



ANNUAL INFORMATION FORM

AS AT APRIL 2, 2018

TALON METALS CORP.

FOR THE YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

NOTE TO READER.....	1
FORWARD-LOOKING INFORMATION.....	1
CORPORATE STRUCTURE	3
GENERAL DEVELOPMENT OF THE BUSINESS	5
DESCRIPTION OF THE BUSINESS	11
RISK FACTORS.....	14
DIVIDENDS	24
DESCRIPTION OF CAPITAL STRUCTURE	24
MARKET FOR SECURITIES.....	25
ESCROWED SECURITIES	25
DIRECTORS AND OFFICERS.....	26
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	29
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS...	31
TRANSFER AGENT AND REGISTRAR	31
MATERIAL CONTRACTS	31
INTERESTS OF EXPERTS	32
AUDIT COMMITTEE INFORMATION	32
ADDITIONAL INFORMATION.....	33

EXHIBIT I - EXCERPT OF SUMMARY FROM TAMARACK NORTH TECHNICAL REPORT

EXHIBIT II - CHARTER OF THE AUDIT COMMITTEE

NOTE TO READER

Wherever used in this Annual Information Form, the “**Company**” and “**Talon**” refer to Talon Metals Corp. and all of its subsidiaries, except where the context otherwise requires. Unless otherwise indicated, all dollar amounts herein are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

This Annual Information Form contains “forward-looking information”. All information, other than information concerning historical fact, that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including, without limitation, estimates in respect of mineral resource quantities, mineral resource qualities, information regarding the potential for increased mineral resources and increased classification through additional exploration, potential mineralization, metallurgical testing and results, drilling and exploration plans, the Company’s business plans and priorities, market trends with respect to demand for and the price of nickel are forward-looking information.

Forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking information, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: failure to establish estimated mineral resources and any reserves; the grade, quality and recovery of mineral resources varying from estimates; risks related to the exploration stage of the Company’s properties, including the Tamarack Project; the possibility that future exploration results and metallurgical testing will not be consistent with the Company’s expectations (including identifying additional and/or more extensive mineralization and/or recovery); changes in nickel and/or copper prices; delays in obtaining or failures to obtain necessary regulatory permits and approvals from government authorities; uncertainties involved in interpreting drilling results, and the beneficiation process and other geological and product related data; changes in the anticipated demand for nickel, copper and/or PGEs; changes in equity and debt markets; inflation; changes in exchange rates; declines in U.S., Canadian and/or global economies; exploration costs varying significantly from estimates; delays in the exploration, mineral processing and development of, and/or commercial production from the properties Talon has an interest in; equipment failure; unexpected geological or hydrological conditions; political risks; imprecision in preliminary resource estimates; success of future exploration and development initiatives; the existence of undetected or unregistered interests or claims, whether in contract or in tort, over the properties of Talon (including, the Tamarack Project); changes in government regulations and policies; risks relating to labour; other exploration, development and operating risks; liability and other claims asserted against Talon; volatility in prices of publicly traded securities; and other risks involved in the mineral exploration and development industry and risks specific to the Company, including the risks discussed in this Annual Information Form under “*Risk Factors*”.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this Annual Information Form is expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise the forward-looking information herein and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Annual Information Form.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information herein is provided as of the date of this Annual Information Form.

The mineral resource figures referred to in this Annual Information Form are estimates, and no assurances can be given that the indicated levels of nickel, copper, cobalt, gold or PGEs will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this Annual Information Form are well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was formed on April 5, 2005 as a result of a consolidation between Ventures Resources Corporation and Resource Holdings & Investments Inc. (“**RHI**”) pursuant to a plan of consolidation under the laws of the British Virgin Islands (the “**RHI Consolidation**”). The RHI Consolidation was a reverse takeover under the policies of the TSX Venture Exchange (the “**TSXV**”).

RHI was incorporated by memorandum and articles of association filed under the *BVI Business Companies Act, 2004* (British Virgin Islands) (the “**BVI Act**”) on July 8, 2004 for the purpose of engaging in the acquisition, exploration and development of mineral properties in Brazil. Following the RHI Consolidation, the properties and assets of RHI became the properties and assets of the Company and the name of the Company was changed to “Brazmin Corp.”.

Effective July 9, 2007, the Company changed its name from “BrazMin Corp.” to “Talon Metals Corp.” (the “**Name Change**”). No change to the Company’s capital structure resulted from the Name Change.

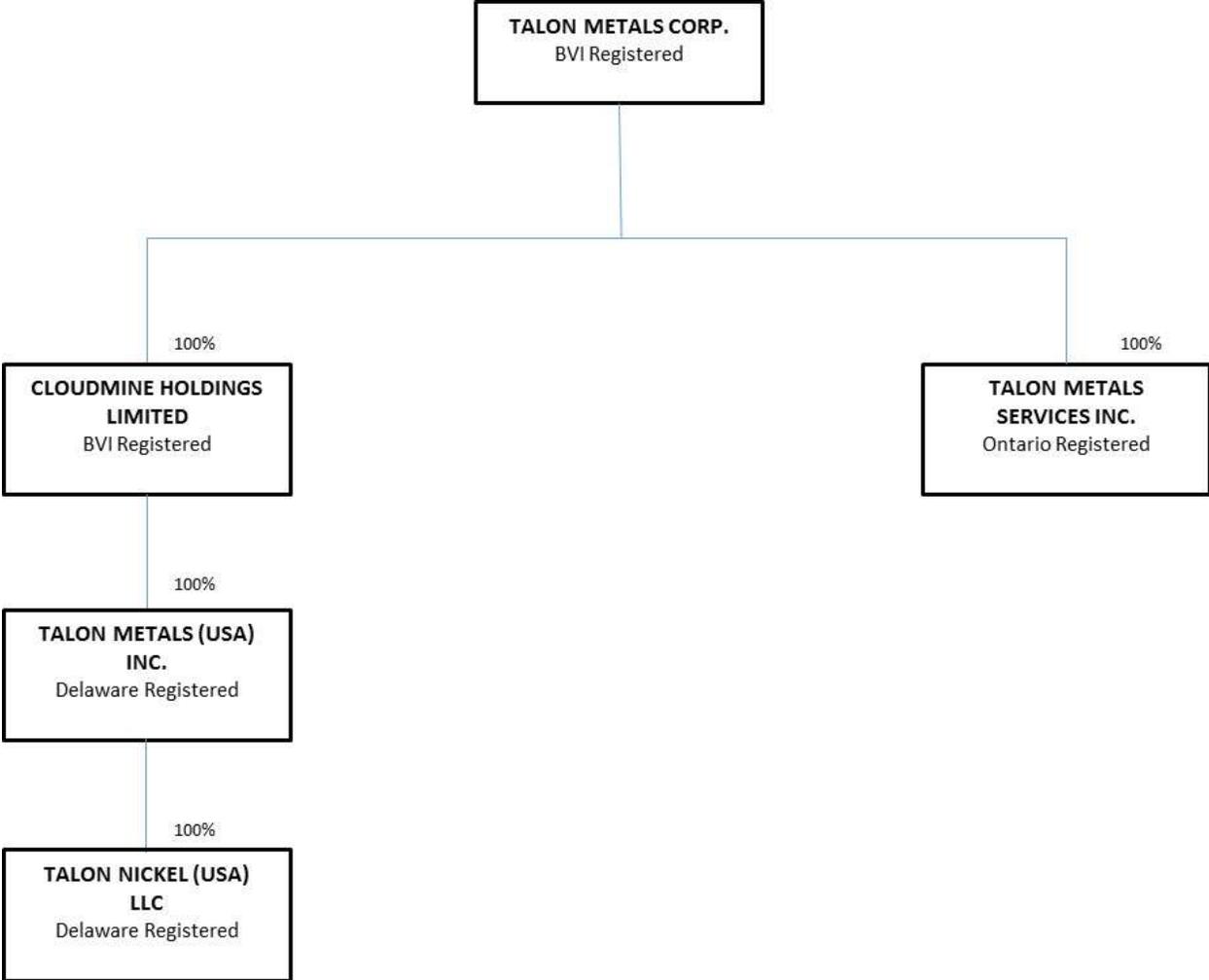
On March 24, 2010, the Company and Saber Energy Corp. (“**Saber**”) merged pursuant to a merger effected under the BVI Act (the “**Saber Merger**”). On closing of the Saber Merger, the properties and assets of Saber became the properties and assets of the Company. Talon survived the Saber Merger, retained its corporate name, “Talon Metals Corp.”, and continues to be governed by the provisions of the BVI Act.

Pursuant to Talon’s memorandum of association under the BVI Act, it is authorized to issue one class and one series of shares divided into 100,000,000,000 common shares of no par value. The common shares of Talon are currently listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “TLO” and have been trading on the TSX since April 13, 2005.

Talon’s head and registered office are located at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands. The registered office address of Talon’s representative in Canada, Talon Metals Services Inc., is 200 Bay St, Royal Bank Plaza, Suite 3800, South Tower, Toronto, Ontario, Canada, M5J 2Z4. Talon is a reporting issuer in the provinces of Ontario, British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia.

Intercorporate Relationships

The following chart sets out all of the Company’s material subsidiaries as at the date hereof, their jurisdictions of incorporation and the Company’s direct and indirect voting interest in each of these subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Company is a mineral exploration company currently focused on the exploration and development of the Tamarack nickel-copper-PGE project (the “**Tamarack Project**”) in Minnesota, USA (which comprises the “**Tamarack North Project**” and the “**Tamarack South Project**”). As of the date hereof, the only material property of the Company is the Tamarack North Project, a description of which is set forth below under the heading “Description of the Business – Tamarack North Project”.

The following summary describes the development of the Company’s business over the last three financial years, including acquisitions, dispositions and other factors which influenced the business of the Company.

Tamarack Earn-in Agreement

On June 25, 2014, Talon’s wholly owned indirect subsidiary, Talon Nickel (USA) LLC (“**Talon USA**”), entered into an exploration and option agreement (the “**Tamarack Earn-in Agreement**”) with Kennecott Exploration Company, part of the Rio Tinto Group (“**Kennecott**”), pursuant to which, under the original terms of the Tamarack Earn-in Agreement (which terms have subsequently been amended – see “*Kennecott Debt Settlement and Tamarack Earn-in Second Amending Agreement*”, “*Tamarack Earn-in Third Amending Agreement and RCF Loan First Amending Agreement*” and “*Tamarack Purchase Option*” (below)), Talon USA had the right to acquire a 30% interest in the Tamarack Project over a three year period (the “**Earn-in Period**”) by making US\$7.5-million in installment payments to Kennecott, and incurring US\$30-million in exploration expenditures (the “**Earn-in Conditions**”). In addition, Talon USA agreed to make certain land option payments on behalf of Kennecott, which were payable over the Earn-in Period.

During the Earn-in Period, Kennecott was the operator of the Tamarack Project, thereby enabling Talon to benefit from Kennecott’s competence as a top global explorer. Further, Talon and Kennecott formed a Technical Committee with both parties appointing representatives to provide strategic input in regards to ongoing and upcoming exploration programs.

Pursuant to the terms of the original Tamarack Earn-in Agreement (which terms have subsequently been amended – see “*Kennecott Debt Settlement and Tamarack Earn-in Second Amending Agreement*”, “*Tamarack Earn-in Third Amending Agreement and RCF Loan First Amending Agreement*” and “*Tamarack Purchase Option*” (below)), upon Talon USA completing the Earn-in Conditions, Kennecott would have elected whether to: (a) proceed with a 70/30 joint venture on the Tamarack Project, with Kennecott holding a 70% participating interest, and Talon USA owning a 30% participating interest; or (b) grant Talon USA the right to purchase Kennecott’s interest in the Tamarack Project for a purchase price of US\$107.5 million. In the event Kennecott were to grant Talon USA the right to purchase its interest in the Tamarack Project, and Talon USA elected to proceed with the purchase option, under the terms of the original Tamarack Earn-in Agreement, Talon USA would have had up to 18 months to

close the transaction, provided it made an upfront non-refundable payment to Kennecott of US\$7.5 million (thereby reducing the purchase price to US\$100 million).

Private Placement

On November 6, 2014, the Company completed a bought deal private placement offering (the “**November Financing**”). Pursuant to the November Financing, the Company issued a total of 14,755,450 units (the “**Units**”) at a price of \$0.30 per Unit, for gross proceeds of \$4,426,635.

Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitled the holder thereof to acquire one common share of the Company at a price of \$0.45 for a period of 36 months following the closing date of the November Financing (up to November 6, 2017). If the price of the common shares of the Company on the TSX (following the expiry of the required statutory hold period) closed at a minimum of \$0.60 for a period of 20 consecutive trading days, the Company had the option to accelerate the expiry date of the warrants to the date which is 30 days following the date upon which notice of the accelerated expiry date is provided by the Company to the holders of the warrants.

Kennecott Loan and Tamarack Earn-in First Amending Agreement

On March 26, 2015, Kennecott provided Talon and Talon USA with an unsecured loan (the “**Kennecott Loan**”) in the principal amount of US\$4 million (in July 2015, the Kennecott Loan was increased to US\$4.5 million). The Kennecott Loan was to mature on December 21, 2015 and had an interest rate of LIBOR plus 8% per annum (see also “*Kennecott Debt Settlement and Kennecott Earn-in Second Amending Agreement*” (below)). The proceeds from the Kennecott Loan were used by Kennecott to fund exploration expenditures at the Tamarack Project, and for certain pre-determined land acquisitions.

In addition, on March 26, 2015, Kennecott also agreed to amend the Tamarack Earn-in Agreement (the “**Tamarack Earn-in First Amending Agreement**”) to: (1) defer a US\$2,500,000 option payment due by Talon USA on June 26, 2015 until December 21, 2015 (the “**Deferred Option Payment**”); and (2) not make any cash calls from Talon USA beyond the amount of the Kennecott Loan until the fourth quarter of 2015.

Resource Capital Fund Financing

On November 25, 2015, the Company entered into definitive agreements with Resource Capital Fund VI L.P. (“**RCF**”), whereby RCF agreed to provide US\$15 million to the Company (the “**RCF Financing**”) to be used to earn an 18.45% interest in the Tamarack Project.

The RCF Financing was subject to certain closing conditions, including, the receipt of shareholder approval. The Company held a special meeting of its shareholders on December 29, 2015 where shareholders approved, among other things, the RCF Financing, and on the same day the RCF Financing closed. The material terms of the RCF Financing are as follows:

- RCF provided the Company with US\$15 million, as follows: (a) US\$1 million via a private placement subscription for common shares in the capital of the Company at a subscription

price of C\$0.12 per common share (the “**RCF Subscription Price**”), and (b) US\$14 million via an unsecured convertible loan (the “**RCF Unsecured Loan**”, and the agreement governing the RCF Unsecured Loan, the “**RCF Loan Agreement**”). The RCF Unsecured Loan matures on the maturity date (the “**Maturity Date**”) being the earlier of: (i) November 25, 2018; and (ii) the date upon which RCF elects to accelerate the due date upon the occurrence of certain events, including an event of default.

- The RCF Unsecured Loan bears interest at the rate of 12% per annum. All interest accrues and becomes payable on the Maturity Date. The Company may only prepay the RCF Unsecured Loan (including accrued interest), in full or in part, with the prior approval of RCF.
- Under the terms of the RCF Unsecured Loan, RCF may elect to convert all or part of the principal amount of the RCF Unsecured Loan (including all capitalized interest) into common shares of the Company at any time at a conversion price of C\$0.156 per common share (the “**Conversion Price**”), representing a 30% premium to the RCF Subscription Price. Interest that has not been capitalized is to be converted at a price equal to the volume weighted average trading price for the five trading days prior to the conversion. Any amount being converted pursuant to RCF’s conversion right will be converted from United States dollars into Canadian dollars based on the currency exchange rate as reported by Bloomberg as of 5:00 p.m. (EST) on the first business day preceding the conversion date.
- For as long as the RCF Loan Agreement is in effect or while RCF and its affiliates, on a partially diluted basis, hold common shares of the Company equal to or exceeding 10% of all common shares issued and outstanding, RCF has the right to participate in any equity or debt financings of the Company (other than certain exempt issuances) at the same price and on the same terms, on a pro rata basis, such that RCF may maintain its percentage interest in common shares of the Company on a partially diluted basis, assuming the full exercise of all rights under the RCF Unsecured Loan to receive common shares, including all rights of conversion.
- At all times, (a) while any obligation remains outstanding under the RCF Loan Agreement, or (b) RCF and its affiliates, on a partially diluted basis, hold common shares of the Company equal to or exceeding 10% of all common shares of the Company issued and outstanding, RCF will have the right to nominate one individual to serve on the Company’s board of directors.
- A number of events constitute an event of default under the RCF Loan Agreement, including certain material adverse changes, the delisting of the Common Shares from the TSX, the abandonment or termination of a material portion of the Tamarack Project or a change of control of the Company. Upon an event of default, the principal and interest will become due and payable and interest will accrue at the default interest rate of 17% per annum.
- The Company must adhere, within five percent (5%), to an agreed overhead budget.

- Up to June 30, 2017, the Company was not permitted to issue common shares or other securities convertible into common shares of the Company for consideration less than the Conversion Price.

On January 4, 2016, the entire US\$15 million amount was transferred via Talon USA to Kennecott to earn an 18.45% interest in the Tamarack Project.

Kennecott Debt Settlement and Tamarack Earn-in Second Amending Agreement

On November 25, 2015, Talon, Talon USA and Kennecott entered into a debt settlement agreement, pursuant to which, among other things, concurrent with the closing of the RCF Financing, the parties agreed to (a) extinguish the principal amount of the Kennecott Loan, and (b) convert interest in the aggregate amount of US\$349,115 in respect of the Kennecott Loan and the Deferred Option Payment into 5,236,717 common shares of the Company at a conversion price per common share of \$0.09 based on a fixed US dollar to Canadian dollar exchange rate of 1.35.

On November 25, 2015, Kennecott and Talon USA also further amended the Tamarack Earn-in Agreement (the “**Tamarack Earn-in Second Amending Agreement**”) to provide, among other things, that upon receipt by Kennecott from Talon USA of the sum of US\$15 million, Talon USA would earn an 18.45% interest in the Tamarack Project and Talon USA would have no further funding requirements to earn its interest in the Tamarack Project.

In addition, the Tamarack Earn-in Second Amending Agreement provided that once Kennecott spent the funds advanced by Talon USA on exploration activities in respect of the Tamarack Project, subject to certain self-funding rights by Kennecott during such period, Kennecott had 180 days to elect (see also “*Tamarack Earn-in Third Amending Agreement and RCF Loan First Amending Agreement*” and “*Tamarack Purchase Option*” (below)) whether to: (a) proceed with a 81.55/18.45 joint venture on the Tamarack Project (the “**Tamarack Joint Venture**”), with Kennecott owning an 81.55% participating interest, and Talon USA owning an 18.45% participating interest; or (b) grant Talon USA the right to purchase Kennecott’s interest in the Tamarack Project for a total purchase price of US\$114 million (the “**Tamarack Purchase Option**”). In the event Kennecott granted Talon USA the Tamarack Purchase Option, and Talon USA elected to proceed with the Tamarack Purchase Option, Talon USA would have had up to 18 months to close the transaction, provided it made an upfront non-refundable payment of US\$14 million, thereby reducing the purchase price to US\$100 million (see also “*Tamarack Purchase Option*” (below)).

Sale of Tlou Energy Shares

On May 19, 2016, in connection with the Company’s continued strategy of divesting non-core assets, the Company sold all of its remaining shares in Tlou Energy Limited (14,285,714 shares) for gross proceeds of approximately C\$600,000.

Tamarack Earn-in Third Amending Agreement and RCF Loan First Amending Agreement

On December 16, 2016, Talon USA entered into a third amending agreement with Kennecott (the “**Tamarack Earn-in Third Amending Agreement**”) in respect of the Tamarack Earn-in Agreement, as amended.

Pursuant to the Tamarack Earn-in Third Amending Agreement, Talon USA and Kennecott agreed to co-fund a 2016/2017 winter exploration program at the Tamarack Project in the approximate amount of US\$3,500,000, with Talon USA funding its proportionate share of 18.45% thereof. The Tamarack Earn-in Third Amending Agreement also provided that Kennecott may elect at any time up to and including September 25, 2017 (the “**Kennecott Decision Deadline**”) to grant Talon USA the Tamarack Purchase Option or proceed with the Tamarack Joint Venture in respect of the Tamarack Project. The material terms of the Tamarack Joint Venture and Tamarack Purchase Option remain unchanged.

Concurrently with entering into the Tamarack Earn-in Third Amending Agreement, Talon entered into an amending agreement (the “**RCF Loan First Amending Agreement**”) with RCF to amend the RCF Loan Agreement. Pursuant to the terms of the RCF Loan First Amending Agreement, RCF agreed to increase the principal amount of the RCF Unsecured Loan by US\$2,000,000 (from US\$14,000,000 to US\$16,000,000) to be provided, subject to certain closing conditions, including the receipt of shareholder approval, in a second advance on substantially the same terms as the RCF Unsecured Loan.

Pursuant to the RCF Loan First Amending Agreement, as consideration for RCF’s agreement to increase the amount of the RCF Unsecured Loan, the Company agreed to issue to RCF 15,000,000 common share purchase warrants (the “**RCF Warrants**”), each RCF Warrant exercisable for one common share in the Company at an exercise price of C\$0.11 up to January 18, 2021.

The effectiveness of the RCF Loan First Amending Agreement and the issuance of the RCF Warrants were subject to the approval of the shareholders of the Company. On January 18, 2017, at a special meeting of shareholders, the shareholders of the Company approved the RCF Loan First Amending Agreement and the issuance of the RCF Warrants.

Other than the increase in the principal amount of the RCF Unsecured Loan, the terms of the RCF Loan Agreement remain unchanged, including RCF’s right to elect to convert all or part of the principal amount of the RCF Unsecured Loan (including all capitalized interest) into common shares of the Company at any time at the Conversion Price (being C\$0.156 per common share). The outstanding principal amount of the RCF Unsecured Loan, continues to bears interest at the rate of 12% per annum until the Maturity Date.

Tamarack Purchase Option

On the Kennecott Decision Deadline (September 25, 2017), Talon USA received formal notification from Kennecott that Kennecott had elected to grant Talon USA the Tamarack Purchase Option to purchase Kennecott’s 81.55% interest in the Tamarack Project (which would give Talon USA a 100% interest in the Tamarack Project) for a total purchase price of US\$114

million on the terms and conditions set forth under the Tamarack Earn-in Agreement, as amended.

In the event Talon USA elected not to exercise the Tamarack Purchase Option, Talon USA and Kennecott agreed to enter into the Mining Venture Agreement (defined below), which would govern the terms of the Tamarack Joint Venture, with Talon owning an 18.45% interest in the Tamarack Project and Kennecott owing an 81.55% interest in the Tamarack Project.

Talon USA originally had until November 6, 2017 to advise Kennecott as to whether it would exercise the Tamarack Purchase Option. On November 1, 2017, following a request by Talon USA for an extension of time to make its election, Kennecott and Talon USA entered into a fourth amending agreement (the “**Tamarack Earn-in Fourth Amending Agreement**”) in respect of the Tamarack Earn-in Agreement, as amended. Under the terms of the Tamarack Earn-in Fourth Amending Agreement, Kennecott agreed to grant Talon USA until December 31, 2017 to make its election. In return for this extension, Talon USA agreed to grant Kennecott a 0.5% NSR in the event Talon USA exercised the Tamarack Purchase Option.

On November 16, 2017, Talon USA elected not to exercise the Tamarack Purchase Option. As such, pursuant to the terms of the Tamarack Earn-in Agreement, as amended, Talon USA and Kennecott had 90 days to enter into the Mining Venture Agreement governing the terms of the Tamarack Joint Venture (see also “*Tamarack Joint Venture*” (below)).

On January 11, 2018, Talon USA and Kennecott entered into a fifth amending agreement (the “**Tamarack Earn-in Fifth Amending Agreement**”) in respect of the Tamarack Earn-in Agreement, as amended, pursuant to which they agreed to (i) enter into the Mining Venture Agreement with immediate effect, and (ii) accelerate the timing of the approval process for the 2018 winter exploration program so that the 2018 winter exploration program was approved with immediate effect.

After an analysis of the potential impact of the 2018 winter exploration program on a future mine at the Tamarack Project, Talon USA elected to not financially participate in the 2018 winter exploration program. Consequently, in return for Kennecott’s further expected investment of US\$5.4 million, Talon USA’s interest in the Tamarack Project will be diluted by a maximum of approximately 1.48%, from 18.45% to 16.97% (the dilution may be less if Kennecott elects to spend less money during the 2018 winter exploration program).

Tamarack Joint Venture

On January 11, 2018, Talon USA and Kennecott entered into the mining venture agreement in respect of the Tamarack Project (the “**Mining Venture Agreement**”). The Mining Venture Agreement governs the Tamarack Joint Venture.

Pursuant to the Mining Venture Agreement:

- Kennecott is appointed “Manager” of the Tamarack Project, with a number of explicit duties and obligations as detailed under the terms of the Mining Venture Agreement.

- Talon USA and Kennecott establish a management committee to determine overall policies, objectives, procedures, methods and actions under the Mining Venture Agreement, and to provide general oversight and direction to the Manager who is vested with full power and authority to carry out the day-to-day management under the Mining Venture Agreement. The Management Committee consists of two members appointed by Talon USA and two members appointed by Kennecott.
- Beginning with the first program and budget under the Mining Venture Agreement, each proposed program and budget must provide for an annual expenditure of at least US\$6.15 million until the completion of a Feasibility Study (as defined under the Mining Venture Agreement). The failure of either party to fund its share of each proposed program and budget will result in dilution (and in certain circumstances accelerated dilution) in accordance with the terms of the Mining Venture Agreement.
- In the event either party's participating interest in the Tamarack Project dilutes below 10%, such party's interest will be converted into a 1% Net Smelter Returns Royalty (as defined under the Mining Venture Agreement).
- In the event of a proposed transfer of either party's interest in the Tamarack Project to a third party, the non-transferring party has a right of first refusal. In the event the non-transferring party elects not to exercise its right of first refusal, the non-transferring party has a tag-along right, while the transferring party has a drag-along right.

For further details on the Mining Venture Agreement, please refer to the Mining Venture Agreement which is available on SEDAR (www.sedar.com) under the Company's profile.

DESCRIPTION OF THE BUSINESS

General

Talon is a mineral exploration company focused on the exploration and development of the Tamarack Project in Minnesota, USA (which is comprised of the Tamarack North Project and the Tamarack South Project). The Company, through Talon USA, holds an 18.45% interest in the Tamarack Project.

As of the date hereof, the Company's only material property is the Tamarack North Project.

Tamarack North Project

The Tamarack North Project is located adjacent to the town of Tamarack in north-central Minnesota approximately 100 km west of Duluth and 200 km north of Minneapolis, in Aitkin County.

The Tamarack Igneous Complex ("TIC"), which sits within the Tamarack North Project boundaries, is an ultramafic intrusion that is associated with the early evolution of the failed, Midcontinental Rift (dated at 1105ma +/- 1.2). This age is significantly older than the Duluth

Complex Intrusions which consistently date at 1099ma and is consistent with other earlier intrusions of the Midcontinental Rift that are often characterised by more primitive melts.

The TIC has intruded into Thomson Formation siltstones and sandstones of the Animikie Group and is preserved beneath shallow Quaternary glacial sediments.

To date, exploration by Kennecott (as operator of the Tamarack North Project) has included diamond drilling and sampling, as well as a range of geophysical surveys, including, airborne magnetic and electromagnetic (EM, MegaTEM and AeroTEM), ground magnetic and EM, magnetotelluric (MT), gravity, seismic, resistivity/induced polarization and downhole EM.

Details regarding the terms of Talon’s interest in the Tamarack Project are set out under the heading “General Development of the Business” (above).

On March 26, 2018, Talon released a second independent technical report prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Minerals Projects* (“**NI 43-101**”) in respect of the Tamarack North Project. The second independent technical report is entitled “Second Independent Technical Report on the Tamarack North Project - Tamarack, Minnesota” dated March 26, 2018 (the “**Tamarack North Technical Report**”) and was prepared by independent “Qualified Persons” (as that term is defined in NI 43-101) Mr. Brian Thomas (P. Geo) of Golder Associates Ltd. (“**Golder**”), Mr. Tim Fletcher (P. Eng) of DRA Americas Inc. and Mr. Oliver Peters (P. Eng) of Metpro Management Inc.

Included in the Tamarack North Technical Report is an updated independent mineral resource estimate prepared in accordance with NI 43-101 (the “**Resource Estimate**”). The Resource Estimate has an effective date of February 15, 2018, was prepared by independent “Qualified Person” (as that term is defined in NI 43-101) Mr. Brian Thomas of Golder and is summarized below.

Domain	Resource Classification	Tonnes (000)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Calc NiEq (%)
SMSU	Indicated Resource	3,639	1.83	0.99	0.05	0.42	0.26	0.2	2.45
Total	Indicated Resource	3,639	1.83	0.99	0.05	0.42	0.26	0.2	2.45
SMSU	Inferred Resource	1,107	0.90	0.55	0.03	0.22	0.14	0.12	1.25
MSU	Inferred Resource	570	5.86	2.46	0.12	0.68	0.51	0.25	7.24
138 Zone	Inferred Resource	2,705	0.95	0.74	0.03	0.23	0.13	0.16	1.38
Total	Inferred Resource	4,382	1.58	0.92	0.04	0.29	0.18	0.16	2.11

All resources reported at a 0.83% NiEq cut-off.

No modifying factors have been applied to the estimates.

Tonnage estimates are rounded to the nearest 1,000 tonnes.

Metallurgical recovery factored in to the reporting cut-off.

$NiEq\% = Ni\% + Cu\% \times \$3.00/\$8.00 + Co\% \times \$12.00/\$8.00 + Pt [g/t]/31.103 \times \$1,300/\$8.00/22.04 + Pd [g/t]/31.103 \times \$700/\$8.00/22.04 + Au [g/t]/31.103 \times \$1,200/\$8.00/22.04$

Please refer to the Tamarack North Technical Report for further information, including the QA/QC, analytical and testing procedures employed by Kennecott at the Tamarack North

Project. The Tamarack North Technical Report is available under Talon's SEDAR profile at www.sedar.com and on the Company's website at www.talonmetals.com.

The summary section from the Tamarack North Technical Report is reproduced in its entirety at Exhibit I of this Annual Information Form and the detailed disclosure in the Tamarack North Technical Report is incorporated by reference herein.

James McDonald, Vice President, Resource Geology of Talon is a Qualified Person within the meaning of NI 43-101. Mr. McDonald has reviewed, approved and verified the technical information disclosed in this Annual Information Form (other than the information in the Tamarack North Technical Report, including the Resource Estimate), including sampling, analytical and test data underlying the technical information.

The independent Qualified Persons who are responsible for the Tamarack North Technical Report are Mr. Brian Thomas of Golder, Mr. Tim Fletcher of DRA Americas Inc. and Mr. Oliver Peters of Metpro Management Inc. They have reviewed, approved and verified the data disclosed in this Annual Information Form relating to the Tamarack North Technical Report, including sampling, analytical and test data underlying the technical information in the Tamarack North Technical Report. The independent Qualified Person who is responsible for the Resource Estimate is Mr. Brian Thomas of Golder. Mr. Thomas has reviewed, approved and verified the data disclosed in this Annual Information Form relating to the Resource Estimate (including sampling, analytical and test data underlying the Resource Estimate).

Specialized Skill and Knowledge

In order for the Company to perform its business effectively, the following specialized skills are required: qualified geoscientists, engineers, legal advisors and financial experts and experienced investor relations and marketing people. Talon employs personnel with many of these skills. In addition, it procures the services of consultants and contractors to complement the skills of its employees, wherever necessary.

Trends

Nickel

Since 2000, nickel prices have traded in a large range from lows of US\$2/lb to highs of US\$24/lb. During the past year, prices were in the US\$4.00/lb to US\$6.50/lb range. The key driver of supply and supply changes is unprocessed and processed laterite ore from countries such as Indonesia and the Philippines. Demand, meanwhile, is driven by the production of stainless steel and usage of nickel in consumer and industrial applications. Over the medium-term, prices are forecast to rise due to supply deficits in general, but also due to the increasing demand from electric vehicle batteries. A long-term trend impacting the nickel market has been the decreasing contribution to supply from nickel sulphide mines in favour of nickel laterite mines. This trend is expected to continue which should have the impact of increasing the marginal total cost of production, thereby supporting higher prices. See also "Risk Factors – Changes in the Price of Nickel" and "Risk Factors – Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications".

Employees

As at December 31, 2017, Talon and its subsidiaries employed 7 individuals. In addition, Talon engages contractors and consultants from time to time to work on specific properties and for administrative, legal and other services as required. See also “Risk Factors – *Key Executives and Consultants*”.

Environmental Protection

Talon’s exploration and, if applicable, development activities are subject to various laws and regulations regarding the protection of the environment. Talon is not the operator of the Tamarack Project and environmental protection and compliance for the Tamarack Project is the responsibility of Kennecott. As a subsidiary of one of the largest mining companies in the world, Kennecott has in place rigorous and industry leading environmental controls and procedures.

New environmental laws and regulations, amendments to existing laws and regulations, or more stringent implementation of existing laws and regulations could have a material adverse effect on Talon, both financially and operationally, by potentially increasing capital and/or operating costs and delaying or preventing the development of mineral properties, including the Tamarack Project. See also “Risk Factors – *Governmental Regulation; Environmental Risks and Hazards*”.

Competitive Conditions

The mining industry is intensely competitive in all of its phases. Talon competes with a number of other entities for resources, including qualified people. As a result of this competition, some of which is with companies with greater financial resources than Talon, it may be unable to acquire the necessary qualified people. Talon also competes for funding with other public resource companies, many of whom have greater financial resources and/or more advanced properties and who are better able to attract equity investments and other capital.

Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company. See also “Risk Factors – *Competition*”.

RISK FACTORS

Talon is subject to a number of risk factors due to the nature of the mineral business in which it is engaged, the limited extent of its assets and its stage of development. The following risk factors should be considered, among others.

The operations of the Company are speculative due to the high-risk nature of its business which is primarily focused on the acquisition, exploration and development of mineral projects. These risk factors could materially affect the Company’s future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The Company may face additional risks and uncertainties other than the factors listed below, including, risks and uncertainties that are unknown to the Company or risks and uncertainties that the Company now believes to be unimportant, which could have a material

adverse effect on the business of the Company. If any of the following risks actually occur, the business, financial condition or results of operations of the Company could be negatively affected.

RCF Unsecured Loan

If RCF elects not to convert the entire amount owing under the RCF Unsecured Loan into common shares of the Company, the principal amount advanced and outstanding under the RCF Unsecured Loan and all interest accrued thereon will be due and payable to RCF on the Maturity Date (November 25, 2018). The Company's ability to repay the principal and accrued interest depends upon the Company's future ability to obtain financing. If the Company cannot raise sufficient funds to repay the RCF Unsecured Loan, RCF will have all rights and remedies available at law or in equity, which may include acquiring the Company's interest in the Tamarack Project. In addition, if all or part of the RCF Unsecured Loan is not paid when due, such overdue amount bears interest at an increased rate of 17% per annum. A failure to repay the RCF Unsecured Loan could materially adversely affect the Company's business and future operations (including, its ability to continue as a going concern) and may result in the Company losing its interest in the Tamarack Project.

The RCF Loan Agreement contains restrictive covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to incur additional indebtedness, to create liens or other encumbrances, to maintain operations within an agreed upon operating budget, to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with these obligations could result in an event of default which, if not waived, could permit acceleration of the repayment of the RCF Unsecured Loan. If the repayment of the RCF Unsecured Loan is accelerated, it is unlikely that the Company will have or be able to raise sufficient capital to satisfy such repayment obligation in full.

If RCF elects to convert, in whole or in part, the principal and interest outstanding under the RCF Unsecured Loan into common shares of the Company, such conversion will likely involve substantial dilution to existing shareholders which may result in RCF owning a majority of the Company. In such a situation, RCF will likely be able control most of the decisions of the Company, irrespective of the wishes of other shareholders of the Company.

Working Capital Requirements

In order to meet future working capital requirements, the Company may need to sell non-core assets, cut additional costs and/or, as permitted pursuant to the RCF Loan Agreement, raise additional capital. If the Company seeks to raise additional capital, it may not be available when needed, or if available, the terms of such capital might not be favourable to the Company. Global securities markets continue to experience volatility, which is resulting in difficulty in raising equity capital and market forces may render it difficult or impossible for the Company to secure places to purchase any new share issuances at prices which will not lead to severe dilution to existing shareholders, or at all. There can be no assurance that the Company will be successful in selling non-core assets, cutting sufficient costs, raising capital to meet the Company's future working capital requirements in compliance with the RCF Loan Agreement

and/or renegotiating the terms of the RCF Loan. If the Company is not successful in doing so (or in doing so sufficiently), it may have a material adverse effect on the Company's business, financial condition and results of operations (including, in certain circumstances, the ability of the Company to continue to operate as a going concern).

Ability to Continue as a Going Concern

The Company believes that it has sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption contained in the Company's financial statements for the year ended December 31, 2017 is appropriate, the Company takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations beyond December 31, 2018 is dependent on the Company's ability to sell non-core assets, reduce its working capital requirements, secure additional financing in compliance with the terms of the RCF Loan Agreement and/or renegotiate the terms of the RCF Unsecured Loan.

Litigation

The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely against the Company. Specifically, current litigation proceedings in Brazil, even in cases which the Company's legal counsel believes have a possible chance of success by the counterparty, may be determined, in whole or in part, against the Company. One or more of such determinations against the Company may adversely affect the Company's financial condition and the Company's Brazilian assets (including, the Trairao Project) and may have a material adverse impact on the ability of the Company to carry on operations.

Tamarack Joint Venture

Talon USA and Kennecott have formed the Tamarack Joint Venture, and pursuant to the Mining Venture Agreement, Talon USA has funding obligations to advance the Tamarack Project based on its current interest in the Tamarack Project including, but not limited to, a minimum of approximately US\$1.1 million per annum until the completion of a Feasibility Study (as defined in the Mining Venture Agreement) in accordance with the terms of the Mining Venture Agreement and compensation to Kennecott for its services as the manager under the Mining Venture Agreement. In order to fund the aforementioned expenditures, the Company would be required to raise additional capital (as permitted pursuant to the RCF Loan Agreement) and there can be no assurance that the Company will be successful in raising such capital. If the Company is successful in raising capital, it could result in substantial dilution to existing shareholders of the Company. In the event the Company is unable to fund its obligations under the Mining Venture Agreement (or chooses not to), the Company's interest in the Tamarack Project will be diluted, which, among other things, could constitute an event of default under the RCF Loan Agreement.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Actual exploration, development and/or other costs and economic returns may differ significantly from those the Company has anticipated. It is impossible to ensure that the exploration programs planned by Talon or Kennecott will result in a profitable commercial mining operation. Talon cannot give any assurance that its and Kennecott's (in respect of the Tamarack Project) current and future exploration activities and/or metallurgical testing will be consistent with the Company's expectations or result in any additional mineralization and/or a mineral deposit containing mineral reserves. In addition, Kennecott is the operator of the Tamarack Project and, although Talon is able to provide its input at Technical Committee meetings and otherwise, the ultimate exploration decisions are made by Kennecott. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Talon not receiving an adequate return on invested capital.

Although Talon's present activities are directed towards the financing, exploration and development of mineral projects, its activities may also ultimately include mining operations. Mining and exploration operations generally involve a high degree of risk. Talon's operations (and Kennecott's as it relates to the Tamarack Project) are subject to all the hazards and risks normally encountered in the exploration, development, production and beneficiation of nickel, copper and platinum, including unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, mining and exploration operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequential liability.

The economic viability of mineral projects, including projects such as the Tamarack Project, may be affected, in part, by the ability of the operator to mine, beneficiate and enter into off-take agreements with potential end users. No assurance can be made that Talon (or, if applicable, Kennecott as it relates to the Tamarack Project) will be successful in entering into off-take agreements in respect of local and/or export sales or, if necessary, in accessing local smelting facilities.

Exchange Rate Fluctuations

The Company is exposed to movements in the United States dollar as the majority of Talon's non-working capital costs are in United States dollars. Any payments that are made under the Mining Venture Agreement will be made in United States dollars. In addition, the Company's indebtedness under the RCF Unsecured Loan is denominated in United States dollars. However, to date, other than the RCF Unsecured Loan, Talon's financing activities have generally only been in Canadian dollars.

A depreciation of the Canadian dollar against the United States dollar may negatively affect the Company's current or future cash balance and may require the Company to raise additional capital (as permitted under the RCF Loan Agreement) to offset additional costs caused by exchange rate fluctuations. In addition, a depreciation of the Canadian dollar against the United States dollar may require the Company to raise more money than it otherwise would have been required to do. The Company may not be able to complete such a larger financing which may result in the Company not being able to meet its obligations in respect of the Tamarack Project and/or the repayment of any amounts owing under the RCF Unsecured Loan. Such a failure may have a material adverse impact on the Company, including potential dilution of its interest in the Tamarack Project and its ability to continue operating.

Changes in the Price of Nickel

The ability to develop the Tamarack Project is directly related to the market price of nickel. Nickel is sold in an active global market and traded on commodity exchanges, such as the LME and the New York Mercantile Exchange. Nickel prices are subject to significant fluctuations and are affected by many factors, including actual and expected macroeconomic and political conditions, levels of supply and demand, the availability and costs of substitutes, input costs, foreign exchange rates, inventory levels, investments by commodity funds and other actions of participants in the commodity markets. Nickel prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of the Tamarack Project cannot be accurately predicted and may be adversely affected by fluctuations in nickel prices.

Uncertainty Relating to Inferred and Indicated Mineral Resources

There is a risk that the inferred and indicated mineral resources currently reported for the Tamarack Project cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty that may attach to inferred and indicated mineral resources, there is no assurance that inferred and indicated mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Governmental Regulation; Environmental Risks and Hazards

The mineral exploration activities of the Company and Kennecott (in respect of the Tamarack Project) are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, beneficiation and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its and

Kennecott's (in respect of the Tamarack Project) exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of the Company's existing and/or new properties.

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates, including as it relates to the Tamarack Project, Minnesota. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties.

In particular, existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality (including, changes to the regulations in Minnesota surrounding the protection of waters in which wild rice inhabits), mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in the Company's (or Kennecott's as it relates to the Tamarack Project) activities, the extent of which cannot be predicted and which may well be beyond its capacity to fund. Environmental and social impact studies may be required for some operations, and significant fines and clean-up responsibilities may be imposed for companies causing damage to the environment in the course of their activities.

In addition, the Company could incur substantial losses as a result of loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of operations and repairs to resume operations.

Government approvals and permits are currently, or may in the future be, required in connection with the Company's operations (or Kennecott's as it relates to the Tamarack Project). To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of its properties, including the Tamarack Project.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial

authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining and beneficiation operations, including the Company, may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations, which may adversely affect the Company.

Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications

Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content to stainless steels with either lower nickel content or no nickel content, which would adversely affect demand for nickel.

Land Title

With respect to the Tamarack Project, the mineral and surface interests are held in Kennecott's name through various Minnesota state leases, private agreements and fee ownership. With respect to Brazil, the Company's interests in mineral properties are comprised of exclusive rights under government licenses to conduct exploration operations and, in due course if warranted and approved by the government, development and mining, on the license areas. Maintenance of all of such rights are subject to ongoing compliance with the terms of such licenses, agreements and contracts. While the Company intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that it will be successful in extending or renewing mineral rights on or prior to the expiration of their term. In addition, with respect to the Tamarack Project, Kennecott is responsible for land tenure as the operator of the project and certain aspects of this process may be out of the Company's control. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties (including, the Tamarack Project), there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims (including, native land claims) and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Insurance and Uninsured Risks

Talon's business (and that of Kennecott as it relates to its operatorship of the Tamarack Project) is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental

damage to the Company's properties (including, the Tamarack Project) or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Talon maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with the Company's operations. In addition, given that the Tamarack Project is operated by Kennecott, insurance over the Tamarack Project is maintained by Kennecott and may not protect Talon. Talon may also be unable to obtain or maintain insurance to cover risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Talon or to other companies in the mining industry on acceptable terms. Talon might also become subject to liability for pollution or other hazards that may not be insured against or that Talon may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Talon to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Political, Judicial, Administrative, Taxation or Other Regulatory Factors

Talon may be adversely affected by changes in political, judicial, administrative, taxation or other regulatory factors in the areas in which Talon operates and/or holds interests. Such changes could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs, or abandonment or delays in development of the Company's existing and/or new properties, including impacting decisions to continue with the funding of the Tamarack Project pursuant to the Tamarack Joint Venture.

Foreign Operations

The Company's operations are currently conducted primarily in the United States and, to a lesser extent, Brazil. The Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation of funds; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in natural resource or investment policies or shifts in political attitude in the United States or, to a lesser extent, Brazil, may adversely affect the Company's operations, or investments or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment,

maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business, financial condition and/or results of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than it. Competition in the mining industry is primarily for properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

Foreign Subsidiaries and Repatriation of Funds

The Company is a foreign corporation and conducts operations through foreign subsidiaries, and a substantial portion of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist in the future, could have an adverse impact upon the Company's valuation.

Market Price of Common Shares; Impact of Volatility; Litigation resulting from Volatility

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. In the past several years, worldwide securities markets have experienced a high level of price and volume volatility, and

the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The price of Talon's common shares may also be affected by short-term changes in nickel or other relevant mineral prices or in its financial condition or results of operations. Other factors unrelated to the Company's performance that may have an effect on the price of Talon's common shares include the following: the fact that the RCF Unsecured Loan can be converted into common shares of the Company potentially resulting in RCF owning a majority of the common shares of the Company; the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Talon's common shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of Talon's common shares that persists for a significant period of time could cause the Company's securities to be delisted, further reducing market liquidity.

As a result of any of these factors, the market price of Talon's common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Key Executives and Consultants

The Company is dependent on the services of key executives, including the directors of the Company and a small number of highly skilled and experienced employees and consultants. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations.

Dividend Policy

No dividends on Talon's common shares have been paid by the Company to date. The Company anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Possible Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of

conflict. The Company expects that any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard.

DIVIDENDS

There are no restrictions in Talon's memorandum or articles of association that would restrict or prevent the Company from paying dividends. It is not contemplated that any cash dividends will be paid on any of Talon's common shares in the immediate future, as it is anticipated that all available funds will be reinvested to finance the growth of the business. Any decision to pay dividends on common shares in the future will be made by board of directors of the Company on the basis of earnings, financial requirements and other conditions existing at such time.

DESCRIPTION OF CAPITAL STRUCTURE

Talon is authorized to issue one class and one series of shares divided into 100,000,000,000 common shares of no par value. As at the date hereof, there are 129,645,201 common shares issued and outstanding, each carrying the right to one vote.

The common shares were listed for trading on the TSX on April 13, 2005.

In addition, as at the date hereof, the Company has authorized for issuance:

- 8,885,617 stock options pursuant to its incentive stock option plan and 1,233,733 stock options outside its incentive stock option plan, each entitling the holder to purchase one common share;
- 1,000,000 share purchase warrants issued as part compensation to Haywood Securities Inc. for its efforts in facilitating the RCF Financing, each entitling Haywood Securities Inc. to purchase one common share at a price of \$0.156, at any time up to November 25, 2018;
- 166,666 share purchase warrants issued to a former employee of a subsidiary of the Company as consideration for the termination of his employment, each entitling him to purchase one common share at a price of \$0.13 during the period from October 31, 2017 to April 30, 2018; and
- 15,000,000 share purchase warrants issued to RCF as consideration for RCF's agreement to increase the amount of the RCF Unsecured Loan, each entitling RCF to purchase one common share at a price of \$0.11, at any time up to January 18, 2021.

Talon shareholders reconfirmed the continuation of an amended and restated shareholder rights plan between the Company and Computershare Investor Services Inc., as rights agent (the "**Rights Plan**") at an Annual and Special Meeting held on June 21, 2017. The Rights Plan aims to ensure that all shareholders are treated equally and fairly in the event of a transaction that

could lead to a change in control of the Company. The Rights Plan also gives the board of directors more time to assess any unsolicited bid that may be made for Talon in the future and to explore and develop alternatives for maximizing shareholder value. Talon has not received an unsolicited bid and is not soliciting bids.

A copy of the Rights Plan has been filed on the Company's SEDAR profile at www.sedar.com.

MARKET FOR SECURITIES

Trading Price and Volume

Talon's common shares are listed and posted for trading on the TSX under the symbol "TLO". The following table sets forth information relating to the trading of the common shares on the TSX for the periods indicated.

Period	Low	High	Volume
December 2017	\$0.05	\$0.06	3,279,600
November 2017	\$0.06	\$0.11	5,389,800
October 2017	\$0.10	\$0.12	505,000
September 2017	\$0.11	\$0.13	975,600
August 2017	\$0.09	\$0.14	402,100
July 2017	\$0.11	\$0.14	1,331,700
June 2017	\$0.08	\$0.11	296,600
May 2017	\$0.08	\$0.12	248,500
April 2017	\$0.10	\$0.13	2,825,600
March 2017	\$0.07	\$0.11	3,695,600
February 2017	\$0.08	\$0.11	1,676,400
January 2017	\$0.07	\$0.10	769,900

ESCROWED SECURITIES

As at the date of this Annual Information Form, to the knowledge of the directors and executive officers of the Company, no common shares of the Company are held in escrow.

DIRECTORS AND OFFICERS

The following table sets forth, as of the date hereof, the name, province or state and country of residence of each director and executive officer of Talon, as well as such individual's position with Talon, principal occupation within the five preceding years and period of service as a director (if applicable). Each director will hold office until the next annual meeting of shareholders of Talon and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal.

NAME, RESIDENCE AND CURRENT POSITION(S) WITH TALON	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS	DIRECTOR SINCE
Warren E. Newfield Abaco, Bahamas Executive Chairman and Director	Ambassador-at-Large for Trade and Investment and Consul General of Grenada in Miami, May 2015 to present; Executive Chairman of Talon, October 2013 to present; Chairman and Chief Executive Officer (“CEO”) of Tau Capital Corp. (“ Tau ”) (mining investment and administrative and advisory services company), November 2007 to present; Chairman of CIC Energy Corp. (“ CIC Energy ”) (mineral exploration and development), October 2008 to October 2012; CEO of CIC Energy, November 2007 to October 2012.	April 5, 2005
Gregory S. Kinross ⁽¹⁾⁽²⁾⁽³⁾ Gauteng, South Africa Director	Non-Executive Director of Indluplace Properties Limited (real estate investment trust), December 2014 to present; Chairman of Gemgrow Properties (real estate investment trust), December 2016 to present; Director of Genesis Innovo Capital (Pty) Ltd. (private equity and investment banking), January 2015 to present; CEO of Innovo Capital (Pty) Ltd (private equity and investment banking), January 2014 to December 2014; President & CEO of Tau (mining investment and administrative and advisory services company), November 2007 to December 2013; President of CIC Energy (mineral exploration and development), November 2007 to October 2012.	April 5, 2005
John D. Kaplan ⁽¹⁾⁽³⁾⁽⁴⁾ Ontario, Canada Director	President of Runnymede Investment Inc. (land development/builder), 1999 to present; Chairman of Terra Firma Capital Corp. (real estate finance), October 2013 to present.	June 24, 2013
Henri van Rooyen Ontario, Canada Chief Executive Officer and Director	CEO of Talon, February 2012 to present; Chief Operating Officer of Tau (mining investment and administrative and advisory services company), November 2007 to present.	June 29, 2012
Luis Mauricio F. de Azevedo Rio de Janeiro, RJ, Brazil Director	Partner (Lawyer) of FFA Legal Ltda., 1997 to present; Chief Operating Officer of Rio Verde (mineral exploration and development), December 2011 to March 2013;	April 5, 2005
David E. Singer ⁽¹⁾⁽³⁾ Efrat, Israel Director	Managing Director of David Singer Ltd. (business consulting and legal services), 2009 to present; Consultant to Macro Consultants LLC (project management), 2004 to present.	June 27, 2014

NAME, RESIDENCE AND CURRENT POSITION(S) WITH TALON	PRINCIPAL OCCUPATION DURING THE PAST FIVE YEARS	DIRECTOR SINCE
Anthony J. Naldrett West Sussex, United Kingdom Director	Professor Emeritus at the University of Toronto, July 1998 to present; Visiting Professor at the University of Witwatersrand, June 2005 to present.	June 27, 2014
David L. Deisley Utah, USA Director	Executive Vice President and General Counsel of NOVAGOLD Resources Inc. (mining), November 2012 to present; Executive Vice President and General Counsel of Goldcorp Inc. (mining), July 2010 to October 2012.	April 12, 2016
Sean N. Werger Ontario, Canada President	President of Talon, March 2012 to present; General Counsel and Managing Director of Mergers & Acquisitions, Tau (mining investment and administrative and advisory services company), September 2006 to present.	Not applicable
Vincent G. Conte Ontario, Canada Chief Financial Officer	Chief Financial Officer of Talon, June 2012 to present; Vice President, Financial Evaluation of Tau (mining investment and administrative and advisory services company), January 2011 to present.	Not applicable
Etienne Dinel Ontario, Canada Vice President, Geology	Vice President, Geology of Talon, March 2012 to present; Senior Geologist of Tau (mining investment and administrative and advisory services company), August 2010 to present.	Not applicable
James McDonald Ontario, Canada Vice President, Resource Geology	Vice President, Resource Geology of Talon, April 2014 to present; Senior Resource Geologist of Golder (mineral consulting), February 2012 to April 2014; Chief Geologist of Vale (mining company) at Copper Cliff Mine, April 2009 to May 2012.	Not applicable
Mike Kicis Ontario, Canada Vice President, Corporate Development & Legal Affairs, and Corporate Secretary	Vice President, Corporate Development & Legal Affairs of Talon, January 2013 to present; Corporate Secretary of Talon, June 2012 to present; Vice President, Corporate Development & Legal Affairs of Tau (mining investment and administrative and advisory services company), November 2010 to present.	Not applicable

Notes:

- (1) Member of the Audit Committee.
- (2) Chairman of the Audit Committee.
- (3) Member of the Corporate Governance and Compensation Committee.
- (4) Chairman of the Corporate Governance and Compensation Committee.

As at the date hereof, the directors and executive officers of Talon as a group beneficially own, directly and indirectly, or exercise control or direction over 10,544,078 common shares, representing approximately 8.1% of the 129,645,201 issued and outstanding common shares.

Corporate Cease Trade Orders or Bankruptcies

To the best of the Company's knowledge, no director or executive officer of the Company, is, or within the ten years prior to the date hereof, has been a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or

similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days:

- (a) that was issued while such director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of the company being the subject of such order; or
- (b) that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of the company being the subject of such order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of the subject company.

To the best of the Company's knowledge, no director or executive officer of Talon, or a shareholder holding a sufficient securities number of Talon to affect materially the control of Talon is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Talon) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings or arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the best of the Company's knowledge, no director or executive officer of Talon, and no shareholder holding a sufficient number of securities of Talon to affect materially the control of Talon, nor any personal holding company of any such person, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the best of the Company's knowledge, no director or executive officer of Talon, and no shareholder holding sufficient securities of Talon to affect materially the control of Talon, nor any personal holding company of any such person, has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Conflicts of Interest

The directors of Talon are required to act honestly and in good faith with a view to the best interests of Talon and to disclose any interests that they may have in any project or opportunity of Talon. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

Except as set out below, to the best of Talon's knowledge, there are no known existing or potential conflicts of interest among Talon, its directors, officers or other members of management of Talon as a result of their outside business interests at the date hereof.

Certain of the directors and officers and other members of management serve as directors, officers and members of management of other resource companies. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Talon.

From time to time, the board of directors of Talon may determine not to continue pursuing a transaction involving a company and/or mineral property. With the consent of the board of directors of Talon (including, a determination of the terms for such consent), private companies affiliated with directors, officers and/or other members of management of Talon may thereafter complete a transaction involving such company or mineral property.

The directors and officers of Talon have been advised of their obligations to act at all times in good faith in the interest of Talon and to disclose any conflicts to Talon if and when they arise.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the directors and officers of Talon, other than as disclosed below, there are no legal proceedings material to Talon, to which Talon or its subsidiaries, are or were a party to, or of which any of their respective property is or was the subject matter of, during the financial year ended December 31, 2017, nor are any such proceedings known to be contemplated.

(1) Civil Lawsuit– 3rd Civil Court in Santarém – Para State, Brazil

Filing Date:	January 2015
Plaintiff:	Lidia Siebra de Oliveira
Defendant:	Talon Ferrous Mineracao Ltda.
Claim:	Plaintiff alleges the termination of an assignment of mineral rights agreement executed by the parties was invalid and is asking the court to confirm this assertion. The plaintiff claims that such agreement is still valid and all installments owing to the plaintiff by Talon Ferrous under the agreement should be paid by Talon Ferrous. Talon Ferrous is contesting this claim.
Amount of Claim:	R\$1,111,380 (approximately C\$450,000)

Status: On January 28, 2016, the evidentiary hearing took place. The plaintiff did not present any witnesses or new evidence. The judge requested that the Brazilian Departamento Nacional de Producao Mineral (the “DNPM”) present information in respect of the mineral rights in question before making his decision. The DNPM presented information in July 2017 and Talon Ferrous responded to such information. The parties await a determination by the judge.

Likelihood of Loss: Legal counsel to Talon Ferrous believes the likelihood of loss is possible.

(2) Labor Lawsuit – 8th Labor Court – Sergipe State, Brazil

Filing Date: December 3, 2014

Plaintiff: Olindo Marques Capistrano Filho

Defendant: Talon Ferrous Mineracao Ltda., B&A Potassio Mineracao Ltda. and B&A Mineracao S/A

Claim: Plaintiff made a claim for severance and other compensation payments totaling R\$200,000. The Plaintiff claims he worked for all of the companies named in the suit from August 2010 to November 2012, given that, he alleges, all of the companies are in the same economic group. Talon Ferrous is contesting this claim on the basis that the Plaintiff did not work for Talon Ferrous during the period claimed and there is no relationship between Talon Ferrous and the other companies named in the claim.

Amount of Claim: R\$200,000 (approximately C\$85,000) from all defendants

Status: On February 22, 2017, the judge sentenced all defendants to pay the Plaintiff a total of R\$626,925 (approximately C\$270,000). Talon Ferrous filed an appeal to the Regional Labor Court of Appeals on March 27, 2017. On September 12, 2017, the Regional Labor Court granted Talon Ferrous’ appeal and determined the court dockets to be remanded to the Trial Court for a new judgment on the appeal for clarification. On December 15, 2017, the Trial Court Judge once again denied Talon Ferrous’ motion for clarification. On January 11, 2018, Talon Ferrous filed another appeal to the Regional Labor Court. On February 19, 2018, parties were notified to present counterarguments to the appeals that were filed.

Likelihood of Loss: Legal counsel to Talon Ferrous believes the likelihood of loss is possible.

To the knowledge of the directors and officers of Talon, no penalties or sanctions have been imposed against Talon or its subsidiaries by a court relating to securities legislation or by a

regulatory authority during the financial year ended December 31, 2017, no penalties or sanctions have been imposed against Talon by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision in respect of Talon, and no settlement agreements have been entered into by Talon before a court relating to securities legislation or with a securities regulatory authority during Talon's financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, to the best of the Company's knowledge, no director or executive officer of Talon, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of Talon's outstanding voting securities, nor any associate or affiliate of the foregoing have had a material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year, which has materially affected or is reasonably expected to materially affect Talon.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of Talon is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by the Company during its most recently completed financial year or entered into prior to the most recently completed financial year, but after January 1, 2002, and that are still in effect, other than in the ordinary course of business, are as follows:

- the Tamarack Earn-in Agreement (see "General Development of the Business - Three Year History – *Tamarack Earn-in Agreement*"),
- the Tamarack Earn-in First Amending Agreement (see "General Development of the Business - Three Year History - *Kennecott Loan and Tamarack Earn-in First Amending Agreement*"),
- the RCF Loan Agreement (see "General Development of the Business – Three Year History - *Resource Capital Fund Financing*"),
- the Tamarack Earn-in Second Amending Agreement (see "General Development of the Business – Three Year History - *Kennecott Debt Settlement and Tamarack Earn-in Second Amending Agreement*"),
- the Tamarack Earn-in Third Amending Agreement (see "General Development of the Business – Three Year History - *Tamarack Earn-in Third Amending Agreement and RCF Loan First Amending Agreement*"),

- the RCF Loan First Amending Agreement (see “General Development of the Business – Three Year History - *Tamarack Earn-in Third Amending Agreement and RCF Loan First Amending Agreement*”),
- the Tamarack Earn-in Fourth Amending Agreement (see “General Development of the Business – Three Year History – *Tamarack Purchase Option*”),
- the Tamarack Earn-in Fifth Amending Agreement (see “General Development of the Business – Three Year History – *Tamarack Purchase Option*”), and
- the Mining Venture Agreement (see “General Development of the Business – Three Year History – *Tamarack Joint Venture*”).

INTERESTS OF EXPERTS

To the best of the Company’s knowledge, Brian Thomas of Golder, Tim Fletcher of DRA Americas Inc. and Oliver Peters of Metpro Management Inc., the qualified persons under whose supervision the Tamarack North Technical Report was prepared, do not own, or hold any beneficial interest, direct or indirect in, any securities or property of Talon or of its associates or affiliates.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The text of the charter of the audit committee of the Company’s board of directors is attached hereto as Exhibit II.

Composition of the Audit Committee

The following table provides information relating to each member of the audit committee, including his name, a description of whether he is (i) independent of Talon, and (ii) financially literate, and a summary of his relevant education and experience.

Name	Independent of Talon	Financially Literate	Relevant Education and Experience
Gregory S. Kinross	Yes	Yes	Chartered Accountant designation (South Africa). Extensive public and private company management experience, including: Non-Executive Director of Indluplace Properties Limited, December 2014 to present; Chairman of Gemgrow Properties, December 2016 to present; Director of Genesis Innovo Capital (Pty) Ltd., January 2015 to present, CEO of Innovo Capital (Pty) Ltd, January 2014 to December 2014; President & CEO of Tau, November 2007 to December 2013; President of CIC Energy, November 2007 to October 2012; President & CEO of CIC Energy, 2006 to November 2007; Executive Vice-President Business Development of Tau, 2005 to November 2007.
John D. Kaplan	Yes	Yes	Director and senior officer of Runnymede Investment Inc.

Name	Independent of Talon	Financially Literate	Relevant Education and Experience
			(“Runnymede”), a diversified real estate company with more than \$200 million in annual income. Responsible for directing and overseeing the annual audit of Runnymede for more than 15 years. In addition, Chairman of Terra Firma Capital Corp. (a TSXV listed real estate finance company), October 2013 to present.
David E. Singer	Yes	Yes	Has a B.A. (Economics) from university. Over 30 years of business/legal experience representing and advising companies, many of them publicly listed. Has held positions within companies as CEO and COO, requiring extensive financial literacy.

Audit Committee Oversight

During the financial year ended December 31, 2017, all recommendations of the audit committee to nominate or compensate an external auditor were adopted by the board of directors.

Pre-Approval Policies and Procedures

It is the responsibility of the audit committee to pre-approve all non-audit services to be provided to Talon by its external auditors. This is mandated in the Audit Committee Charter.

External Auditor Service Fees

The following table summarizes the total fees billed by MNP LLP, Talon’s auditor, during the years ended December 31, 2017 and December 31, 2016.

CATEGORY	2017	2016
Audit Fees	\$32,100	\$32,100
Audit Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

ADDITIONAL INFORMATION

Additional information concerning the Company may be found on SEDAR at www.sedar.com.

Additional financial information is contained in the Company’s audited financial statements and management’s discussion and analysis for the year ended December 31, 2017.

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity

compensation plans, if applicable, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors.

EXHIBIT I

Summary Section from the Tamarack North Technical Report

Scope of Work

Talon retained DRA Americas Inc. (DRA) to prepare this Independent Technical Report (Technical Report) in accordance with NI 43-101 guidelines.

Talon retained Golder Associates Ltd. (Golder) to provide a third updated independent mineral resource estimate for the Tamarack North Project, which is included in this Technical Report.

Talon retained Metpro Management Inc. (Metpro) to compile a summary of the metallurgical test work completed on the Tamarack North Project during 2016 and 2017. The summary is included in this Technical Report.

Location and Ownership

The Tamarack North Project is located in north-central Minnesota approximately 100 km W of Duluth and 200 km N of Minneapolis, in Aitkin County. The Tamarack North Project covers approximately 28,334 acres and is located near the town of Tamarack.

On June 25, 2014, Talon's wholly-owned, indirect subsidiary, Talon Nickel (USA) LLC (collectively, Talon), entered into an exploration and option agreement (the Tamarack Earn-in Agreement) with Kennecott (part of the Rio Tinto Group), pursuant to which Talon, subject to certain funding conditions, received the right to acquire a 30% interest in the Tamarack Project, which comprises both the Tamarack North Project and the Tamarack South Project.

On November 25, 2015, Kennecott and Talon amended the Tamarack Earn-in Agreement to provide that, subject to certain funding conditions, Talon would earn an 18.45% interest in the Tamarack Project.

As of December 31, 2017, Kennecott owned an 81.55% interest in the Tamarack Project, while Talon owned an 18.45% interest in the Tamarack Project. In January 2018, pursuant to the terms of the MVA entered into between Kennecott and Talon, Kennecott proposed a 2018

winter exploration program and budget totalling US\$6.65M. Assuming Kennecott spends the full amount of this proposed budget, Talon's interest in the Tamarack Project is expected to be diluted by 1.48%, to 16.97%.

Sections 4.2.1 and 4.2.2 of this Technical Report contain further details regarding Talon's interest in the Tamarack Project.

Geology and Mineralization

The TIC is an ultramafic to mafic intrusive, hosting Ni-Cu sulphide mineralization with associated Co, Pt, Pd (PGEs) and Au. The TIC is a multi-magmatic phase intrusion, that consists of a minimum of 2 pulses: The FGO and the CGO intrusion of the TIC (dated at 1105 Ma \pm 1.2 Ma, Goldner 2011). The FGO and CGO intrusions are related to the early evolution of the approximately 1.1 Ga MCR and have intruded into slates and greywackes of the Thomson Formation of the Animikie Group, which formed as a foreland basin during the Paleoproterozoic Penokean Orogen (approximately 1.85 Ga, Goldner 2011). The TIC is completely buried beneath approximately 35 m to 55 m of Quaternary age glacial and fluvial sediments. The TIC is consistent with other earlier intrusions associated with the MCR that are often characterized by more primitive melts.

The geometry of the TIC, as outlined by a well-defined aeromagnetic anomaly, consists of a curved, elongated intrusion striking N-S to S-E over 18 km. The configuration has been likened to a tadpole shape with its elongated, northern tail up to 1 km wide and large, 4 km wide, ovoid shaped body in the S (Figure 7-5). The northern portion of the TIC (the Tamarack North Project), which hosts the currently defined resource and identified exploration targets, is over 7 km long and is the focus of this Technical Report.

The Ni-Cu sulphide mineralization with associated Co, Pt, Pd (PGEs) and Au form as the result of segregation and concentration of liquid sulphide from mafic or ultramafic magma and the partitioning of chalcophile elements into the sulphide from the silica melt (Naldrett, 1999).

The various mineralized zones at the Tamarack North Project occur within different host lithologies, exhibit different types of mineralization styles, and display varying sulphide concentrations and tenors. These mineralized zones range from massive sulphides hosted by

altered sediments in the MSU, to net textured and disseminated sulphide mineralization hosted by the CGO in the SMSU, to a more predominantly disseminated sulphide mineralization as well as layers of net textured sulphide mineralization, in the 138 Zone (see Table 1-1). Mineralization in the 138 Zone, where interlayered disseminated and net textured mineralization occurs is also referred to as MZ mineralization. All these mineralization types are typical of many sulphide ore bodies around the world. The current known mineral zones of the Tamarack North Project (SMSU, MSU and 138 Zone) that are the basis of the mineral resource estimate in this Technical Report are referred to collectively as the “Tamarack Zone”. Also located within the Tamarack North Project are currently, two lesser defined mineral zones, namely the 480 and 164 Zones.

Table 1-1: Key Geological and Mineralization Relationships of the Tamarack North Project

Area	Mineral Zone	Host Lithology	Project Specific Lithology	Mineralization Type
Tamarack Zone	SMSU	Feldspathic Peridotite	CGO	Net textured and disseminated sulphides
	MSU	Meta-Sediments/ Peridotite (basal FGO mineralization)	Sediments	Massive sulphides
	138	Peridotite and Feldspathic Peridotite	MZ / FGO	Disseminated and net textured sulphides
	CGO Bend	Feldspathic Peridotite	CGO	Disseminated sulphides
		Peridotite footwall (basal FGO mineralization)	FGO	MMS and MSU
Other	221 Zone	Feldspathic Peridotite	CGO	Disseminated sulphides with ripped up clasts of massive sulphides
	480 Zone	Peridotite	FGO	Disseminated sulphides
	164 Zone	Peridotite	FGO	Blebbly sulphides, sulphides veins

Exploration Programs

The TIC and associated mineralization were discovered as part of a regional program by Kennecott initiated in 1991. The focus on Ni and Cu sulphide mineralization was intensified in 1999 based on a model proposed by Dr. A. J. Naldrett of the potential for smaller feeder conduits associated with continental rift volcanism and mafic intrusions to host Ni sulphide deposits similar to Norilsk and Voisey’s Bay.

Disseminated mineralization was first intersected at the Tamarack Project in 2002, and the first significant mineralization of massive and net-textured sulphides was intersected in 2008 at the Tamarack North Project.

To date, exploration by Kennecott has included a wide range of geophysical surveys including: airborne magnetic and electromagnetic (EM-MegaTEM and AeroTEM), ground magnetic, surface EM and MT, IP, gravity, seismic, MALM and DHEM. Kennecott has conducted extensive drilling at the Tamarack North Project since 2002. This drilling has comprised 242 diamond drill holes totalling 100,692 m with holes between 33.5 m and over 1,223 m depth for an average hole depth of 417 m.

Sample Preparation, QA/QC and Security

Golder reviewed Kennecott's sampling and QA/QC protocols along with the chain of custody of samples. Kennecott samples core continuously through the mineralization, and their sampling and logging procedures are consistent with industry standards and the assay methods are appropriate for the base metal sulphide mineralization found at the Tamarack North Project.

Their QA/QC program is based on insertion of certified reference materials, including a variety of standards, blanks and duplicate samples, used to monitor the precision and accuracy of their primary assay lab, and to prevent inaccurate data from being accepted into their assay database. The Kennecott QA/QC protocol is consistent with industry best practises.

Kennecott uses a system of metal seals to secure pails used to ship samples from the core shack to the assay lab ensuring that they have not been tampered with. Samples are prepared and stored in a secure facility and are monitored each step of the way to the lab. Golder is confident that the samples accurately reflect the mineralization and that there is little opportunity for samples to be tampered with. All procedures were found to meet or exceed industry standard practices.

Data Validation

Golder compared updated assay data (2017) from the Kennecott database to the original assay certificates from ALS Chemex for the entire sample population used for resource estimation. No errors were identified during this review.

During the QP site visit in 2014, Brian Thomas of Golder, surveyed four drill hole collars and then compared the coordinates to those provided by Kennecott. All collars were found to be consistent with the Kennecott collar coordinates, within the accuracy of the handheld GPS.

Golder, in 2014, conducted verification sampling of drill core from each of the three mineral domains. A total of nine samples were taken along with three additional CRM samples, including two standards and one blank. Assay values from the verification sample program were consistent with results obtained by Kennecott.

There have been no changes to the drilling, logging, sampling, or chain of custody procedures since the 2014 site visit; therefore, Golder has concluded that the Tamarack North Project drill hole database is of suitable quality to support the mineral resource estimate in this Technical Report.

Mineral Processing and Metallurgical Testing

Metallurgical testing of the Tamarack North Project was carried out in three main programs:

- The 2006 - 2010 program evaluated high-grade mineralization of SMSU hosted in CGO and low-grade mineralization from the CGO Zone.
- The 2012 - 2013 program focussed only on low grade CGO mineralization.
- In 2016/2017 a total of seven domain composites were subjected to a metallurgical test program. Samples were selected from:
 - The MSU.
 - High grade mineralization from the SMSU hosted in CGO.
 - Low grade mineralization from the Lower and Upper 138 Zone.
 - Low grade mineralization from the CGO.
 - Low grade mineralization from the Upper CGO
 - MMS mineralization and an FGO interval above the MMS mineralization in the CGO Bend.

Head assays from all three phases of test work indicated no problematic concentrations of deleterious material, such as talc and chlorite, in the MSU and SMSU composites.

All samples were submitted to SGS Minerals Services for mineralogical and/or metallurgical testing.

In all cases the goal was to develop a process flowsheet that ultimately produces separate saleable Cu and Ni concentrates.

Test program results prior to the 2016/2017 program are summarized in the First Independent Technical Report on the Tamarack North Project with an effective date of August 29, 2014.

The primary objectives of the 2016/2017 test program were to:

- Obtain a flowsheet and test conditions suitable to treat the full range of MSU, SMSU, and disseminated mineral domains.
- Define expected recoveries over a wide spectrum of feed grades.
- Understand if there will be any synergies by blending low-grade domains with high-grade domains.

A total of 77 open circuit tests and 7 LCT's were carried out. The LCT results were used to develop metallurgical regression curves that can be used to project metal recoveries into the Cu and Ni concentrates. The head grades of the seven composites ranged between 0.31% to 2.80% Cu and 0.45% to 6.39% Ni.

Bond ball mill grindability tests produced work indices between 11.3 kWh/t for the MSU composite and 21.1 kWh/t for the CGO composite.

The test program culminated in a flowsheet and conditions that improved the flotation response of the disseminated composites compared to previous metallurgical programs. Furthermore, preliminary testing suggested that blending of MSU/SMSU and disseminated material responded better in the Cu-Ni separation circuit than the sum of the individual responses.

The MSU and SMSU composites yielded high grade Ni and Cu concentrates as well as very high recoveries, but the concentrates of the disseminated composites required blending with the

higher-grade products to render reasonable concentrate grades. The Cu concentrates of the MSU and SMSU composites yielded grades of 31.6% Cu and 29.3% Cu at Cu recoveries of 91.4% and 84.0%, respectively. The Ni concentrates of the two high-grade composites graded 14.1% Ni to 17.1% Ni at 87.9% to 91.9% Ni recoveries, respectively. An additional 6.6% and 11.7% of the payable Cu units were recovered into the Ni concentrates of the MSU and SMSU composites. The total payable Cu recoveries are therefore 98% and 95.7% for the MSU and SMSU composites respectively. For the Ni concentrate, the Cu:Ni ratio of 0.03 for the MSU composite and 0.06 for the SMSU composite were well below the typical smelter requirement of <0.2 Cu:Ni. For the Cu concentrate, the Ni grades in the Cu concentrate were 1.53% Ni for the MSU composite and 0.95% Ni for the SMSU composite. The goal is to produce a Cu concentrate with <0.7% Ni. Flotation conditions and grind size in the Cu/Ni separation circuit have not been optimized. It is anticipated that optimized conditions to be developed in the next phase of testing will lower the Ni concentration in the Cu concentrate to < 0.7% Ni.

Levels of deleterious elements in the MSU and SMSU composites were consistently low. Mg concentrations in Ni concentrate of MSU and SMSU composites were 0.22% MgO and 3.20% MgO, respectively. Ni smelters generally desire Mg contents below 5.0% MgO in Ni concentrates and, thus, these results are satisfactory. Fe:MgO ratios were 13.4:1 for the SMSU composite and 212:1 for the MSU composite.

Table 1-2 below summarizes the results of the 2016/2017 metallurgical testing program for the MSU and the SMSU composites.

Table 1-2: Summary of the 2016/2017 Metallurgical Testing Results for the MSU and SMSU Composites

Mineral Zone	Description	Assay (%)					Fe:MgO	Recovery (%)		
		Cu	Ni	Fe	MgO	S	Ratio	Cu %	Ni %	S %
MSU	Head (reconstituted)	2.75	6.31			25.8				
	Cu Concentrate	31.6	1.53	33.9		35.4		91.4	1.9	10.9
	Ni Concentrate	0.54	17.1	46.6	0.22	35.7	212	6.6	91.9	47.0
	Total Recovery							98.0	93.9	57.9
SMSU	Head (reconstituted)	1.51	3.11			13.6				
	Cu Concentrate	29.3	0.95	32.4		32.4		84.0	1.3	10.4
	Ni Concentrate	0.91	14.1	42.9	3.20	30.7	13.4	11.7	87.9	44.0
	Total Recovery							95.7	89.3	54.3

The Upper 138 Zone composite was the worst performer of the disseminated composites with only 51.7% Cu recovery into a Cu concentrate grading 14.5% Cu. The Ni concentrate of the LCT with the Upper 138 Zone composite graded 5.88% Ni at a low Ni recovery of 46.3%. The metallurgical performance of the other four disseminated composites fell between the results of the Upper 138 Zone and the SMSU composites. The Ni concentrates of the disseminated composites contained up to 14.6% MgO and alternative gangue depressants should be evaluated during the next phase of testing.

Mineral Resource Estimate

Caution to readers: *In this Item, all estimates and descriptions related to Mineral Resource Estimates are forward-looking information. There are many material factors that could cause actual results to differ materially from the conclusions, forecasts or projections set out in this item. Some of the material factors include differences from the assumptions regarding the following: estimates of cut-off grade and geological continuity at the selected cut-off, metallurgical recovery, commodity prices or product value, mining and processing methods and general and administrative costs. The material factors or assumptions that were applied in drawing the conclusions, forecasts and projections set forth in this Item are summarized in other Items of this report.*

This Technical Report has been prepared by Mr. Brian Thomas (B.Sc, P.Geo), Senior Resource Geologist at Golder and is summarized in Table 1-3 below. The effective date of the resource estimate is February 15, 2018. Mr. Brian Thomas is an independent QP pursuant to NI 43-101.

Table 1-3: Tamarack North Project Mineral Resource Estimate (February 15, 2018)

Domain	Resource Classification	Tonnes (000)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	*Calc NiEq (%)
SMSU	Indicated Resource	3,639	1.83	0.99	0.05	0.42	0.26	0.2	2.45
Total	Indicated Resource	3,639	1.83	0.99	0.05	0.42	0.26	0.2	2.45
SMSU	Inferred Resource	1,107	0.9	0.55	0.03	0.22	0.14	0.12	1.25
MSU	Inferred Resource	570	5.86	2.46	0.12	0.68	0.51	0.25	7.24
138 Zone	Inferred Resource	2,705	0.95	0.74	0.03	0.23	0.13	0.16	1.38
Total	Inferred Resource	4,382	1.58	0.92	0.04	0.29	0.18	0.16	2.11

All resources reported at a 0.83% NiEq cut-off.
 No modifying factors have been applied to the estimates.
 Tonnage estimates are rounded to the nearest 1,000 tonnes.
 Metallurgical recovery factored in to the reporting cut-off.

*Where used in this mineral resource estimate, NiEq% = Ni% + Cu% x \$3.00/\$8.00 + Co% x \$12.00/\$8.00 + Pt [g/t]/31.103 x \$1,300/\$8.00/22.04 + Pd [g/t]/31.103 x \$700/\$8.00/22.04 + Au [g/t]/31.103 x \$1,200/\$8.00/22.04

The mineral resources are derived from a Datamine constructed block model (block sizes = 7.5 m by 7.5 m by 7.5 m for the SMSU and the 138 Zone; 3 m x 3 m x 1.5 m for the MSU) of three mineral domains and are reported above a NiEq cut-off of 0.83%. All domains were “unfolded” and had top cuts applied to restrict outlier values (Pt, Pd and Au). The three domains (Figure 14-1) utilized either OK or ID³ methodology to interpolate grades (Ni, Cu, Co, Pt, Pd and Au) from 1.5 m composited drill holes. Density values were based on specific gravity measurements taken from whole core and where absent, regression formulas. The resources reported are based on a “blocks above cut-off” basis and were then examined visually by Golder and found to have good continuity.

Golder is unaware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or any other potential factors that could materially impact the Tamarack North Project mineral resource estimate provided in this Technical Report. The resource is located in designated wetlands but this is not expected to affect future permitting.

Conclusions

The mineral resource estimate contained in this Technical Report has been prepared in accordance with CIM best practice guidelines and NI 43-101 regulations.

Mr. Brian Thomas, P.Geo., is the QP of the mineral resource estimate and has visited the site, collected samples for “check assay”, and reviewed the Tamarack North Project data, including geological and metallurgical reports, maps, technical papers, digital data including lab results, sample analyses and other miscellaneous information. The QP believes that the data presented is an accurate and reasonable representation of the Tamarack North Project and concludes that the database is of suitable quality to provide the basis of conclusions and recommendations reached in this Technical Report.

It is believed that the Tamarack North Project has the potential for increased resources through additional exploration.

Risks identified that may affect the mineral resource estimate include the following:

- Orientation of drilling is predominantly near vertical and is not necessarily ideal for accurately determining the true width of the mineralization.
- There is a possibility that the MSU domain is not as continuous as modelled.
- The Inferred Mineral Resources in the SMSU and 138 Zone domains are sensitive to higher cut-off grades which could affect the resource if mining costs increase significantly.
- Tonnage of the 138 Zone domain is based on bulk density that was calculated by polynomial regression.

Golder has taken many steps to mitigate the impact of these risks as further described in this report and the resource classifications reflects these risks.

Both DRA and Golder see opportunities for the Tamarack North Project which can result in an increase of resources and increased classification. These opportunities include the following:

- Inferred Mineral Resources in the MSU, SMSU and 138 Zone domains could be upgraded to Indicated Mineral Resources with additional infill drilling.
- The MSU could potentially be further extended:
 - On the western side of the SMSU;
 - On the eastern side of the SMSU;
 - To the S of the MSU intervals located in the footwall of the 138 Zone; and
 - To the N of the MSU intervals located in the footwall of the 138 Zone.
- Limited drilling as well as integrated magnetic and gravity modeling show potential for massive sulphide pooling at the base of the FGO in the 164 Zone. Surface EM and DHEM could be used to explore basins that may host massive sulphides.
- The SMSU Zone has potential to be extended up plunge to the N-E around the CGO Bend while surface EM and drilling indicate the potential for massive sulphides on either side of the CGO in the CGO Bend.
- No further exploration is recommended in the 221 and 480 Zones.

Recommendations

On the basis of work conducted to date and as described in this Technical Report, it is recommended that a PEA be completed based on the data available to date. The PEA should

be restricted to the MSU and high-grade SMSU Zones. The following studies are recommended as a part of the PEA:

- A trade-off study between a shaft and a portal/decline;
- A study to determine if high sulphide tailings could be a viable option for use in cemented paste backfill;
- Trade-off studies to determine how development waste rock and low sulphide tailings will be stored at surface.

The total estimated cost to complete the recommended studies as well as the PEA is approximately \$350,000.

If the PEA study results are positive:

- Further test work needs to be conducted to determine if blending of CGO disseminated sulphides with high-grade MSU and SMSU mineralization will increase recoveries and the quality of the Ni and Cu concentrates produced from disseminated sulphides;
- If a blending strategy of disseminated sulphides with MSU and SMSU net textured high-grade mineralization hosted in the CGO proves to be successful, further exploration is recommended to extend the SMSU Zone up plunge to the NE around the CGO Bend and to determine the possible extent of MSU mineralization on either side of the CGO in the CGO Bend;
- An exploration program needs to be conducted to extend the MSU Zone:
 - On the western side of the SMSU;
 - On the eastern side of the SMSU;
 - To the S of the MSU Zone located in the footwall of the 138 Zone; and
 - To the N of the MSU Zone located in the footwall of the 138 Zone.
- Consideration should be given to completing a prefeasibility study.

The total cost would be in the order of \$5M to \$10M as it would be dependent on the success of the planned exploration programs and metallurgical testing results

EXHIBIT II

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF TALON METALS CORP.

(Initially adopted by the Board of Directors on April 20, 2005; last amended March 12, 2010)

I. PURPOSE

The audit committee (the “**Audit Committee**”) is a committee of the board of directors (the “**Board of Directors**”) of Talon Metals Corp. (the “**Corporation**”). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided by the Corporation to any governmental body or the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls, the Corporation’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation’s policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation’s management which is responsible for preparing the Corporation’s financial statements and it is the Corporation’s external auditors which are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least three) as determined by the Board of Directors, all of whom must be “independent” directors (as such term is defined in Schedule “A”). All members of the Audit Committee must, to the satisfaction of the Board of Directors, be “financially literate” (as such term is defined in Schedule “A”).

The members of the Audit Committee must be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and serve until their successors are duly elected. Unless a Chairman is elected by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis (“MD&A”) and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a simple majority of the total number of members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine, within or outside the British Virgin Islands (other than in Canada), upon not less than three days’ prior notice to each of the members. Meetings of the Audit Committee may be held without three days’ prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation’s external auditors, or

the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Audit Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Audit Committee will require the vote of a majority of its members present at a meeting at which quorum is present. Action of the Audit Committee may be taken by an instrument or instruments in writing signed by all of the members of the Audit Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Audit Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe briefly in the Corporation's annual report and more fully in the Corporation's management information circular or its annual information form ("AIF") the Audit Committee's composition and responsibilities and how they were discharged, and otherwise assist management in providing the information required by applicable securities legislation (including the form requirements under National Instrument 52-110) in the Corporation's AIF.
4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.
6. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

7. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings press releases prior to their publication and/or filing with any governmental body, or the public.
8. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.
9. Satisfy itself 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 addressed in paragraph 7 of this part, and periodically assess the adequacy of such procedures.
10. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.
11. Provide insight to related party transactions entered into by the Corporation.

External Auditors

12. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.
13. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.
14. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.
15. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.
16. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
17. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's

financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

18. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.
19. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

20. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.
21. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
22. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

23. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
24. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
25. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.
26. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.

27. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
28. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.
29. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

30. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
31. Review and update periodically a code of business conduct and ethics (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
32. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
33. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

Risk Management

34. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

Currency of Charter

35. This charter was last revised and approved by the Board of Directors on March 12, 2010.

Schedule “A”

Independence and Financial Literacy

Independence Requirement of National Instrument 52-110

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) provides, in effect, that a member of the Audit Committee is “**independent**” if that member has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of such member’s independent judgment.

Section 1.4 of NI 52-110 provides that the following individuals are considered to have a “material relationship” with the Corporation and, as such, would not be considered independent:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Corporation;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
- (c) an individual who: (i) is a partner of a firm that is the Corporation’s internal or external auditor, (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the Corporation’s internal or external auditor, (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation from the Corporation during any 12 month period within the last three years.

Section 1.5 of NI 52-110 provides that despite any determination made under section 1.4 of NI 52-110, an individual who

- (i) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her own capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
- (ii) is an affiliated entity of the Corporation or any of its subsidiary entities,

is considered to have a material relationship with the Corporation.

For purposes of determining whether or not a member has a material relationship with the Corporation, the terms set out below shall have the following meanings:

“affiliated entity” - a person or company is considered to be an affiliated entity of another person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or (b) the person is an individual who is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity;

“company” - any corporation, incorporated association, incorporated syndicate or other incorporated organization;

“control” - the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise;

“executive officer” of an entity - means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

“immediate family member” – an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual’s immediate family member) who shares the individual’s home;

“person” - an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

“subsidiary entity” - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other’s subsidiary entity.

Financial Literacy

NI 52-110 provides that a director will be considered **“financially literate”** if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.