

LGC CAPITAL LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

July 10, 2017

TAKE NOTICE that an Annual Meeting of Shareholders (the “**Meeting**”) of LGC CAPITAL LTD. (the “**Corporation**”) will be held at:

Place: Fasken Martineau DuMoulin LLP
Stock Exchange Tower
800 Victoria Square
Suite 3700
Montreal, Québec H4Z 1E9

Date: Monday, July 10, 2017

Time: 10:00 a. m.

The purposes of the Meeting are to:

1. Receive and consider the financial statements of the Corporation for the fiscal year ended September 30, 2016 and the auditors’ report thereon;
2. Elect directors;
3. Appoint an auditor and authorize the directors to fix its remuneration; and
4. Transact such other business as may properly be brought before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on May 16, 2017 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment thereof.

If you are unable to attend the Meeting in person, please date, complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on Thursday, July 6, 2017 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED at Montreal, Québec
June 12, 2017

BY ORDER OF THE BOARD OF DIRECTORS

(signed) John A. D. McMullen

President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This management information circular (the “Circular”) is furnished in connection with the solicitation by management of LGC Capital Ltd. (the “Corporation”) of proxies to be used at the Annual Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Shareholders” below.

INTERNET AVAILABILITY OF PROXY-RELATED MATERIALS

Notice-and-Access

Rules recently adopted by the Canadian securities administrators, known as the “notice and access” distribution option (“**Notice-and-Access**”), allow companies to send to shareholders who do not hold shares of the Corporation in their own names (referred to herein as “**Beneficial Shareholders**”) a notice to the effect that proxy materials are available via the internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of Proxy-Related Materials to shareholders. “**Proxy-Related Materials**” refers to this Circular, the Notice of Meeting and a voting instruction form (“**VIF**”) for Beneficial Shareholders, or a form of proxy for shareholders who hold their shares directly or indirectly in their respective names (referred to herein as “**Registered Shareholders**”).

In the future, the Corporation may take advantage of “Notice-and-Access”. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation’s notice of meeting and management information circular via the internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A Registered Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A Registered Shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on Thursday, July 6, 2017 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the Registered Shareholder or his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A Registered Shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Registered Shareholder’s appointee should be legibly printed in the blank space provided. In addition, the Registered Shareholder should notify the appointee of such person’s appointment, obtain such person’s consent to act as appointee and instruct the appointee on how the Registered Shareholder’s shares are to be voted.

Shareholders who are not Registered Shareholders should refer to “Notice to Beneficial Holders of Shares” below.

Revocation of Proxy

A Registered Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a Registered Shareholder who has given a proxy personally attends the Meeting at which that proxy is to be voted, that Registered Shareholder may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his attorney or authorized agent and deposited with (i) Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on Thursday, July 6, 2017 by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile to 416-263-9524 or 1-866-249-7775, (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or (iii) with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon any such deposit, the proxy will be revoked.

Notice to Beneficial Holders of Shares

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders are Beneficial Shareholders and do not hold shares of the Corporation in their own names. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders (shareholders whose names appear on the records of the Corporation as the registered holders of shares) can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Those shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("NOBOs") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of such information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners ("OBOs") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Proxy-Related Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Proxy-Related Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Proxy-Related Materials directly to NOBOs and indirectly through intermediaries to OBOs. The cost of the delivery of the Proxy-Related Materials by intermediaries to OBOs will be borne by the Corporation.

The Corporation has used a NOBO list to send the Proxy-Related Materials directly to NOBOs whose names appear on that list. If the Corporation's transfer agent, Computershare Investor Services Inc., has sent these materials directly to a NOBO at the request of the Corporation, such NOBO's name and address and information about its holdings of shares of the Corporation have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulations. As a result, any NOBO of the Corporation can expect to receive a VIF from Computershare Investor Services Inc. NOBOs should complete and return the VIF to Computershare Investor Services Inc. in the envelope provided. In addition, telephone voting and internet voting are available; instructions in respect of the procedure for telephone and internet voting can be found in the VIF. Computershare Investor Services Inc. will tabulate the results of VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the voting of shares represented by such VIFs.

Applicable securities regulations requires intermediaries, on receipt of Proxy-Related Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders'

meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). In forwarding the Proxy-Related Materials to Beneficial Shareholders, Broadridge typically includes a VIF in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation’s transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly-executed proxies or VIFs in favour of the persons designated in the enclosed form of proxy or voting information forms, in the absence of any direction to the contrary, will be voted for the: (i) election of directors; and (ii) appointment of an auditor, as stated under such headings in this Circular. The shares represented by the proxy or VIF will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for, and if a shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES

As at June 12, 2017, there were 234,045,310 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed May 16, 2017 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the head office of the Corporation, Stock Exchange Tower, 800 Victoria Square, Suite 3700, Montreal, Québec H4Z 1E9 and at the Meeting. Only shareholders of record as at the close of business on the Record Date will receive notice of, and be entitled to attend and vote at, the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof.

PRINCIPAL SHAREHOLDERS

As at June 12, 2017, to the best knowledge of the Corporation, the following are the only persons who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage</u>
David Lenigas..... Monaco	57,200,000 ⁽¹⁾	24.44%
Donald Strange London, England	28,400,000 ⁽¹⁾	12.13%

(1) The information is based upon reports filed on the SEDI website at www.sedi.ca and is not within the direct knowledge of the Corporation.

ELECTION OF DIRECTORS

The Board currently consists of six directors. The persons named in the enclosed form of proxy intend to vote for the election of the six nominees whose names are set out below. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

<u>Name, municipality of residence and position with the Corporation</u>	<u>Principal occupation</u>	<u>First year as director</u>	<u>Number of shares beneficially owned or over which control is exercised as at June 12, 2017</u>
David Lenigas ⁽³⁾ Monaco Co-Chairman and Director	Co-Chairman of the Corporation	2016	57,200,000
Mazen Haddad ⁽³⁾ Monaco Co-Chairman and Director	Private Investor	2008	9,154,457
Anthony Samaha ⁽³⁾ London, England Chief Financial Officer and Director	Chief Financial Officer of the Corporation	2016	—
Sébastien Bellefleur ⁽¹⁾⁽²⁾⁽³⁾ St. Laurent, Québec, Canada Director	Partner Fasken Martineau DuMoulin LLP (law firm)	2016	—
Mohammed Ghafari ⁽¹⁾⁽²⁾ Pointe-Claire, Québec, Canada Director	Management Consultant	2016	150,000
Rafi Hazan ⁽¹⁾⁽³⁾ Montreal, Québec, Canada Corporate Secretary and Director	Consultant	2006	284,513

(1) Member of the Audit Committee.

(2) Member of Corporate Governance and Nominating Committee.

(3) Member of the Disclosure Committee.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually. The Corporation does not have an executive committee.

The following is a brief biography of each of the members of the Board of Directors of the Corporation:

David Lenigas – Co-Chairman and Director

David Lenigas has extensive experience operating in global public markets having served in a senior executive capacity on many public company boards. He served as the executive chairman of Rare Earth Minerals Plc until December 2015, and was responsible for the company's significant involvement in the discovery of the Sonora Lithium Project in Northern Mexico with its joint venture partner Bacanora Minerals Limited. Mr. Lenigas also served as executive chairman of London main board listed Lonrho plc for six years until September 2012 and was responsible for its expansion into more than 17 countries in Africa in sectors covering agriculture, infrastructure, hotels, IT and aviation. In addition, he served as the executive chairman of LGO Energy plc, leading the company from its creation as an investment company through a series of acquisitions (including a reverse take-over) of projects in the Gulf of Mexico, Malta, Spain and Trinidad. Mr. Lenigas identified the investment opportunity in Trinidad for LGO Energy Plc and then built a management team to assist him in negotiating the terms of the investment with the local Trinidadian partners.

Mr. Lenigas holds a Bachelor of Applied Science (Mining Engineering) with Distinction from Curtin University's Western Australian Kalgoorlie School of Mines and also holds an unrestricted first class mine manager's certificate from the Western Australian Government.

Mazen Haddad – Co-Chairman and Director

Mr. Haddad is a private investor and is currently Co-Chairman and a director of the Corporation. Mr. Haddad holds a B.A. degree in economics from Emory University of Atlanta, Georgia. Mr. Haddad was Interim President and Chief Executive Officer of Argex Titanium Inc. ("**Argex**"), a company listed on the Toronto Stock Exchange, from December 2015 to July 2016, and has been a director of Argex since June 2011. Mr. Haddad was President of Township Capital Inc., a private company whose primary role was to act as a consultant for Palos Capital Pool, L.P., from 2006 until 2010. Prior to that, he served as Chairman of SGI Properties Canada Fund L.P., a private real estate investment trust (REIT) focused on residential real estate in Montreal, Québec, and as Vice-President of SGI Capital Corp., a private investment company.

Anthony Samaha — Chief Financial Officer and Director

Anthony Samaha is a Chartered Accountant (Australia) with more than 20 years' experience in accounting and corporate finance. Mr. Samaha worked for more than ten years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. Mr. Samaha's experience includes more than ten years as Finance Director for several companies listed on AIM; he also served as Chief Financial Officer of a resource company listed on the TSX Venture Exchange. Mr. Samaha holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia.

Sébastien Bellefleur – Director

Sébastien Bellefleur is a partner in the Montreal office of Fasken Martineau DuMoulin LLP. Mr. Bellefleur specializes in business law, more specifically in securities, mergers, acquisitions, corporate governance and mining law. He also helps set up funding, whether in the form of loans or equity financings. He has implemented a number of complex transactions on behalf of public and private corporations, such as the purchase, sale, funding and restructuring of businesses throughout Canada and abroad. He has represented issuers and brokers in connection with initial public offerings and other distributions of equity securities and debt instruments by way of prospectus offerings and private placements. He has played a role in several corporate reorganizations, restructurings, takeover bids and proxy solicitations for shareholders' meetings. A major portion of his practice consists of advising public corporations of the obligations imposed on them by regulatory authorities, such as corporate governance, and assisting them in their interactions with the market and securities authorities. Over the course of his practice, he has also acquired specific expertise on legal issues relating to the mining industry. Mr. Bellefleur is regularly called upon to represent mining exploration companies, and advises them through the process of discovering deposits in Canada and elsewhere, as well as selling mines or bringing them into production. He is a specialist in the legal issues with which mining exploration companies are often faced.

Mohammed Ghafari — Director

Mohammed Ghafari is the Executive Officer of MEEM Solutions Inc., a Canadian-based management consulting company focused on delivering business strategies and market development. Mr. Ghafari was one of the founding members of Digital Planet, a company specialized in Rich Media and video streaming/IPTV services. Prior thereto, Mr. Ghafari served as Middle East Regional Director for Convergys Corporation and as Executive Sales Director - Middle East for Lucent Technologies. He started his career at IBM Corporation, in Research and Development of smart software applications. Mr. Ghafari holds a B.Sc. degree with Honours in Computer Science from Leeds University in England.

Rafi Hazan – Corporate Secretary and Director

Rafi Hazan is a consultant and secretary of the Corporation. Mr. Hazan was the Chief Financial Officer of the Corporation from August 30, 2013 to July 12, 2016. Prior thereto, he co-founded Buzz Telecommunications Services Inc., a company listed on the TSX Venture Exchange and the predecessor corporation of the Corporation, and served as its Chairman, President and Chief Executive Officer from 2006. Prior to that position, he co-founded and was the Chief Operating Officer of Cartel International Inc., a company specialized in the distribution of prepaid calling cards and other services via electronic terminals (POS). He also co-developed one of the first prepaid switching platforms for the telephone calling card industry in Canada. For more than 15 years, Mr. Hazan held various positions in both engineering and management in the telecom industry at companies such as SR Telecom, NHC Communications Inc. and Israel Aircraft Industry. Mr. Hazan holds a Bachelor of Science degree from the Technion, Israel Institute of Technology in Aerospace and Telecommunications, an MBA from Paris-Dauphine University in France and an MBA from Université du Québec à Montréal (UQAM). Mr. Hazan is a member of the Ordre des Ingénieurs du Québec.

To the knowledge of the Corporation, other than as set out below, none of the foregoing nominees for election as a director:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Mr. Haddad is a director and the former interim Chief Executive Officer of Argex, which was subject to a management cease trade order (“**MCTO**”) issued on March 31, 2016 by Autorité des marchés financiers (“**AMF**”) which restricted all trading in securities of Argex by its executive officers and directors. The MCTO was issued in respect of the late filing of Argex’s annual financial statements, accompanying management’s discussion and analysis, related CEO and CFO certifications and annual information form for the financial year ended December 31, 2015. The MCTO was lifted by the AMF on May 18, 2016 upon the filing by Argex on April 28, 2016 of the annual financial statements and related documents referred to above.

Mr. Haddad is also a former director of Malette Industries Inc. (“**Malette**”), which announced on February 26, 2007 that Malette International Inc., a wholly-owned subsidiary of Malette, had filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada). The TSX Venture Exchange delisted the securities of Malette

effective as at the close of business on June 22, 2007 due to its failure to pay annual sustaining fees. Prior to delisting, the company's securities were subject to a suspension from trading. Mr. Haddad had previously resigned as a director of Malette.

IOU Central Inc. and its officers and directors were the subject of an order to cease trading and acting as a securities adviser issued by the Bureau de décision et de révision en valeurs mobilières on February 27, 2008 at the request of the AMF. In the said order, Mazen Haddad was erroneously named as one of the directors of IOU Central Inc. Mazen Haddad was not, nor has he ever been, an officer or director of IOU Central Inc., and the order against him was revoked on March 20, 2008.

Lobster Harvest Ltd ("**LHL**"), an unlisted aquaculture company incorporated in Australia of which Anthony Samaha was a non-executive director, was placed into creditors' voluntary liquidation in March 2012. LHL was subsequently dissolved in February 2014 and priority creditors were paid in full. Unsecured creditors, representing primarily LHL's largest shareholder, did not receive a dividend.

None of the foregoing nominees for election as director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

This Compensation Discussion and Analysis is intended to provide information about the Corporation's executive compensation philosophy, objectives and process and to discuss compensation relating to each person who acted as Chief Executive Officer and as Chief Financial Officer and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a "**Named Executive Officer**" or "**NEO**") and collectively the "**Named Executive Officers**" or "**NEOs**"). For the fiscal year ended September 30, 2016, the Corporation had three Named Executive Officers, namely, the former Chief Executive Officer (David Lenigas), the Chief Financial Officer (Anthony Samaha), and the former Chief Financial Officer (Donald Strang).

The following is a description of the Corporation's executive compensation philosophy and objectives for the fiscal year ended September 30, 2016.

Compensation Philosophy and Objectives

The Corporation has significant investments and joint ventures in international companies with Cuban ties that are well positioned to grow with the Cuban economy. At present, the Corporation does not have positive earnings. In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that is commensurate with other investment companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a small investment company without a history of earnings.

Compensation Process

The Board of Directors, as a whole, upon the advice of the Corporate Governance and Nominating Committee, ensures that total compensation paid to all Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term, positive results for the Corporation's shareholders;

- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

Analysis of Elements

The compensation paid to Named Executive Officers is comprised of two main components: base salary and long-term incentives, in the form of stock options granted pursuant to the Corporation's 2016 Stock Option Plan, adopted by the Board of Directors on June 2, 2016. The following discussion describes the components of compensation and discusses how each component relates to the Corporation's overall executive compensation objective. The Corporation believes that:

- base salaries provide an immediate cash incentive for the Corporation's NEOs and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent; and
- stock options ensure that the NEOs are motivated to achieve long-term growth of the Corporation and increases in shareholder value, and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary and stock options as short-term and long-term incentives, respectively.

Base Salaries

Base salaries are based primarily on the level of responsibility of the position, the qualifications and experience of the officer and market conditions.

The base salaries of the NEOs are reviewed annually to ensure that they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each NEO, skill and competencies of each individual, retention considerations, and level of demonstrated performance.

Base salaries, including that of the Chief Executive Officer, are reviewed by the Board of Directors as a whole, on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the Chief Executive Officer to the Corporation's long-term growth and the knowledge of the members of the Board of Directors with respect to remuneration practices in Canada.

Long-Term Incentive Plans and Stock Option Plan

The Corporation has no long-term incentive plans in effect other than the 2016 Stock Option Plan. The Corporation provides long-term incentive compensation to its NEOs through the 2016 Stock Option Plan. The Board of Directors grants options from time-to-time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the number of options already outstanding and overall market conditions. The Board of Directors views the granting of options as a means of promoting the success of the Corporation and higher returns to its shareholders. As such, the Board of Directors does not grant options in excessively dilutive numbers or at exercise prices not reflective of the Corporation's underlying value. During the financial year ended September 30, 2016, the Corporation did not grant stock options to the NEOs or its directors. For the material terms and conditions of the Corporation's 2016 Stock Option Plan, see the heading "2016 Stock Option Plan" below.

Group Benefits/Perquisites

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefits from a retirement plan.

External Compensation Consultants

During the fiscal years ended September 30, 2016 and June 30, 2015, the Corporation did not retain the services of executive compensation consultants to assist the Board of Directors in determining compensation for any of the Corporation's Named Executive Officers or directors.

Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Board of Directors has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Board of Directors considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its NEOs or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its NEOs or directors. To the knowledge of the Corporation, none of the NEOs or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers and Directors

On July 12, 2016, Leni Gas Cuba Limited ("**Leni Gas Cuba**") completed a reverse asset acquisition and takeover ("**RTO**") of Knowlton Capital Inc. ("**Knowlton**"). On completion of the RTO, Knowlton changed its name to LGC Capital Ltd. (the Corporation).

As a consequence of the RTO and pursuant to securities legislation, the year-end of the Corporation was changed to September 30, the year-end of Leni Gas Cuba. As a result of the RTO, for accounting purposes, Leni Gas Cuba, the legal acquiree, is the accounting acquirer of the Corporation and all comparative information presented in this Circular relates to the financial position, operations and results of Leni Gas Cuba since its incorporation on March 3, 2015. The results of operations of the Corporation are included in the financial information in this Circular post-completion of the RTO on July 12, 2016.

After completion of the RTO, the former shareholders of Leni Gas Cuba held 84.43% of the common shares of the Corporation while shareholders of Knowlton held 15.57% of the common shares of the Corporation.

The comparative information of Leni Gas Cuba has been translated from the British pound (GBP) to Canadian dollars, which is the reporting currency of the Corporation.

The following table provides information for the fiscal years ended September 30, 2016 and September 30, 2015 regarding compensation paid to or earned by the NEOs and directors, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
David Lenigas ⁽¹⁾ Co-Chairman and Director (former CEO)	2016	204,247	—	—	—	—	204,247
	2015	—	—	—	—	—	—
Mazen Haddad ⁽²⁾ Co-Chairman and Director	2016	33,008 ⁽³⁾	—	—	—	—	33,008
	2015	—	—	—	—	—	—
Anthony Samaha ⁽⁴⁾ Chief Financial Officer and Director	2016	126,607 ⁽⁵⁾	—	—	—	—	126,607
	2015	—	—	—	—	—	—
Rafi Hazan ⁽⁶⁾ Secretary and Director	2016	9,613 ⁽⁷⁾	—	—	—	—	9,613
	2015	—	—	—	—	—	—
Sébastien Bellefleur ⁽⁸⁾ Director	2016	—	—	—	—	—	—
	2015	—	—	—	—	—	—
Guy Charrette ⁽⁹⁾ Former Director	2016	—	—	—	—	—	—
	2015	—	—	—	—	—	—
Mark Billings ⁽¹⁰⁾ Former Director	2016	—	—	—	—	—	—
	2015	—	—	—	—	—	—
Donald Strang ⁽¹¹⁾ Former Chief Financial Officer and Director	2016	188,851 ⁽¹⁴⁾	—	—	—	—	188,851
	2015	—	—	—	—	—	—
Jeremy Edelman ⁽¹²⁾ Former Director	2016	70,819 ⁽¹⁴⁾	—	—	—	—	70,819
	2015	—	—	—	—	—	—
Darren Smith ⁽¹³⁾ Former Director	2016	70,819 ⁽¹⁴⁾	—	—	—	—	70,819
	2015	—	—	—	—	—	—

- (1) Mr. Lenigas was appointed Co-Chairman and Chief Executive Officer of the Corporation on July 12, 2016. Mr. Lenigas resigned as Chief Executive Officer of the Corporation on February 23, 2017.
- (2) Mr. Haddad resigned as President and Chief Executive Officer of Knowlton on July 12, 2016 and was appointed Co-Chairman of the Corporation on July 12, 2016.
- (3) For the period ended September 30, 2016, compensation of \$3,403 was paid directly to Mr. Haddad and \$29,605 was paid to Clomata Ltd., a company controlled by Mr. Haddad.
- (4) Mr. Samaha was appointed Chief Financial Officer of the Corporation on July 12, 2016.
- (5) For the period ended September 30, 2016, compensation of \$104,910 was paid directly to Mr. Samaha and \$21,698 was paid to Santannos Ltd., a company controlled by Mr. Samaha.
- (6) Mr. Hazan resigned as Chief Financial Officer of Knowlton on July 12, 2016.
- (7) For the period ended September 30, 2016, compensation of \$9,613 was paid to a company controlled by Mr. Hazan.
- (8) Mr. Bellefleur was elected to the Board of Directors of Knowlton on July 6, 2016.
- (9) Mr. Charrette resigned as a director of the Corporation on December 16, 2016.
- (10) Mr. Billings resigned as a director of Knowlton on July 12, 2016.
- (11) Mr. Strang resigned as Chief Financial Officer and as a director of Leni Gas Cuba on July 12, 2016.
- (12) Mr. Edelman resigned as a director of Leni Gas Cuba and Knowlton on July 12, 2016.
- (13) Mr. Smith resigned as a director of Leni Gas Cuba on July 12, 2016.
- (14) These amounts were paid prior to the RTO on July 12, 2016.

Stock Options and Other Compensation Securities

The following table sets out the details of all compensation securities granted or issued to the Named Executive Officers and directors as at September 30, 2016, the end of the Corporation's most recently-completed financial year.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
David Lenigas ⁽¹⁾ Co-Chairman and Director	Options	8,000,000 ⁽¹¹⁾	July 12, 2016 ⁽¹³⁾	0.23	0.08	0.06	December 31, 2020
Mazen Haddad ⁽²⁾ Co-Chairman and Director	—	—	—	—	—	—	—
Anthony Samaha ⁽³⁾ Chief Financial Officer and Director	—	—	—	—	—	—	—
Rafi Hazan ⁽⁴⁾ Secretary and Director	—	—	—	—	—	—	—
Sébastien Bellefleur ⁽⁵⁾ Director	—	—	—	—	—	—	—
Guy Charrette ⁽⁶⁾ Former Director	—	—	—	—	—	—	—
Mark Billings ⁽⁷⁾ Former Director	—	—	—	—	—	—	—
Donald Strang ⁽⁸⁾ Former Chief Financial Officer and Director	Options	8,000,000	July 12, 2016 ⁽¹³⁾	0.23	0.08	0.06	December 31, 2020
Jeremy Edelman ⁽⁹⁾ Former Director	Options	2,000,000 ⁽¹²⁾	July 12, 2016 ⁽¹³⁾	0.23	0.08	0.06	December 31, 2020
Darren Smith ⁽¹⁰⁾ Former Director	—	—	—	—	—	—	—

(1) Mr. Lenigas was appointed Co-Chairman and Chief Executive Officer of the Corporation on July 12, 2016. Mr. Lenigas resigned as Chief Executive Officer of the Corporation on February 23, 2017.

(2) Mr. Haddad resigned as President and Chief Executive Officer of Knowlton on July 12, 2016 and was appointed Co-Chairman of the Corporation on July 12, 2016.

(3) Mr. Samaha was appointed Chief Financial Officer of the Corporation on July 12, 2016.

(4) Mr. Hazan resigned as Chief Financial Officer of Knowlton on July 12, 2016.

(5) Mr. Bellefleur was elected to the Board of Directors of Knowlton on July 6, 2016.

(6) Mr. Charrette resigned as a director of the Corporation on December 16, 2016.

(7) Mr. Billings resigned as a director of Knowlton on July 12, 2016.

(8) Mr. Strang resigned as Chief Financial Officer and as a director of Leni Gas Cuba on July 12, 2016.

(9) Mr. Edelman resigned as a director of Leni Gas Cuba and Knowlton on July 12, 2016.

(10) Mr. Smith resigned as a director of Leni Gas Cuba on July 12, 2016.

(11) These options were cancelled by mutual agreement of Mr. Lenigas and the Corporation on March 31, 2017.

(12) These options were cancelled by mutual agreement of Mr. Edelman and the Corporation on December 7, 2016.

(13) Granted in the context of the RTO in exchange of stock options previously granted by Leni Gas Cuba.

The following table sets out, for each Named Executive Officer and director, the exercise of compensation securities during the year ended September 30, 2016, the Corporation's most recently-completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
David Lenigas ⁽¹⁾ Co-Chairman and Director	—	—	—	—	—	—	—
Mazen Haddad ⁽²⁾ Co-Chairman and Director	—	—	—	—	—	—	—
Anthony Samaha ⁽³⁾ Chief Financial Officer and Director	—	—	—	—	—	—	—
Rafi Hazan ⁽⁴⁾ Secretary and Director	—	—	—	—	—	—	—
Sébastien Bellefleur ⁽⁵⁾ Director	—	—	—	—	—	—	—
Guy Charrette ⁽⁶⁾ Former Director	—	—	—	—	—	—	—
Mark Billings ⁽⁷⁾ Former Director	—	—	—	—	—	—	—
Donald Strang ⁽⁸⁾ Former Chief Financial Officer and Director	—	—	—	—	—	—	—
Jeremy Edelman ⁽⁹⁾ Former Director	—	—	—	—	—	—	—
Darren Smith ⁽¹⁰⁾ Former Director	—	—	—	—	—	—	—

- (1) Mr. Lenigas was appointed Co-Chairman and Chief Executive Officer of the Corporation on July 12, 2016. Mr. Lenigas resigned as Chief Executive Officer of the Corporation on February 23, 2017.
- (2) Mr. Haddad resigned as President and Chief Executive Officer of Knowlton on July 12, 2016 and was appointed Co-Chairman of the Corporation on July 12, 2016.
- (3) Mr. Samaha was appointed Chief Financial Officer of the Corporation on July 12, 2016.
- (4) Mr. Hazan resigned as Chief Financial Officer of Knowlton on July 12, 2016.
- (5) Mr. Bellefleur was elected to the Board of Directors of Knowlton on July 6, 2016.
- (6) Mr. Charrette resigned as a director of the Corporation on December 16, 2016.
- (7) Mr. Billings resigned as a director of Knowlton on July 12, 2016.
- (8) Mr. Strang resigned as Chief Financial Officer and as a director of Leni Gas Cuba on July 12, 2016.
- (9) Mr. Edelman resigned as a director of Leni Gas Cuba and Knowlton on July 12, 2016.
- (10) Mr. Smith resigned as a director of Leni Gas Cuba on July 12, 2016.

Termination and Change of Control Benefits

The Corporation has no plan or arrangement whereby any NEO may be compensated in the event of the NEO's resignation, retirement or other termination of employment, or in the event of a change of control of the Corporation or a change in the NEO's responsibilities following such a change of control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at September 30, 2016, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a) ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	40,982,679	\$0.34	5,826,386
Equity compensation plans not previously approved by shareholders	—	—	—

(1) The Corporation does not have any warrants or rights outstanding under any equity compensation plans.

The options referred to in the table above were granted pursuant to the 2016 Stock Option Plan. See "2016 Stock Option Plan" for a description of the material features of the 2016 Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended September 30, 2016, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended September 30, 2016, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended September 30, 2016 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Circular as Schedule A.

Composition of the Audit Committee

The Audit Committee is composed of Sébastien Bellefleur (Chairman), Mohammed Ghafari and Rafi Hazan. Under National Instrument 52-110 *Audit Committees*, a member of the Audit Committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment.

The Board of Directors has determined that Sébastien Bellefleur and Mohammed Ghafari are independent members of the Audit Committee and that Rafi Hazan is not an independent member of the Audit Committee, as he is the former Chief Financial Officer of the Corporation.

The Board of Directors has determined that each of the three members of the Audit Committee is "financially literate" within the meaning of section 1.5 of National Instrument 52-110 *Audit Committees*, that is, each member 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.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee are set out above under the heading “Election of Directors”.

Audit Committee Oversight

Since the commencement of the Corporation’s most recently-completed financial year, the Corporation’s Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently-completed financial year, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of National Instrument 52-110 *Audit Committees*. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of National Instrument 52-110 *Audit Committees* in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Charter of the Audit Committee. Any additional audit services which are required, are presented to the Audit Committee as required. During the fiscal year ended September 30, 2016, the Corporation incurred no expenses which required pre-approval.

External Auditor Fees

(a) Audit Fees

“Audit fees” consist of fees for professional services for the audit of the Corporation’s annual financial statements, assistance with interim financial statements, and related matters. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, billed the Corporation \$75,707 in audit fees in respect of the fiscal year ended September 30, 2016 and did not bill the Corporation for audit fees during the fiscal period ended September 30, 2015.

(b) Audit-Related Fees

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and which are not reported under “Audit Fees” above. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, did not bill the Corporation for audit-related fees during the fiscal year ended September 30, 2016 or during the fiscal period ended September 30, 2015.

(c) Tax Fees

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, did not bill the Corporation for tax fees during the fiscal year ended September 30, 2016 or during the fiscal period ended September 30, 2015.

(d) All Other Fees

“All Other Fees” consist of fees for services other than the audit fees, audit-related fees and tax fees described above. Ernst & Young LLP, Chartered Professional Accountants, the Corporation’s external auditor, did not bill the Corporation for any other services during the fiscal year ended September 30, 2016 or during the fiscal period ended September 30, 2015.

Exemption

The Corporation is relying on the exemption set out in section 6.1 of National Instrument 52-110 *Audit Committees*, with respect to the composition of the Audit Committee and certain reporting obligations.

APPOINTMENT OF AUDITOR

At the annual and special meeting held on July 6, 2016, shareholders appointed FBL L.L.P., Chartered Professional Accountants, as the auditor of the Corporation. On November 1, 2016, the Corporation accepted the resignation of FBL L.L.P., Chartered Professional Accountants, as the auditor of the Corporation following the request of the Corporation and named Ernst & Young LLP, Chartered Professional Accountants, as the new auditor of the Corporation.

In light of the foregoing, a reporting package is annexed to this Circular as Schedule B, as required by *National Instrument 51-102 Continuous Disclosure Obligations*. The reporting package contains a: (i) Notice of Change of Auditors dated November 1, 2016 from the Corporation; (ii) letter dated November 1, 2016 from Ernst & Young LLP, Chartered Professional Accountants; and (iii) letter dated November 1, 2016 from FBL L.L.P., Chartered Professional Accountants.

Except where authorization to vote with respect to the appointment of the auditor is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of Ernst & Young LLP, Chartered Professional Accountants, as the auditor of the Corporation until the next annual meeting of shareholders, at such remuneration as may be determined by the Board of Directors. Ernst & Young LLP, Chartered Professional Accountants, have served as the auditor of the Corporation since November 1, 2016.

2016 STOCK OPTION PLAN

The 2016 Stock Option Plan of the Corporation was established by the Board of Directors of the Corporation on June 2, 2016 and approved by the shareholders of the Corporation at an annual and special meeting of the shareholders of the Corporation held on July 6, 2016. The following are the material terms and conditions of the 2016 Stock Option Plan:

- (a) the Board of Directors of the Corporation may grant options to directors, officers and employees of, and consultants to, the Corporation and its subsidiaries;
- (b) a maximum of 46,809,065 common shares are issuable under the 2016 Stock Option Plan;
- (c) the aggregate number of common shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any twelve-month period, 5% of the number of issued and outstanding common shares of the Corporation at the date the option is granted;
- (d) the aggregate number of common shares reserved for issuance upon the exercise of options by any one consultant cannot exceed, during any twelve-month period, 2% of the number of issued and outstanding common shares of the Corporation at the date the option is granted to the consultant;
- (e) the aggregate number of common shares reserved for issuance upon the exercise of options by any person employed to provide investor-relation activities cannot exceed, during any twelve-month period, 2% of the number of issued and outstanding common shares of the Corporation at the date the option is granted to such person;
- (f) the exercise price of the options is determined by the Board of Directors at the time the options are granted, but cannot be less than the closing price of the Corporation's common shares on the trading day immediately preceding the day on which the option is granted, less the maximum discount permitted under the policies of the TSX Venture Exchange;
- (g) subject to the requirements of the TSX Venture Exchange, the Board has the discretion to set the terms of any vesting schedule for each option granted;
- (h) the period during which an option may be exercised is determined by the Board of Directors at the time of grant, after which the option lapses, subject to a maximum of ten years from the date of grant;

- (i) options are not assignable or transferable, except by will or the laws of succession;
- (j) if an optionee becomes, in the determination of the Board of Directors, permanently disabled while employed by the Corporation or while a director thereof or consultant thereto, any option may be exercised only for that number of shares which the optionee was entitled to acquire at the time of the occurrence of the permanent disability, at the latest on the date of expiry of the option or 90 days after such occurrence (30 days if the optionee was engaged in investor-relation activities), whichever occurs first, after which the option lapses;
- (k) if an optionee dies, any option held by the optionee may be exercised only for that number of shares which the optionee was entitled to acquire at the time of death, at the latest on the date of expiry of the option or one year after the date of death, whichever occurs first, after which the option lapses;
- (l) upon an optionee's employment, office, directorship or consulting services with the Corporation terminating or ending otherwise than by reason of death, permanent disability or termination for cause, any option held by the optionee may be exercised only for that number of shares which the optionee was entitled to acquire at such time, at the latest on the date of expiry of the option or 90 days after such date (30 days if the optionee was engaged in investor-relation activities), whichever occurs first, after which the option lapses;
- (m) the option price is payable in full at the time an option is exercised; and
- (n) in the event that an offer to purchase the common shares of the Corporation or any part thereof is made to all shareholders, the Corporation has the right to permit the exercise of all outstanding options within a 20-day period and to determine that upon the expiry of such 20-day period, the options lapse.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" of the Corporation, that is: (a) the directors and executive officers of the Corporation; (b) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Corporation's outstanding voting shares; (c) any director or executive officer of a person referred to in (b) above; or (d) any associate or affiliate of any "informed person" of the Corporation, has any material interest, direct or indirect, in any transaction since October 1, 2015 or in any proposed transaction which has materially affected or would materially affect the Corporation, other than disclosed in the Management Information Circular dated June 9, 2016 in respect of the Reverse Take-over involving Knowlton Capital Inc. and Leni Gas Cuba Limited.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (i) any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, (ii) any nominee for election as director of the Corporation, or (iii) any associate or affiliate of the persons listed in (i) and (ii), in any matter to be acted upon at the Meeting, other than the election of directors.

OTHER MATTERS

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

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a "Proposal") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be

required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated June 12, 2017, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is March 13, 2018.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

1. Board of Directors

The Board of Directors considers that Mohammed Ghafari and Sébastien Bellefleur are independent within the meaning of National Instrument 52-110 *Audit Committees*.

The Board of Directors considers that the following directors are not independent within the meaning of National Instrument 52-110 *Audit Committees*: David Lenigas, in that he is the former Chief Executive Officer of the Corporation, Anthony Samaha, in that he is the Chief Financial Officer of the Corporation, Mazen Haddad, in that he is the former Chief Executive Officer of the Corporation, and Rafi Hazan, in that he is the former Chief Financial Officer of the Corporation.

The Board of Directors considers that two of the six members of the Board of Directors are independent within the meaning of National Instrument 52-110 *Audit Committees*. Accordingly, a majority of the members of the Board of Directors is not independent. If necessary, the independent members of the Board of Directors can meet without non-independent directors and members of management present.

2. Directorships

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Mazen Haddad	Argex Titanium Inc.
Sébastien Bellefleur	Visible Gold Mines Inc. X-Terra Resources Inc.

3. Orientation and Continuing Education

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors encourages directors to participate in ongoing professional development through qualified organizations.

4. Ethical Business Conduct

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors, officers and employees do not trade in the Corporation's shares at a time when disclosure of material information is pending.

Notwithstanding the absence of a formal code of conduct, the Board of Directors believes that the fiduciary duties placed on individual directors by the *Canada Business Corporations Act* and the common law, as well as the restrictions placed by the *Canada Business Corporations Act* on an individual director's participation in decisions of the Board of Directors in which the director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Further, it is the policy of the Corporation that an interested director or officer recuse himself or herself from the decision-making process pertaining to a contract or transaction in which he or she has an interest.

5. Nomination of Directors

The Board of Directors will consider new candidates for nomination, if deemed necessary. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

6. Compensation

In determining the compensation of the directors, the Board considers the size of the Corporation, its financial resources and the contribution of the directors to the Corporation's growth. During the fiscal year ended September 30, 2016, the directors did not receive any cash compensation and were not granted any options.

The process by which the Corporation currently determines the compensation of its executive officers and directors is described in the section entitled "Compensation of Executive Officers and Directors - Compensation Discussion and Analysis" above.

7. Other Board Committees

The Board of Directors does not have any standing committees other than the Audit Committee, Corporate Governance and Nominating Committee, and Disclosure Committee.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee ("CGNC") is expected to meet not less than twice a year and at such other times as required. The CGNC is responsible for determining, within the agreed terms of reference, the Corporation's policy on the remuneration packages of the Corporation's chief executive officer, chairman, executive and non-executive directors, the Corporation's secretary and other senior executives. The CGNC also has responsibility for:

- (i) recommending to the Board a compensation policy for directors and executives and monitoring its implementation; and
- (ii) approving and recommending to the Board, the total individual remuneration package of the chairman, each executive and non-executive director, the chief executive officer and all other senior executives (including bonuses, incentive payments and share options or other share awards). No individual may be involved in any discussions as to his or her own remuneration.

The CGNC also has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning.

The CGNC also has the responsibility for recommending new appointments to the Board and to the other Board committees. It is responsible for identifying suitable candidates for board membership and for monitoring the performance and suitability of the current Board on an on-going basis.

8. Assessments

The Board of Directors, as a whole, is responsible for assessing the effectiveness of the Board of Directors, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board of Directors. Although no formal process has been put in place for such assessment, the Board conducts informal assessments on an as-needed basis. In this regard, the Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative financial statements and Management's Discussion and Analysis for the fiscal year ended September 30, 2016, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the comparative financial statements of the Corporation for the fiscal year ended September 30, 2016 together with the accompanying report of the auditor thereon and any interim financial statements of the Corporation for periods subsequent to September 30, 2016 and Management's Discussion and Analysis with respect thereto; and
- (b) this Circular,

please send your request to:

LGC Capital Ltd.
Stock Exchange Tower
800 Victoria Square, Suite 3700
Montreal, Québec H4Z 1E9

Telephone: (416) 803-0698
E-mail: info@lgc-capital.com

AUTHORIZATION

The contents and the mailing of this Circular have been approved by the Board of Directors of the Corporation.

(signed) John A. D. McMullen
President and Chief Executive Officer

DATED the 12th day of June, 2017

SCHEDULE A

CHARTER OF THE AUDIT COMMITTEE

1. General

The Board of Directors of LGC Capital Ltd. (the “**Corporation**”) has delegated the responsibilities, authorities and duties described below to the Audit Committee of the Board of Directors (the “**Audit Committee**”).

The Audit Committee will provide independent review and oversight of the Corporation’s financial reporting process, the system of internal control and management of financial risks, and the audit process, including the oversight of the Corporation’s external auditor. In so doing, the Audit Committee will comply with all applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

2. Members

The Audit Committee shall be composed of a minimum of three members. Members of the Audit Committee shall be appointed by the Board of Directors. In this regard, the Board of Directors, at its first meeting held after an annual meeting of shareholders, shall appoint the members of the Audit Committee to hold office until the next annual meeting of shareholders. The Board of Directors may at any time appoint additional members of the Audit Committee, remove or replace any member of the Audit Committee, or fill any vacancy on the Audit Committee. Any member of the Audit Committee ceasing to be a director shall cease to be a member of the Audit Committee. The Board of Directors shall fill a vacancy if the membership of the Audit Committee is less than three directors as a result of such vacancy. The Chair of the Audit Committee may be designated by the Board of Directors or, if it does not do so, the members of the Audit Committee may elect a Chair by vote of a majority of the full Audit Committee membership.

A majority of the members of the Audit Committee shall be “independent” within the meaning of National Instrument 52-110 *Audit Committees*.

3. Meetings

The Audit Committee shall meet at least quarterly at such times and locations as the Chair of the Audit Committee shall determine, provided that meetings shall be scheduled so as to permit the timely review of the Corporation’s quarterly and annual financial statements and the related management’s discussion and analysis. The external auditor or any two members of the Audit Committee may also request a meeting of the Audit Committee. The Chair of the Audit Committee shall hold in camera sessions of the Audit Committee, without management present, at every meeting. The Audit Committee may invite such other persons to its meetings as it deems appropriate in order to carry out its duties.

The Audit Committee shall submit the minutes of all meetings to the Board of Directors, and when so requested, shall review the matters discussed at an Audit Committee meeting with the Board of Directors.

A quorum for any meeting shall be two members of the Audit Committee.

The Audit Committee shall have the authority to require the attendance of the Corporation’s officers at meetings of the Audit Committee, as it deems appropriate or necessary.

4. Committee Charter

The Audit Committee shall review and reassess the adequacy of this charter at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board of Directors, if necessary.

5. Duties of the Audit Committee

The Audit Committee shall have the following duties:

(a) *Oversight of Financial Information and Reporting*

- (i) The Audit Committee shall review, with management and the external auditor, and recommend to the Board of Directors for approval, the annual financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases.
- (ii) The Audit Committee shall review, with management and the external auditor, if deemed necessary, and recommend to the Board of Directors for approval, the interim financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases.
- (iii) The Audit Committee shall review, with management and the external auditor, and recommend to the Board of Directors for approval, any financial statements of the Corporation which have not previously been approved by the Board of Directors and which are to be included in a prospectus or other public disclosure document of the Corporation.
- (iv) The Audit Committee shall consider and be satisfied that adequate policies and procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements (other than disclosure referred to above), and periodically assess the adequacy of such procedures.

(b) *Relationship with External Auditor*

The Audit Committee shall recommend to the Board of Directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or test services for the Corporation and shall recommend to the Board of Directors the compensation of the external auditor. The external auditor is required to be an auditor registered with the Canadian Public Accountability Board that is in compliance with any restrictions or sanctions imposed by such Board.

The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.

(c) *Pre-Approval of Non-Audit Services*

The Audit Committee shall pre-approve all non-audit services to be provided to the Corporation (or any subsidiary entities) by the Corporation's external auditor.

(d) *Complaints Procedure*

The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(e) *Hiring Policies*

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

(f) *Reporting*

The Audit Committee shall report regularly to the Board of Directors regarding any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the external auditor, or the internal audit function.

6. Authority to Engage Independent Counsel and Advisors

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee, and to communicate directly with the internal and external auditors.

The Corporation shall provide appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for: (a) payment of compensation to the external auditor employed by the issuer for the purpose of rendering or issuing an audit report; (b) payment of compensation to any advisors employed by the Audit Committee; and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall have the authority, within the scope of its responsibilities, to seek any information it requires from any employee of the Corporation and from external parties

SCHEDULE B

**REPORTING PACKAGE FOR CHANGE OF AUDITORS
LGC CAPITAL LTD.**

NOTICE OF CHANGE OF AUDITOR

TO: AUTORITÉ DES MARCHÉS FINANCIERS
BRITISH COLUMBIA SECURITIES COMMISSION
ALBERTA SECURITIES COMMISSION
THE MANITOBA SECURITIES COMMISSION
ONTARIO SECURITIES COMMISSION

AND TO: FBL L.L.P, CHARTERED PROFESSIONAL ACCOUNTANTS
ERNST & YOUNG LLP, CHARTERED PROFESSIONAL ACCOUNTANTS

LGC Capital Ltd. (the “**Corporation**”) gives the following notice in accordance with section 4.11 of *National Instrument 51-102 Continuous Disclosure Obligations* (“**NI 51-102**”):

1. FBL L.L.P., Chartered Professional Accountants has resigned as auditor of the Corporation effective November 1, 2016 at the request of the Corporation.
2. The request that FBL L.L.P., Chartered Professional Accountants resign as auditor of the Corporation and the decision to appoint Ernst & Young LLP, Chartered Professional Accountants as successor auditor have been considered and approved by the Board of Directors of the Corporation.
3. The auditor’s reports of FBL L.L.P, Chartered Professional Accountants on the Corporation’s financial statements for the fiscal years ended June 30, 2016 and June 30, 2015 did not contain a modified opinion.
4. There have been no reportable events as such term in defined in NI 51-102.

Dated November 1, 2016.

LGC CAPITAL LTD.

per: (signed) Anthony Samaha
Anthony Samaha
Chief Financial Officer

Drummondville, November 1st, 2016

AUTORITÉ DES MARCHÉS FINANCIERS QUÉBEC
BRITISH COLUMBIA SECURITIES COMMISSION
ALBERTA SECURITIES COMMISSION
THE MANITOBA SECURITIES COMMISSION
ONTARIO SECURITIES COMMISSION

Dear Sirs and Madams

**Subject: Notice of Change of Auditor dated November 1st, 2016
LGC CAPITAL LTD.**

Pursuant to section 4.11 of *National Instrument 51-102 Continuous Disclosure Obligations*, we have read the Notice of Change of Auditor of LGC CAPITAL LTD. dated November 1st, 2016 (the "**Notice**") and confirm our agreement with each statement contained in the Notice.

Yours very truly,

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FBL L.L.P.

¹ CPA auditor, CGA, public accountancy permit No. A124188



Ernst & Young s.r.l./s.e.n.c.r.l.
Ernst & Young LLP
800, boul. René-Lévesque Ouest
Bureau 1900
Montréal (Québec) H3B 1X9

Tél./Tel: +1 514 875 6060
Télééc./Fax: +1 514 879 2600
ey.com

November 1, 2016

Autorité des marchés financiers, Québec
British Columbia Securities Commission
Alberta Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

**Re: LGC Capital LTD
Notice of Change of Auditor dated November 1, 2016**

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Notice of Change of Auditor and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

Ernst & Young LLP

cc: The Board of Directors, LGC Capital LTD
Anthony Samaha, Chief Financial Officer