MANAGEMENT INFORMATION CIRCULAR
(Containing information as at January 22, 2016 unless indicated otherwise)

This Management Information Circular (the "**Circular**") furnished in connection with the solicitation of proxies by the management of Alabama Graphite Corp. (the "**Company**") for use at the annual general meeting (the "**Meeting**") of its shareholders to be held on Friday, February 26, 2016 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Circular, references to "the Company", "we" and "our" refer to Alabama Graphite Corp. "**common shares**" means common shares without par value in the capital of the Company. "**Beneficial Shareholders**" means shareholders who do not hold common shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company at nominal cost. The Company will bear all costs of this solicitation.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the "**Proxy**") are officers and/or directors of the Company. **IF YOU ARE A SHAREHOLDER ENTITLED TO VOTE AT THE MEETING, YOU HAVE THE RIGHT TO APPOINT A PERSON OR COMPANY OTHER THAN EITHER OF THE PERSONS DESIGNATED IN THE PROXY, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR YOU AND ON YOUR BEHALF AT THE MEETING. YOU MAY DO SO EITHER BY INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.** If your common shares are held in physical form (ie. paper form) and are registered in your name, then you are a registered shareholder ("**Registered Shareholder**"). However, if, like most shareholders, you keep your common shares in a brokerage account, then you are a Beneficial Shareholder. The manner for voting is different for Registered Shareholders and Beneficial Shareholders. The instructions below should be read carefully by all shareholders.

Voting by Proxyholder

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

(a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,

(b) any amendment to or variation of any matter identified therein, and

(c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

(a) completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail or by hand to the 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1;

(b) using a touch-tone phone to transmit voting choices to the following toll-free number 1-866-732-8683. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder's account number and the Proxy control number; or

(c) using the Internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder's account number and the Proxy control number.

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

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold common shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of common shares).

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

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 Company. Such common shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such common shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a "**VIF**"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and, in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form (the "**Broadridge VIF**") which will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the common shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your common shares in that capacity. **If you wish to attend at the Meeting and indirectly vote your common shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.**

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or to the address of the registered and records office of the Company at Suite 804, 750 West Pender Street, Vancouver, British Columbia V6C 2T7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed January 22, 2016 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

As at the Record Date, there were 115,737,613 common shares issued and outstanding, each carrying the right to one vote.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder's name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at Computershare and will be available at the Meeting.

To the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially owned, directly or indirectly, or exercised control or direction over, common shares carrying 10% or more of the voting rights attached to all outstanding common shares of the Company as at the Record Date.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at four (4). The Board proposes that the number of directors be fixed at four (4). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at four (4).

ELECTION OF DIRECTORS

The term of office of each of the current directors expires at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act (*British Columbia) (the "**BCBCA")**, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as a director (a "proposed director"), the province and country in which he is ordinarily resident, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee, Province and Country of Ordinary Residence and Positions Held with the Company	Occupation, Business or Employment[1]	Director Since	Common Shares Beneficially Owned or Controlled[1]
Donald K.D. Baxter[2] Ontario, Canada *President, CEO and Director*	Licenced professional engineer; and President and CEO of the Company; former President and COO, Focus Graphite.	June 17, 2015	100,000[3]
Jean Depatie Quebec, Canada *Chairman of the Board and Director*	President of Decamine Inc., a private consulting firm, with over 45 years of national and international experience in economic geology. He was involved in the discovery and development of Stratmin Graphite Inc. (now Timcal Canada Inc.) in Quebec, a globally significant source of flake graphite.	November 22, 2012	463,571
Daniel P. Goffaux[2] Ontario, Canada *Director*	Licenced professional engineer.	May 14, 2014	50,000
H. David Ramm[2] Texas, USA *Director*	Self-employed management consultant; CEO Bright Source Energy	June 5, 2015	Nil

(1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
(2) Denotes member of Audit Committee.
(3) These common shares are held indirectly by Mr. Baxter through 1163863 Ontario Limited, a company beneficially owned by Mr. Baxter.

None of the proposed directors of the Company is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and officers of the Company acting solely in such capacity.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

As at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed director (or any of their personal holding companies) of the Company was a director, CEO or CFO of any company (including the Company) that:

(a) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO; or

(b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, CEO or CFO in the company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or

(c) is as at the date of this Circular or has been within 10 years before the date of this Circular, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) has within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

None of the proposed directors (or any of their personal holding companies) 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 a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

APPOINTMENT OF AUDITOR

DeVisser Gray LLP, Chartered Accountants, of 401-905 West Pender Street, Vancouver, British Columbia, V6C 1L6, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board. DeVisser Gray LLP, Chartered Accountants, was first appointed the auditor of the Company on October 17, 2011.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 *Audit Committees* ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee's Charter

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are H. David Ramm (Chair), Daniel Goffaux and Donald K.D. Baxter. Donald K.D. Baxter is an executive officer of the Company and is not considered to be independent. H. David Ramm (Chair) and Daniel Goffaux are not executive officers of the Company and, therefore, are independent members of the Audit Committee. All members are considered to be financially literate.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

H. David Ramm

Mr. Ramm is the Managing Partner at Dymar Development LLC, a Houston based firm he founded in 2010 as a consultancy for development of infrastructure and energy projects. In 2002, Mr. Ramm was a founding member of DKRW Partners and of DKRW Energy, LLC and then participated in the startup and management of each of DKRW's businesses: domestic wind project development, natural gas infrastructure work for northwest Mexico and commercialization of coal-to-liquids conversion processes. He left DKRW in 2010 to assume a role as CEO and director at Turner Bros., a Houston based wind industry/refinery oriented heavy lift provider.

Prior to co-founding DKRW Energy, LLC, Mr. Ramm was President, CEO and a director of Integrated Electrical Services, Inc., a NYSE-traded, Fortune 1,000 company. From 1996 to 2000, he served as President of Enron Wind Corporation and managing director of Enron Renewable Energy Corporation. After service as an army officer, Mr. Ramm began his civilian career at United Technologies Corporation where he held senior management positions at Otis Elevator Company and served as Chairman and CEO of UTC Fuel Cells Corporation. Mr. Ramm holds an M.S. in Management from the Sloan School at MIT, an M.B.A. from Long Island University's Roth School of Business and a B.S. in Mechanical Engineering from the United States Military Academy at West Point.

Daniel P. Goffaux

Mr. Goffaux is a veteran of the mining industry and brings over 40 years of engineering, development, operations and managerial experience. Specifically he is one of a limited number of individuals to have led the construction, certification and start-up of a flake graphite mine in North America. Mr. Goffaux was President of Stratmin Graphite Inc. (now Timcal Canada Inc., a member of Imerys S.A. (Euronext Paris: NK) and along with Mr. Jean Depatie, Chairman of the board of the Company, was instrumental in the development of the Stratmin Graphite Mine. Stratmin was the first (and still the only) graphite producer in North America. Mr. Goffaux was responsible for preparing the feasibility report, overseeing construction of the mill and managing to have the operations certified ISO 2003 within 3 years, contributing to the marketing success of its graphite flake product in over 35 countries. In addition his extensive mining experience in Canada and abroad includes the following: as Mine Superintendent/Chief Engineer he led the development and start-up of the Thierry Copper Mine, at Union Minière and Mining Corp. (Montreal), Vice President of Mines at Sullivan Mines (Montréal), General manager for all Joint Ventures at Cambior, Vice President of Operations, El Limon mine at Triton Mining Corporation (Nicaragua) and General Manager of Bougrine zinc mine at Breakwater Resources (Tunisia). He retired from Breakwater Resources Ltd. in 2011, where he held the position of Vice President, Latin America, responsible for mining operations in Honduras and Chile where he modernized mining methods and reduced operating costs. The Chilean operation was the first in the mining industry to integrate a wind farm with hydro and diesel plants to supply power to the mine.

Mr. Goffaux graduated from the University of Liège, in Belgium, where he obtained a Master of Science in Engineering (Mines) and a Master of Engineering (Geology). He is registered as P. Eng. in Ontario and is a member of l'Ordre des Ingénieurs du Québec.

Donald K.D. Baxter

Mr. Baxter is one of the premier graphite mining experts on the continent, having helped define three graphite deposits and having built one of only two producing graphite mines in North America. An industry veteran, Mr. Baxter is the only CEO in the graphite development space with demonstrated graphite mining and processing experience, in addition to expertise in specialty CSPG graphite for Li-ion batteries. Mr. Baxter holds a degree in Mining Engineering from Queen's University and is a 'Qualified Person' as defined by National Instrument 43-101 (NI 43-101) guidelines.

Mr. Baxter served as President and COO of Focus Graphite Corporation from September 2013 until May 2015. Mr. Baxter led Focus Graphite Corporation to wide recognition in the graphite industry and updated the company's preliminary economic assessment and advanced the company to a completed feasibility study. Mr. Baxter was also responsible for rapidly advancing the development of value added graphite products, namely coated spherical graphite for the lithium ion battery sector.

Prior to Focus Graphite Corporation Mr. Baxter served as President of Northern Graphite Corporation from February 2011 and July 2013 and was responsible for all technical aspects relating to the Bissett Creek graphite project, including the bankable feasibility study, metallurgical test work and environmental and mine permitting, as well as developing battery related graphite products.

Mr. Baxter also served as Mine Superintendent at the Kearney Graphite mine when it operated in the 1990s, providing true operational experience in graphite mining and processing. He served as Director of Mining at Ontario Graphite Ltd., has worked for Inco and Noranda Minerals, as well as on numerous consulting projects for base and precious metals.

Each member of the Audit Committee has adequate education and experience that would provide the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has the Audit Committee made any recommendations to the Board to nominate or compensate its auditor which were not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provisions of services other than audit services is compatible with maintaining the auditor's independence and has adopted a policy governing the provision of these services. This policy requires that pre-approval by the Audit Committee of all audit and non-audit services provide by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by DeVisser Gray LLP, Chartered Accountant, for the financial years ended August 31, 2015 and 2014, to the Company to ensure auditor independence. Fees billed for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Billed by Auditor for the Financial Year Ended August 31, 2015[2]	Fees Billed by Auditor for the Financial Year Ended August 31, 2014[2]
Audit Fees[1]	$21,000	$22,500
Audit-Related Fees[2]	Nil	Nil
Tax Fees[3]	Nil	Nil
All Other Fees[4]	Nil	Nil
TOTAL:	**$21,000**	**$22,500**

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the financial year ended August 31, 2015. This exemption exempts a "venture issuer" from the requirements of Part 3 *(Composition of the Audit Committee*) and Part 5 *(Reporting Obligations)* of that instrument, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the Board of a company whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Company's Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Company's Board requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which the Company operates in order to identify and manage risks. The Company's Board is responsible for monitoring the Company's officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The current independent members of the Board are Jean Depatie, Daniel P. Goffaux and H. David Ramm. The sole non-independent member of the Board is Donald K.D. Baxter, President and CEO of the Company.

Directorships

The following person is a director of the Company who is a director of other reporting issuers:

Jean Depatie

Reporting Issuer:
Dynacor Gold Mines Inc.
Lamêlée Iron Ore Ltd.

Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board as a whole determines compensation for the directors and the CEO.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers ("**NEOs**"), as hereinafter defined, is fair and reasonable. The Board relies on the experience of its members as officers and directors with other junior mining companies in assessing compensation levels.

Analysis of Elements

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's stock option plan (the "**Plan**").

Long Term Compensation and Option-Based Awards

The Company has no long-term incentive plans other than its Plan. The Company's directors and officers and certain consultants are entitled to participate in the Plan. The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the Canadian Securities Exchange from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and

- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year.

Summary Compensation Table

In this section, a "Named Executive Officer" ("**NEO**") includes (i) the CEO, (ii) the CFO, (iii) each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year of August 31, 2015, and whose total compensation was more than $150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

The following table sets forth compensation paid to the Company's NEOs during the financial years ended August 31, 2015, 2014 and 2013:

Name and principal position	Year[1]	Salary ($)[2]	Share-based awards ($)	Option-based awards ($)[3]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)[2]
					Annual incentive plans ($)	Long-term incentive plans ($)			
Harsharn (Ron) S. Roda[4] Former Co-CEO, President and Secretary	2015 2014 2013	134,838[5] 90,845[5] Nil	Nil Nil Nil	114,965 299,507 155,437	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	249,803 383,174 155,437
John Morita[6] Former CFO	2015 2014 2013	Nil Nil Nil	Nil Nil Nil	10,174 52,632 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	15,950[7] 8,120[7] Nil	26,124 60,752 Nil
Donald K.D. Baxter[8] CEO	2015 2014 2013	37,373 N/A N/A	Nil N/A N/A	33,957 N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	Nil N/A N/A	33,957 N/A N/A

(1) Financial years ended August 31.

(2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.

(3) Figures represent the grant date fair value of the options. For each financial year end, the Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies. For the financial year ended August 31, 2015, assumptions used for such calculations include a risk free interest rate of 0.94% to 1.01%, annualized volatility of 162.15% to 162.31%, and a dividend rate of zero percent.

(4) Mr. Roda served as President from August 22, 2013 to June 17, 2015, CEO from April 23, 2014 to June 17, 2015, as Co-CEO from June 17 2015 to December 15, 2015 and Secretary from April 30, 2014 to December 15, 2015.

(5) Effective April 1, 2014, Mr. Roda received an annual salary of USD$125,000 through Galador Consulting, a private company controlled by Mr. Roda. As at August 31, 2015, the Company paid Mr. Roda a total of CAD$134,838.

(6) Mr. Morita served as CFO from May 25, 2011 to October 21, 2015.

(7) Paid as consulting fees to North American Mortgage Corporation, a private company controlled by John Morita.

(8) Mr. Baxter served as Co-CEO of the Company from June 17, 2015 to December 15, 2015 and has served as CEO since December 15, 2015.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards

The Company currently has in place a 10% rolling stock option plan. The purpose of granting stock options is to assist the Company in compensating, attracting, retaining and motivating its NEOs and to closely align the personal interests of such persons to that of the shareholders. In determining the number of options to be granted to the NEOs, the Board will take into account the number of options, if any, previously granted to each

NEO and the exercise price of any outstanding options to ensure that such grants are in accordance with the Canadian Securities Exchange.

The following table sets out all option-based awards outstanding as at August 31, 2015 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Position	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)[1]**
Harsharn (Ron) S. Roda[2] Former Co-CEO, President and Secretary	550,000[3] 175,000[3] 139,000[3] 1,725,000[3] 565,000[3]	$0.25 $0.35 $0.105 $0.145 $0.27	December 15, 2016[3]	Nil Nil $6,255 $8,625 Nil
John Morita[4] Former CFO	140,000[5] 5,000[5] 95,000[5] 50,000[5]	$0.35 $0.105 $0.145 $0.27	October 21, 2016[5]	Nil $225 $475 Nil
Donald K.D. Baxter[6] CEO	500,000[7]	$0.27	June 17, 2020	Nil

(1) This amount is based on the difference between the market value of the securities underlying the options on August 31, 2015, which was $0.15, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.

(2) Mr. Roda served as President from August 22, 2013 to June 17, 2015, CEO from April 23, 2014 to June 17, 2015, as Co-CEO from June 17, 2015 to December 15, 2015 and Secretary from April 30, 2014 to December 15, 2015.

(3) The Company granted Mr. Roda 550,000 common shares exercisable at a price of $0.25 per common share; 175,000 options to purchase common shares exercisable at a price of $0.35 per common share; 139,000 options to purchase common shares exercisable at a price of $0.105 per common share; 1,725,000 options to purchase common shares exercisable at a price of $0.145 per common share and 565,000 options to purchase common shares exercisable at a price of $0.27 per common share. As a result of Mr. Roda's resignation on December 15, 2015, the Board approved the extension of the option exercise period for all options held by Mr. Roda for up to one year from the date of his resignation, subject to Board review and approval of a detailed summary of all options held by Mr. Roda. Mr. Roda's options will expire on December 15, 2016.

(4) Mr. Morita served as CFO from May 25, 2011 to October 21, 2015.

(5) The Company granted Mr. Morita 140,000 options to purchase common shares exercisable at a price of $0.35 per common share; 5,000 options to purchase common shares exercisable at a price of $0.105 per common share, 95,000 options to purchase common shares exercisable at a price of $0.145 per common share and 50,000 options to purchase common shares at a price of $0.27 per common share. As a result of Mr. Morita's resignation on October 21, 2015, the Board approved the extension of the option exercise period for all options held by Mr. Morita for up to one year from the date of his resignation. Mr. Morita's options will expire on October 21, 2016.

(6) Mr. Baxter served as Co-CEO from June 17, 2015 to December 15, 2015 and has served as CEO since December 15, 2015.

(7) The Company granted Mr. Baxter 500,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 17, 2020.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets out the value vested during the financial year ended August 31, 2015 for options awarded under the Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards- Value vested during the year ($)	Share-based awards - Value vested during the year ($)	Non-equity incentive plan compensation - Value earned during the year ($)
Harsharn (Ron) S. Roda[(1)] Former Co-CEO, President and Secretary	565,000[(2)]	N/A	N/A
John Morita[(3)] Former CFO	50,000[(4)]	N/A	N/A
Donald K.D. Baxter[(5)] CEO	500,000[(6)]	N/A	N/A

(1) Mr. Roda served as President from August 22, 2013 to June 17, 2015, CEO from April 23, 2014 to June 17, 2015, as Co-CEO from June 17, 2015 to December 15, 2015 and Secretary from April 30, 2014 to December 15, 2015.

(2) The Company granted Mr. Roda 565,000 options to purchase common shares exercisable at a price of $0.27 per common share. As a result of Mr. Roda's resignation on December 15, 2015, the Board approved the extension of the option exercise period for all options held by Mr. Roda for up to one year from the date of his resignation, subject to Board review and approval of a detailed summary of all options held by Mr. Roda. Mr. Roda's options will expire on December 15, 2016.

(3) Mr. Morita served as CFO from May 25, 2011 to October 21, 2015.

(4) The Company granted Mr. Morita 50,000 options to purchase common shares at a price of $0.27 per common share. As a result of Mr. Morita's resignation on October 21, 2015, the Board approved the extension of the option exercise period for all options held by Mr. Morita for up to one year from the date of his resignation. Mr. Morita's options will expire on October 21, 2016.

(5) Mr. Baxter served as Co-CEO from June 17, 2015 to December 15, 2015 and has served as CEO since December 15, 2015.

(6) The Company granted Mr. Baxter 500,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 17, 2020.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination and Change of Control Benefits

The Company does not have any plan contract, agreement or plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Company or a change in the NEO's responsibilities.

DIRECTOR COMPENSATION

Director Compensation Table

The Company does not pay cash fees to any of its directors. The Company compensates its directors through option grants. NEOs do not receive additional compensation for serving as directors.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year ended August 31, 2015, including awards granted before the most recently completed financial year.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[1]
Daniel P. Goffaux[2]	400,000[3] 50,000[3]	0.18 0.27	July 18, 2014 June 12, 2020	Nil Nil
Richard Keevil[4]	275,000[5] 250,000[5]	0.145 0.27	February 3, 2019 June 12, 2020	1,375 Nil
Jean Depatie[6]	25,000[7] 100,000[7] 590,000[7]	0.35 0.145 0.27	September 3, 2018 February 3, 2019 June 12, 2020	Nil 500 Nil
James K. Duff[8]	25,000[9] 55,000[9] 250,000[9]	0.35 0.145 0.27	September 3, 2018 February 3, 2019 June 12, 2020	Nil 275 Nil
H. David Ramm[10]	400,000[11]	0.27	June 12, 2020	Nil

(1) This amount is based on the difference between the market value of the securities underlying the options on August 31, 2015, which was $0.15, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding options.

(2) Mr. Goffaux has served as a director of the Company since May 14, 2014.

(3) The Company granted Mr. Goffaux 400,000 options to purchase common shares exercisable at a price of $0.18 per common share for five years from the date of grant expiring July 18, 2019 and 50,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

(4) Mr. Keevil served as a director of the Company from February 18, 2014 to June 17, 2015. He continues to serve as Vice President, Project Development of the Company and, therefore, all of his options remain valid and outstanding.

(5) The Company granted Mr. Keevil 275,000 options to purchase common shares exercisable at a price of $0.145 for five years from the date of grant expiring February 3, 2018 and 250,000 options to purchase common shares exercisable at a price of $0.27 for five years from the date of grant expiring June 12, 2020.

(6) Mr. Depatie has served as a director of the Company since November 22, 2012.

(7) The Company granted Mr. Depatie 25,000 options to purchase common shares exercisable at a price of $0.35 per common shares for five years from the date of grant expiring September 3, 2018, 100,000 options to purchase common shares exercisable at a price of $0.145 for five years from the date of grant expiring February 3, 2018 and 590,000 options to purchase common shares exercisable at a price of $0.27 for five years from the date of grant expiring June 12, 2020.

(8) Mr. Duff served as a director of the Company from September 18, 2012 to June 5, 2015.

(9) The Company granted Mr. Duff 25,000 options to purchase common shares exercisable at a price of $0.35 per common share for five years from the date of grant expiring September 3, 2018, 55,000 options to purchase common shares exercisable at a price of $0.145 per common share for five years from the date of grant expiring February 3, 2019 and 250,000 options to purchase common shares exercisable at a price of $0.27 per common for five years from the date of grant share expiring June 12, 2020.

(10) Mr. Ramm has served as a director of the Company since June 5, 2015.

(11) The Company granted Mr. Ramm 400,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The Company has a stock option plan for the granting of incentive stock options to the directors, officers, employees and consultants. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial year ended August 31, 2015:

Name	Option-based awards- Value vested during the year ($)	Share-based awards - Value vested during the year ($)	Non-equity incentive plan compensation - Value earned during the year ($)
Daniel P. Goffaux	200,000[(1)]	N/A	N/A
Richard Keevil	250,000[(2)]	N/A	N/A
Jean Depatie	590,000[(3)]	N/A	N/A
James K. Duff	250,000[(4)]	N/A	N/A
H. David Ramm	400,000[(5)]	N/A	N/A

(1) On July 18, 2014, the Company granted Mr. Goffaux 400,000 options to purchase common shares at an exercise price of $0.18 per common share expiring July 18, 2019. Of these options, 75,000 vested immediately with the balance vesting every 6 months over the next 3 years. On June 12, 2015, the Company granted Mr. Goffaux 50,000 options to purchase common shares at an exercise price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

(2) The Company granted Mr. Keevil 250,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

(3) The Company granted Mr. Depatie 590,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

(4) The Company granted Mr. Duff 250,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

(5) The Company granted Mr. Ramm 400,000 options to purchase common shares exercisable at a price of $0.27 per common share for five years from the date of grant expiring June 12, 2020.

A description of the significant terms of the Plan is found under the heading “Particulars of Matters to be Acted Upon – Share Option Plan”.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the share option plan (the “**Plan**”) which was previously approved by the Board and the shareholders of the Company. The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board. The Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of common shares issuable under the Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding common shares. All options expire on a date not later than five years after the date of grant of such option.

The following table sets out equity compensation plan information as at the financial year ended August 31, 2015.

Plan Category	Number of securities to be issued upon exercise of outstanding options[(1)]	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))[(1) (2) (3)]
Equity compensation plans approved by securityholders - (the Share Option Plan)	9,180,000	$0.27	2,393,761
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTAL:	**9,180,000**		**2,393,761**

(1) The above numbers are based on 114,023,613 common shares of the Company issued and outstanding as at August 31, 2015.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the Company's last completed financial year or as of the Record Date, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries since April 1, 2010 (being the commencement of the Company's last completed financial year), or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Re-Approval of Stock Option Plan

The policies of the TSX Venture Exchange (the "**TSXV**") require all of its listed companies to have a share option plan if the company intends to grant options. On December 16, 2011, the Board approved the adoption of a new stock option plan (the "**Plan**") in order to comply with regulatory requirements of the TSXV, and by the shareholders of the Company at its annual general meeting held on March 31, 2015. The Plan is a 10% maximum rolling plan. Options granted under the Plan are not exercisable for a period longer than 10 years and the exercise price must be paid in full upon exercise of the option.

Under TSXV policy, the continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

The Plan was established to provide incentive to directors, officers and employees and consultants. As a 10% rolling plan the aggregate number of common shares issuable as options under the Plan may be up to 10% of the Company's issued and outstanding common shares on the date on which an option is granted, less common shares reserved for issuance on exercise of options then outstanding under the Plan. The purpose of the Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees (an "**Optionee**").

Eligible Optionees

To be eligible to receive a grant of options under the Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

Restrictions

The Plan is subject to the following restrictions:

(a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding common shares of the Company, unless the Company has obtained approval by a majority of the Disinterested Shareholders (defined below) of the Company;

(b) The aggregate number of options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without prior regulatory approval;

(c) The Company must not grant an option to a Consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;

(d) The aggregate number of common shares reserved for issuance under options granted to Insiders (defined below) must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;

(e) The number of optioned shares issued to Insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;

(f) The issuance to any one Optionee within a 12 month period of a number of common shares must not exceed 5% of outstanding shares unless the Company has obtained Disinterested Shareholder Approval to do so;

(g) The exercise price of an option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so; and

(h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

Definitions

"**Disinterested Shareholder Approval**" means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the British Columbia *Securities Act*) of Insiders.

An "**Insider**" is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

Material Terms of the Plan

The following is a summary of the material terms of the Plan:

(a) persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;

(b) all options granted under the Plan expire on a date not later than 10 years after the issuance of such options. However, should the expiry date for an option fall within a trading Blackout Period (as defined in

the Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), within 9 business days following the expiration of a Blackout Period;

(c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;

(d) an Option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;

(e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;

(f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;

(g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);

(h) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period;

(i) in the event of a take over bid being made to the shareholders generally, immediately upon receipt of the notice of the take over bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the take over bid, and all outstanding options may, notwithstanding the vesting terms contained in the Plan or any vesting requirements subject to regulatory approval; and

(j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Plan also provide the following:

The Board may, without shareholder approval:

(i) amend the Plan to correct typographical, grammatical or clerical errors;

(ii) change the vesting provisions of an option granted under the Plan, if applicable;

(iii) change the termination provision of an option granted under the Plan if it does not entail an extension beyond the original expiry date of such option;

(iv) make such amendments to the Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;

(v) make such amendments as may otherwise be permitted by regulatory authorities;

(vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the Canadian Securities Exchange, make such amendments as may be required by the policies of such senior stock exchange or stock market; and

(vii) amend the Plan to reduce the benefits that may be granted to Service Providers.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the ordinary resolution to re-approve the Plan, with or without variation, as follows:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT the Company's Stock Option Plan dated December 16, 2011 be ratified, confirmed and approved until the next annual meeting of the Company, subject to any amendments that may be required by the TSX Venture Exchange, as the directors of the Company may deem necessary or advisable."

The Board recommends that shareholders vote in favour of the Plan. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing ordinary resolution.

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

A copy of the Plan will be available for inspection at the Meeting.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the financial year ended August 31, 2015 and in the related management discussion and analysis (together, the "**Financial Statements**"). The Financial Statements were filed on SEDAR on December 22, 2015 at www.sedar.com and will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company's registered and records office at Suite 804-750 West Pender Street, Vancouver, BC, V6C 2T7, telephone: (604) 682-2928 or fax: (604) 685-6905. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Circular.

ALABAMA GRAPHITE CORP.
(the "**Company**")

AUDIT COMMITTEE CHARTER

Purpose of the Committee

The purpose of the audit committee (the **"Audit Committee"**) of the directors of the Company (the "**Board**") is to provide an open avenue of communication between management, the Company's independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company's independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, the Company's articles and governing laws as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Audit Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit the Company's financial statements and provide its opinion, based on its audit conducted in accordance with IFRS, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

Authority and Responsibilities

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.

2. Review the appointments of the Company's CFO and CEO and any other key financial executives involved in the financial reporting process.

3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.

7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.

8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.

9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.

10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.

11. Establish and review the Company's procedures for the:

    - receipt, retention and treatment of complaints regarding accounting, financial disclosure,
    - internal controls or auditing matters; and
    - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.

13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the BCBCA and the articles of the Company.