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MANAGEMENT INFORMATION CIRCULAR AS AT JUNE 12, 2017

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Southern Arc Minerals Inc. for use at the special meeting (the “Meeting”) of the shareholders of Southern Arc Minerals Inc. (“Shareholders”) to be held on July 14, 2017 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Special Meeting. Except where otherwise indicated, the information contained herein is stated as of June 12, 2017.

In this Information Circular, references to the “**Company**” and “**we**” refer to Southern Arc Minerals Inc. “**Common Shares**” means common shares without par value in the capital of the Company. “**Registered Shareholders**” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means Shareholders who do not hold Common Shares in their own name. “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers of the Company or solicitors for the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”), in accordance with the instructions on the Proxy.

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

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and

- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf. If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

Exercise of Discretion by Proxyholder

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

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the Proxyholder.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matters that could come before the Meeting.

Voting by Non-Registered Shareholders

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

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

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. **Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person**

designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than as disclosed in “Particulars of Matters to be Acted Upon – Related Party Private Placement”. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person as defined in (a) or (b).

RECORD DATE AND QUORUM

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on June 19, 2017 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of Shareholders, present in person or by Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date there were 15,106,116 Common Shares issued and outstanding, with each share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly ⁽¹⁾	Approximate Percentage of Total Outstanding Common Shares
Michael J. Andrews	1,647,500	10.9%
Lloyd I. Miller III	1,921,000	12.72%

(1) The above information was derived from the shareholder list maintained by the Company’s registrar and transfer agent, or from insider and beneficial ownership reports available at www.sedi.com and www.sedar.com.

AUDITOR

The Company’s auditor is KPMG LLP of Suite 400 – 777 Dunsmuir Street, Vancouver, British Columbia. The Board first appointed KPMG LLP as auditors of the Company effective September 9, 2015.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and discussed below.

Related Party Private Placement

On June 5, 2017, the Company announced that it proposes to participate in a \$5 million private placement (the "**Private Placement**") of Japan Gold Corp. ("**Japan Gold**") pursuant to which it will subscribe as the sole participant in the Private Placement for up to 12,500,000 units ("**Units**") of Japan Gold at a price of \$0.40 per Unit. Each Unit will consist of one common share of Japan Gold and one common share purchase warrant. Each warrant is exercisable into one common share of Japan Gold at an exercise price of \$0.40 per share for a period of 5 years from the closing date.

The Company currently owns an aggregate of 23,750,000 common shares of Japan Gold, representing approximately 42.57% of Japan Gold's issued and outstanding common shares. Certain directors and/or officers of the Company are also directors and/or officers of Japan Gold. Therefore, the Company is an "insider" of and a "related party" of Japan Gold. The Company's participation in the Private Placement would be considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("**MI 61-101**") and is subject to the "minority approval" requirement in MI 61-101. Accordingly, the Company is seeking disinterested shareholder approval of the Private Placement from a simple majority of the votes cast at the Meeting in person or by proxy. The Private Placement is exempt from the formal valuation requirements of MI 61-101 pursuant to section 5.5(b) thereof. No prior valuations of Japan Gold have been obtained by the Company in the past 24 months and no such prior valuations are known, after reasonable inquiry to the Company or any director or senior officer of the Company.

Japan Gold is a Canadian mineral exploration company focused solely on gold and copper-gold exploration in Japan. The Company is focused on creating value through project generation and strategic investments in mineral resource companies with a focus on gold and copper-gold. Japan Gold has indicated that it will apply the proceeds from the Private Placement to finance \$3.65-million in exploration expenditures, with the remaining \$1.35-million allocated for general working capital.

On closing of the Private Placement, the Company would own 36,250,000 common shares of Japan Gold, representing approximately 53.08% of Japan Gold's issued and outstanding common shares. The closing of the Private Placement is subject to the Company and Japan Gold obtaining shareholder and regulatory approvals, including the approval of the TSX Venture Exchange. The independent directors of both the Company and Japan Gold have unanimously approved the terms of the Private Placement. The Company has two independent directors.

The following is a summary of the background to, and material meetings, negotiations, discussions and actions involving the Company and Japan Gold that preceded the public announcement of the Private Placement.

On May 25, 2017, the Board met to approve the Company's participation in the Private Placement. At the meeting, the Board discussed the status of the Company's current share position in Japan Gold. The Board determined that it was appropriate to move forward with a further investment in Japan Gold. Management presented a variety of options for the Company to consider regarding a further investment in Japan Gold. The Board considered financing terms that would be acceptable to the Company. The first independent director who was present at the meeting agreed in principle to pursue an investment in Japan Gold at a premium price to the market for Japan Gold's shares provided that full warrants were included in the private placement.

On May 26, 2017, Japan Gold proposed certain terms of the Private Placement. On May 26, 2017 and May 27, 2017, the Company's CEO discussed Japan Gold's proposal and the rationale for the Company's investment in Japan Gold on those terms with the two independent directors. Both independent directors advised that they supported the proposed investment.

In approving the investment opportunity in Japan Gold and the terms of the Private Placement, the independent directors of the Company evaluated the terms of the Private Placement and the Company's current business, financial position and future plans and prospects. The factors that the independent directors considered included the following:

- Since Japan Gold completed its last financing, it has:
 - increased its number of accepted prospecting rights applications from 80 applications comprising five projects to 173 prospecting rights applications comprising 11 projects;
 - been awarded 32 prospecting rights to date;
 - built a team of directors, advisors, senior management, employees, and consultants with exceptional track records

- in exploration for and development and exploitation of high-grade gold mines;
- acquired and built a base of operations in Hokkaido;
- entered into an agreement to acquire three mobile modern drill rigs;
- completed an agreement with Sumiko Resources Exploration & Development Co., Ltd., a wholly owned subsidiary of Sumitomo Metal Mining Co., Ltd., to act as drilling contractor and operate 3 Japan Gold drill rigs;
- completed an initial work program over 38 prospecting right applications; and
- announced that it is preparing to drill later in 2017;

The Company also considered that:

- it had a cash position of approximately \$9 million, which allows it to make this strategic investment in Japan Gold at this time; and
- Japan Gold is core holding for the Company and increasing the Company's stake in Japan Gold at this time provides the Company with the opportunity to retain a strategic interest in Japan Gold as it expands its operations.

There was no materially contrary view or any material disagreement between the Board in approving the terms of the Private Placement.

To be effective, the resolution approving the Company's participation in the Private Placement requires the affirmative vote of at least a simple majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, excluding votes cast by those persons whose votes must be excluded pursuant to MI 61-101. The votes attached to an aggregate of 2,873,173 Common Shares owned or controlled by the following persons will be excluded from voting in determining whether the Private Placement has been approved by disinterested Shareholders:

Name	Number of Common Shares ⁽¹⁾
Southern Arc Minerals Inc.	8,000
John Proust (a director and senior officer of Japan Gold)	1,116,233
Michael Andrews (a director and senior officer of Japan Gold)	1,647,500
Robert Gallagher (a director of Japan Gold)	95,000
John Carlile (a director and senior officer of Japan Gold)	6,440
Total:	2,873,173

(1) Number of Common Shares held is as of the date hereof.

At the Meeting, Shareholders will be asked to pass an ordinary resolution in the following form:

"BE IT RESOLVED that:

- The Company is hereby authorized and approved to purchase up to 12,500,000 units of Japan Gold Corp., each unit comprised of one common share and one common share purchase warrant of the Company, at a price of \$0.40 per unit. Each warrant is exercisable into a further common share of the Company at a price of \$0.40 per share for a period of 5 years from the closing date; and
- any one director or officer of the Company is hereby authorized for and on behalf of the Company to take all such action, do all such things and execute under seal or otherwise and deliver or cause to be delivered all such documents that such director or officer deems necessary or desirable in furtherance of the foregoing resolutions.

Management and the Board of Directors of the Company unanimously recommend that the Shareholders vote in favour of the resolution to approve the Private Placement. In the absence of instructions to the contrary, the management proxyholders will vote the Common Shares represented by each form of proxy, properly executed, FOR approving the Private Placement.

OTHER BUSINESS

As of the date of this Information Circular, management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, since the commencement of the Company's most recently completed financial year, no informed person (a director, officer or holder of 10% or more of the Common Shares) or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

The Company entered into a consulting agreement dated February 1, 2005 as amended April 1, 2006 and May 1, 2015 with John G. Proust and J. Proust & Associates Inc. ("**JPA**"). JPA is a private British Columbia company beneficially owned by John G. Proust. Pursuant to the consulting agreement, JPA is paid a monthly fee for consulting services provided under the agreement. This fee is inclusive of administrative, finance, accounting, investor relations and management consulting fees, as well as certain office expenses. The Company is required to reimburse JPA for reasonable expenses incurred by JPA in connection with providing the services under the agreement, such expenses not to exceed \$5,000 per month without the written consent of the Company. The agreement is for an indefinite term but may be terminated by either the Company or JPA on 30 days written notice. During the financial year ended June 30, 2016, the Company paid a total of \$289,800 to JPA.

MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than the directors or executive officers of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com. Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, and available online at www.sedar.com. Shareholders may request additional copies by mail to Suite 650, 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

DIRECTORS' APPROVAL

The contents and the sending of the Notice of Meeting and this Information Circular have been approved by the Board.

ON BEHALF OF THE BOARD OF DIRECTORS

"John G. Proust"

John G. Proust
Chief Executive Officer and Executive Chairman