

**CEYLON GRAPHITE CORP.**

**NOTICE OF MEETING &  
MANAGEMENT INFORMATION CIRCULAR**

**FOR THE**

**ANNUAL GENERAL AND SPECIAL MEETING OF  
SHAREHOLDERS**

**TO BE HELD ON THURSDAY, OCTOBER 12, 2017**

**September 13, 2017**



**CEYLON GRAPHITE CORP.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Ceylon Graphite Corp. (the “**Company**”) will be held in the Board Room at 1050 West Pender Street, 11th Floor, Vancouver, BC, on October 12, 2017, at the hour of 11:00 A.M. (Vancouver time) for the following purposes:

1. To receive the audited financial statements of the Company for its fiscal year ended March 31, 2017;
2. To elect the directors of the Company for the ensuing year;
3. To consider, and if deemed appropriate, to pass, with or without variation, an ordinary resolution, as more fully described in the Circular, re-approving the stock option plan of the Company (the “**Stock Option Plan Resolution**”);
4. To appoint Manning Elliott LLP, as the Auditors for the Company for the ensuing year and to authorize the directors to fix the Auditor’s remuneration; and
5. to transact such other business as may be properly brought before the Meeting or any postponement or adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. A Registered Shareholder who is unable to attend the Meeting in person is entitled to appoint a proxyholder to attend and vote in his stead. If you cannot be personally present, please refer to the notes accompanying the enclosed Instrument of Proxy and then complete and deposit the Instrument of Proxy with Computershare Investor Services Inc., 8<sup>th</sup> Floor 100 University Avenue, Toronto, Ontario M5J 2Y1 By telephone at 1-866-732-8683; by Fax: 1-866-249-775 (toll free North America) or by Internet voting at [www.investorvote.com](http://www.investorvote.com) entering the 15 digit control number.

The Instrument of Proxy must be signed by the registered shareholder or by his or her attorney authorized in writing, or, if the registered shareholder is a corporation, by an officer or director thereof as an authorized signatory. The completed Instrument of Proxy must be deposited at the office of Computershare Investor Services Inc. at least 48 hours before the time of the Meeting (excluding Saturdays, Sundays and holidays), or any adjournment thereof.

The enclosed Instrument of Proxy is solicited by management, but you may amend it, if you so desire, by striking out the names of the management proxy holders shown and inserting in the space provided the name of the person you wish to represent you at the meeting.

DATED at Vancouver, British Columbia, this 13th day of September, 2017.

ON BEHALF OF THE BOARD

*“Bharat Parashar”*

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Bharat Parashar  
President & CEO

# Ceylon Graphite Corp.

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## INFORMATION CIRCULAR FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, OCTOBER 12, 2017

This information is given as of September 13, 2017 unless otherwise noted.

### MANAGEMENT SOLICITATION OF PROXIES

**This Information Circular is furnished to you in connection with the solicitation of proxies by management of Ceylon Graphite Corp. (“we”, “us” or the “Company”) for use at the annual general and special meeting (the “Meeting”) of shareholders (the “Shareholders”) of the Company to be held on Thursday, October 12, 2017, and at any adjournment of the Meeting. We will conduct the solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact the Shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse the Shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.**

### APPOINTMENT OF PROXY HOLDER

**The persons named as proxy holders in the enclosed form of proxy are our directors or officers. As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

### VOTING BY PROXY

**The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.**

**The enclosed form of proxy gives the persons named as proxyholders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxy holders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

### **RETURN OF PROXY**

You must deliver the completed form of proxy to the office of our registrar and transfer agent, Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by mail or fax, no later than 11:00 a.m. (Pacific Time) on October 10, 2017, or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of any adjournment or postponement of the Meeting.

### **ADVICE TO NON-REGISTERED SHAREHOLDERS**

Only Shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our Shareholders are “non-registered” shareholders because their shares are registered in the name of nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “**Nominee**”). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “**NOBOs**”. Those non-registered Holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “**OBOs**”. The Company does not intend to pay for a Nominee to deliver to OBOs, therefore an OBO will not receive the materials unless the OBO’s Nominee assumes the costs of delivery.

In accordance with the securities regulatory policy, we have distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular, and the form of proxy, directly to the NOBOs and to the Nominees for onward distribution to our non-registered Shareholders.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a “**VIF**”). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered shareholder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the shares which they beneficially own. If a non-registered holder who receives a VIF wishes to attend the Meeting or have someone else attend on his, her or its behalf, the non-registered shareholder may appoint a legal proxy as set forth in the VIF, which will give the non-registered shareholder or his, her or its nominee the right to attend and vote at the Meeting. Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

## REVOCATION OF PROXY

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date;
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy; or
- (c) attending the Meeting in person and registering with the scrutineer as a registered shareholder present in person.

The later proxy or the notice of revocation must be delivered to the office of our registrar and transfer agent or to our head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a proxy authorization form (voting instructions) or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

## NOTICE AND ACCESS

The Company is **not** sending the Meeting materials to Shareholders using "notice-and-access", as defined under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

We are authorized to issue an unlimited number of common shares without par value, of which 54,766,181 common shares were issued and outstanding as of the record date, determined by the Board of Directors of the Company (the "**Board**") to be the close of business on September 7, 2017. There is one class of shares only.

Persons who are registered Shareholders at the record date will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each share. In order to approve a motion proposed at the Meeting, a majority of more than 50% of the votes cast will be required to pass an ordinary resolution, and a majority of at least two thirds (2/3) of the votes cast will be required to pass a special resolution.

To the knowledge of our directors and executive officers, the following persons beneficially own, directly or indirectly, or exercises control or direction over, shares carrying 10% or more of all voting rights as of September 7, 2017:

Name Of Shareholder	Number Of Shares	Percentage Of Issued And Outstanding
Jacob Securities Holdings Inc.	12,287,845	22.6%
Optimal Energy B.V.	8,464,500	15.5%

### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, to the knowledge of management of the Company, none of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting. See “Particulars of Matters to be Acted Upon”.

### EXECUTIVE COMPENSATION

The following information is presented in accordance with National Instrument Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

#### General

For the purposes of this Information Circular, a Named Executive Officer (“**NEO**”) of the Company means each of the following individuals:

- (a) our Chief Executive Officer during any part of the most recently completed financial year (the “**CEO**”);
- (b) our Chief Financial Officer during any part of the most recently completed financial year (the “**CFO**”);
- (c) in respect of the Company, the most highly compensated executive officer (other than the CEO and CFO) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with applicable securities rules, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and not acting in a similar capacity, at the end of that financial year.

As at March 31, 2017 the Company had four NEOs, namely Bharat Parashar, the Company’s current President and CEO, Abbey Abdiye the Company’s current CFO, Kevin Aylward, the Company’s former President and CEO and Bill Fleming, the Company’s former CFO.

## **Compensation Discussion and Analysis**

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Company's management team. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are:

- to attract and retain executives critical to the Company's success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value;
- to motivate the Company's management team to meet or exceed targets;
- to recognize the contribution of the Company's executive directors to the overall success and strategic growth of the Company; and
- to align the interests of management and the Shareholders by providing performance-based compensation in addition to salary.

Compensation to the Company's NEOs is comprised of a base salary and stock option grants, as more particularly described below.

### **Base Salary**

The Board determines an appropriate amount of base salary, reflecting the need to provide compensation for the time and effort expended by the executive while taking into account the financial and other resources of the Company.

### **Option-based Awards**

The grant of stock options to purchase our common shares is a method of compensation which is used to attract and retain personnel and to provide an incentive to participate in the long-term focus and development of the Company, with specific emphasis on increasing shareholder value. The CEO typically puts forth a proposal for stock option grants for directors, officers and employees, which is reviewed and discussed by the Board and ultimately approved by the Board. The following factors are taken into consideration when new stock option grants are proposed:

- the optionee's length of service and responsibility level;
- past performance and expected future performance;
- previous option grants; and
- the number of our issued and outstanding shares.

The Board has not established specific target levels or performance goals for stock option grants as of the date of this Information Circular. For more details on the Company's granting of stock options see "Securities Authorized for Issuance under Equity Compensation Plans".

### **Compensation Governance**

The Company's Board determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Company does not have a Compensation Committee.

### **Pension Plan Benefits**

The Company does not have any pension plan or deferred compensation plan that provides for payments or

benefits at, following or in connection with the retirement of NEOs.

### Termination and Change of Control Benefits

The Company has not entered into any employment contracts for management services or otherwise. Except for those that are statutorily required, no payments or benefits will be owed to any of our executive officers or employees upon their termination, or upon any change of control of the Company.

### Director Compensation

Directors will not receive any fees or other compensation for their acting as directors, except that directors will be entitled to incentive stock options pursuant to our Stock Option Plan in such individual amounts as the Board may determine from time to time, and reimbursement for out-of-pocket expenses incurred on our behalf or in providing services as a director.

The purpose of granting stock options is to assist in compensating, attracting, retaining and motivating our directors and to more closely align the personal interests of such persons to those of our Shareholders.

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each NEO and director, in any capacity, during the years ended March 31, 2017 and March 31, 2016. All amounts are presented in Canadian dollars “\$”.

Name and position	Years	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Long-term incentive plans	Value of all other compensation (\$)	Total compensation (\$)
Bharat Parashar <sup>(4)</sup> President, CEO and Director	2016	36,242	Nil	Nil	Nil	Nil	Nil	36,242
	2015	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Abbey Abdiye <sup>(4)</sup> CFO	2016	9,280	Nil	Nil	Nil	Nil	Nil	9,280
	2015	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Aylward <sup>(1)</sup> Director and Former President and CEO	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	60,000 <sup>(3)</sup>	Nil
Bill Fleming <sup>(1)</sup> Former CFO and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	60,000 <sup>(3)</sup>	Nil
Brett James Director	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
George Smitherman Director	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert Marvin Director	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Kevin Aylward appointed President and CEO of the Company in June 2013 and resigned in December 2016. Bill Fleming appointed CFO of the Company in October 2014 and resigned in January 2017. Bill Fleming also resigned as a director of the Company in January 2017.
- (2) Accrued salary of \$60,000 in 2016 for the former CEO and CFO. These amounts were paid on August 8, 2017.
- (3) In 2016, this includes \$60,000 of consulting fees of which \$60,000 has been accrued.
- (4) Bharat Parashar appointed President and CEO of the Company in December 2016. Abbey Abdiye was appointed CFO of the Company in January 2017.

## Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Company for services provided or to be provided, directly or indirectly, in the financial year ended March 31, 2017.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of Issue or grant	Issue, conversi on 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
Bharat Parashar <sup>(2)</sup> President, CEO and Director	Stock Option	250,000	March 27, 2017	0.20	0.37	0.37	March 27, 2022
Abbey Abdiye <sup>(3)</sup> CFO	Stock Option	100,000	March 27, 2017	0.20	0.37	0.37	March 27, 2022
Kevin Aylward <sup>(4)</sup> Director and Former President and CEO	Stock Option	50,000	March 27, 2017	0.20	0.37	0.37	March 27, 2022
Bill Fleming <sup>(5)</sup> Former CFO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Brett James <sup>(6)</sup> Director	Stock Option	50,000	March 27, 2017	0.20	0.37	0.37	March 27, 2022
George Smitherman <sup>(7)</sup> Director	Stock Option	50,000	March 27, 2017	0.20	0.37	0.37	March 27, 2022
Robert Marvin <sup>(8)</sup> Director	Stock Option	50,000	March 27, 2017	0.20	0.37	0.37	March 27, 2022

<sup>(1)</sup>As at March 31, 2017 there were 1,186,441 stock options outstanding. This remains unchanged as at September 13, 2017.

<sup>(2)</sup> As at March 31, 2017, Bharat Parashar owned a total of 757,870 stock options (representing the only compensation securities owned): 250,000 of which were issued on March 27, 2017 at an exercise price of \$0.20 expiring on March 27, 2022 and 507,870 of which were issued on August 31, 2013 at an exercise price of \$0.40 expiring on August 31, 2018.

<sup>(3)</sup> These are the only compensation securities owned by Abbey Abdiye as at March 31, 2017.

<sup>(4)</sup> These are the only compensation securities owned by Kevin Aylward as at March 31, 2017.

<sup>(5)</sup> As at March 31, 2017, Bill Fleming held a total of nil compensation securities.

<sup>(6)</sup> These are the only compensation securities owned by Brett James as at March 31, 2017.

<sup>(7)</sup> These are the only compensation securities owned by George Smitherman as at March 31, 2017.

<sup>(8)</sup> These are the only compensation securities owned by Robert Marvin as at March 31, 2017.

## Exercise of Stock Options

During the financial year ended March 31, 2017, no director or NEO exercised any compensation securities.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan that we have is our stock option plan, which was approved by our Board and by the Shareholders on September 26, 2016 (the “Plan”).

The purpose of the Plan is to allow us to grant options to: (i) provide additional incentive and compensation, (ii) provide an opportunity for option holders to participate in our success; and (iii) align the interests of option holders with those of our Shareholders.

The following table sets out equity compensation plan information as at March 31, 2017:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	1,186,441	0.34	4,245,027 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>1,186,441</b>	<b>0.34</b>	<b>4,245,027</b>

<sup>(1)</sup> The Plan reserves common shares equal to a maximum of 10% of the issued and outstanding common shares of the Company. At March 31, 2017 there were 54,314,681 issued and outstanding common shares of the Company.

The Plan is a 10% rolling stock option plan, which provides for the reserving for issuance pursuant to the exercise of stock options a number of common shares of the Company equal up to a maximum of 10% of the Company’s issued and outstanding common shares as of the date of the stock option grant. Pursuant to the policies of the TSX Venture Exchange (“TSX-V”), a rolling stock option plan needs to be re-approved by the shareholders of the Company annually. The significant terms of the Plan are disclosed in this Information Circular under “Particulars of Matters to be Acted Upon - Approval of Stock Option Plan”.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our current and former directors, executive officers or employees, proposed nominees for election as directors, or associates of any of them, is or has been indebted to us or to our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Information Circular.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Information Circular or as disclosed in a previous information circular of the Company, no informed person (as such term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*) or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company.

On March 10, 2017, the Company issued 2,130,445 common shares (at a deemed price of \$0.20 per share) to Jacob Securities Holding Inc. to settle \$426,089 of debt owing to advisory fees. Jacob Securities Holding Inc. is an informed person by virtue of its ownership position of greater than 10% of the Company's issued and outstanding common shares.

## MANAGEMENT CONTRACTS

Except as otherwise disclosed herein, during the most recently completed financial year, no management functions of the Company were to any substantial degree performed by a person other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Company.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of our Board, the members of which are elected by and are accountable to our Shareholders, and takes into account the role of the individual members of management who are appointed by our Board and who are charged with our day-to-day management. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") establishes guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. Our directors are committed to sound corporate governance practices, which are both in the interest of our Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") we are required to disclose our corporate governance practices, as summarized below, in certain situations. Our directors will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as they deem appropriate.

### Board of Directors

As at September 13, 2017, the Board is comprised of five members, Bharat Parashar, Brett James, George Smitherman, Robert Marvin and Kevin Aylward. NP 58-201 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with us. A "material relationship" is a relationship which could, in the view of our Board, be reasonably expected to interfere with the exercise of a member's independent judgment. Of our directors, Brett James, George Smitherman and Robert Marvin are considered by us to be "independent" within the meaning of NI 58-101. The non-independent directors of the Board are Bharat Parashar, the current President and CEO of the Company, and Kevin Aylward, the former President and CEO of the Company.

The independent directors exercise their responsibilities for independent oversight of management, and provide leadership through their majority control of the board and ability to meet independently of management whenever deemed necessary.

None of the directors hold directorships in other reporting issuers (or the equivalent) in jurisdictions in Canada or a foreign jurisdiction.

## **Orientation and Continuing Education**

New directors are provided with an information package which outlines details on the Company's operations and history. The Board does not provide an education program for Board members, as it believes that such programs are generally more appropriate for companies of significantly larger size and complexity than the Company and which may have significantly larger boards of directors. The Company's Board members have considerable industry and public company experience and rely on this experience and their backgrounds in business to best determine how to maintain and enhance their skills.

## **Ethical Business Conduct**

We have adopted a written Code of Ethical Conduct (the "**Code**") for our directors, officers and employees. As one measure to ensure compliance with the Code, our directors have also established a Whistleblower Policy which details complaint procedure for financial concerns. The full text of these standards is available free of charge to any person upon request to our head office at 600-535 Howe Street, Vancouver, BC V6C 2Z4. Also, see the website [www.sedar.com](http://www.sedar.com).

In addition, as some of our directors also serve as directors and officers of other companies engaged in similar business activities, they must comply with the conflict of interest provisions of the *Canada Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

## **Nomination of Directors**

Our management is continually in contact with individuals involved in the mineral exploration industry and public sector resource issuers. From these sources we have made numerous contacts and in the event that we were in a position to nominate any new directors, such individuals would be brought to the attention of the Board. We conduct due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to us, the ability to devote the time required and a willingness to serve.

## **Compensation of Directors**

Our directors will not receive any fees or other compensation for acting as directors, except that they will be entitled to incentive stock options in such individual amounts as our Board may determine from time to time, and reimbursement for out-of-pocket expenses incurred on our behalf, or in providing services as a director.

## **Other Board Committees**

The Board does not have any committees other than the Audit Committee.

## **Assessments**

Being an emerging venture issuer with limited administration resources, our directors work closely with management and, accordingly, are in a position to assess each individual director's performance on an ongoing basis.

## **AUDIT COMMITTEE**

National Instrument 52-110 *Audit Committees* ("**NI 52-110**") requires the Company, as a venture issuer, to

disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditors, as set forth in the following.

### **Audit Committee Charter**

The Audit Committee Charter, the text of which is attached as Schedule “A” to this Information Circular, was approved and adopted by our Audit Committee and the Board.

### **Composition of the Audit Committee**

As of September 13, 2017, our Audit Committee is composed of the following members:

<b>Name</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(1)</sup></b>
Brett James	Yes	Yes
George Smitherman	Yes	Yes
Kevin Aylward	No	Yes

<sup>(1)</sup> As that term is defined in NI 52-110.

### **Relevant Education and Experience**

The educational background or experience of the Audit Committee members has enabled each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles we use to prepare our financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by our financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting.

See “Election of Directors” in this Information Circular for details of the relevant education and experience of the Audit Committee members.

Each member of the Audit Committee has a general understanding of the accounting principles we use to prepare our financial statements and will seek clarification from our auditor, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies and experience in supervising one or more individuals engaged in the accounting for estimates, accruals and reserves and experience in preparing, auditing, analyzing or evaluating financial statements similar to our financial statements.

### **Audit Committee Oversight**

At no time since the beginning of our most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by our Board.

## Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year have we relied on the exemption in Section 2.4 “De Minimis Non-audit Services” of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Company is relying on the exemption provided by Section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for engaging of non-audit services as described in the Audit Committee Charter set out in Schedule “A” to this Information Circular.

## External Auditor Service Fees (By Category)

The table below sets out all fees billed by our external auditor in each of the last two financial years. In the table “Audit Fees” are fees billed by our external auditor for services provided in auditing our financial statements for the financial year. “Audit-Related Fees” are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to performing the audit or reviewing our financial statements. “Tax Fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All Other Fees” are fees billed by the auditor for products and services not included in the previous categories.

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
March 31, 2017	\$28,500	Nil	Nil	Nil
March 31, 2016	\$38,000	Nil	Nil	\$5,000 <sup>(1)</sup>

<sup>(1)</sup> Related to consulting fees.

## FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended March 31, 2017, together with the Auditors’ Report thereon, will be presented to the Shareholders at the Meeting. The Company’s financial statements and management discussion and analysis are on available on SEDAR at [www.sedar.com](http://www.sedar.com).

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. ELECTION OF DIRECTORS

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below, all of whom are presently members of the Board. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them:

<b>Name, Province or State and Country of Residence and Present Office Held</b>	<b>Periods Served as Director</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised</b>	<b>Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years</b>
Bharat Parashar Camarillo, California, United States	Since December 28, 2016	Nil	President and CEO of the Company; Managing Partner of Clove Capital Partners; Attorney in -Fact for Plumbago Refining Corp. B.V.
Kevin Aylward <sup>(1)</sup> St. John's, Newfoundland	Since June 2013	160,000	Former President and CEO of NWest Energy Corp.; Leader of Liberal Party of Newfoundland and Labrador; Investment advisor with BMO Nesbitt Burns and Industrial Alliance Securities.
George Smitherman <sup>(1)</sup> Toronto, Ontario	Since December 28, 2016	Nil	Principal and Chairman of G&G Global Solutions; Member of Advisory Board at Inerjys Ventures Inc.
Robert Marvin Reno, Nevada	Since December 28, 2016	Nil	Mr. Marvin has been involved in mineral exploration and evaluation of lithium, gold, copper, zinc and uranium deposits throughout the Americas as an employee and as an independent consultant.
Brett James <sup>(1)</sup> Toronto, Ontario	Since December 28, 2016	Nil	Vice President of Sussex Strategy Group

<sup>(1)</sup> Denotes a member of the Audit Committee

### **Bharat Parashar, CEO and Director**

Mr. Parashar also serves as the Managing Partner of Clove Capital Partners. He has over 40 years of experience in the commercial world. He has spent over 20 years in Global Investment Banking with his last assignment being Head of Investment Banking for Citigroup in South and Southeast Asia. Mr. Parashar then served as a Managing Director for EMP Global an emerging markets private equity firm. From 2007 to 2010, Mr. Parashar served as CEO of EMP Daiwa Capital Asia Limited. He currently also serves as the Attorney-in - Fact for Plumbago Refining Corp BV and as Managing Director of Sarcon Development (Pvt) Limited, both wholly owned subsidiaries of Ceylon Graphite Corp. Mr. Parashar was a Director of South Asia Energy Management Systems Inc. which is the largest independent hydro developer in Sri Lanka which invested over \$100,000,000 in Sri Lanka in the early 2000s.

### **Kevin Aylward, Director**

Mr. Aylward, director since June 2013, has extensive public/private sector management experience in the resource and transportation sectors. Most recently Mr. Aylward has worked in the oil sands industry and with First Nations groups on business development and environmental technology issues. Previously, he served as the CEO of the Goose Bay International Airport and Nunacor Development Corporation. He also served as a Provincial Cabinet Minister for nine years with the Government of Newfoundland and Labrador including the Environment, Labour and Industry portfolios. Mr. Aylward also served as a Leader of the Liberal Party of Newfoundland and Labrador during the Provincial Election in 2011.

### **Brett James, Director**

Mr. James is currently the Vice President of Sussex Strategy Group (“Sussex”). Prior to joining Sussex, Brett operated his own consulting practice servicing clients in government as well as in the health care, finance and energy sectors. He also spent two years as a Senior Associate at APCO Canada, part of one of the world’s largest public affairs agencies. Before entering the private sector, Brett worked for Ontario’s Minister of Health, Jim Wilson, serving as a senior advisor and Communications Assistant to the Minister. He was involved in the development and roll-out of several government initiatives ranging from hospital restructuring, dialysis and MRI expansions, to physician negotiations and drug regulatory reform. Prior to and through the 1995 provincial election, Brett held several different positions in the office of former Premier Mike Harris where he played a key role in developing the party’s outreach capabilities, as well as providing event and issue briefings to the Leader. Brett remains heavily involved in local, provincial and federal politics.

### **George Smitherman, Director**

Mr. Smitherman has been the CEO of Alta Vista Ventures Ltd. since March 2016 and Director of Alta Vista Ventures Ltd. since January 2016. Mr. Smitherman serves as the Principal and Chairman of G&G Global Solutions. During a 12-year career in politics, Mr. Smitherman has held several key positions in the Ontario Government, including Minister of Health and Deputy Premier. Mr. Smitherman is an advocate for renewable energy and a noted expert on energy and infrastructure policy. Mr. Smitherman’s tenure as Ontario Minister of Energy & Infrastructure was distinguished by the seminal Green Energy Act. He serves as a Member of Advisory Board at Inerjys Ventures Inc. He was also a candidate for the mayoralty of Toronto.

### **Robert Marvin. P.Geo, Director**

Mr. Marvin has been involved in mineral exploration and evaluation of lithium, gold, copper, zinc and uranium deposits throughout the Americas as an employee and as an independent consultant. He graduated from the University of New Mexico with a Bachelor of Science degree in geology in 1984. A third generation Nevada resource geologist, Mr. Marvin has learned the business from the field starting at an early age. Mr. Marvin has been involved in several successful gold-silver projects in Canada, most recently with Bayfield Ventures in the Rainy River gold district in Ontario but also at Meliadine and in the Committee Bay Belt of the far north.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as otherwise noted below, to the knowledge of the Company’s management, no proposed director of the Company:

- (a) is, as at the date of the Information Circular, or has been within 10 years before the date of the Information Circular, a director, CEO or CFO of any company (including the Company) that:
  - (i) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or

- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to 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
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

**The Board recommends, and the persons named in the enclosed Proxy intend to vote in favour of, the election as directors of each of the five (5) persons nominated by Management.**

## **2. APPROVAL OF STOCK OPTION PLAN**

The TSX-V requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan on an annual basis. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the Plan which was previously approved on September 26, 2016 as described below.

The Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company, or any subsidiary of the Company, the option to purchase common shares of the Company. The purpose of the Plan is to develop the interests of directors, officers, employees and consultants of the Company and its affiliates in the growth and development of the Company and its affiliates by providing them with the opportunity through share options to acquire an increased proprietary interest in the Company.

The number of common shares issuable upon the exercise of options granted under the Plan at any time may not exceed 10% of the total number of issued and outstanding common shares (on a non-diluted basis) and the aggregate number of common shares issuable to any one individual may not exceed 5% of the total number of issued and outstanding common shares. The period during which an option granted under the Plan is exercisable may not exceed five years from the date such option is granted. All options are non-assignable and non-transferrable. The price which the common shares may be acquired upon exercise of an option may not be less than the price permitted under the rules of any stock exchange on which the common shares are listed and the vesting provisions are determined by the Board at the time of grant.

If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Company for any reason other than death, the option may be exercised within the earlier of up to 90 days after such cessation or the expiry of the option, but only to the extent that the holder was entitled to exercise

the option at the date of cessation. In the case of death an optionee, the option may be exercised within the earlier of up to 12 months after such death or the expiry of the option, but only to the extent that the holder was entitled to exercise the option at the date of death.

For more information, refer to Schedule “B” where the Plan is set out in full.

The Shareholders of the Company will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

**“BE IT HEREBY RESOLVED** as an ordinary resolution of the Company that:

(1) the stock option plan of the Company (the “Plan”) in the form of the Plan attached as Schedule “B” to the management information circular of the Company dated September 13, 2017, be and is hereby approved with such modifications as may be required by the TSX Venture Exchange (“TSX-V”);

(2) the maximum number of common shares of the Company which may be issued under the Plan shall be equal to ten percent (10%) of the then issued and outstanding common shares of the Company from time to time;

(3) any one director or officer of the Company is authorized to amend the Plan without requiring further approval of the shareholders of the Company should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX-V;

(4) any one director or any one officer be and is hereby authorized and directed to execute on behalf of the Company, and to deliver or to cause to be delivered all such documents, agreements and instruments and to do and to cause to be done all such other acts or things as he or she shall determine to be necessary or desirable to carry out the intent of this resolution; and

(5) notwithstanding approval of the shareholders of the Company as herein provided, the Board may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the shareholders of the Company”

(the “**Stock Option Plan Resolution**”).

The Stock Option Plan Resolution must be passed by a majority of the votes cast by Shareholders who vote at the Meeting either in person or by proxy.

**The Board recommends, and the persons named in the enclosed Proxy intend to vote in favour of, the adoption and approval of the Stock Option Plan Resolution.**

### **3. APPOINTMENT OF AUDITOR**

Unless otherwise instructed, the proxies given in this solicitation will be voted for the re-appointment of Manning Elliott LLP Chartered Professional Accountants, of Vancouver, British Columbia, as our auditor to hold office until the next annual general meeting. We propose that the Board be authorized to set the remuneration to be paid to the auditor. Manning Elliott LLP Chartered Professional Accountants was first appointed our auditor on October 13, 2016.

**Our Audit Committee recommends, and the persons named in the enclosed Proxy intend to vote in favour of, the election of Manning Elliott LLP Chartered Professional Accountants of Vancouver, British Columbia, as our auditor to hold office, until the Company’s next annual general meeting.**

## OTHER MATTERS

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

## ADDITIONAL INFORMATION

Additional information about us is located on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may request copies of our financial statements and Management's Discussion and Analysis ("**MD&A**") by writing to the Company's CEO and President, Bharat Parashar. The financial statements and MD&A are also available on SEDAR.

The contents of this Information Circular and its distribution to Shareholders have been approved by the Board of Directors of the Company.

DATED at Vancouver, British Columbia, this 13th day of September, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

"Bharat Parashar"

Bharat Parashar  
President & Chief Executive Officer

**Schedule “A”**  
**AUDIT COMMITTEE CHARTER**  
**of the Board of Directors of Ceylon Graphite Corp. (the “Company”)**

**The Audit Committee Charter**

Pursuant to the *Canada Business Corporations Act*, NI 52-110 and applicable securities legislation, we are required to have an audit committee comprised of at least three directors, the majority of whom must not be officers or employees of the Company.

We must also have a written charter which sets out the duties and responsibilities of our audit committee.

Mandate

The primary function of the audit committee is to assist our board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by us to regulatory authorities and shareholders, our systems of internal controls regarding finance and accounting, and our auditing, accounting and financial reporting processes. Consistent with this function, the audit committee will encourage continuous improvement of, and should foster adherence to, our policies, procedures and practices at all levels. The audit committee’s primary duties and responsibilities are to (a) serve as an independent and objective party to monitor our financial reporting and internal control systems and review our financial statements; (b) review and appraise the performance of our external auditors; and (iii) provide an open avenue of communication among our auditors, financial and senior management and our directors.

Composition

The audit committee shall be comprised of three directors as determined by the board of directors, the majority of which shall be free from any relationship that, in the opinion of our directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the audit committee. At least one member of the audit committee shall have accounting or related financial management expertise. All members of the audit committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the audit committee’s charter, the definition of “financially literate” is 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 presumably be expected to be raised by our financial statements. The members of the audit committee shall be elected by our board of directors at its first meeting following the annual shareholders’ meeting.

The majority of our audit committee is independent.

Meetings

The audit committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the audit committee will meet at least annually with our CFO and the external auditors in separate sessions.

## Responsibilities and Duties

To fulfill its responsibilities and duties, the audit committee shall:

### *Documents/Reports Review*

- (a) Review and update this charter annually.
- (b) Review our financial statements, MD&A and any annual and interim earnings, and press releases before we publicly disclose this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of our public disclosure of financial information extracted or derived from our financial statements.

### *External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to our directors and the audit committee as representatives of our shareholders.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between us and our external auditors, consistent with the Independence Standards Board, Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full board of directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to our board of directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of our accounting principles, internal controls and the completeness and accuracy of our financial statements.
- (g) Review and approve our hiring policies regarding partners, employees and former partners and employees of our present and former external auditors.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by our external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to us constitutes not more than 5% of the total amount of fees paid by us to our external auditors during
  - (ii) the fiscal year in which the non-audit services are provided;
  - (iii) such services were not recognized by us at the time of the engagement to be non-audit

services; and

such services are promptly brought to the attention of the audit committee by us and approved prior to the completion of the audit by the audit committee or by one or more members of the audit committee who are members of our board of directors to whom authority to grant such approvals has been delegated by the audit committee. Provided the pre-approval of the non-audit services is presented to the audit committee's first scheduled meeting following such approval, such authority may be delegated by the audit committee to one or more independent members of the audit committee.

#### Financial Reporting Processes

- (a) In consultation with our external auditors, review with management the integrity of our financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of our accounting principles as applied in our financial reporting.
- (c) Consider and approve, if appropriate, changes to our auditing and accounting principles and practices as suggested by our external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and our external auditors in connection with the preparation of our financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

#### Other

The audit committee may (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties; (b) set and pay the compensation for any advisors employed by the audit committee; and (c) communicate directly with the internal and external auditors. The audit committee shall have unrestricted access to personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

## Schedule "B"

### STOCK OPTION PLAN

#### Ceylon Graphite Corp.

1. **PURPOSE:** The purpose of this Stock Option Plan (the "**Plan**") is to enable Ceylon Graphite Corp.(the "Corporation") and its subsidiaries or affiliates to attract and retain directors, officers, employees, consultants and advisors who will contribute to the Corporation's success by their ability, ingenuity and industry, and to enable such persons to participate in the long-term success and growth of the Corporation by giving them a proprietary interest in the Corporation in the form of options to purchase common shares of the Corporation (the "**Stock Options**").
  
2. **ELIGIBILITY:** Stock Options may be granted under the Plan to:
  - (a) directors, officers or *bona fide* employees, whether full or part time, of the Corporation or of any person or company that controls or is controlled by the Corporation or that is controlled by the same person or company that controls the Corporation (an "**Affiliated Entity**");
  
  - (b) *bona fide* consultants or advisors to the Corporation or to an Affiliated Entity, and such other service providers as may be permitted by regulatory authorities; or
  
  - (c) the permitted assigns ("**Permitted Assigns**") of the persons identified in subsections 2(a) and 2(b)above, namely:
    - (i) trustees, custodians or administrators acting on behalf, or for the benefit, of persons identified in subsections 2(a) and 2(b) above or of their spouses;
  
    - (ii) persons or companies controlled by persons identified in subsections 2(a) and 2(b) above or by their spouses; and
  
    - (iii) Registered Retirement Savings Plans or Registered Retirement Income Funds of persons identified in subsections 2(a) and 2(b) above or of their spouses;

(collectively, the "**Eligible Persons**") provided, however, that Stock Options may be conditionally granted to persons who are prospective directors, officers or employees of, or consultants, advisors or service providers to, the Corporation or an Affiliated Entity, or to their Permitted Assigns, but no such grant shall become, by its terms, effective earlier than the date as of which the board of directors approves the grant or the date as of which the prospective Eligible Persons becomes a director, officer or employee of, or a consultant or advisor to (as the case may be), the Corporation.

For the purposes of this section 2, a person or company shall be considered to control another person or company if the first person or company provides, directly or indirectly, the principal direction or influence over the business and affairs of the second person or company by virtue of (i) ownership or direction of voting securities of the second person or company, (ii) a written agreement or indenture, (iii) being or controlling the general partner of a limited partnership, or (iv) being a trustee of a trust.

3. **ADMINISTRATION:** The Plan shall be administered by the Board of Directors of the Corporation or any committee of the Board of Directors of the Corporation appointed for that purpose (the "**Board**"), who shall have full authority to interpret the Plan and to make such rules and regulations and establish

such procedures as they deem appropriate for the administration of the Plan. A decision of the majority of persons comprising the Board in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons. The Board is authorized and directed to do all things and execute and deliver all instruments, undertakings and applications as they in their absolute discretion consider necessary for the implementation of the Plan.

4. **SHARES SUBJECT TO THE PLAN:** The total number of common shares of the Corporation (the "Shares") which are at any one time reserved and set aside for issuance under this Plan, and under all other management options outstanding and employee stock purchase plans, if any, shall not in the aggregate exceed a number of Shares equal to 10% of the number of Shares issued and outstanding at that time. All Shares issued pursuant to the Plan will be issued as fully paid Shares. The maximum number of Shares which are reserved and set aside for issuance under this Plan may be subsequently increased as further Shares are issued by the Corporation, or by further votes of the shareholders of the Corporation. Any Stock Options granted under the Plan which are cancelled, terminated or expire, will remain available for granting under the Plan, subject to regulatory approval.
5. **PARTICIPATION:** Stock Options shall be granted under the Plan only to Eligible Persons as shall be designated from time to time by the Board and shall be subject to the approval by such regulatory authorities as may have jurisdiction. Approval of the Plan also constitutes shareholder approval of Stock Options that may be granted under the Plan as provided herein.
6. **OPTION AGREEMENTS:** Each Stock Option shall be evidenced by a written agreement (an "Option Agreement"), containing such terms and conditions, not inconsistent with the Plan, as the Board may, in its discretion, determine. Each Option Agreement shall be executed by the Corporation and the optionee. Option Agreements may differ among optionees.
7. **TERMS AND CONDITIONS OF OPTIONS:** Subject to the provisions of section 11 herein, the terms and conditions of each Stock Option granted under the Plan shall include the following, as well as such other provisions, not inconsistent with the Plan as may be deemed advisable by the Board:
  - (a) **Number of Shares:** At no time shall the number of Shares reserved for issuance to any one person pursuant to stock options, granted under the Plan or otherwise, exceed five (5%) percent of the outstanding Shares at the time of granting, or such greater amount as may be permitted pursuant to the rules of any regulatory authority (including a stock exchange) having jurisdiction, except that
    - (i) no more than two percent (2%) of the issued and outstanding common shares of the Corporation may be granted to any one consultant in any twelve (12) month period, and
    - (ii) no more than an aggregate of two percent (2%) of the issued and outstanding common shares of the Corporation may be granted to persons providing investor relations activities in any twelve (12) month period.
  - (b) **Option Price:** The option price of a Stock Option granted under the Plan shall be fixed by the Board but such price shall not be less than that permitted from time to time under the rules of any stock exchange or exchanges on which the common shares are listed at the time of the grant.
  - (c) **Reduction in Option Price:** The option price of a Stock Option granted under the Plan to an insider of the Corporation (as that term is defined in the Canada Business Corporations Act) shall not subsequently be reduced without prior approval from the disinterested shareholders of the Corporation.

- (d) **Payment:** The full purchase price payable for shares under a Stock Option shall be paid in cash or certified funds upon the exercise thereof. A holder of a Stock Option shall have none of the rights of a shareholder until the Shares are paid for and issued.
- (e) **Term of Option:** Stock Options may be granted under this Plan for a period not exceeding five (5) years. Any Stock Options granted pursuant hereto, to the extent not validly exercised, will terminate on the date of expiration specified in the option agreement, subject to earlier termination as provided in sections 8, 10 and 11 below.
- (f) **Vesting:** Unless the Board determines otherwise at its discretion, a Stock Option shall vest immediately upon being granted, except that options granted to consultants performing investor relations activities must vest in stages over a period of 12 months, with no more than  $\frac{1}{4}$  of the options vesting in any three month period.
- (g) **Exercise of Option:** Subject to the provisions contained in sections 8, 10 and 11 below, no Stock Option may be exercised unless the optionee is at the time of exercise an Eligible Person (as defined in section 2, above). If the optionee is an employee or consultant, the optionee shall represent to the Corporation that he or she is a bona fide employee or consultant of the Corporation. This Plan shall not confer upon the optionee any right with respect to continuation of employment by the Corporation. Leave of absence approved by an officer of the Corporation authorized to give such approval shall not be considered an interruption of employment for any purpose of the Plan. Subject to the provisions of the Plan, a Stock Option may be exercised from time to time by delivery to the Corporation of written notice of exercise specifying the number of shares with respect to which the Stock Option is being exercised and accompanied by payment in full, by cash or certified cheque, of the purchase price of the Shares then being purchased.
- (h) **Non-transferability of Stock Option:** No Stock Option shall be assignable or transferable by the optionee, except to a personal holding corporation of the optionee, other than by will or the laws of descent and distribution.
- (i) **Applicable Laws or Regulations:** The Corporation's obligation to sell and deliver Shares under each Stock Option is subject to such compliance by the Corporation and any optionee as the Corporation deems necessary or advisable with regards to any laws, rules and regulations of Canada and any provinces and/or territories thereof applying to the authorization, issuance, listing or sale of securities and is also subject to the acceptance for listing of the Shares which may be issued upon the exercise thereof by each stock exchange upon which Shares of the Corporation are then listed for trading.

**8. TERMINATION OF EMPLOYMENT, DISABILITY AND DEATH:** Unless the Option Agreement provides otherwise, all Stock Options will terminate:

- (a) in the case of Stock Options granted to an employee or consultant employed or retained to provide investment relations services, thirty (30) days after the optionee ceases to be employed or retained to provide investment relations services;
- (b) in the case of Stock Options granted to other employees, consultants, directors, officers or advisors, ninety (90) days following (i) the termination by the Corporation, with or without cause, of the optionee's employment or other relationship with the Corporation or an Affiliated Entity, or (ii) the termination by the optionee of any such relationship with the Corporation or an Affiliated Entity; or

(c) in the case of death or permanent and total disability of the optionee, all Stock Options will terminate twelve (12) months following the death or permanent and total disability of the optionee, and the deceased optionee's heirs or administrators may exercise all or a portion of the Stock Option during that period. Such period or periods shall be set forth in the Option Agreement evidencing such Stock Option.

9. **ADJUSTMENTS IN SHARES SUBJECT TO THE PLAN:** The aggregate number and kind of Shares available under the Plan and the exercise price of any Stock Options granted under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. In any of such events, the Board may determine the adjustments to be made in the number and kind of Shares covered by Stock Options theretofore granted or to be granted and in the option price for said Stock Options.

10. **AMENDMENT AND TERMINATION OF PLAN:** Subject to the approval of regulatory authorities having jurisdiction, the Board may from time to time amend or revise the terms of the Plan, or may terminate the Plan at any time, provided however that no such action shall, in any manner adversely affect the rights of any optionee under any Stock Option theretofore granted under the Plan without said optionee's prior consent. Upon the mutual consent of the optionee and the Board, the terms of an Option Agreement may be amended, subject to regulatory approval and shareholder approval as may be required from time to time.

11. **CORPORATE TRANSACTIONS:** In the event of the Shares being exchanged for securities, cash or other property of any other corporation or entity as the result of a reorganization, merger or consolidation in which the Corporation is not the surviving corporation, the dissolution or liquidation of the Corporation, or the sale of all or substantially all the assets of the Corporation, the Board or the board of directors of any successor corporation or entity may, in its discretion, as to outstanding Stock Options: (a) upon written notice to the holders thereof, accelerate the exercise date or dates of such Stock Options; (b) provided that the Stock Options have been accelerated pursuant to item (a) above, terminate all such Stock Options prior to consummation of the transaction unless exercised within a prescribed period following written notice to the holders thereof; (c) provide for payment of an amount equal to the excess of the Market Price, as determined by the Board or such board of directors of any successor corporation or entity, over the option price of such Shares as of the date of the transaction, in exchange for the surrender of the right to exercise such Stock Options; or (d) provide for the assumption of such Stock Options, or the substitution therefore of new Stock Options, by the successor corporation or entity.

12. **ADDITIONAL RESTRICTIONS:** Unless an ordinary resolution of disinterested shareholders of the Corporation (being all shareholders of the Corporation other than those who are Insiders, as defined below) provides otherwise, the number of Stock Options which may be granted under the Plan, together with any other share compensation arrangements of the Corporation, is subject to the following additional restrictions:

(a) at no time shall the number of Shares reserved for issuance under Stock Options granted to Insiders (as defined below) exceed 10% of the number of Shares issued and outstanding at that time (the "Outstanding Issue ");

(b) at no time shall Insiders be issued, within a twelve-month period, a number of Shares exceeding 10% of the Outstanding Issue;

- (c) at no time shall the number of Shares reserved for issuance under Stock Options granted to any Insider and such Insider's associates exceed 5% of the Outstanding Issue; and
- (d) at no time shall any one Insider and such Insider's associates be issued, within a twelve-month period, a number of Shares exceeding 5% of the Outstanding Issue.

Upon resolution of disinterested shareholders permitting the Corporation to exceed the above specified thresholds, the foregoing restrictions shall be of no force or effect to the Plan, and the President of the Corporation shall make note of such resolution below:

The undersigned President of the Corporation, hereby confirms that the disinterested shareholders of the Corporation have passed a resolution permitting the Corporation to exceed the above specified thresholds as of, \_\_\_\_\_.

DATED this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of the President

\_\_\_\_\_  
Print Name

For the purposes of this section 12, an **"Insider"** shall mean:

- (i) a director or senior officer of the Issuer;
- (ii) a director or senior officer of a company that is an insider or subsidiary of the Issuer;
- (iii) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
- (iv) the Issuer itself if it holds any of its own securities.

and for the purposes of section 12, "Issuer" means a company and its subsidiaries which have any of its securities listed for trading on an Exchange.

**13. EFFECTIVE DATE AND DURATION OF PLAN:** This Plan shall be effective as at February 16, 2012. The Plan shall remain in full force and effect thereafter from year to year, subject to shareholder approval each year, until amended or terminated and for so long thereafter as Stock Options remain outstanding in favour of any optionee.