Articles and the Articles.”

Recommendation of the Corporation’s Directors

The directors have reviewed and considered all facts respecting the Continuation. The Corporation’s directors unanimously recommend that the shareholders vote in favour of the Continuation.

A special resolution requires the approval of a special majority (two-thirds) of the votes cast at the Meeting, in person or by proxy.

It is the intention of the persons named in the accompanying Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies FOR the special resolution authorizing the Continuation.

EXECUTIVE COMPENSATION

Under this heading, the Corporation is including the disclosure required by Form 51-102F6 *Statement of Executive Compensation*.

For the purposes of this Information Circular, named executive officers of the Corporation means the following individuals (each a “**Named Executive Officer**” or “**NEO**”):

- (a) the Corporation’s Chief Executive Officer or an individual who acted in a similar capacity for any part of the most recently completed financial year (the “**CEO**”);
- (b) the Corporation’s Chief Financial Officer or an individual who acted in a similar capacity for any part of the most recently completed financial year (the “**CFO**”);
- (c) each of the Corporation’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation* for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

As at August 31, 2017, the end of the most recently completed financial year of the Corporation, the Corporation had two Named Executive Officers, Mr. Keith James Deluce, President and CEO, and Mr. Joseph Meagher, CFO.

Compensation Program Objectives

The Corporation’s process with respect to executive compensation is not based on any formal criteria or analysis; however, in determining compensation the Compensation Committee and Board ensure that compensation is internally equitable. When determining the compensation of the NEOs, the Board takes into account the limited resources of the Corporation and certain general principles including:

- Fair and competitive compensation should commensurate with an individual's experience and expertise in order to attract and retain qualified executives;
- The financial interests of the executives must be aligned with those of the shareholders of the Corporation.

Base Salary and/or Compensation

The base salary and/or compensation of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The base salary and/or compensation is based on the executive officer's expertise, contribution to the business of the Corporation and the stage of development of the Corporation.

Performance Bonuses

The Compensation Committee may, from time to time, exercise its discretion in recommending to the Board that a bonus be paid based on the overall performance of the Corporation, exceptional market conditions or when exceptional strategic achievements that could increase the value of the Corporation are realized during the year. The bonus is not based on known or measured corporate or individual performance objectives. There were no performance bonuses granted for the years ended August 31, 2017, 2016 and 2015.

Long-Term Compensation Incentives / Option-Based Grant

Long-term incentive compensation for NEOs is provided through grants of stock options pursuant to the Corporation's stock option plan. Stock options are granted as an incentive to serve the Corporation in attaining its goal of improved shareholder value. Stock option grants to executive officers are generally reviewed annually by the Board. The number of stock options granted is at the discretion of the Compensation Committee and Board. The Board is not required to grant stock options annually.

Summary Compensation Table

The following table discloses, for each NEO, the total compensation paid by the Corporation for the financial years ended August 31, 2017, 2016 and 2015. For information concerning compensation related to previous years, please refer to the Corporation's previous information circulars available at www.sedar.com.

Name and Principal Position	Year ended August 31	Salary (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽²⁾	Non Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans ⁽³⁾			
Keith James Deluce CEO and director ⁽⁴⁾	2017	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
Joseph Meagher CFO ⁽⁵⁾	2017	7,500	N/A	Nil	N/A	N/A	N/A	Nil	7,500
David Lindsay Former CFO ⁽⁶⁾	2017	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
Sabino Di Paola Former CFO, former CEO and former director ⁽⁷⁾	2017	26,000	N/A	Nil	N/A	N/A	N/A	Nil	26,000
	2016	37,230	N/A	17,100	N/A	N/A	N/A	Nil	54,330
	2015	33,176	N/A	Nil	N/A	N/A	N/A	Nil	33,176
Laina Maclean Former CFO ⁽⁸⁾	2017	16,714	N/A	Nil	N/A	N/A	N/A	Nil	16,714
	2016	14,168	N/A	11,400	N/A	N/A	N/A	Nil	25,568

(1) Includes salary paid or accrued during the financial year.

(2) Option-based awards are valued at the date of grant using the Black-Scholes option pricing model which the Corporation has chosen because it is one of the most common valuation methodologies used by venture issuers. Option pricing models

require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Corporation's stock option grants. The Corporation uses an option-pricing model because there is no market for which options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an option holder might receive if the options freely traded, nor assume that these amounts are the same as those reported for income tax purposes.

- (3) LTIP or long-term incentive plan means any plan that provides compensation intended to motivate performance to occur over a period greater than one financial year, but does not include option or stock appreciate right plans or plans to compensate through restricted shares or restrict share units.
- (4) Mr. Deluce was appointed a director on March 4, 2016 and he was appointed CEO on October 11, 2016.
- (5) Mr. Meagher was appointed CFO on June 16, 2017.
- (6) Mr. Lindsay was CFO from January 1, 2017 to June 16, 2017.
- (7) Mr. Di Paola was CEO from January 15, 2016 to October 11, 2016. He was CFO from October 11, 2016 to January 1, 2017. Mr. Di Paola was elected a director on March 4, 2016 and resigned as director on February 6, 2017.
- (8) Ms. Maclean was CFO from June 1, 2016 to October 11, 2016.

Incentive Plan Award – Outstanding Share-Based Awards and Option-Based Awards

The following table sets out all option-based awards outstanding (no share-based awards were outstanding) for the Named Executive Officers as at August 31, 2017:

Name	Option-Based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Keith James Deluce	600,000	0.10	May 31, 2021	Nil
Liana Maclean	400,000	0.10	Dec 31, 2017	Nil
Sabino Di Paola	400,000	0.10	Dec 31, 2017	Nil
	600,000	0.10	Dec 31, 2017	Nil

- (1) In-the-money options are those where the market value of the underlying securities as at the most recent financial year end exceeds the option price. This figure was calculated using the closing market price of the Corporation's Common Shares on the TSXV on August 31, 2017, being \$0.06.

Incentive Plan Awards – Value Vested or Earned during the Most Recently Completed Financial Year

During the most recently completed financial year end, all option-based awards for the Named Executive Officers vested on their grant dates with a nil value. No share-based awards were outstanding.

PENSION PLAN BENEFITS

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

TERMINATION AND CHANGE OF CONTROL BENEFITS

There is no compensation plan or mechanism with respect to an NEO that may be triggered following his resignation, retirement or other termination of employment with the Corporation or following a change of control of the Corporation or a change in his functions pursuant to a change of control.

DIRECTORS COMPENSATION

As at the financial year ended August 31, 2017, the Corporation had three directors, one of which is also an NEO. For the year ended August 31, 2017, the Corporation did not pay directors who are not officers of the Corporation for attending directors' meetings or for serving on committees. None of the Corporation's directors have received any cash compensation for services provided in their capacity as directors during the Corporation's most recently completed financial year. Directors are entitled to reimbursement of reasonable out-of-pocket expenses incurred in the course of their duties as a director.

During the most recently completed financial year ended August 31, 2017, the directors who were not Named Executive Officers received the following compensation for services provided to the Corporation:

Name	Fees earned (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Norman Farrell	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Bruce Deluce	Nil	N/A	Nil	N/A	N/A	Nil	Nil

(1) Includes fees paid or accrued during the financial year.

(2) Refer to discussion in footnote (2) in the “Summary Compensation Table” for Named Executive Officers above for the method of determining the value of option-based awards.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding (no share-based awards were outstanding) for the directors who were not NEOs as at August 31, 2017:

Name	Option-Based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Norman Farrell	900,000	0.10	April 30, 2018	Nil
	1,000,000	0.10	May 31, 2021	Nil
Bruce Deluce	600,000	0.10	Dec 18, 2018	Nil

(1) In-the-money options are those where the market value of the underlying securities as at the most recent financial year end exceeds the option price. This figure was calculated using the closing market price of the Corporation’s Common Shares on the TSXV on August 31, 2017, being \$0.06.

Incentive Plan Awards – Value Vested or Earned during the Most Recently Completed Financial Year

During the most recently completed financial year end, all option-based awards for directors vested on their grant dates with a nil value. No share-based awards were outstanding.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION

The following table sets out equity compensation plan information as at the financial year ended August 31, 2017:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾ (c)
Equity compensation plans approved by security holders	5,000,000	\$0.10	5,948,000
Equity compensation plans not approved by security holders	None	N/A	N/A

(1) This figure is based on the total number of Common Shares authorized for issuance under the Corporation’s Stock Option Plan (being a fixed number of 10,948,000 Common Shares), less the number of stock options outstanding as at the Corporation’s year ended August 31, 2017.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the financial year ended August 31, 2017, and as at the date of this Information Circular, none of the directors, executive officers, employees (or previous directors, executive officers, or employees of the Corporation), each proposed nominee for election as a director of the Corporation (or any associate of a director, executive officer or proposed nominee) was or is indebted to the Corporation with respect to the purchase of securities of the Corporation and for any other reason pursuant to a loan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. An "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than ten percent (10%) of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its Common Shares.

AUDIT COMMITTEE

The Audit Committee Charter

On July 28, 2005, the Corporation adopted an Audit Committee Charter, a copy of which is attached to this Information Circular as Exhibit "B".

Composition of the Audit Committee

The Audit Committee is currently composed of Bruce Deluce, Norman Farrell, and Dominic Verdejo. Each member of the Audit Committee is "financially literate". Messrs. Farrell and Verdejo are considered to be "independent" as such terms are defined in Multilateral Instrument 52-110 *Audit Committees* ("NI 52-110"). Each member has the ability to perform his responsibilities as an Audit Committee member based on his education and experience.

Education of the Audit Committee

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

Bruce Deluce is a graduate electrical engineer, a professional pilot and a businessman in Canada and internationally. Being from Northern Ontario and operating regional aircraft in the north, he has had extensive contact with First Nations, mining and exploration operations, forestry and fishing. Mr. Deluce's senior aviation industry involvement has included Director South African Express Airlines Pty Ltd and Director Air Ontario Limited, a majority owned subsidiary of Air Canada. Mr. Deluce was Vice President of a company engaged in the procurement and trading of cassiterite (tin) concentrate furnished to smelters in Asia and China.

Norman Farrell received a B.Sc.Com. from the École des Hautes Études Commerciales of the University of Montreal in 1969. He has been a director of the Corporation since 1979, and was the President of the Corporation from 1982 to 1998. From 1987 to 1990, he was Vice-President and director of Ressources Oasis Inc. and Ressources Orient Inc., which were both listed on the Montreal Exchange. He also was a director of Cambior Inc. from 1986 to 1989. From 1993 to 1999, he was Vice-president Marketing of Le Groupe Forex Inc., a publicly traded forest company.

Dominic Verdejo has over eight years of business experience in venture capital markets in various management roles in finance, investor relations, corporate development and administration of publicly traded mineral exploration companies.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year, has the Corporation relied on exemptions in relation to "De Minimus Non-Audit Services" or any exemption provided by Part 8 of Regulation 52-110 respecting Audit Committees.

Pre-Approval Policies and Procedures

The Audit Committee approves the engagement terms for all audit and non-audit services to be provided by the auditors to the Corporation prior to such services being provided.

External Auditor Services Fees

For the last two financial years, the Corporation has paid the following amounts as external auditor service fees:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
August 31, 2017	\$21,380	N/A	N/A	N/A
August 31, 2016	\$19,000	N/A	\$2,500	N/A

- (1) "Audit Fees" means the aggregate fees billed by the Corporation's external auditor in each of the last two financial years for audit services.
- (2) "Audit-Related Fees" means the aggregate fees billed in each of the last two financial years for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under clause (a) above.
- (3) "Tax Fees" means the aggregate fees billed in each of the last two financial years for professional services rendered by the Corporation's external auditor for tax compliance, tax, advice, and tax planning.
- (4) "All Other Fees" means the aggregate fees billed in each of the last two financial years for products and services provided by the Corporation's external auditor, other than the services reported under clauses Audit-Related Fees, Tax Fees and All Other Fees above.

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

COMPENSATION COMMITTEE

The members of the Compensation Committee as at the date hereof are Norman Farrell and Bruce Deluce. The primary purpose of the Compensation Committee is to assist the Board in its oversight role in setting director and senior executive compensation, and to develop and submit to the Board recommendations with respect to any other employees or consultant's benefits as they see fit.

The mandate of the Compensation Committee is as follows:

- reviews and makes recommendations to the Board at least annually regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans and grants and benefit plans;
- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;
- reviews and approves at least annually all compensation arrangements with the senior executives of the Corporation; and

- reviews and approves at least annually all compensation arrangements with the directors of the Corporation.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to enhance shareholder value. The Board is responsible for ensuring that the Corporation addresses all relevant corporate governance issues in compliance with the corporate governance guidelines set forth in National Policy 58-201 - *Corporate Governance Guidelines*.

The Corporation's disclosure of corporate governance practices pursuant to NI 58-101 - *Disclosure of Corporate Governance Practices* is set out in Exhibit "C" to this Information circular in the form required by Form 58-101F2.

OTHER BUSINESS

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

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis for its most recently completed financial year. Shareholders may also contact the Corporation to request copies of the Corporation's financial statements and the Management's Discussion and Analysis at 66 Brousseau Avenue, Suite 207, Timmins, Ontario, P4N 5Y2.

DATED at Timmins, Ontario, as of the 21st day of December, 2017.

MELKIOR RESOURCES INC.

By: "*Keith James Deluce*"

Keith James Deluce, Chief Executive Officer

EXHIBIT “A”

CBCA Dissent Provisions

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

190(1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188;
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

- (13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

- (14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

- (15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

- (16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

- (17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

- (18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

- (19) On an application to a court under subsection (15) or (16),
 - (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
 - (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

- (20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

- (21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

EXHIBIT “B”

MELKIOR RESOURCES INC. AUDIT COMMITTEE CHARTER

The committee will provide independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors.

The committee will also assist the Board in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. The committee will review the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.

1. AUTHORITY

The Board authorizes the committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of Corporation's officers at meetings as appropriate.

2. ORGANIZATION

2.1 Membership

- (a) The committee will be comprised of at least three directors, a majority of whom shall be independent of management.
- (b) The chairman of the audit committee will be nominated by the committee from time to time. The secretary of the committee will be such person as nominated by the Chairman.
- (c) A quorum for any meeting will be two members.

2.2 Attendance at Meetings

- (a) The committee may invite such other persons to its meetings, as it deems appropriate.
- (b) The external auditors may be present at each audit committee meeting and be expected to comment on the financial statements in accordance with best practices.
- (c) The committee shall meet as frequently as required, and in compliance with Multilateral Instrument 52-110 and related applicable laws. Special meetings shall be convened as necessary. External auditors may convene a meeting if they consider that it is necessary.
- (d) The proceedings of all meetings will be minuted.

3. ROLES AND RESPONSIBILITIES

The committee:

- 3.1. shall recommend to the Board of Directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.
- 3.2. shall recommend the compensation of the external auditor.

3.3. shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3.4. shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor unless the aggregate amount of all non-audit services 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 auditor during fiscal year in which the services are provided.

3.5. shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.

3.6. shall 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 3.5, and must periodically assess the adequacy of those procedures.

3.7. shall 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.

3.8. shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

EXHIBIT “C”

CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 *Disclosure of Corporate Governance Practices* provides non prescriptive corporate governance guidelines for reporting issuers, such as the Corporation. The Corporation has reviewed its corporate governance practices in light of these guideline and discloses the following:

Board of Directors

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Corporation.

Applying the definition set out in NI 52-110, Keith James Deluce and Bruce Deluce are not considered to be independent and Norman Farrell and Dominic Verdejo are considered to be independent.

Board Mandate

The Board does not have a written mandate. The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation’s business in the ordinary course, managing the Corporation’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Directorships

Except as follows, none of the directors of the Corporation are presently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Dominic Verdejo	Pacton Gold Inc. Golden Peak Minerals Inc. Bullion Gold Resources Corp.
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Orientation and Continuing Education

The Board takes the following steps to ensure that all new directors receive orientation regarding the role of the Board, its committees and its directors, and the nature and operation of the Corporation: reports and other documentation relating to the Corporation's business and affairs are provided to new directors and Board meetings are held to give the directors additional insight into the Corporation's business and operations.

The Board has not at this time taken any measures to provide continuing education for the directors; however, the directors of the Corporation are encouraged to attend, at the Corporation’s expense, any seminar given by the TSXV or the Canadian Securities Administrators relating to the management of a public company or relating to their responsibilities as a director of a public company. Furthermore, the directors are given access to the Corporation’s legal advisors for any questions they may have relating to such responsibilities.

Ethical Business Conduct

The Corporation is committed to promote the highest standard of ethic and integrity in the pursuance of all of its activities. Furthermore, the directors, officers and employees of the Corporation are expected to act and to hold their office within the best interests of the Corporation. The Corporation expects that all directors shall act in compliance of all laws and regulations applicable to their office as director of the Corporation.

In the event any transactions or agreements occur in respect of which a director or executive officer has a material interest, the matter must be initially reviewed by the audit committee and is then submitted to the Board. The Board may implement any measures that it finds necessary in order to ensure the exercise of independent judgment. In the event a director has a material interest in any transaction or agreement, such director will abstain from voting in that regard.

Nomination of Directors

The Chairman of the Board and President of the Corporation seek qualified candidates to be considered for nomination as directors. Proposed nominations are subject to review and approval by the Board.

Any new appointees or nominees to the Board must have a favourable track record in general business management, special expertise in areas of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve as a director.

Compensation

The Board, on the recommendations of the compensation committee, is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO of the Corporation and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of the Corporation, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: (i) recruiting and retaining executives critical to the success of the Corporation and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Corporation's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations in general; and (v) permitted compensation under TSXV rules.

Other Board Committees

As of the date hereof, only the Audit Committee and the Compensation Committee were created by the Board.

Assessments

The Board has not established any formal procedures for assessing the performance of the Board or its committees and members. Generally, those responsibilities have been carried out on an informal basis by the Board itself. Furthermore, it is the view of the Board that, in light of its small size and the close and open relationship among its members, the formality of a committee would not be as effective as the current arrangement and is unnecessary.