



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF
THE SHAREHOLDERS TO BE HELD ON JUNE 19, 2019**

and

MANAGEMENT INFORMATION CIRCULAR

May 17, 2019

GRAPHITE ONE INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the holders of common shares (“**Common Shares**”) of Graphite One Inc. (the “**Corporation**”) will be held at Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3 on Wednesday, June 19, 2019 at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive the audited financial statements for the year ended December 31, 2018 and the auditor’s report thereon;
2. to appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditors for the ensuing year and to authorize the directors to fix their remuneration;
3. to fix the number of directors to be elected at four (4);
4. to elect directors for the ensuing year;
5. to consider and if thought appropriate, pass, subject to regulatory approval, an ordinary resolution approving the ratification of the incentive stock option plan of the Corporation;
6. to consider, and if thought appropriate, pass, subject to regulatory approval, an ordinary resolution of disinterested shareholders for the repricing of 1,625,000 stock options previously granted to insiders of the Corporation; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Shareholders are referred to the management information circular for more detailed information with respect to the matters to be considered at the Meeting.

The directors have fixed the record date for the Meeting as the close of business on May 15, 2019. Only holders of Common Shares of record as at that date are entitled to receive notice of the Meeting and to vote thereat or at any adjournment or postponement thereof, except to the extent that a person has transferred any Common Shares after that date and the new holder of such Common Shares establishes proper ownership and requests, not later than ten days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting.

Dated at the City of Vancouver, in the Province of British Columbia, this 17th day of May, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Anthony Huston*”

Anthony Huston
President and Chief Executive Officer

If you are a registered shareholder of the Corporation and are unable to attend the Meeting in person, please date and sign the enclosed form of proxy and return it in the envelope provided. All completed proxies, to be valid, must be deposited at the office of the Corporation’s registrar and transfer agent, Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Facsimile: 1-866-249-7775 (within Canada & the United States) or 416-263-9524 (International), not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment or postponement thereof, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently. If you are not a registered shareholder of the Corporation and receive these materials through your broker or

through another intermediary, please complete and return the voting instruction form in accordance with the instructions provided to you by your broker or intermediary.

GRAPHITE ONE INC.

MANAGEMENT INFORMATION CIRCULAR

for the Annual General and Special Meeting of Shareholders
to be held on June 19, 2019

GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is dated May 17, 2019 and is furnished in connection with the solicitation by management of Graphite One Inc. (the "**Corporation**") of proxies from holders ("**Shareholders**") of common shares of the Corporation ("**Common Shares**") for use at the annual general and special meeting of the Shareholders (the "**Meeting**") to be held on Wednesday, June 19, 2019 at 10:00 a.m. (Vancouver time) at the offices of Farris, Vaughan, Wills & Murphy LLP, Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3 and at any adjournment or postponement thereof for the purposes set out in the accompanying notice of the Meeting (the "**Notice of Meeting**").

Any solicitation will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers or employees of the Corporation (who will not be additionally compensated therefor). The cost of any solicitation will be borne by the Corporation.

Appointment and Revocation of Proxies

The persons named in the accompanying form of Proxy are directors and/or officers of the Corporation. **Shareholders desiring to appoint some other person (who is not required to be a shareholder of the Corporation) to represent him or her at the Meeting may do so either by inserting such person's name in the blank space provided in the Proxy and deleting the names printed thereon or by completing another proper Proxy.** Such Shareholder should notify the nominee of his appointment, obtain his consent to act as proxy and instruct him on how the Shareholder's shares are to be voted.

A Proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is signed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, it must be executed under corporate seal or by a duly authorized officer or attorney of such corporation and delivered to the Corporation c/o Computershare Trust Company of Canada, the Transfer Agent and Registrar of the Corporation, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Facsimile: 1-866-249-7775 (within Canada & the United States) or 416-263-9524 (International), not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment or postponement thereof.

A Shareholder who has given a proxy may revoke it, in any manner permitted by law, including by instrument in writing, executed by the Shareholder or by his attorney authorized in writing or, if the Shareholder is a corporation, executed by a duly authorized officer or attorney of such corporation and deposited with the Corporation c/o Computershare Trust Company of Canada, at the address specified above at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold shares in their own name. Shareholders who do not hold shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the majority of such shares are

registered under the name of CDS Clearing and Depository Services Inc. (which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) on how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form which is mailed to Beneficial Shareholders with a request that the Beneficial Shareholders return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (i.e. by way of the internet or telephone). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. The Corporation does not intend to pay for the costs of an intermediary to deliver the proxy-related materials to objecting Beneficial Shareholders. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting - the voting instruction form must be returned to Broadridge or voting instructions communicated to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for purposes of voting Common Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and vote their Common Shares as proxyholder for the registered Shareholder should contact their broker or other intermediary, well in advance of the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporations Act* (British Columbia) certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Voting of Proxies

All shares represented at the Meeting by a properly executed Proxy will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented by the Proxy will be voted or withheld from voting in accordance with such specification. **In the absence of any such specification or instruction, the persons whose names appear on the Form of Proxy, if named as proxies, will vote in favour of all of the matters set out in the Notice of Meeting.**

The enclosed form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, management of the Corporation is not aware of any amendments to, variations of or other matters to be presented for action at the Meeting. If, however, amendments, variations or other matters properly come before the Meeting, the persons designated in the form of Proxy will vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by such Proxy with respect to such matters.

QUORUM FOR THE MEETING

At the Meeting, a quorum shall be two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a Shareholder so entitled, who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting. If a quorum is present at the opening of the Meeting, the Shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholders present or represented may adjourn or postpone the Meeting to a fixed time and place but may not transact any other business.

APPROVAL REQUIREMENTS

All of the matters to be considered at the Meeting with the exception of the Corporation's proposed repricing of 1,625,000 stock options of the Corporation to insiders are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

With respect to the Corporation's proposed repricing of 1,625,000 stock options of the Corporation to insiders, the resolution requires approval by more than 50% of the votes cast in respect of the resolution by or on behalf of disinterested Shareholders (the votes of securities held directly or indirectly by the insiders who hold current outstanding stock options that are proposed to be repriced and the votes of securities held by their associates will not be included) present in person or represented by proxy at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The record date for the purpose of determining holders of Common Shares is May 15, 2019. Only the Shareholders of record on that date are entitled to receive notice of and attend the Meeting and vote thereat on the basis of one vote for each Common Share held, except to the extent that a registered Shareholder has transferred the ownership of any Common Shares, subsequent to May 15, 2019 and the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than 10 days before the Meeting, that his or her name be included on the shareholder list before the Meeting, in which case, the transferee shall be entitled to vote his or her Common Shares at the Meeting. The transfer books will not be closed.

The Corporation has an authorized capital consisting of an unlimited number of Common Shares. As at May 17, 2019, there are 40,609,143 Common Shares issued and outstanding as fully paid and non-assessable.

As at the date hereof, to the knowledge of the directors and senior officers of the Corporation, there are currently no persons, firms or corporations owning of record or beneficially, directly or indirectly, or exercising control or direction over 10% or more of the issued and outstanding Common Shares, other than Taiga Mining Company, Inc. and its associates and affiliates, which holds 13,831,420 Common Shares, or 34.06% of the outstanding Common Shares.

BUSINESS OF THE MEETING

Financial Statements and Auditor's Report

The audited financial statements of the Corporation for the year ended December 31, 2018 are included with the proxy materials for consideration by the Shareholders.

The Corporation is providing concurrent with this Information Circular, a request form to all registered and beneficial shareholders of the Corporation for use to request a copy of the Corporation's annual financial statements and management's discussion and analysis ("**MD&A**") for the annual financial statements and/or interim financial statements and MD&A for the interim financial statements. Shareholders must complete and return the request form or provide a written request to the Corporation, in order to receive financial statements and MD&A from the Corporation. Shareholders are encouraged to send the request form, together with the completed form of Proxy, in the addressed envelope provided to Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 or to return the request form to the Corporation in accordance with the return instructions provided thereon.

Appointment of Auditors

Shareholders will be asked to vote for an ordinary resolution (in substantially the form set out below) to appoint PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, British Columbia as auditors of the Corporation until the end of the next annual meeting of Shareholders and to authorize the directors to fix their remuneration.

"BE IT RESOLVED as an ordinary resolution that:

1. PricewaterhouseCoopers LLP, Chartered Accountants, Vancouver, British Columbia be, and is hereby appointed as the auditors of the Corporation to hold office until the close of the next annual meeting of the Shareholders at the remuneration to be fixed by the Board of Directors of the Corporation; and
2. Any officer or director of the Corporation is authorized and directed to do all things and execute all instruments and documents necessary or desirable to carry out the foregoing."

Approval of the ordinary resolution requires the affirmative vote of a majority of the votes cast in respect thereof by holders of Common Shares represented at the Meeting. **The persons designated in the enclosed Form of Proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants as auditor of the Corporation to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration of the auditor, unless instructed otherwise.**

Fixing Number of Directors of the Corporation

At the Meeting, it is proposed that the number of directors of the Corporation to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the constating documents of the Corporation, be set at four (4). There are presently four directors of the Corporation, each of whom will retire from office at the Meeting. All of the current directors of the Corporation will be standing for re-election.

Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at four (4).

Election of Directors

The articles of the Corporation provide that the Corporation shall have a minimum of one and a maximum of eleven directors. As the Corporation is a reporting issuer, it must have not less than three directors. There are presently four members of the Board of Directors of the Corporation (the "**Board**") and their terms of office expire at the Meeting. It is proposed that four of the nominees be re-elected or elected, as applicable, as directors of the

Corporation at the Meeting to serve until the next annual meeting of Shareholders, or until their successors are duly elected or appointed.

The following table sets forth, for all persons proposed to be nominated for election as directors, all positions and offices with the Corporation now held by them, their principal occupations, periods during which they have served as directors of the Corporation and the number of voting shares of the Corporation beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

Name and Municipality of Residence	Present Position with the Corporation and Principal Occupation	Director Since	Number of Common Shares
Brian Budd ⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada	Director of the Corporation	March 22, 2012	40,500 ⁽³⁾
Anthony Huston Vancouver, British Columbia, Canada	President and Chief Executive Officer for the Corporation; President, Huston & Huston Holdings Corp.	April 27, 2011	80,000
Douglas Smith ⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada	Executive Chairman and Director for the Corporation, professional engineer	January 29, 2014	Nil
Patrick Smith ⁽¹⁾⁽²⁾ Spokane, Washington, USA	Director of the Corporation; professional geologist	December 11, 2014	Nil

NOTES:

- (1) Proposed members of Audit Committee.
- (2) Proposed members of Compensation Committee.
- (3) Mr. Budd has also reported 10,500 common shares his wife, Amanda Budd, holds which he has control or direction over.

To the Corporation's knowledge, no proposed director is, as of the date hereof, or has been, within 10 years before the date of this Information Circular, a director, CEO or CFO of any company (including the Corporation) that, (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or (b) was subject to an order 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.

To the Corporation's knowledge, no proposed director is, as at the date hereof, or has been within 10 years before the date of the Information Circular, (a) a director or executive officer of any company (including the Corporation), 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 (b) 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 manager or trustee appointed to hold the assets of the proposed director.

To the Corporation's knowledge, no proposed director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

The persons designated in the enclosed Form of Proxy, unless instructed otherwise, intend to vote FOR the election of the nominees set forth above. Management does not contemplate that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed Form of Proxy reserve the right to vote for other nominees in their discretion.

Ratification of Stock Option Plan

The Corporation's incentive stock option plan, as amended and restated (the "**Plan**"), attached hereto as Appendix "A", for directors, officers, employees and consultants of the Corporation and its affiliates was implemented effective April 16, 2008 and approved and ratified at the last annual general and special meeting of Shareholders held on June 27, 2018. The Plan is a "rolling" stock option plan that restricts the number of stock options that may be granted to a maximum of 10% of the issued Common Shares at the time of the stock option grant and is operated pursuant to the policies of the TSXV. See "Securities Authorized for Issuance Under Equity Compensation Plans" for particulars of the more significant terms of the Plan. TSXV Policy 4.4 requires the Plan to be approved by Shareholders yearly at the Corporation's annual general meeting to reserve for issuance upon the exercise of options granted pursuant to the 10% Plan a maximum of 10% of the issued and outstanding shares of the Corporation at any time.

Pursuant to the TSXV policies and applicable securities laws, the shares underlying the options granted may be restricted from trading for a period of four months from the date of grant of the option.

A summary of some of the additional provisions of the Plan are as follows:

1. options granted to insiders of the Corporation as a total in any twelve-month period shall not exceed 10% of the issued and outstanding shares of the Corporation;
2. options granted to any one person as a total in any twelve-month period shall not exceed 5% of the issued and outstanding shares of the Corporation;
3. options granted to any one Consultant to the Corporation as a total in any twelve-month period shall not exceed 2% of the issued and outstanding shares of the Corporation at the beginning of the period;
4. options granted to all employees, consultants and their associates engaged in investor relations activities for the Corporation in aggregate in any twelve-month period shall not exceed 2% of the issued and outstanding shares of the Corporation at the beginning of the period;
5. options granted shall be non-assignable and not transferable and shall not have a term in excess of ten years;
6. the exercise price of options granted shall not be less than the closing price of the Corporation's shares on the last trading day less any discount permitted by the Exchange, but, in any event, not less than \$0.05 per share;
7. all options granted shall be evidenced by written option agreements; and
8. any amendment to reduce the exercise price of options granted to insiders of the Corporation shall be subject to approval of the disinterested shareholders of the Corporation.

The Board believe the Plan is in the Corporation's best interests and recommend that the shareholders approve the Plan.

Form of Resolution

Shareholders will be asked to consider and, if deemed advisable, approve and pass the following ordinary resolution:

"BE IT RESOLVED THAT, subject to the approval of the TSX Venture Exchange (the "**Exchange**");

1. The incentive stock option plan of the Corporation (the “Plan”) be and is hereby ratified and approved;
2. The Corporation is authorized to grant stock options under the Plan in accordance with its terms;
3. The Corporation is authorized to prepare such disclosure documents and make such submissions and filings as the Corporation may be required to make with the Exchange to obtain Exchange acceptance of the Plan; and
4. Authority is granted to the Board of Directors of the Corporation to make such amendments to the Plan as are required by the Exchange to obtain Exchange acceptance of the Plan.”

The persons designated in the enclosed Form of Proxy, unless instructed otherwise, intend to vote in favour of the foregoing resolution.

Re-pricing of Outstanding Options to Insiders

On May 13, 2019, the Board of Directors of the Corporation determined, in accordance with the policies of the TSXV and the terms of the Plan, that subject to shareholder approval (excluding votes cast by the holders of the 1,625,000 stock options who beneficially own Common Shares of the Corporation and associates of such holders (the “Disinterested Shareholders”)), to amend the exercise price of the outstanding share options set out in the table below to a price of \$0.30 per Common Share in order to more accurately reflect the current market price of the Common Shares (the “Option Re-Pricing”).

Management believes that it is in the best interest of the Corporation to re-price these options since there is a significant difference between the original exercise price of the options and the current market price of the Common Shares which undermines the purpose of the Plan, which is to attract and retain directors, officers, employees and consultants of the Corporation. Accordingly, Disinterested Shareholders will be asked to approve the resolution to decrease the exercise price of 1,625,000 stock options to insiders.

The following table summarizes the proposed option re-pricing for insiders of the Corporation:

Name	Grant Date	Number of Options	Current Exercise Price (\$)	Proposed Exercise Price (\$)	Expiry date
Brian Budd	November 7, 2014	10,000	1.20	0.30	November 7, 2019
Brian Budd	March 11, 2016	60,000	1.10	0.30	March 11, 2021
Brian Budd	November 8, 2016	25,000	0.80	0.30	November 8, 2021
Brian Budd	December 29, 2017	40,000	0.85	0.30	December 29, 2022
Alan Ahlgren	April 2, 2015	50,000	0.75	0.30	April 2, 2020
Alan Ahlgren	March 11, 2016	100,000	1.10	0.30	March 11, 2021
Alan Ahlgren	November 8, 2016	50,000	0.80	0.30	November 8, 2021
Alan Ahlgren	December 29, 2017	80,000	0.85	0.30	December 29, 2022
Anthony Huston	November 7, 2014	160,000	1.20	0.30	November 7, 2019
Anthony Huston	March 11, 2016	215,000	1.10	0.30	March 11, 2021
Anthony Huston	November 8, 2016	100,000	0.80	0.30	November 8, 2021

Name	Grant Date	Number of Options	Current Exercise Price (\$)	Proposed Exercise Price (\$)	Expiry date
Anthony Huston	December 29, 2017	225,000	0.85	0.30	December 29, 2022
Douglas Smith	November 7, 2014	100,000	1.20	0.30	November 7, 2019
Douglas Smith	March 11, 2016	100,000	1.10	0.30	March 11, 2021
Douglas Smith	November 8, 2016	75,000	0.80	0.30	November 8, 2021
Douglas Smith	December 29, 2017	100,000	0.85	0.30	December 29, 2022
Patrick Smith	November 7, 2014	50,000	1.20	0.30	November 7, 2019
Patrick Smith	March 11, 2016	50,000	1.10	0.30	March 11, 2021
Patrick Smith	November 8, 2016	25,000	0.80	0.30	November 8, 2021
Patrick Smith	December 29, 2017	10,000	0.85	0.30	December 29, 2022
Stanley Foo	December 29, 2017	100,000	0.85	0.30	December 29, 2022
Jerry Birch	December 29, 2017	50,000	0.85	0.30	December 29, 2022
Kevin Greenfield	December 29, 2017	50,000	0.85	0.30	December 29, 2022
Total		1,625,000			

Accordingly, Disinterested Shareholders will be asked to approve the following ordinary resolution in order to approve of the Option Re-Pricing.

“BE IT RESOLVED THAT, subject to the approval of the TSX Venture Exchange (the “Exchange”):

1. the proposed Option Re-Pricing be and is hereby approved in accordance with the policies of the Exchange; and
2. the Board of Directors of the Corporation, in its discretion, is hereby authorized to re-price the exercise price of the Options to \$0.30 per share or such greater price as the Board of Directors of the Corporation may determine, subject to acceptance by the applicable regulatory authorities.”

The Board of Directors recommends that the Disinterested Shareholders vote in favour of the ordinary resolution approving the Option Re-Pricing.

The persons designated in the enclosed Form of Proxy, unless instructed otherwise, intend to vote in favour of the foregoing resolution.

OTHER BUSINESS

Management is not aware of any other business to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying Form of Proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting.

EXECUTIVE COMPENSATION

Interpretation

For the purpose of this Statement of Executive Compensation:

“NEO” or “named executive officer” means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer (“CEO”) including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer (“CFO”) including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individual identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

Named Executive Officers

During the fiscal year ended December 31, 2018, the following individuals were NEOs of the Corporation:

- Anthony Huston, CEO
- W. Alan Ahlgren, CFO
- Douglas H. Smith, Executive Chairman
- Stanley Foo, Chief Operating Officer, Graphite One (Alaska) Inc.

Named Executive Officer (NEO) Compensation

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation or its subsidiaries, to each NEO and director of the Corporation, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct or indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO of the Corporation for services provided and for services to be provided, directly or indirectly, to the Corporation or its subsidiaries in the three most recently completed financial years ended December 31, 2018 and December 31, 2017 and December 31, 2016 (fifteen months).

Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) ⁽¹⁾	Value of all Other Compensation (\$)	Total Compensation (\$)
Anthony Huston President & CEO ⁽²⁾ Director	2018	250,000	Nil	Nil	Nil	Nil	250,000
	2017	250,000	Nil	Nil	Nil	Nil	250,000
	2016	312,500	Nil	Nil	Nil	Nil	312,500
Douglas H. Smith ⁽³⁾ Executive Chairman Director	2018	200,000	Nil	Nil	Nil	Nil	200,000
	2017	200,000	Nil	Nil	Nil	Nil	200,000
	2016	250,000	Nil	Nil	Nil	Nil	250,000
W. Alan Ahlgren CFO ⁽⁴⁾	2018	190,000	Nil	Nil	Nil	Nil	190,000
	2017	190,000	Nil	Nil	Nil	Nil	190,000
	2016	247,033	Nil	Nil	Nil	Nil	247,033
Stanley Foo COO ⁽⁴⁾	2018	161,962	Nil	Nil	Nil	Nil	191,962
	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

NOTES:

- (1) Perquisites, including property or other personal benefits are in the aggregate worth less than \$50,000 or 10% of the total salary for the financial year.
- (2) Anthony Huston was appointed to the role of President on March 27, 2012, and appointed President & CEO effective January 29, 2014.
- (3) Doug Smith was appointed Director effective January 29, 2014. All of Mr. Smith's compensation is received for his position as Executive Chairman.
- (4) Alan Ahlgren was appointed CFO effective December 12, 2014.
- (5) Stanley Foo was appointed Chief Operating Officer of Graphite One (Alaska) Inc. effective June 11, 2018
- (6) The fiscal year ended December 31, 2016 consists of fifteen months.

External Management Companies

The Corporation retained the services of Anthony Huston through his management company. The Corporation paid:

- i. Huston and Huston Holdings Corp., corporations controlled by Anthony Huston for management services provided by Mr. Huston as President & CEO.

Stock Options and Other Compensation Securities

The following table sets forth for each Director and NEO, all stock options and compensation securities granted or issued during the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries. The Corporation does not grant any share-based awards. During the most recently completed financial year, 100,000 options were granted to directors and NEOs under the Plan and all options vested immediately.

Compensation Securities issued to Directors and NEOs during the year ended December 31, 2018						
Name and Position	Number of securities underlying unexercised options and percentage of class	Date of Issue or Grant	Exercise Price ⁽¹⁾ (\$)	Closing Price on Date of Grant (\$)	Closing Price of Underlying Security at Year End (\$)	Option Expiration Date
Stanley Foo Chief Operating Officer ⁽⁶⁾	100,000	June 11, 2018	0.650	0.650	0.35	June 11, 2023
Total	100,000					

NOTES:

- (1) As at December 31, 2018, Mr. Huston held an aggregate of 700,000 options, each of which are exercisable into one common share of the Corporation and all of which are fully vested. Of these 160,000 are exercisable at \$1.30 until November 7, 2019, 215,000 are exercisable at \$1.00 until March 11, 2021, 100,000 are exercisable at \$1.00 until November 8, 2021 and 225,000 are exercisable at \$0.60 until December 29, 2022.
- (2) As at December 31, 2018, Mr. D. Smith held an aggregate of 375,000 options, each of which are exercisable into one common share of the Corporation and all of which are fully vested. Of these, 100,000 options are exercisable at \$1.30 until November 7, 2019, 100,000 are exercisable at \$1.00 until March 11, 2021, 75,000 are exercisable at \$1.00 until November 8, 2021 and 100,000 are exercisable at \$0.60 until December 29, 2022.
- (3) As at December 31, 2018, Mr. Ahlgren held an aggregate of 280,000 options, each of which are exercisable into one common share of the Corporation and all of which are fully vested. Of these, 50,000 options are exercisable at \$1.30 until April 2, 2020, 100,000 are exercisable at \$1.00 until March 11, 2021, 50,000 are exercisable at \$1.00 until November 8, 2021 and 80,000 are exercisable at \$0.60 until December 29, 2022.
- (4) As at December 31, 2018, Mr. Budd held an aggregate of 135,000 options, each of which are exercisable into one common share of the Corporation and all of which are fully vested. Of these, 10,000 are exercisable at \$1.30 until November 7, 2019, 60,000 are exercisable at \$1.00 until March 11, 2021, 25,000 are exercisable at \$1.00 until November 8, 2021 and 40,000 are exercisable at \$0.60 until December 29, 2022.
- (5) As at December 31, 2018, Mr. P. Smith held an aggregate of 135,000 options, each of which are exercisable into one common share of the Corporation and all of which are fully vested. Of these 50,000 options are exercisable at \$1.30 until November 7, 2019, 50,000 are exercisable at \$1.00 until March 11, 2021, 25,000 are exercisable at \$1.00 until November 8, 2021 and 10,000 are exercisable at \$0.60 until December 29, 2022.
- (6) As at December 31, 2018, Mr. Foo held an aggregate of 100,000 options, each of which are exercisable into one common share of the Corporation and all of which are fully vested. All of these options are exercisable at \$0.60 until June 11, 2023.

Exercise of Compensation Securities by Directors and NEOs

There were no options exercised by a Director or NEO during the financial year ended December 31, 2018.

Stock Option Plans and Other Incentive Plans

The Corporation does not operate any plans which pay or distribute cash or non-cash compensation to executive officers other than the Plan which is operated in accordance with the policies of the Exchange. The Plan permits the Board of the Corporation to grant incentive stock options to directors, officers, employees and consultants of the Corporation and its affiliates. Pursuant to the Plan and policies of the TSXV, options may be granted to acquire a maximum number of Common Shares equal to 10% of the total issued and outstanding Common Shares of the Corporation at the time of the grant and the aggregate number of securities reserved for issuance to any individual optionee in any 12 month period may not exceed 5% (2% in the case of consultants) of the issued and outstanding Common Shares. The options are non-transferable and will expire, if not exercised, immediately upon termination of employment or removal from office for cause; 90 days following the date the optionee ceases to be a director, officer or employee of the Corporation for reasons other than termination or removal for cause; one year after the death of an optionee; and on the tenth anniversary of the date the option was granted (subject to extension where the expiry date falls within a "blackout period"). As of the date hereof (May 17, 2019), there are 4,015,000 options outstanding under the Plan.

Under the Plan, the option exercise price must not be less than the closing price of the Corporation's common share on the TSXV on the day immediately preceding the date of grant, less the applicable discount permitted by the policies of the TSXV and the minimum exercise price must be at least \$0.05. An option granted under the Plan must be exercisable within a period of 10 years from the date of granting, subject to extension pursuant to the Plan. Within this 10 year period, the Board of the Corporation may determine the limitation period during which an option may be exercised and whether a particular grant will have a minimum vesting period.

Under the policies of the TSXV, if the grant of options under the Plan to "insiders" of the Corporation, together with all of the Corporation's outstanding stock options, could result at any time in: (a) the number of shares reserved for issuance pursuant to options granted to insiders of the Corporation exceeding 10% of the issued common shares of the Corporation; or (b) the grant to insiders of the Corporation, within a 12 month period, of a number of options exceeding 10% of the issued common shares of the Corporation, such shareholder approval must be "disinterested shareholder approval".

The policies of the TSXV also provide that "disinterested shareholder approval" will be required for any agreement to decrease the exercise price of options previously granted to insiders of the Corporation.

The Plan is subject to yearly approval by the Corporation's shareholders. The Plan was implemented effective April 16, 2008 and last approved by the Corporation's shareholders on June 27, 2018. A copy of the Plan is included as Appendix A to this Information Circular.

Employment, consulting and management agreements

The Corporation entered into a consulting agreement effective February 1, 2014 with a private company controlled by the President and CEO to provide certain management services to the Corporation (the "**2014 Agreement**"). Pursuant to the 2014 Agreement, the Corporation paid an annual fee for services of \$250,000 and, in the event of a change of control of the Corporation, would have paid an amount equal to three times the annual fee. Subsequent to September 30, 2016, the Corporation entered into a new consulting agreement to replace the 2014 Agreement with a private company controlled by the President and CEO (the "**New President & CEO Agreement**"). Pursuant to the New President & CEO Agreement, the Corporation will pay an annual fee for services of \$250,000 and, in the event of a change of control of the Corporation, an amount equal to three times the annual fee.

Oversight and Description of Director and Named Executive Officer Compensation

The Corporation does not have a formal compensation program. The Board relies on the recommendations of the Compensation Committee and the experience of the directors to ensure that total compensation paid to the Corporation's management is fair and reasonable.

The Compensation Committee is comprised of the following members as at the date hereof: Douglas Smith (not independent), Brian Budd (Independent) and Patrick Smith (Independent). Certain members of the Compensation Committee are experienced at setting compensation policies and guidelines within other corporations.

The responsibilities of the Compensation Committee in respect of compensation matters includes reviewing and recommending to the Board the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives, reviewing and approving corporate goals and objectives relevant to CEO compensation and non-CEO officer and director compensation, the review of executive compensation disclosure, succession plans for officers and for key employees and material changes and trends in human resources policy, procedure, compensation and benefits.

The Compensation Committee meets to discuss and determine management compensation as required, without reference to formal objectives, criteria, or analysis. The general objectives of the Corporation's compensation decisions are:

- to encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value;
- to align management's interests with the long-term interest of shareholders;
- to provide compensation commensurate with peer companies in order to attract and retain highly qualified executives, and;
- to ensure that total compensation paid takes into account the Corporation's overall financial position.

The compensation to executive officers is comprised of salaries or management fees paid to companies controlled by executive officers and incentive stock options in accordance with the Corporation's Plan. In establishing levels of cash compensation and the granting of stock options, the executive officer's performance, level of expertise, responsibilities, time spent, and comparable levels of remuneration paid to executive officers of peer companies are considered.

Incentive stock options are granted pursuant to the Corporation's Plan, which is designed to encourage share ownership on the part of management, directors, employees, and consultants. The Board believes that the Plan aligns the interests of the Corporation's personnel with shareholders by linking compensation to the longer term performance of the Corporation's shares. The granting of incentive stock options is a significant component of executive compensation as it allows the Corporation to reward each executive officer's efforts to increase shareholder value without requiring the use of the Corporation's cash reserves.

Stock options are generally granted at the time a director is appointed to the Board, or an executive officer is hired or engaged, and periodically thereafter. Previous grants of options are taken into account by the Board when it considers the granting of new stock options. The Board does not use a formal quantitative valuation technique in determining the granting of options; rather, current and forward-looking market conditions are assessed qualitatively in decisions to grant stock options.

Named Executive Officer Purchase of Financial Instruments

The Corporation has not adopted a policy to prohibit NEOs and directors from purchasing financial instruments, including prepaid forward contracts, equity swaps, collars, or units of exchange funds (collectively, "**Hedging Contracts**") that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. Based on information provided to the

Corporation by the NEOs and directors, as of the date hereof, no NEO or director has purchased any Hedging Contracts with respect to the Corporation.

Pension Disclosure

The Corporation does not have any pension, defined benefit, defined contribution or deferred compensation plan in place.

Risk Considerations

Commencing in 2012, the Compensation Committee meets to review from time to time, the risks, if any, associated with the Corporation's compensation policies and practices at such time. Implicit in the Compensation Committee's mandate is that the Corporation's policies and practices respecting compensation, including those applicable to the Corporation's executives, be designed in a manner which is in the best interests of the Corporation and its shareholders and risk implications is one of many considerations which are taken into account in such design.

It is anticipated that a portion (set at a level consistent with its industry peers) of the Corporation's executive compensation will consist of options granted under the Plan. Such compensation is both "long term" and "at risk" and, accordingly, is directly linked to the achievement of long term value creation. As the benefits of such compensation, if any, are not realized by the executive until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Corporation and its shareholders is extremely limited.

The other two elements of compensation, salary and bonus, represent the remaining majority portion of an executive's total compensation and neither salary nor bonus are "long term" or "at risk".

Due to the small size of the Corporation, and the current level of the Corporation's activity, the Board and the Compensation Committee are able to closely monitor and consider any risks which may be associated with the Corporation's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which, financial and other information of the Corporation are reviewed, and which incorporation includes executive compensation. No risks have been identified arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

Termination and Change of Control Benefits

The Corporation entered into an agreement effective October 1, 2016 with a private company controlled by Anthony Huston, the President and CEO which provides management services to the Corporation. Under this agreement, the Corporation will pay \$750,000 in the event of change of control of the Corporation, an amount equal to three times the annual fee.

Effective January 1, 2016, the Corporation entered into an employment agreement with Douglas Smith, the Executive Chairman. Under this agreement, the Corporation will pay \$400,000 in the event of change of control of the Corporation, an amount equal to two times the annual salary.

Effective January 1, 2016, the Corporation entered into an employment agreement with Alan Ahlgren the Chief Financial Officer. Under this agreement, the Corporation will pay \$380,000 in the event of change of control of the Corporation, an amount equal to two times the annual salary.

Effective June 11, 2018, the Corporation entered into an employment agreement with Stanley Foo the Chief Operations Officer. Under this agreement, the Corporation will pay US\$440,000 in the event of change of control of the Corporation, an amount equal to two times the annual salary.

Assuming that there was a change of control on December 31, 2018, the estimated incremental payments and benefits related to the change of control would total approximately \$2,115,200.

Independent Directors

During the most recently completed financial year, the Corporation had two directors who were not Named Executive Officers: Brian Budd and Patrick Smith.

Director Compensation Table

The Corporation's current policy during the year ended December 31, 2018 was to pay independent directors a fee of \$24,000 annually. The following table sets forth compensation provided to the directors who are not also Named Executive Officers for the year ended December 31, 2018.

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Brian Budd	24,000	Nil	Nil	Nil	Nil	N/A	Nil	24,000
Patrick Smith	24,000	Nil	Nil	Nil	Nil	N/A	Nil	24,000

Outstanding Option-based Awards

The following table sets forth for each director who is not also a Named Executive Officer, all option-based awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year. The Corporation does not grant any share-based awards.

Name	Number of securities underlying unexercised options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$)
Brian Budd	10,000	1.30	November 7, 2019	Nil
	60,000	1.10	March 11, 2021	Nil
	25,000	1.00	November 8, 2021	Nil
	10,000	0.60	December 29, 2022	Nil
Patrick Smith	50,000	1.30	November 7, 2019	Nil
	50,000	1.10	March 11, 2021	Nil
	25,000	1.00	November 8, 2021	Nil
	10,000	0.60	December 29, 2022	Nil

NOTE:

(1) The closing price of the Common Shares on the TSXV on the last trading day prior to December 31, 2018 was \$0.35.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each director who is not also a Named Executive Officer, the value of vested stock options during the most recently completed financial year.

Name	Value Vested During the Year
Brian Budd	Nil ⁽¹⁾
Patrick Smith	Nil ⁽¹⁾

NOTE:

(1) All of the stock options vested on the date of the grant and were issued at or above the market price of the Common Shares on the date they were granted.

During the most recently completed financial year, no options were granted to directors who were not also a Named Executive Officer under the Corporation’s Stock Option Plan.

Management Contracts

As at December 31, 2018 the following management contracts were place:

- Effective January 1, 2016, the Corporation entered into a consulting agreement with a private company controlled by the President and CEO (the “**President & CEO Agreement**”). Pursuant to the President & CEO Agreement, the Corporation will pay an annual fee for services of \$250,000 and, in the event of a change of control of the Corporation, an amount equal to three times the annual fee.
- Effective January 1, 2016, the Executive Chairman has been engaged as an employee of the Corporation. Under this agreement, the Corporation will pay an annual fee for services of \$200,000 and, in the event of change of control of the Corporation, an amount equal to two times the annual salary.
- Effective January 1, 2016, the Chief Financial Officer has been engaged as an employee of the Corporation. Under this agreement, the Corporation will pay an annual fee for services of \$190,000 and, in the event of a change of control of the Corporation, an amount equal to two times the annual salary.
- Effective June 11, 2018, the Corporation entered into an employment agreement with Stanley Foo the Chief Operations Officer. Under this agreement, the Corporation will pay US\$440,000 in the event of change of control of the Corporation, an amount equal to two times the annual salary.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation does not operate any plans which pay or distribute cash or non-cash compensation to executive officers other than the Plan which is operated in accordance with the policies of the TSXV. The Plan permits the Board of the Corporation to grant incentive stock options to directors, officers, employees and consultants of the Corporation and its affiliates. Pursuant to the Plan and policies of the TSXV, options may be granted to acquire a maximum number of Common Shares equal to 10% of the total issued and outstanding Common Shares of the Corporation at the time of the grant and the aggregate number of securities reserved for issuance to any individual optionee in any 12 month period may not exceed 5% (2% in the case of consultants) of the issued and outstanding Common Shares. The options are non-transferable and will expire, if not exercised, immediately upon termination of employment or removal from office for cause; 90 days following the date the optionee ceases to be a director, officer or employee of the Corporation for reasons other than termination or removal for cause; one year after the death of an optionee; and on the fifth anniversary of the date the option was granted.

The Plan was last approved and ratified by Shareholders at the annual general meeting held on June 27, 2018. The following table sets forth information with respect to the Plan as at the Corporation’s most recently completed financial year ended December 31, 2018. All stock options were granted pursuant to a previously approved equity compensation plan.

Equity Compensation Plan Information			
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by shareholders	4,015,000	\$0.65	45,9144

Equity Compensation Plan Information			
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity Compensation plans not approved by shareholders	N/A	N/A	N/A
TOTAL:	4,015,000	\$0.65	45,914

NOTES:

- (1) Reference should be made to the Corporation's audited annual financial statements for the year ended December 31, 2018 for more detailed disclosure relating to the stock options granted, exercised and outstanding.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, or any associates or affiliates of such persons, have been indebted to the Corporation at any time during or since the financial year ended December 31, 2017.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the directors, executive officers, proposed directors or principal shareholders of the Corporation, nor any associate or affiliate of the foregoing, have any interest, direct or indirect, in any transaction since the commencement of the Corporation's financial year ended December 31, 2018, or in any proposed transaction that has materially affected or that would materially affect the Corporation or any of its subsidiaries, except as follows:

- (1) management fees in the sum of \$250,000 were paid to Huston & Huston Corp., a corporation controlled by Anthony Huston for Mr. Huston's services as President & CEO of the Corporation.
- (2) Taiga Mining Company, Inc. provided an unsecured loan to the Corporation in the amount of US\$500,000 with a term of five years with an interest rate accruing at a rate of 8% per annum on a simple interest basis. Subsequent to December 31, 2018, the loan was settled through the issuance of 1,330,000 shares in the Corporation and the interest was paid in cash.

See "Executive Compensation".

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED ON

There is no material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, by any director or executive officer of the Corporation or proposed nominee for election as a director of the Corporation, or any associate or affiliate of such persons, in any matter to be acted on other than the election of directors. See "Business of the Meeting".

CORPORATE GOVERNANCE

Board of Directors

The Board is currently comprised of four directors, two of whom are independent using the definition of independence set out in section 1.4 of National Instrument 52-110 – Audit Committees ("**NI 52-110**"). A director is independent if he has no direct or indirect material relationship to the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a

director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.

Brian Budd and Patrick Smith are the current two directors on the Board who are independent. Anthony Huston is not independent as he is the President and Chief Executive Officer of the Corporation. Douglas Smith is not independent as he is the Executive Chairman of the Corporation.

The size of the Corporation is such that all of the Corporation's business operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Corporation and have regular and full access to management. The independent directors are able to meet at any time without members of management and non-independent directors being present. Further supervision is performed through the Audit Committee, which can meet with the Corporation's Auditors without management in attendance. The independent directors discharge their responsibilities for independent oversight of management through their representation on the Board.

Directorships

Directors who are also directors of other issuers that are reporting issuers (or the equivalent) are set forth below.

Director	Other Directorships	Stock Exchange Listing
Brian Budd	Siyata Mobile Inc. Venzee Technologies Inc.	TSX Venture Exchange TSX Venture Exchange

Orientation and Continuing Education

The Corporation does not have formal orientation and training programs. New directors are provided with: (a) information respecting the functioning of the Board and its committees, and copies of the Corporation's governance and other policies; (b) access to recent and historical publicly filed documents of the Corporation, technical reports and the Corporation's internal financial information and records; and (c) access to management, technical experts and consultants. Directors also receive ongoing education on the Corporation's operations by way of management presentations. Directors maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education and experience as business persons and managers, service as directors of other public issuers and advice from the Corporation's legal counsel, auditors and other advisers.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Corporation and to meet its responsibilities to shareholders. The Board has adopted a written code of business conduct and ethics (the "Code") for its directors, officers, consultants and employees, which can be viewed at www.sedar.com. The Code states basic principles to guide the affairs of the Corporation. The Corporation is to conduct its business and affairs honestly and with integrity, using high ethical standards with a view to the best interests of the Corporation as a whole and to enhance shareholder value. The Code requires compliance with accounting requirements and accuracy of records, mandates compliance with laws in each jurisdiction in which the Corporation carries on its business, addresses conflicts of interest, requires compliance with the Corporation's policies, prohibits discrimination, intimidation and harassment, promotes safety and protection of the environment, promotes respect and enhancement of the economic and social situations of communities in which the Corporation conducts its operations, discourages payments to public officials as well as the giving and receipt of gifts or other personal benefits, and promotes the observance of high ethical standards with companies and individuals with which the Corporation does material business.

Members of the Board ensure that they and management set an example by conducting the Corporation's business and dealings with the highest ethical standards. Through management, the Board ensures that employees and

consultants are made aware of, and comply with, the Code. Individuals who breach the Code may be subject to disciplinary action including dismissal.

Nomination of Directors

The Corporation does not have a formal process or committee for proposing new nominees to the Board. The Board is responsible for identifying potential Board candidates. It assesses potential candidates to fill perceived needs on the Board for required skills, education, expertise, independence and other relevant factors.

Compensation

It is the Corporation's current policy to pay independent directors a fee of \$24,000 annually for the performance of their duties as directors of the Corporation as well as incentive stock options which are granted on a discretionary basis by the Board as a whole. The Board as a whole, on the recommendation of the Compensation Committee, determines the compensation for the CEO and the directors and reviews compensation set by the CEO for other officers and staff. The Compensation Committee will be comprised of Brian Budd and Patrick Smith, who are non-management directors and Douglas Smith who is a management director.

Other Board Committees

The Board does not have any standing committees other than the Audit Committee and Compensation Committee. As the size of the Corporation does not warrant a larger Board and as directors are actively involved in the operations of the Corporation, the Board has determined that additional Board committees are not necessary at this stage of the Corporation's development.

Assessments

The Board monitors but does not formally assess the effectiveness of the Board as a whole, the committees of the Board or the performance or contribution of individual directors. The Board satisfies itself that the Board, its committees and individual directors are performing effectively through regular interaction and through open communication with the Executive Chairman and other senior management to ensure that strategic and governance risks and objectives are being addressed on a continuous basis.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

The Audit Committee's Charter

The text of the Corporation's Audit Committee charter is attached hereto as Appendix "B".

Composition of the Audit Committee

In the most recently completed financial year, the Audit Committee consisted of: Doug Smith, Brian Budd and Patrick Smith. Brian Budd and Patrick Smith were independent members of the Audit Committee, as defined in NI 52-110 and all members were financially literate. Doug Smith was not an independent member of the Audit Committee as he is the Executive Chairman of the Corporation.

Relevant Education and Experience

The education and experience of each of the present Audit Committee members that is relevant to the performance of his responsibilities as an audit committee member is as follows:

Doug Smith

Mr. Smith has over 35 years' experience as a senior executive and corporate director and has been consistently engaged in all aspects of executive management, financing, corporate development and investor relations activities as well as evaluation of financial information for mining related ventures. He has completed the Institute of Corporate Directors' Financial Literacy Program.

Brian Budd

Mr. Budd is and has been an executive officer and/or director of a number of public issuers and has extensive experience in management and corporate development.

Patrick Smith

Mr. Smith has 40 years of technical, operational and commercial experience in mineral exploration gained from work in a wide range of commodities, most of which was spent with Rio Tinto Group. He is a licensed professional geologist in the states of Washington, Wyoming and Utah.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Corporation's most recently completed financial year, it has not relied on the exemption in section 2.4 (*De Minimus Non-audit Services*) or an exemption granted under Part 8 (*Exemptions*) from NI 52-110. The Corporation is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in section 6.1 of NI 52-110, which exempts it from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Pre-Approval of Policies and Procedures

If non-audit services to be performed by the external auditor are expected to exceed 5% in aggregate of the total fees that are expected to be paid to the external auditor during the fiscal year, they must be pre-approved by the Audit Committee or by an independent member of the Audit Committee to whom the Audit Committee has delegated authority to grant such pre-approval.

All non-audit services to be performed by the external auditor that are not reasonably expected to exceed 5% in aggregate of the total fees expected to be paid to the external auditor during the fiscal year are deemed by the Audit Committee to have been pre-approved.

All non-audit services that were not recognized as non-audit services at the time of engagement, must be brought to the attention of the Audit Committee, or an independent member of the Audit Committee to whom the Audit Committee has delegated authority to grant such pre-approvals, for approval prior to the completion of the audit.

External Auditor Service Fees

The aggregate fees billed by the Corporation's external auditors in the fiscal years ended December 31, 2018 and December 31, 2017 for audit and other services is set forth below.

Year Ended	Audit Fees	Audit –Related Fees	Tax Fees	All Other Fees
2018	13,650	210	4,515	3,308
2017	24,150	378	10,500	nil

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Additional financial information is contained in the Corporation's audited consolidated financial statements for the most recently completed financial year ended December 31, 2018. Copies of additional information and the Corporation's financial statements and MD&A may be obtained upon written request made to the Corporation at c/o Farris, Vaughan, Wills

and Murphy LLP, 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3 or by email to info@graphiteoneinc.com. The Corporation may require payment of a reasonable charge if the request for information is made by a person or corporation that is not a securityholder of the Corporation.

Approval of Circular

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the Directors.

Dated at the City of Vancouver, in the Province of British Columbia, this 17th day of May, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *“Anthony Huston”*

Anthony Huston
President and Chief Executive Officer

Appendix "A"

Stock Option Plan

Graphite One Inc. (the "Corporation") hereby adopts an incentive stock option plan (the "Plan") for officers, directors, Employees and consultants (including the personal holding companies of such individuals) of the Corporation and its affiliates, as follows:

1. Definitions. In this Plan, the following words and expressions shall have the respective meanings ascribed to them below:

- (a) "Affiliate" shall have the meaning ascribed thereto in the applicable securities legislation;
- (b) "Board" shall mean the board of directors of the Corporation;
- (c) "Consultant" shall mean an individual or corporation other than an Employee, officer or director, that: (i) is engaged under a written contract, to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation (other than services provided in relation to a distribution of securities of the Corporation); (ii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and (iii) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the affairs and business of the Corporation;
- (d) "Convertible Securities" means any security of the Corporation which is convertible into Shares;
- (e) "Disinterested Shareholder Approval" has the meaning ascribed thereto by the Stock Exchange in "Policy-4.4 – Incentive Stock Options" of the Stock Exchange's Corporate Finance Manual;
- (f) "Eligible Person" shall mean any bona fide officer, director, Employee, Management Company Employee or Consultant of the Corporation or its Affiliates, a company wholly owned by individuals who are Eligible Persons, and in respect of an individual Consultant, a company or partnership of which the individual is an Employee, shareholder or partner;
- (g) "Employee" means an individual who:
 - (i) is considered an Employee of the Corporation or an Affiliate under the Income Tax Act, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,
 - (ii) works full-time for the Corporation or an Affiliate providing services normally provided by an Employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an Employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source, or
 - (iii) works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an Employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and method of work as an Employee of the Corporation or its subsidiary, but for whom income tax deductions are not made at source;
- (h) "Exercise Price" of an Option shall mean, in respect of options issued after the Corporation is listed on any Stock Exchange, the price payable for a Share upon the exercise of the Option determined

Appendix "A" Stock Option Plan

by the Board, provided that such price shall in no event be lower than the Market Price of one Share on the last trading day immediately preceding the day on which the Option is granted, less the maximum applicable discount permitted by such Stock Exchange and the minimum Exercise Price per Share must be at least \$0.05;

- (i) "Insider" has the meaning ascribed thereto by the Stock Exchange;
- (j) "Management Company Employee" means an individual employed by an individual, corporation or other entity providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding any individual, corporation or other entity engaged to provide investor relations activities to the Corporation;
- (k) "Market Price" of a Share on a particular day shall mean the last closing price of the Shares on such day on the principal Stock Exchange on which the Common Shares traded, provided that the Market Price shall be determined in Canadian dollars and shall be rounded to the nearest whole cent;
- (l) "Option" shall mean an option, granted to an Eligible Person in accordance with the terms of this Plan, to acquire a Share from the Corporation upon the exercise of the Option and upon payment of the Exercise Price;
- (m) "Optionee" in respect of an Option, shall mean the Eligible Person to whom the Option was granted;
- (n) "Share" shall mean a Common Share in the capital of the Corporation as constituted at the date hereof and any shares of the Corporation into which such a common share is changed, classified, reclassified, subdivided, consolidated or converted whether by reason of an amalgamation or other form of reorganization; and
- (o) "Stock Exchange" shall mean TSX Venture Exchange, its successors, and such other stock exchange as may be prescribed by the Board on which the Shares are listed for trading.

2. Purpose. The purpose of the Plan is to secure for the Corporation and its shareholders the incentive inherent in share ownership by officers, directors, Employees, Management Company Employee and Consultants of the Corporation and its Affiliates and its subsidiaries, if any, who, in the opinion of the Board, will be largely responsible for its future growth and success.

3. Number of Shares and Lapsed Options. From time to time, Shares may be reserved by the Board, in its discretion, for grants of Options under the Plan to Eligible Persons, provided that at the time of the grant:

- (a) the total number of Shares so reserved for issuance by the Board shall not exceed ten (10%) percent of the issued and outstanding Shares (on a non-diluted basis);
- (b) the aggregate number of Shares so reserved for issuance to any one Optionee in a 12 month period shall not exceed five (5%) percent of the issued Shares (on a non-diluted basis);
- (c) the aggregate number of Shares so reserved for issuance under Options to Insiders (as a group) at any point in time shall not exceed 10% of the issued Shares;
- (d) the aggregate number of options granted to any one Consultant in a 12 month period shall not exceed 2% of the issued Shares;

Appendix "A" Stock Option Plan

- (e) the aggregate number of options granted to Eligible Persons employed to provide investor relations activities must not exceed 2% of the issued Shares in any 12 month period; and
- (f) options issued to Consultants performing investor relations services must vest in stages over 12 months with no more than ¼ of the options vesting in any 3 month period.

The Shares so reserved by the Board under the Plan shall be authorized but unissued Shares.

Nothing contained herein shall restrict or limit or be deemed to restrict or limit the rights or powers of the Board in connection with any allotment and issuance of any options, rights or shares which were not allotted and issued hereunder. This Plan shall not restrict, limit or preclude the Board from granting options outside of this Plan to officers, directors, Employees or Consultants of the Corporation or to any other person or entity.

The foregoing restrictions may be waived, modified or varied with the consent of the shareholders of the Corporation at a meeting called for such purpose, or by approval of the Stock Exchange.

4. Eligibility and Participation. Options shall not be granted under this Plan to any person other than an Eligible Person. No Eligible Person shall have any claim or right to be granted Options under this Plan.

5. Grant of Options. The Board shall, from time to time and in its sole discretion, determine the Eligible Persons to whom Options are to be granted under this Plan and may take into consideration the current and potential contributions of a particular Eligible Person to the success of the Corporation and such other factors which the Board deems proper and relevant.

Options shall be granted by the Board in accordance with this Plan to Eligible Persons in its sole discretion and shall be subject to such approvals as may be required by applicable law or any Stock Exchange upon which any securities of the Corporation are listed.

The grant of every Option hereunder and the terms thereof, including vesting provisions, if any, shall be made by written agreement between the Corporation and the Optionee, the provisions of which shall conform to the provisions of this Plan and shall be otherwise satisfactory to the Board in its sole discretion.

A grant of Options under the Plan shall not be construed as giving an Optionee any right to continue in the employment of the Corporation or any Affiliate, nor shall it affect the right of the Corporation or any Affiliate to terminate the employment or services of any Optionee.

A grant of Options under the Plan shall not be construed as giving an Optionee any rights as a shareholder of the Corporation with respect to any of the Shares underlying the Options unless and until such Optionee shall have become the holder of such Shares upon exercise of such Option in accordance with the terms of the Plan.

For stock options granted to Employees, Management Company Employees or Consultants of the Corporation or its Affiliates, the Corporation is responsible for ensuring and confirming that the Employee, Management Company Employee or Consultant is a bona fide Employee, Management Company Employee or Consultant.

6. Exercise of Options. Unless the Board specifically determines otherwise, the Options granted to an Optionee may be exercised by the Optionee, in whole or in part, from time to time at the Optionee's discretion.

Provided however, that all Options that have not been exercised by the Optionee shall cease to be exercisable and shall expire upon the earliest of:

- (a) the termination of employment, the termination of services or the services agreement in respect of a Consultant, or removal of the Optionee as a director or officer of the Corporation or its Affiliates for cause;

Appendix "A" Stock Option Plan

- (b) ninety (90) days after the termination of employment, the termination of services or the services agreement in respect of a Consultant (except in the case of a Consultant providing investor relations services, in which case, the Options cease to be exercisable thirty (30) days after the termination of such services), or an Optionee ceasing to be an officer or director for reasons other than termination or removal for cause, unless the Optionee remains an Eligible Person;
- (c) the first anniversary of the death of the Optionee, by the heirs and administrators of an Optionee's estate; and
- (d) the tenth (10) anniversary of the date on which the Option was granted (subject to extension where the expiry date falls within a "blackout period"), pursuant to section 7;

or such earlier date as the Board may deem appropriate in its sole discretion at the time the Option was granted.

The exercise of an Option will be contingent upon receipt by the Corporation of payment of the full exercise price of such Option. No Optionee or legal representative, legatee or distributee in respect of an Optionee shall be considered to be a holder of any Share subject to an Option, unless and until such Share has been fully paid for and issued upon the exercise of the Option.

7. **Blackout Periods.** An Option will be automatically extended past the expiry date of an Option governed by the Plan if such expiry date falls within a period (a "blackout period") during which the Corporation prohibits Optionees from exercising their Options provided that the following requirements are satisfied

- (a) The blackout period must be formally imposed by the Corporation pursuant to its internal trading policies. For greater certainty, in the absence of the Corporation formally imposing a blackout period, the expiry date of any Options will not be automatically extended in any circumstances.
- (b) The blackout period must expire upon the general disclosure of the undisclosed Material Information. The expiry date of the affected Options can be extended to no later than ten (10) business days after the expiry of the blackout period.
- (c) The automatic extension of an Optionee's Options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under securities Laws) in respect of the Corporation's securities.

8. **Taxes.** The Corporation may withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("Withholding Obligations"). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the Optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations or (b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

9. **Effect of Take-over Bid.** If a bona fide take-over bid (as defined under applicable securities Laws) (the "Offer") is made for Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any Person or Persons acting jointly or in concert (as determined under applicable securities Laws) or Persons associated or affiliated with such Person or Persons (as determined under applicable securities Laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for

Appendix "A" Stock Option Plan

the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors, the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Common Shares subject to such Option will become fully vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Common Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Shares received upon such exercise, or in the case of clause (b) above, the Shares that are not taken up and paid for may be returned by the Optionee to the Corporation and reinstated as authorized but unissued Shares and with respect to such returned Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Shares were to become vested pursuant to his section shall be reinstated. If any Shares are returned to the Corporation under this section, the Corporation shall immediately refund the exercise price to the Optionee for such Shares.

10. **Legends.** Certificates for Shares issued upon exercise of Options shall bear such legend as may be required by applicable law or any Stock Exchange on which the Shares are listed for trading.

11. **Changes to Shares.** Notwithstanding any other provision of this Plan, in the event of any change in the outstanding Shares of the Corporation by reason of any stock dividend, split, recapitalization, reclassification, amalgamation, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other form of corporate reorganization whatsoever, an equitable adjustment shall be made to any Options then outstanding and the Exercise Price (or Prices) in respect of such Options. Such adjustments shall be made by the Board in its sole discretion and, subject to applicable law, shall be conclusive and binding for all purposes of the Plan.

12. **Necessary Approvals.** The grant of Options, the obligation of the Corporation to sell and deliver Shares on the exercise of Options, and any amendments to the Plan or to the terms of an Option granted under this Plan, shall be subject to any approvals required by applicable law or any Stock Exchanges on which the Shares are listed for trading being obtained.

13. **Administration of the Plan.** The Board may interpret the Plan and make all other determinations that it considers in its sole discretion to be necessary or advisable for the administration of the Plan. The Board may, in its sole discretion, prescribe, adopt, amend and rescind rules and regulations for carrying out and administering the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. The administration of the Plan shall be the responsibility of the appropriate officers of the Corporation duly designated for the purposes thereof by the Board and all costs in respect thereof shall be paid by the Corporation.

14. **Amendments to Plan or Options.** Subject to obtaining the consent of applicable securities regulatory authorities in those circumstances where such consent is required, and shareholder approval in those circumstances where such approval is required to be obtained by any regulatory authority, the Board may amend, modify or terminate the Plan or an Option at any time if and when it considers it to be advisable to do so in its sole discretion, except with respect to any Option then outstanding under the Plan. No such amended Options may be exercise unless and until such approvals are given.

15. **Consent to Amend.** The Board may amend any Option with the consent of the affected Optionee and the Stock Exchange, including any shareholder approval required by the Stock Exchange. For greater certainty, disinterested shareholder approval is required for any reduction in the exercise price of an Option if the Optionee is an Insider at the time of the proposed amendment.

Appendix "A" Stock Option Plan

16. **No Undertaking or Representation.** The Corporation makes no undertaking or representation as to the future value or price, or as to the listing on any Stock Exchange, of any Shares issued in accordance with the Plan.
17. **Assignability and Transferability.** Options (and any rights thereunder) shall not be assignable or transferable otherwise than by will or pursuant to the laws of succession or descent and distribution, and, during the lifetime of an Optionee, shall only be exercisable by the Optionee.
18. **Compliance with Applicable Law.** If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body or Stock Exchange having jurisdiction or authority over securities of the Corporation or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.
19. **Enurement.** The Plan shall enure to the benefit of, and be binding upon, the Corporation, its Affiliates and their respective successors and assigns. The Plan shall enure to the benefit of, and be binding upon, an Optionee and the personal representative of a deceased Optionee.
20. **Governing Law and Interpretation.** The Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

Appendix "B"

Audit Committee Charter

I. Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

II. Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be independent directors, pursuant to the policies of the TSX Venture Exchange.

All members of the Committee must be financially literate (having 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 the Corporation's financial statements).

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is appointed by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The quorum for a meeting of the Committee is a majority of the Members.

III. Meetings

The Committee shall meet as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

The minutes of Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board of Directors, the Chief Financial Officer or such other officer acting in such capacity and the external auditor.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

1. Review and update this Charter annually.
2. Review the Corporation's financial statements, MD&A and any financial information contained in a media release before the Corporation publicly discloses this information and any reports or other financial

Appendix "B" Audit Committee Charter

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.

External Auditors

1. Require the external auditors to report directly to the Committee.
2. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
3. Review annually the relationships between the external auditors and the Corporation, and the external auditor status as a participating audit firm as defined in National Instrument 52-108 *Auditor Oversight*.
4. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
5. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
6. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
7. Review with management and the external auditors the terms of the external auditors' engagement letter.
8. Consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
9. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
10. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
11. 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 the Corporation's 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 the Corporation constitutes not more than five percent of the total amount paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Appendix "B" Audit Committee Charter

Financial Reporting Processes

1. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
2. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
3. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
4. 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.
5. 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.
6. Review any significant disagreement among management and the external auditors regarding financial reporting.
7. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
8. Review certification process.
9. Establish procedures for:
 - i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

Review any material related-party transactions.

V. Authority

The 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 Committee; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.