



June 16, 2017

TO: All Shareholders of Strategic Metals Ltd (“Strategic”) of Record at the close of business on May 31, 2017

Re: Plan of Arrangement with Trifecta Gold Ltd. (“Trifecta”) - Apportionment of Adjusted Cost Base of Your Strategic Shares

The Plan of Arrangement (“Arrangement”) described in the Notice of Meeting and Management Information Circular dated March 13, 2017 (“Circular”) was completed and became effective on June 9, 2017 (“**Effective Date**”) with Strategic’s shareholders of record as at the close of business on May 31, 2017. Trifecta was listed for trading on June 15, 2017. The details of the Arrangement are discussed in the Circular.

The Arrangement resulted in the following share transactions for the Strategic shareholders of record at the close of business on May 31, 2017 (“**Share Distribution Record Date**”):

1. The existing Strategic Common shares (“Old Strategic Shares”) were renamed as Strategic Class A Shares;
2. Each Strategic Class A Share was exchanged for one new Strategic Common share (“New Strategic Share”) and .2222 of one Trifecta common share (“Trifecta Share”); and

The Canadian income tax consequences of these transactions are described in detail in the Circular.

This letter is meant to assist you in determining the particular Canadian income tax consequences to you of the receipt of the Trifecta Shares. For the purposes of illustration, we have assumed that the Trifecta Shares have a fair market value of \$0.10 each (as that is the price at which essentially all of the issued and outstanding Trifecta Shares were issued) and we have also made the other various assumptions referenced in the Circular. While the Canada Revenue Agency (“CRA”) is not bound by those assumptions, they serve as the basis for the examples that follow. The remainder of these instructions are intended to deal with the Canadian income tax consequences of the Trifecta Shares distributed. The consequences will depend on the adjusted cost base (“ACB”) of your Old Strategic Shares

The following provides you with the base numbers for making your own calculation:

1. VERIFY THE ACB OF YOUR OLD STRATEGIC SHARES

The ACB is essentially the amount paid by you in Canadian currency to acquire your Old Strategic Shares, subject to any specific adjustments for tax purposes. Flow-through shares, for example, have a zero cost for tax purposes. We recommend that you verify your ACB with your tax advisors.

2. RECEIPT OF TRIFECTA SHARES

Assuming the fair market value of the Trifecta Shares on the Effective Date is \$0.10 per share, there will be no taxable dividend on receipt of the Trifecta shares as Strategic has paid-up capital (“PUC”) in excess of the market value of the Trifecta shares that were distributed.

Each Trifecta share received will have a cost base of \$0.10 per share, assuming this is the fair market value per share on the Effective Date.

The receipt of the Trifecta Shares would trigger a capital gain on the exchange of the Old Strategic Shares, if the value of the Trifecta shares received exceeds the ACB of your Old Strategic Shares.

3. ALLOCATE THE ACB OF YOUR OLD STRATEGIC SHARES BETWEEN THE NEW STRATEGIC SHARES AND THE TRIFECTA SHARES

The ACB of a New Strategic Share and a Trifecta Share will together be equal to the ACB of an Old Strategic Share. The ACB of each Trifecta share will be equal to the fair market value per share on the Effective Date. The ACB of a New Strategic share will be equal to the ACB of the Old Strategic share minus the ACB of a Trifecta share

Example 1 (no tax consequences)

A – Number of Old Strategic Shares owned – 450 shares @ \$1 each = ACB of \$450

B – Number of Trifecta Shares received- $450/4.5 = 100$ shares

C – ACB of the Trifecta Shares – $100 \times \$0.10 = \10

D – ACB of the New Strategic Shares - $\$450 - \$10 = \$440$

Example 2 (no tax consequences)

A – Number of Old Strategic Shares owned – 450 shares @ \$0.02222 each = ACB of \$10

B – Number of Trifecta Shares received- $450/4.5 = 100$ shares

C – ACB of the Trifecta Shares – $100 \times \$0.10 = \10

D – ACB of the New Strategic Shares - $\$10 - \$10 = \$0$

Example 3 (tax consequences)

A – Number of Old Strategic Shares owned – 450 shares @ \$0 each = ACB of \$0

B – Number of Trifecta Shares received- $450/4.5 = 100$ shares

C – ACB of the Trifecta Shares – $100 \times \$0.10 = \10

D – ACB of the New Strategic Shares - $\$0 - \$10 = \$0$

In this example, there will be a deemed capital gain on the Old Strategic Shares equal to the amount by which the fair market value of the Trifecta shares exceeds the ACB of the Old Strategic shares

C – Fair market value of the Trifecta Shares received – $100 \times \$0.10 = \10

D – ACB of the Old Strategic Shares - = \$0 (see A above)

E – Capital gain - $\$10 - \$0 = \$10$

In summary, if the ACB of each Old Strategic share exceeds \$.02222, there will be no deemed capital gain on the disposition of your Old Strategic shares. In situations where the ABC of each Old Strategic share is less than \$.02222, there will be a deemed capital gain on the disposition of your Old Strategic shares.

These examples are meant to assist you in determining your Canadian income tax consequences of the Arrangement, but they are not legal or tax advice. We recommend that you consult with your tax advisors to verify your ACB and to carry out the calculations described herein.

The fair market values set out herein are estimates based the issue price of the Trifecta Shares. As indicated above, the CRA may not agree with our estimates of the fair market values, or any of our other assumptions.

Yours truly,

STRATEGIC METALS LTD.