NORTHERN GRAPHITE CORPORATION
Suite 201, 290 Picton Avenue
Ottawa, Ontario K1Z 8P8

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders (the "**Meeting**") of Northern Graphite Corporation (the "**Corporation**") will be held at the offices of DLA Piper (Canada) LLP, Suite 6000, 1 First Canadian Place, Toronto, Ontario, M5X 1E2 on June 1, 2016, at 11:00 a.m. (EDT) for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2015, together with the report of the auditors thereon;

2. to elect the directors of the Corporation for the ensuing year;

3. to appoint MNP LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors of the Corporation to fix the auditors' remuneration;

4. to consider and, if deemed appropriate, to approve, with or without variation, an ordinary resolution approving the Corporation's stock option plan, as amended and restated, as more particularly described in the accompanying management information circular; and

5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular (the "**Circular**").

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is at the close of business on April 15, 2016 (the "**Record Date**"). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

The Corporation has elected to use the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 ("**Notice-and-Access**") to distribute Meeting materials to shareholders. Notice-and-Access is a set of rules that allow issuers to post electronic versions of proxy-related materials on SEDAR and on one additional website, rather than mailing paper copies to shareholders. The use of Notice-and-Access will reduce the Corporation's printing and mailing costs and is more environmentally friendly as it will help to reduce paper use. Shareholders have the right to request hard copies of any materials posted online by the Corporation under Notice-and-Access.

Meeting materials, including the Circular, are available under the Corporation's SEDAR profile at www.sedar.com and on the Corporation's website at www.northerngraphite.com/investors/2016-agm-materials/. The Corporation will provide to any shareholder, free of charge, upon request to the Corporation's transfer agent, TMX Equity Transfer Services, Telephone No. 1-866-393-4891, a paper copy of the Circular and any financial statements or management discussion and analysis of the Corporation filed with the applicable securities regulatory authorities during the past year. In order to allow reasonable time for you to receive and review a paper copy of the Circular or other document prior

to the proxy deadline, you should make your request for a paper copy to the Corporation's transfer agent by 5:00 p.m. (EDT) on May 21, 2016.

A shareholder may attend the Meeting or any adjournment thereof in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the form of proxy for the Meeting must be deposited with the Corporation's registrar and transfer agent, TMX Equity Transfer Services, Proxy Department, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Facsimile No. (416) 595-9593, no later than 4:00 p.m. (EDT) on May 30, 2016 or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before any adjournment or postponement of the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized.

The persons named in the form of proxy for the Meeting are directors and/or officers of the Corporation. Each shareholder of the Corporation has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

DATED at Ottawa, Ontario as of the 15th day of April, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

"Gregory B. Bowes"

Gregory B. Bowes
Chief Executive Officer

NORTHERN GRAPHITE CORPORATION
Suite 201, 290 Picton Avenue
Ottawa, Ontario K1Z 8P8

MANAGEMENT INFORMATION CIRCULAR
Dated April 15, 2016

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (the "**Circular**") is furnished in connection with the solicitation by the management of Northern Graphite Corporation (the "**Corporation**") of proxies to be used at the annual meeting of shareholders (the "**Meeting**") of the Corporation to be held at the time and place and for the purposes set forth in the enclosed notice of annual meeting of shareholders (the "**Notice of Meeting**"). While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of solicitation by management will be borne directly by the Corporation. The information contained herein is given as of April 15, 2016, unless indicated otherwise.

The Corporation may pay the reasonable costs incurred by persons and companies who are the registered owners of common shares of the Corporation (the "**Common Shares**") (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice Package (as defined below), as well as requested copies of the Meeting Materials (as defined below), to the beneficial owners of such Common Shares. The Corporation will provide, without cost to such persons and companies, upon request to the Secretary of the Corporation, additional copies of the Notice Package and Meeting Materials required for this purpose.

A quorum for the transaction of business at the Meeting shall be present if there are two or more persons present in person, each being a shareholder entitled to vote or a duly appointed proxyholder, and together holding or representing by proxy not less than 10% of the outstanding Common Shares entitled to vote at the Meeting.

NOTICE–AND–ACCESS

The Corporation has elected to use the "notice-and-access" provisions that came into effect on February 11, 2013 under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 *Continuous Disclosure Obligations* ("**Notice-and-Access**"), for distribution of this Circular and other meeting materials to registered shareholders of the Corporation and Beneficial Holders (as defined below). Notice-and-Access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via SEDAR and one other website, rather than mailing paper copies of such meeting materials to shareholders. The use of Notice-and-Access will reduce the Corporation's printing and mailing costs and is more environmentally friendly as it will help to reduce paper use.

In accordance with Notice-and-Access, the Corporation has posted the Circular and its audited financial statements and management discussion and analysis for the year ended December 31, 2015 (collectively, the "**Meeting Materials**") under its SEDAR profile at www.sedar.com and on its website at www.northerngraphite.com/investors/2016-agm-materials/.

Although the Meeting Materials will be posted electronically online, registered shareholders and Beneficial Holders (subject to the provisions set out below under the heading "Non-Registered Holders") will receive a "notice package" (the "**Notice Package**") by prepaid mail, which includes the information prescribed by NI 54-101, and a proxy form ("**Proxy**"), in the case of registered shareholders, or voting instruction form ("**VIF**"), in the case of Beneficial Holders, enabling them to vote at the Meeting. Shareholders should follow the instructions for completion and delivery contained in the Proxy or VIF, and are reminded to review the Circular before voting.

The Corporation has determined to use Notice-and-Access for both registered shareholders and Beneficial Holders other than those shareholders with existing instructions on their accounts to receive printed materials or those shareholders that request printed meeting materials. Neither registered shareholders nor Beneficial Holders will

receive a paper copy of the Meeting Materials unless they contact the Corporation's transfer agent, TMX Equity Transfer Services ("**Equity**") toll-free at 1-866-393-4891. Provided the request is made prior to the Meeting, Equity will mail the requested materials within three business days. **Requests for paper copies of the Meeting Materials should be made by 5:00 p.m. (EDT) on May 21, 2016 in order to receive the Meeting Materials in time to vote before the Meeting.**

Shareholders with questions about Notice-and-Access may contact Equity toll-free at 1-866-393-4891.

NON-REGISTERED HOLDERS

Only registered holders of Common Shares as at April 15, 2016 (the "**Shareholders**") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Beneficial Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**" or the "**Intermediaries**") with whom the Beneficial Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101, the Corporation will have distributed copies of the Notice Package to Intermediaries and clearing agencies for onward distribution to Beneficial Holders.

Intermediaries are required to forward the Notice Package to Beneficial Holders. Beneficial Holders will be given, in substitution for the form of Proxy otherwise contained in the Notice Package, the form of VIF which, when properly completed and signed by the Beneficial Holder and returned to the Intermediary, will constitute voting instructions that the Intermediary must follow.

The purpose of this procedure is to permit Beneficial Holders to direct the voting of the Common Shares that they beneficially own. **Beneficial Holders receiving a VIF cannot use that form to vote Common Shares directly at the Meeting. Beneficial Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.** Should a Beneficial Holder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Holder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Holder or their nominee the right to attend and vote at the Meeting.

Beneficial Holders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary. Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their Intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the Intermediary and vote the Common Shares in that capacity. **Beneficial Holders who wish to attend the Meeting and indirectly vote their Common Shares as a proxyholder, should enter their own names in the blank space on the form of Proxy or VIF provided to them by their Intermediary and return the same in accordance with the instructions provided by their Intermediary well in advance of the Meeting.**

In any event, Beneficial Holders should carefully follow the instructions of their Intermediary set out in the VIF, including those regarding when and where the form of Proxy or VIF is to be delivered.

Under NI 54-101, the Corporation is permitted to forward meeting materials directly to Beneficial Holders who are "non-objecting beneficial owners" ("**NOBOs**"). If the Corporation or its agent has sent these materials directly to you (instead of through a nominee), your name, address and information about your holding of securities has been obtained in accordance with applicable securities regulatory requirements from the nominee holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the nominee holding on your behalf) has assumed responsibility for delivering materials to you and executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The meeting materials for

Beneficial Holders who are "objecting beneficial owners" ("**OBOs**") will be distributed through clearing houses and Intermediaries, who often use a service company such as Broadridge Financial Solutions to forward meeting materials to non-registered shareholders. The Company does not intend to pay for Intermediaries to forward the proxy-related materials and the request for voting instructions made by Intermediaries to OBOs, under NI 54-101. Accordingly, OBOs will not receive the materials unless the OBOs' Intermediary assumes the cost of delivery.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the form of proxy are directors and/or officers of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder) to represent him, her or it at the meeting may do so** either by inserting such person's name in the blank space provided in the form of proxy and crossing out the names of the nominees of management, or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the Corporation's registrar and transfer agent, TMX Equity Transfer Services, Proxy Department, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Facsimile No. (416) 595-9593, no later than 4:00 p.m. (EDT) on May 30, 2016 or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before any adjournment or postponement of the Meeting, or delivering the completed proxy to the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof prior to the time of voting.

A shareholder may also submit a proxy by using the Internet through the website of Equity at www.voteproxyonline.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the proxy form for the Meeting for the Holder ID and Holder Code and the proxy access number.

A Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;

2. by depositing an instrument in writing revoking the proxy executed by him, her or it: (a) with TMX Equity Transfer Services at the address and/or facsimile above, at any time up to and prior to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or

3. in any other manner permitted by law.

Only a Shareholder has the right to revoke a proxy. A Beneficial Holder who wishes to change his, her or its vote must arrange for the Intermediary to revoke the proxy on his, her or its behalf in accordance with the instructions of such Intermediary set out in the voting instructions form.

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

In the event of a strike, lockout or other work stoppage involving postal employees, all documents required to be delivered by a shareholder should be delivered by facsimile to TMX Equity Transfer Services at (416) 595-9593.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees or any appointed nominees will be voted for, withheld from voting or voted against in accordance with the instructions of the Shareholder on any ballot that may be called for and, if a Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **Where no choice is specified, the proxy will confer discretionary authority and will be voted FOR the election of the nominee directors, the**

appointment of auditors and the authorization of the directors to fix the auditors' remuneration, and for each item of special business, as stated elsewhere in this Circular.

The form of proxy for the Meeting also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters that may properly come before the meeting in such manner as such nominee in his judgment may determine. At the time of printing this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the approval of the stock option plan of the Corporation as disclosed in this Circular.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As at the date of this Circular, the Corporation had 51,284,279 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The record date for the purpose of determining the Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting has been fixed as April 15, 2016. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of Shareholders as at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote, on all resolutions put forth at the Meeting for which such Shareholder is entitled to vote, the shares shown opposite his, her or its name on such list. The failure of a Shareholder to receive the Notice of Meeting does not deprive him, her or it of the right to vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The audited financial statements of the Corporation for the fiscal year ended December 31, 2015 together with the auditors' report thereon will be presented to the Shareholders at the Meeting.

Election of Directors

The articles of the Corporation provide for a minimum of one and a maximum of ten directors. The board of directors of the Corporation (the "**Board of Directors**" or the "**Board**") has fixed the number of directors to be elected at the Meeting at six. It is proposed that each of the nominees whose name appears below (the "**Nominees**") be individually elected as a director at the Meeting. Management does not contemplate that any of the Nominees will be unable to serve as a director of the Corporation. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the election of the Nominees as directors of the Corporation.**

The following table provides the names of the Nominees, their municipalities of residence, all positions and offices in the Corporation held by each of them, their principal occupations, the date on which each was first elected a director of the Corporation and the approximate number of Common Shares that are beneficially owned, or

controlled or directed, directly or indirectly, by each Nominee. Information regarding the principal occupation, business or employment of each Nominee within the preceding five years is set out following such table. Each elected director will hold office from the date on which he is elected until the close of the next annual meeting of Shareholders of the Corporation or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the Corporation's by-laws.

Name, Municipality of Residence and Position with the Corporation	Principal Occupation	Director Since	Common Shares Beneficially Owned Directly or Indirectly or Controlled
Gregory B. Bowes Carleton Place, Ontario Chief Executive Officer and Director	Chief Executive Officer and a director of the Corporation	July 9, 2008	1,799,761[4]
Ronald N. Little [1] [2] Ottawa, Ontario Director	President, CEO and a director of Orezone Gold Corporation	June 24, 2010	1,239,047[5]
Jay Chmelauskas [1] [3] Vancouver, British Columbia Director	Technology and Mineral Developer	September 7, 2010	21,800
K. Sethu Raman, Ph.D [2] [3] Toronto, Ontario Director	Independent mining consultant	September 7, 2010	333,694
Iain Scarr [3] Highlands Ranch, Colorado Director	Industrial minerals consultant	September 7, 2010	60,000
Donald H. Christie, CPA[1] [2] Toronto, Ontario Director	President and COO, Norvista Capital Corporation	August 17, 2010	210,333

Notes:
(1) Member of Audit Committee.
(2) Member of Compensation and Nomination Committee.
(3) Member of Corporate Governance Committee.
(4) 828,333 Common Shares are held by Gregory Bowes, 571,428 Common Shares are held by Bowes & Company, Management Ltd., which is owned and controlled by Gregory Bowes and his family, and 400,000 Common Shares are owned by his spouse. As of the date of this Circular and the record date, Mr. Bowes had exercised stock options to purchase an additional 200,000 Common Shares and placed an order to sell 178,500 Common Shares. These transactions had not settled as of the date of this Circular and the record date but will result in a net increase of 21,500 Common Shares in the number of Common Shares beneficially owned or controlled by Mr. Bowes upon settlement.
(5) 1,039,047 Common Shares are held by Ronald Little and 200,000 Common Shares are owned by his spouse.

As a group, the directors and senior officers beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 3,714,635 Common Shares, representing 7.2% of the total issued and outstanding Common Shares.

The following is biographical information relating to the directors and senior officers of the Corporation, including their principal occupations for the past five years:

Gregory B. Bowes, B.Sc. (Geology), MBA - *CEO and Director*. Mr. Bowes (age 61) has over 30 years of experience in the resource and engineering industries. He holds an MBA from Queen's University and an Honours

B.Sc., Geology degree from the University of Waterloo. Mr. Bowes was Senior Vice President of Orezone Gold Corporation (ORE:TSX) from February 2009 to June 2010, and was Vice President, Corporate Development of its predecessor, Orezone Resources Inc., from January 2004 until September 2005 and was Chief Financial Officer from October 2005 to March 2007, and from April 2008 to February 2009. From December 2006 until April 2008, Mr. Bowes served as President, CEO and a director of San Anton Resource Corporation, which was then listed on the TSX.

Iain Scarr, B.Sc. (Geology), MBA - *Director*. Mr. Scarr is founder and principal of IMEx Consulting, which provides business development, mining and marketing services to the industrial minerals industry. Mr. Scarr is currently engaged as Project Director - Sudamérica - Chemicals Division, ADY, Enirgi Group Corporation, working on a major lithium brine development in Argentina. Mr. Scarr previously performed the role of Country Manager and General Manager – Development for Galaxy Resources Limited's (GXY:ASX) flagship Sal de Vida lithium and potash brine project in Argentina. Mr. Scarr spent 30 years with Rio Tinto Exploration and was most recently Commercial Director and VP Exploration, Industrial Minerals Division. He holds a B.Sc. in Earth Sciences from California State Polytechnic University and an MBA from Marshall School of Business at the University of Southern California.

Ronald N. Little, P.Eng - *Director*. Mr. Little is the President, CEO and a director of Orezone Gold Corporation (ORE:TSX-V) and is a director of Premier Gold Mines Limited (PG:TSX). He is a professional engineer and geologist with more than 30 years of experience in mine operations, mine development, project finance and exploration. Mr. Little has spent the last +20 years focused on African projects and was the founder of Orezone Resources Inc., a company that developed Essakane, the largest gold mine in Burkina Faso that was taken over by IAMGOLD for $350M in 2009. Mr. Little has been a director of other public and private companies and held senior operating positions in both major and junior gold producing companies.

Jay Chmelauskas, B.A.Sc, MBA - *Director*. Mr. Chmelauskas was formerly the President and CEO of Western Lithium Corp. (Now Lithium Americas Corporation LAC:TSX), where he led the company through a business development strategy in lithium, and commissioned an industrial minerals business to service the energy and chemicals industry. Mr. Chmelauskas was previously President and CEO of China Gold International Resources Corp. Ltd. (formerly Jinshan Gold Mines) where he successfully managed and led the company during all phases of the commissioning of one of China's largest open pit gold mines. Mr. Chmelauskas has considerable experience in the exploration, development and mining industry, including a large Placer Dome gold mine, and a business analyst position with chemical manufacturer Methanex Corporation. Mr. Chmelauskas has a Bachelor of Applied Science in Geological Engineering from the University of British Columbia and a Master of Business Administration from Queen's University.

Donald H. Christie, CPA - *Director*. Mr. Christie is the President, CEO and a Director of Norvista Capital Corporation (NVV: TSX-V); the Director of Rockcliff Copper Corporation (RCU:TSX-V) and the CFO and a Director of Nevada Zinc Corporation (NZN: TSX-V). Mr. Christie is a Chartered Professional Accountant. Mr. Christie formerly held the role of Chief Financial Officer at Rockcliff Copper Corporation as well as Continental Gold Limited (CNL:TSX). Prior to his involvement with Continental Gold Limited, Mr. Christie co-founded Ollerhead Christie & Company Ltd., a privately held Toronto investment banking firm which sourced, structured and syndicated debt private placements and provided financial advisory services to a client base comprised primarily of colleges, universities, schools boards and provincial government agencies. Prior to founding Ollerhead Christie & Company Ltd., Mr. Christie served as a Managing Director of Newcourt Credit Group (TSX, NYSE), which was subsequently purchased by the CIT Group, Inc. Mr. Christie holds an Honours B.Comm degree from Queen's University.

K. Sethu Raman, Ph.D - *Director*. Dr. Raman is a professional geologist with over 40 years of international experience in all phases of exploration and development and has held senior executive positions in several public mining companies. He spent 13 years with Campbell Chibougamau Mines, Campbell Resources and Royex Gold Group of companies (now Barrick Gold) in various management positions including Vice President (1980-86), where he played a key role in gold discovery and development of six operating gold mines and major acquisitions including Hemlo Gold Mine and the Nickel Plate Gold Mine. From 1986 to 2004, Dr. Raman was President and CEO of Holmer Gold Mines Limited that has, over the years, discovered and developed the Timmins Gold deposit. On December 31, 2004, Lake Shore Gold Corp., a TSX listed company, acquired all of the issued and outstanding

shares of Holmer. Dr. Raman is currently a director of CBD Med Research Corp (CMB.H:TSXV) and SGX Resources Inc. (SXR:TSVX) and was previously a director of Zara Resources Inc. (ZRI:CSE). Dr. Raman holds a Ph.D (1970) in geology from Carleton University, Ottawa and a UNESCO Post-Graduate Diploma (1965) from University of Vienna, Austria.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no Nominee is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued while the Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Donald Christie was a Director of Alpha One Corporation ("**Alpha One**"), a Capital Pool Company that was listed on the TSX-V and the NEX. On April 3, 2006, trading in Alpha One shares was halted by the TSX-V at the request of Alpha One. On April 5, 2006 Alpha One issued a press release describing its intended Qualifying Transaction (as defined in the TSX-V Policies). The TSX-V subsequently issued a bulletin on September 13, 2006 indicating that Alpha One was required to complete a Qualifying Transaction by October 14, 2006, 24 months from its date of listing. Further to the TSX-V bulletin dated September 13, 2006, effective October 20, 2006, trading in Alpha One shares was suspended, as Alpha One failed to complete a Qualifying Transaction within 24 months of its listing. On March 9, 2007, as the result of Alpha One failing to complete the Qualifying Transaction within the time frame prescribed by TSX-V Policy 2.4, the Alpha One shares were transferred to NEX where they remained suspended pending the closing of a Qualifying Transaction. The trading symbol for Alpha One shares was changed from AOC.P to AOC.H, as a result of the transfer to NEX. Alpha One completed its Qualifying Transaction on April 27, 2011 to become Solvista Gold Corporation which eventually became Rockcliff Copper Corporation (RCU:TSX-V).

Gregory Bowes served as a director of Mindesta Inc. (formerly Industrial Minerals, Inc.) ("**Mindesta**") from June 23, 2008 to September 17, 2014. Mr. Bowes became the Chief Executive Officer and Chief Financial Officer of Mindesta on May 10, 2010. On August 18, 2009, Mindesta, the Delaware-incorporated former parent company of the Corporation, quoted on the over-the-counter bulletin board in the United States, was advised by the British Columbia Securities Commission (the "**BCSC**") that the BCSC had issued a cease trade order against it for, prior to Mr. Bowes'involvement, failure to file a National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* compliant technical report in connection with the November 2007 announcement by Mindesta of a mineral resource estimate and the results of a preliminary assessment for the Bissett Creek Project and subsequent similar disclosure. Mindesta had been designated a reporting issuer in British Columbia by the BCSC, pursuant to British Columbia Instrument 51-509 – *Issuers Quoted in the U.S. Over-the-Counter Markets* ("**BCI 51-509**"), on September 15, 2008. A technical report had been completed and Mindesta's disclosure was consistent with it, but the report was not filed with the BCSC due to financial difficulties being experienced by Mindesta at the time. The BCSC issued a full revocation of the cease trade order effective March 10, 2011. Mindesta ceased being a reporting issuer in British Columbia under BCI 51-509 on September 22, 2014.

No Nominee: (a) is, as at the date hereof, or has been within 10 years before the date hereof, 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) has, within the 10 years before the date of hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Nominee.

No Nominee 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 shareholder in deciding whether to vote for a Nominee.

IF ANY OF THE NOMINEES ARE FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

Appointment and Remuneration of Auditors

The Shareholders will be asked at the Meeting to approve a resolution appointing MNP LLP, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix the auditors' remuneration. MNP LLP, Chartered Accountants are the present auditors of the Corporation and were first appointed as auditors on March 1, 2010.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of MNP LLP, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the auditors' remuneration. A majority of the votes cast by Shareholders at the Meeting is required to approve the appointment of the auditors and to authorize the directors to fix their remuneration.

Special Business – Approval of Stock Option Plan

At the Meeting, Shareholders will be asked to approve, by way of ordinary resolution, the Corporation's stock option plan, as amended and restated effective July 24, 2013, (the "**Stock Option Plan**"). The Stock Option Plan was originally adopted by the Board of Directors on April 18, 2011 in connection with the Corporation's initial public offering and listing on the TSX Venture Exchange (the "**TSXV**"), and was initially approved by Shareholders at the Corporation's annual and special meeting of Shareholders held on August 17, 2011. A summary of the Stock Option Plan is set out in "*Statement of Executive Compensation – Option Based Awards – Summary of the Stock Option Plan*".

The Stock Option Plan is a "rolling" option plan. Pursuant to the requirements of the TSXV for "rolling" option plans, the Corporation must obtain shareholder approval for the Stock Option Plan on an annual basis, as described in Policy 4.4 of the TSXV. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution approving the Stock Option Plan, (the "**Stock Option Plan Resolution**"), the full text of which is as follows:

"**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the Stock Option Plan is hereby confirmed, ratified and approved; and

2. any one director or officer of the Corporation, is hereby authorized, for and on behalf of the Corporation, to execute and deliver all such documents and instruments and to do all other things as in the opinion of such directors or officers may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action."

The Board of Directors has concluded that the Stock Option Plan is in the best interests of the Corporation. Accordingly, the Board of Directors recommends that Shareholders vote in favour of the Stock Option Plan Resolution.

Unless otherwise directed, the persons named in the form of proxy for the Meeting intend to vote FOR the Stock Option Plan Resolution. A majority of the votes cast by Shareholders at the Meeting is required to approve the Stock Option Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), the Corporation is required to disclose the compensation paid to its "named executive officers". This means the Corporation's Chief Executive Officer and Chief Financial Officer (or individuals who served in similar capacities) for any part of the Corporation's most recently completed financial year, and the three most highly compensated executive officers (or individuals who served in similar capacities), other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 (and each individual who would be a "named executive officer" but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of the financial year).

For the financial year ended December 31, 2015, the "named executive officers" of the Corporation were Gregory Bowes, the Chief Executive Officer of the Corporation and Stephen Thompson, the Chief Financial Officer of the Corporation (the "**Named Executive Officers**" or "**NEOs**").

The Corporation completed an initial public offering on April 18, 2011 (the "**IPO**"). Prior to this time, the Corporation operated without significant executive compensation arrangements. Effective May 1, 2011, following the completion of the IPO, the Chief Executive Officer and the Chief Financial Officer became employees of the Corporation and entered into executive employment agreements with the Corporation. Effective January 1, 2016, Mr. Thompson's services to the Corporation are being provided on a part-time basis as an independent contractor to the Corporation. For a description of the agreements or arrangements that are in place with respect to the Named Executive Officers, see "*Termination and Change of Control Benefits*".

The Board of Directors establishes the remuneration of the Chief Executive Officer on the basis of a recommendation from the Compensation and Nomination Committee. In addition, the Compensation and Nomination Committee, based on the recommendation of the Chief Executive Officer, establishes the remuneration of executives reporting to the Chief Executive Officer, including their participation in incentive plans offered by the Corporation.

The objective of the Corporation's compensation program is to provide suitable compensation for executives that is competitive to other junior mining issuers that are at a similar stage of development to that of the Corporation and which reflects the achievements of the Corporation's executives. This approach is designed to attract and retain highly qualified individuals who are able to carry out the Corporation's business objectives. The compensation program aims to ensure total remuneration is competitive by market standards and link rewards with the short-term and long-term strategic goals and performance of the Corporation by providing compensation arrangements that are comprised of both a fixed component and an at-risk component, with the at-risk component being composed of certain incentives.

The Corporation has an annual incentive program for the NEOs under employment with the Corporation, approved by the Board of Directors, which consists of cash bonuses ranging from 10% to 60% of base salary for achieving certain corporate and/or individual performance levels with reference to pre-set objectives. The payment of any bonus is discretionary and is based on an evaluation carried out by the Compensation and Nomination Committee. All bonuses are approved by the Board of Directors. It was expected that, at a minimum, NEOs would be paid the lower end of the range, provided the Corporation has the financial resources to do so. The minimum reflects the fact that the Corporation does not provide its employees with any pension benefits. NEO bonuses will be in the middle of the range based on satisfactory personal and market performance and at the higher end of the range for performance that exceeds goals, expectations and market performance indices. Market performance is based on the Corporation's share price performance relative to the performance of the TSX Venture Select Index and the TSXV Index for the period. Bonuses can be increased by up to 100% at the discretion of the Compensation and Nomination Committee based on outstanding performance with respect to the objectives. For the 2015 fiscal year, the Corporation determined that it would not pay any bonuses in order to conserve financial resources.

The Corporation also uses the granting of stock options as part of its compensation strategy. As a junior mining exploration company with no revenue, stock options will be used mainly to offer additional incentive and compensation for services. Stock options will also be used to provide an incentive for executive officers to remain associated with the Corporation and, to a lesser extent, to increase ownership in the Corporation.

For the year ended December 31, 2015, Gregory B. Bowes, the Chief Executive Officer and a director of the Corporation, was paid a total of $200,000. On January 9, 2015, Mr. Bowes was also awarded 100,000 stock options with an exercise price of $0.70 and a term of five years. These stock options were fully vested upon award.

During the year ended December 31, 2015, Stephen Thompson, the Chief Financial Officer of the Corporation, was paid a total of $112,500. On January 9, 2015, Mr. Thompson was awarded 50,000 stock options with an exercise price of $0.70 and a term of five years. These stock options were fully vested upon award.

The Board did not approve any annual incentives for the NEOs in relation to the at-risk component of its compensation program for the 2015 fiscal year of the Corporation.

Option-Based Awards

Option-Based Awards

The Board of Directors has the responsibility to administer the compensation policies related to the executive management of the Corporation, including option-based awards. The Corporation's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of executive officers, as well as their impact or contribution to the longer-term operating performance of the Corporation. During the period leading up to the Corporation's IPO and including the awards granted at the time of the IPO, there was no formal process in place that the Corporation used to grant stock options to executive officers. Generally, options were approved and granted by the Board of Directors on the recommendation of the Chief Executive Officer. In recommending the number of options to be granted to executive officers, the Chief Executive Officer took into consideration the efforts and services provided to the Corporation, the amount of options previously granted and the total number of options reserved for issuance under the Stock Option Plan. Since the IPO, option-based awards are determined by the Compensation and Nomination Committee based on recommendations from the Chief Executive Officer.

Summary of the Stock Option Plan

The Corporation's Stock Option Plan is designed to motivate and retain directors, officers, key employees, and other service providers, and to align their interests with those of the Corporation's Shareholders. Participation in the Stock Option Plan rewards overall corporate performance, as measured through the price of the Common Shares. In addition, the Stock Option Plan enables executives, including directors, to develop and maintain a significant ownership interest in the Corporation. All options that have been granted under the Stock Option Plan have been issued at an exercise price not less than the closing market price of the Common Shares on the date prior to the date of the grant.

Long-term incentives for executive officers and directors have been provided through options granted under the Stock Option Plan. As the Corporation's business focuses on the exploration and development of mineral properties, options are used to provide incentives to the directors and executive officers of the Corporation and are intended to be an important part of compensation. The Corporation may amend its stock option policies as it moves further towards commencing commercial production in respect of mineral properties and continues to review the appropriateness of all forms of compensation paid to its directors and executive officers.

The Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the rules and regulations of the TSXV, grant to directors and officers of the Corporation, and *bona fide* Employees, Consultants, or Management Company Employees (all as defined in the policies of the TSXV) of the Corporation, non-transferable options to purchase Common Shares for a period of up to ten years from the date of the grant; provided, that the number of Common Shares reserved for issuance may not exceed 10% of the issued Common Shares at the time of the grant of an option.

The securities offered under the Stock Option Plan consist of options to acquire up to a maximum of 10% of the issued Common Shares at the time of the grant of an option. The aggregate number of Common Shares to be delivered upon the exercise of all options granted under the Stock Option Plan will not exceed the maximum number of Common Shares permitted under the rules of any stock exchange on which the Common Shares are then listed or the rules of any other regulatory body having jurisdiction over the Common Shares. If any option granted under the Stock Option Plan expires or terminates for any reason without having been exercised in full, the unpurchased Common Shares subject thereto will again be available for the purpose of the Stock Option Plan. Each option granted under the Stock Option Plan is non-assignable and non-transferable.

The number of Common Shares subject to an option granted to any participant will be determined by the Board of Directors or a committee authorized under the Stock Option Plan, but no participant, where the Corporation is listed on any stock exchange, will be granted an option which exceeds the maximum number of shares permitted under any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction, which maximum number of shares is presently an amount equal to 5% of the then issued and outstanding Common Shares (on a non-diluted basis) in any 12-month period, unless disinterested shareholder approval is obtained.

The maximum number of Common Shares subject to an option granted to any participant who is a Consultant is presently limited to an amount equal to 2% of the then issued and outstanding Common Shares (on a non-diluted basis) in any 12-month period. The number of options granted to all persons in aggregate who are employed to perform Investor Relations Activities (as defined in the policies of the TSXV) is presently limited to an amount equal to 2% of the then issued and outstanding Common Shares (on a non-diluted basis) in any 12 month period. Options granted to Consultants performing Investor Relations Activities must vest in stages over a 12 month period with no more than 25% of the options vesting in any three month period.

The exercise price of the Common Shares covered by each option shall be determined by the Board of Directors. The exercise price will not be less than the price permitted by any stock exchange on which the Common Shares are then listed or other regulatory body having jurisdiction. Currently, the TSXV requires that the exercise price of the options must be equal to or greater than the Discounted Market Price (as defined in the policies of the TSXV). The exercise price of options is solely payable in cash.

The ability of the options to be exercised and the obligation of the Corporation to issue and deliver Common Shares in accordance with the Stock Option Plan are subject to any approvals that may be required from the Shareholders of the Corporation, or any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation.

So long as it remains a policy of the TSXV, the Corporation must obtain disinterested shareholder approval for: (i) any reduction in the exercise price of an option if the relevant participant in the Stock Option Plan is an insider of the Corporation at the time of the proposed amendment; (ii) the aggregate number of shares reserved for issuance under the Stock Option Plan to be granted to insiders, at any point in time, exceeds 10% of the then issued Common Shares (iii) the grant of options if the Stock Option Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result in a grant to insiders of the Corporation, or to any person or persons, within a 12 month period, of a number of options exceeding 10% and 5%, respectively, calculated at the date any option is granted to an insider or any person or persons; (iv) any individual stock option grant that would result in the limitations set forth in (ii) and (iii) being exceeded; or (v) if the Corporation requires Shareholder approval for a new or amended stock option plan.

If a participant ceases to be a director, officer, Employee or Consultant, as the case may be, of the Corporation for any reason (other than death), she/he may exercise her/his option to the extent that she/he was entitled to exercise it at the date of such cessation, but only for a period determined by the Board of Directors of up to one year following her/his ceasing to be a director, officer, Employee or Consultant. In the case of an optionee's death, the optionee's heirs or administrators can exercise any portion of the options for up to six months from the optionee's death. Nothing contained in the Stock Option Plan, nor in any option granted pursuant to the Stock Option Plan, will confer upon any participant any right with respect to continuance as a director, officer, employee or consultant of the Corporation or of any affiliate.

Appropriate adjustments in the number of Common Shares issuable upon exercise of outstanding options and in the exercise price of the options shall be made to give effect to adjustments in the number of Common Shares resulting from any subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation or other relevant changes in the capital structure of the Corporation.

The Stock Option Plan provides that the minimum price at which an option holder may purchase a Common Share upon the exercise of an option shall not be established unless the option is allocated to a particular person in accordance with the terms of the Stock Option Plan and, more specifically, the Corporation shall not grant options unless and until such options have been allocated to a particular person or persons.

If and for so long as the Corporation is listed on the TSXV and in addition to any resale restrictions under applicable securities laws, any options granted to an insider of the Corporation will be subject to a four-month hold period commencing on the particular date of grant of the option, and the option certificate and the share certificate, if applicable, shall bear a restrictive legend setting out any such applicable hold period.

In accordance with TSXV Policy 3.3, any grant or amendment of an option to an insider or a person performing investor relations activities shall be disclosed to the public on the day the option is granted or amended. The news release shall include the terms of the options under the grant and any subsequent shareholder and TSXV approvals that may be required.

The Board's authority to amend the terms of the Stock Option Plan or any option without obtaining the approval of shareholders in relation to a change to the vesting provisions of any option or the Stock Option Plan is subject to the qualification that no such changes shall result in an acceleration of the quarterly vesting provisions required for persons performing investor relations activities. Further, the Board no longer has the authority to amend the terms of the Stock Option Plan, or any option, to add a cashless exercise feature.

Summary Compensation Table

The following table sets forth information concerning compensation earned for services rendered by the Named Executive Officers for the years ended December 31, 2015, 2014 and 2013.

Summary Compensation Table								
Name and Principal Position	**Year**	**Salary**	**Share-Based Awards**	**Option-Based Awards**	**Non-Equity Incentive Plan Compensation**	**Pension Value**	**All Other Compensation**	**Total Compensation**
Gregory Bowes Chief Executive Officer	2015 2014 2013	$200,000 $250,000[(1)] $250,000	Nil Nil Nil	$38,419 Nil Nil	Nil Nil $30,000	Nil Nil Nil	Nil Nil Nil	$238,419 $250,000 $280,000
Stephen Thompson Chief Financial Officer	2015 2014 2013	$112,500 $180,000 $180,000	Nil Nil Nil	$19,209 Nil Nil	Nil Nil $18,000	Nil Nil Nil	Nil Nil Nil	$131,709 $180,000 $198,000

Note:

(1) During the year ended December 31, 2013, Gregory Bowes was paid a total of $231,250 of his 2014 salary. Mr. Bowes was paid $18,750 in the 2015 fiscal year for his 2014 salary.

For a description of the agreements or arrangements that are in place with respect to the Named Executive Officers, see "*Compensation Discussion and Analysis*" and "*Termination and Change of Control Benefits*".

Long-Term Incentive Plan Awards and Stock Appreciation Rights

The Corporation does not maintain any long-term incentive plans and does not grant stock appreciation rights.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the details regarding the incentive awards for each NEO outstanding as of December 31, 2015, including awards granted before the most recently completed financial year.

	Option-Based Awards				Share-Based Awards		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-Money Options ($)[1]**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards That Have Not Vested ($)**	**Market or Payout Value of Vested Share-Based Awards Not Paid or Distributed ($)**
Gregory Bowes Chief Executive Officer	100,000 1,250,000	$0.70 $0.50	January 9, 2020 April 18, 2016	Nil Nil	N/A N/A	N/A N/A	N/A N/A
Stephen Thompson Chief Financial Officer	50,000 150,000 75,000	$0.70 $0.50 $0.80	January 9, 2020 April 18, 2016 Dec. 20, 2016	Nil Nil Nil	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A

Note:
(1) The market price of the Common Shares on December 31, 2015 was $0.22 based on the closing price of the Common Shares on the TSXV on December 31, 2015.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each Named Executive Officer for the financial year ended December 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 ($)**
Gregory Bowes Chief Executive Officer	$38,419	Nil	Nil
Stephen Thompson Chief Financial Officer	$19,209	Nil	Nil

Pension Plan Benefits

The Corporation does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Termination and Change of Control Benefits

The Corporation has entered into an employment agreement with Mr. Bowes effective May 1, 2011 pursuant to which he provides his services as Chief Executive Officer to the Corporation. Pursuant to the terms of the agreement, Mr. Bowes earned a minimum base salary of $250,000 per annum in fiscal year 2014 and his salary for 2015 was reduced by way of a voluntary reduction to $200,000 in order to preserve the Corporation's financial resources. As of January 1, 2016, Mr. Bowes' salary was voluntarily reduced to $120,000 to continue preserve the Corporation's financial resources. Mr. Bowes' base salary is subject to annual review by the Board of Directors.

The Corporation may terminate the agreement for cause at any time with no further obligation to Mr. Bowes. The Corporation may terminate the agreement without cause at any time by providing a lump sum payment equal to one month of salary for each year of service from May 1, 2011, such lump sum not to be less than 18 months and not greater than 24 months of Mr. Bowes' salary of $250,000 (the salary in place before voluntary reductions were made to Mr. Bowes' salary). Mr. Bowes may terminate the agreement at any time upon providing two months' notice, subject to certain terms. If Mr. Bowes is terminated by the Corporation within 60 days before, or within 180 days after, a change in control of the Corporation, or Mr. Bowes' duties are changed and are no longer reflective of his status and qualifications prior to the change in control, or Mr. Bowes is asked to relocate as the result of a change in control, then he is entitled to receive a lump sum payment equal to two times the annual salary of $250,000 (the salary in place before voluntary reductions were made to Mr. Bowes' salary). If the agreement were terminated by the Corporation without cause, the estimated minimum payment would be $375,000, payable in one lump-sum payment. If the agreement were terminated after a change of control, the estimated payment would be $500,000, payable in one lump-sum payment. In addition, all of the stock options granted to Mr. Bowes under any stock option plan of the Corporation shall become immediately exercisable and vested and shall remain exercisable for a period of one year from the date of termination of Mr. Bowes if there is a change of control. The agreement includes typical non-disclosure covenants in favour of the Corporation.

The Corporation entered into an employment agreement with Mr. Thompson effective May 1, 2011 pursuant to which he provided his services as Chief Financial Officer to the Corporation. Pursuant to the terms of the agreement, the Corporation paid Mr. Thompson a minimum base salary of $180,000 per annum until March 31, 2015. In order to preserve the Corporation's financial resources, Mr. Thompson subsequently entered into new employment agreements with the Corporation, effective April 1, 2015 to December 31, 2015, which maintained the non-competition and non-disclosure agreements with the Corporation. Under the terms of the new agreements, Mr. Thompson remained an employee and was paid at the equivalent of half his current annual salary, as he dedicated twenty hours per week to duties for the Corporation. Mr. Thompson was entitled to retain the benefit of all stock options issued to him as long as he remained an employee of, or consultant to, the Corporation. In the event that Mr. Thompson ceased to be an employee or consultant, the stock options would expire in accordance with their terms and those of the Corporation's stock option plan.

Effective January 1, 2016, Mr. Thompson's services to the Corporation are being provided on a part-time basis as an independent contractor to the Corporation under a management contract with 6943802 Canada Inc., at a minimum monthly rate of $5,000. This contract includes terms for non-disclosure and confidentiality and can be renewed by agreement of all parties as at December 31, 2016. Under the terms of this contract, the Corporation has no further severance or termination obligations. Under the terms of the contract, either party may terminate the agreement upon four weeks' notice subject to some restrictions related to the dates for filing quarterly or annual financial statements. In the event of a change of control where Mr. Thompson is not offered a contract of employment under the same terms as the previous employment contract between the Corporation and Mr. Thompson (dated May 1, 2011), with a salary of $180,000, within 60 days before, or within 30 days after, the change in control, then Mr. Thompson is entitled to receive a lump sum payment equal to $180,000. Mr. Thompson is also be entitled to receive a lump sum payment equal to $180,000 if, under the new contract of employment, Mr. Thompson's duties are changed and are no longer reflective of his status and qualifications prior to the change in control, or if Mr. Thompson is asked to relocate.

Director Compensation

Director Compensation Table

The following table sets forth information concerning compensation earned for services rendered by the Directors for the year ended December 31, 2015, the most recently completed financial year, excluding Gregory Bowes who is a NEO.

Summary Compensation Table								
Name	**Year**	**Fees Earned**	**Share-Based Awards**	**Option-Based Awards[4]**	**Non-Equity Incentive Plan Compensation**	**Pension Value**	**All Other Compensation**	**Total Compensation**
Ronald N. Little [1][2][4]	2015	$4,000	Nil	$38,419	Nil	Nil	Nil	$42,419
Jay Chmelauskas [1][3][4]	2015	$4,000	Nil	$38,419	Nil	Nil	Nil	$42,419
K. Sethu Raman, Ph.D [2][3][4]	2015	$4,000	Nil	$38,419	Nil	Nil	Nil	$42,419
Iain Scarr [3][4]	2015	$4,000	Nil	$38,419	Nil	Nil	Nil	$42,419
Donald Christie [1][2][4]	2015	$4,000	Nil	$38,419	Nil	Nil	Nil	$42,419

Notes:
(1) Member of Audit Committee.
(2) Member of Compensation and Nomination Committee.
(3) Member of Corporate Governance Committee.
(4) Fees paid in fiscal year 2015.

Narrative Discussion

On December 16, 2015, the Board of Directors resolved that no director fees would be paid to the Corporation's Board of Directors for their services in 2016 in order to preserve the Corporation's financial resources. The Corporation also reimburses directors for out-of-pocket expenses related to their attendance at meetings.

Directors Share-Based Awards and Option-Based Awards

The following table sets forth the details regarding the incentive plan awards for each non-executive director of the Corporation outstanding as of December 31, 2015.

	Option-Based Awards				**Share-Based Awards**	
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised in-the-Money Options ($)[1]**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards That Have Not Vested ($)**
Ronald N. Little	300,000 100,000 100,000	$0.50 $0.85 $0.70	April 18, 2016 Dec. 20, 2017 Jan. 9, 2020	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A
Jay Chmelauskas	75,000 100,000 100,000	$0.50 $0.85 $0.70	April 18, 2016 Dec. 20, 2017 Jan. 9, 2020	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A
K. Sethu Raman	150,000 100,000 100,000	$0.50 $0.85 0.70	April 18, 2016 Dec. 20, 2017 Jan. 9, 2017	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A
Iain Scarr	150,000 100,000 100,000	$0.50 $0.85 0.70	April 18, 2016 Dec. 20, 2017 Jan. 9, 2020	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A
Donald Christie	150,000 100,000 100,000	$0.50 $0.85 $0.70	April 18, 2016 Dec. 20, 2017 Jan. 9, 2020	Nil Nil Nil	Nil Nil Nil	N/A N/A N/A

Note:
(1) The market price of the Common Shares on December 31, 2015 was $0.22 based on the closing price of the Common Shares on the TSXV on December 31, 2015.

Directors Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each non-executive director of the Corporation for the financial year ended December 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 ($)
Ronald N. Little	$38,419	Nil	Nil
Jay Chmelauskas	$38,419	Nil	Nil
K. Sethu Raman	$38,419	Nil	Nil
Iain Scarr	$38,419	Nil	Nil
Donald Christie	$38,419	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as of December 31, 2015, the number of Common Shares to be issued upon exercise of outstanding options, the weighted exercise price of such outstanding options and the number of securities remaining available for future issuance under all equity compensation plans previously approved by the Corporation's Shareholders and all equity plans not approved by the Corporation's Shareholders.

Equity Compensation Plan Information

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)[1]
Equity compensation plans approved by securityholders	3,800,000	$0.62	1,328,427
Equity compensation plans not approved by securityholders	1,177,679	$0.78	N/A
Total	4,977,679	$0.66	1,328,427

Note:

(1) Based on 10% of the number of Common Shares issued and outstanding at December 31, 2015 there were 5,128,427 shares reserved for issuance pursuant to the Corporation's Stock Option Plan.

AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the management information circular to be sent to the shareholders of a venture issuer in connection with the solicitation by management for the purpose of electing directors to its board of directors.

Audit Committee Charter

The Audit Committee of the Board of Directors operates under a written charter that sets out its responsibilities and composition requirements. A copy of the Audit Committee's charter is attached as Schedule "A" to this Circular.

Composition of Audit Committee

The Audit Committee of the Corporation is comprised of Donald Christie CPA, Jay Chmelauskas and Ronald Little. Mr. Christie serves as Chairman of the Audit Committee. The Audit Committee has been structured to comply with NI 52-110. Each member of the Audit Committee is independent within the meaning of NI 52-110. In addition, each member of the Audit Committee is financially literate within the meaning of NI 52-110. In considering criteria for the determination of financial literacy, the Board of Directors looks at the ability to read and understand financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to those issues that can be reasonably expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Each member of the Corporation's Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, education and experience that have provided the member with: (a) an understanding of the accounting principles used by the Corporation 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 Corporation's financial statements or experience actively supervising individuals engaged in such activities; and (c) an understanding of internal controls and procedures for financial reporting.

In particular: (i) Mr. Christie is a Chartered Professional Accountant with many years of experience with financial reporting and public companies, and he is currently President & CEO of Norvista Capital Corporation; (ii) Mr. Chmelauskas holds a Master's Degree in Business Administration, and was recently CEO and President of Western Lithium Corp. and was previously President and CEO of China Gold International Resources Corp. Ltd., both publicly listed companies, and is familiar and experienced with financial statements and the reporting requirements of public companies; and (iii) Mr. Little is a Professional Engineer with over 20 years' experience as a Chief Executive Officer and a Director in managing public companies and is familiar with, and experienced in, the analysis of financial statements and public company reporting requirements. In these capacities, the members of the Corporation's Audit Committee have had experience preparing, analyzing or evaluating financial statements for public companies or actively supervising individuals engaged in such activities, and have developed an understanding of the accounting principles used by the Corporation to prepare its financial statements and an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

During the fiscal year ended December 31, 2015, all recommendations of the Audit Committee to nominate or compensate the Corporation's external auditor were adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for reviewing and pre-approving all non-audit services to be provided to the Corporation by its external auditor. However, the Audit Committee has not yet adopted any specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table summarizes the fees billed by MNP LLP, Chartered Accountants, 2300-1055 Dunsmuir Street, P.O. 49148, Vancouver, British Columbia V7X 1J1, the external auditors of the Corporation, for the financial years ended December 31, 2015 and 2014:

Category	Year ended December 31, 2015 ($)	Year ended December 31, 2014 ($)
Audit Fees	23,540	32,146
Audit Related Fees	Nil	Nil
Tax Fees	17,762[(1)]	9,080[(1)]
All Other Fees	14,063	Nil

Note:

(1) The Corporation's auditors also prepare the Corporation's corporate tax returns and the Corporation's Scientific Research and Experimental Development tax claims.

CORPORATE GOVERNANCE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* requires the Corporation to disclose annually its corporate governance practices.

The Board of Directors is committed to a high standard of corporate governance practices. The Board of Directors believes that this commitment is not only in the best interest of the Corporation's Shareholders but that it also promotes effective decision making at the Board of Directors level.

Board of Directors

The Board of Directors of the Corporation is comprised of six members. Five of these directors, Messrs. Chmelauskas, Christie, Little, Raman and Scarr are independent. Gregory Bowes is Chief Executive Officer of the Corporation and, therefore, is not independent. A majority of the Corporation's current directors are independent.

The Board of Directors has responsibility for the stewardship of the Corporation. In carrying out this mandate, the Board of Directors meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board of Directors is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Corporation's debt and borrowing policies. The Board of Directors strives to ensure that actions taken by management correspond closely with the objectives of the Board of Directors and the Corporation's Shareholders.

The following directors of the Corporation currently serve on the boards of other reporting issuers (or the equivalent) as listed below:

Name	Name of Reporting Issuer	Exchange
Ronald N. Little	Orezone Gold Corporation Premier Gold Mines Limited	TSX-V TSX
Donald H. Christie	Nevada Zinc Corporation Norvista Capital Corporation Rockcliff Copper Corporation	TSX-V TSX-V TSX-V
K. Sethu Raman	CBD Med Research Corp SGX Resources Inc.	TSX-V TSX-V

Board Mandate

The written mandate of the Board of Directors is attached as Schedule "B" to this Circular.

Position Descriptions

The Board of Directors has not developed written position descriptions for the chair of each committee of the Board of Directors. In addition, while the Chief Executive Officer reports to the Board of Directors, the Board of Directors and its Chief Executive Officer have not developed a written position description for the Chief Executive Officer. The Board of Directors and the Chief Executive Officer will consider the development of written position descriptions as the Corporation further develops, taking into consideration the size of the Corporation and its Board of Directors, the stage of the Corporation's development and its ability to enable the Board of Directors and its committees to operate in an efficient and flexible manner. In the meantime, the Board of Directors expects the Chairman of the Board of Directors to provide leadership and to manage the Board of Directors and ensure that it carries out its duties and responsibilities in accordance with its mandate. Similarly, the Board of Directors expects the chairman of each committee to provide leadership and to manage the committee and ensure that the committee carries out its duties and responsibilities according to its mandate.

Orientation and Continuing Education

The Corporation does not have a formal orientation and education program for new directors. The Corporation has not held a formal orientation for the members of its Board of Directors, but the members of the Board of Directors have been directors of the Corporation since the Corporation completed its initial public offering in 2011 and have been made aware of the Corporation and its operations, activities and plans since that time. The Corporation attempts to make directors aware of developments in disclosure, governance and reporting guidelines and regulations from time to time, and directors are also encouraged to keep informed of new developments individually. Members of the Board of Directors are also encouraged to communicate with management, auditors and technical consultants as required.

Ethical Business Conduct

The Corporation is committed to conducting its business in accordance with applicable laws, rules and regulations, and in accordance with industry standards of business ethics, and to full and accurate disclosure in compliance with applicable securities laws. In furtherance of the foregoing, the Corporation has adopted a written Code of Business Conduct and Ethics (the "**Code**"), which applies to all directors, officers and employees of the Corporation and sets forth specific policies to guide such individuals in the performance of their duties. A copy of the Code can be obtained by contacting the Corporation. The Corporation has also instituted a "whistle blower policy" whereby infractions can be reported to the Corporation's Corporate Secretary or Audit Committee.

Under applicable corporate laws, any director or executive officer that has a material interest in a transaction or agreement that is being considered by the Corporation is required to declare a conflict of interest and is excluded from voting and from the decision making process with respect to that issue.

Nomination of Directors and Compensation

The Corporation's Compensation and Nomination Committee is comprised of Sethu Raman, Donald Christie and Ronald Little. Each member of the Compensation and Nomination Committee is independent within the meaning of NP 58-201.

The Compensation and Nomination Committee oversees the remuneration, nomination and appointment policies and practices of the Corporation. The principal responsibilities of the Compensation and Nomination Committee include: (a) considering the Corporation's overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (b) comparing the nature and amount of the Corporation's directors' and executive officers' compensation to performance against goals set for the year, while considering relevant comparative information, independent expert advice and the financial position of the Corporation; (c) making recommendations to the Board of Directors in respect of director and executive officer remuneration matters with the overall objective of ensuring maximum Shareholder benefit from the retention of high quality board and executive team members; (d) considering nominees for independent directors of the Corporation; and (e) planning for the succession of directors and executive officers of the Corporation, including appointing, training and monitoring senior management to ensure that the Board of Directors and management have appropriate skill and experience.

No compensation consultant or advisor has been retained by the Corporation to date.

Other Board Committees

The Corporation has no current or proposed standing committees other than the Audit Committee, Compensation and Nomination Committee and Corporate Governance Committee.

Assessments

The Board of Directors has not conducted any assessment of the Board of Directors, its committees or individual directors. The Corporation will consider conducting such assessments as and when appropriate. The Corporation has a relatively small Board of Directors that provides the opportunity for all directors to actively interact and to become familiar with one another. It is expected that any issues with respect to effectiveness and contribution would readily become apparent in this environment.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation and no associate of any such director, executive officer or proposed nominee for director is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation including indebtedness that would be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, no informed person (as such term is defined in NI 51-102) of the Corporation, nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed director has or had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no matters to come before the Meeting of Shareholders other than as set forth in the Notice of Meeting. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at www.sedar.com. Financial information is provided in the Corporation's comparative audited financial statements and management's discussion and analysis for the year ended December 31, 2015. Copies of the Corporation's financial statements and management's discussion and analysis may be obtained under the Corporation's profile on SEDAR at www.sedar.com or upon written request to the Company Secretary at Suite 201, 290 Picton Avenue, Ottawa, Ontario K1Z 8P8.

DIRECTORS' APPROVAL

The contents of this Circular and the sending of it to each director of the Corporation, to the auditors of the Corporation and to the Shareholders of the Corporation entitled to notice of the Meeting, have been approved by the directors of the Corporation.

DATED as of the 15th day of April, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

"Gregory B. Bowes"
Gregory B. Bowes
Chief Executive Officer

SCHEDULE "A"

NORTHERN GRAPHITE CORPORATION

CHARTER OF THE AUDIT COMMITTEE

OF THE BOARD OF DIRECTORS

I. Purpose

The Audit Committee is a committee of the Board of Directors which assists the Board in overseeing the Corporation's financial controls and reporting and in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. The Audit Committee's primary duties and responsibilities are to:

- Oversee: (i) the integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal and regulatory requirements with respect to financial controls and reporting; and (iii) the auditors' qualifications and independence.
- Serve as an independent and objective party to monitor the Corporation's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation's independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial reporting and control matters.

II. Composition

Members of the Audit Committee are appointed and removed by the Board of Directors. The Board shall designate annually the members of the Committee and a Chairman of the Committee. The Committee will be comprised of at least three directors, each of whom qualifies as an independent director, as determined by the Board[1]. All members should have skills and/or experience which are relevant to the mandate of the Committee, as determined by the Board. All members of the Committee shall be financially literate at the time of their election to the Committee. "Financial literacy" shall be determined by the Board of Directors in the exercise of its business judgment, and shall include a working familiarity with basic finance and accounting practices and an ability to read and understand financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. Committee members, if they or the Board of Directors deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

III. Responsibilities

The responsibilities of the Audit Committee shall generally include, but not be restricted to, undertaking the following:

Selection and Evaluation of Auditors

(a) Recommending to the Board of Directors the external auditors (subject to shareholder approval) to be engaged to prepare or issue an auditor's report or performing other audit, review or attest services for the Corporation and the compensation of such external auditors.

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[1] Determined in accordance with National Instrument 52-110 – *Audit Committees*.

(b) Overseeing the independence of the Corporation's auditors and taking such actions as it may deem necessary to satisfy it that the Corporation's auditors are independent within the meaning of applicable securities laws by, among other things: (i) requiring the independent auditors to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditors and the Corporation; and (ii) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and taking appropriate action to satisfy itself of the auditors' independence.

(c) Instructing the Corporation's independent auditors that: (i) they are ultimately accountable to the Committee (as representatives of the shareholders of the Corporation); (ii) they must report directly to the Committee; and (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditors.

(d) Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditors, on a regular basis, as required.

(e) Reviewing and pre-approving all audit and permitted non-audit services or mandates to be provided by the independent auditors to the Corporation or any of its subsidiaries, including tax services, and the proposed basis and amount of the external auditors' fees for such services, and determining which non-audit services the auditors are prohibited from providing (and adopting specific policies and procedures related thereto).

(f) Reviewing the performance of the Corporation's independent auditors and replacing or terminating the independent auditors (subject to required shareholder approvals) when circumstances warrant.

Oversight of Annual Audit

(a) Reviewing and accepting, if appropriate, the annual audit plan of the Corporation's independent auditors, including the scope, extent and schedule of audit activities, and monitoring such plan's progress and results during the year.

(b) Confirming through private discussions with the Corporation's independent auditors and the Corporation's management that no management restrictions are being placed on the scope of the independent auditors' work.

(c) Reviewing with the external auditors any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditors regarding accounting and financial reporting.

(d) Reviewing with management and the external auditors the results of the year-end audit of the Corporation, including: (i) the annual financial statements and the audit report, the related management representation letter, the related "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditors, any other pertinent reports and management's responses concerning such memorandum; and (ii) the qualitative judgments of the independent auditors about the appropriateness and not just the acceptability of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor's preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.

Oversight of Financial Reporting Process and Internal Controls

(a) Reviewing with management and the external auditors the annual financial statements and accompanying notes, the external auditors' report thereon and the related press release, and obtaining explanations from management on all significant variances with comparative periods, before recommending approval by the Board and the release thereof.

(b) Reviewing with management the quarterly financial statements and any auditors' review thereof before recommending approval by the Board and the release thereof.

(c) Reviewing and periodically assessing the adequacy of the Corporation's procedures for the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, including reviewing the financial information contained in the annual information form, management proxy circular, management's discussion and analysis, prospectuses and other documents containing similar financial information before their public disclosure or filing with regulatory authorities, including the audit committee's report for inclusion in the Corporation's management information circular in accordance with applicable rules and regulations.

(d) Periodically reviewing the Corporation's disclosure policy to ensure that it conforms with applicable legal and regulatory requirements.

(e) Reviewing the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditors and management of the Corporation.

(f) Monitoring the quality and integrity of the Corporation's disclosure controls and procedures and management information systems through discussions with management and the external auditors.

(g) Overseeing management's reporting on internal controls and disclosure controls and procedures.

(h) Reviewing on a regular basis and monitoring the Corporation's policies and guidelines which govern the Corporation's risk assessment and risk management, including the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including hedging policies through the use of financial derivatives.

(i) Establishing and maintaining free and open means of communication between and among the Board of Directors, the Committee, the Corporation's independent auditors and management.

Other Matters

(a) Assisting the Board with oversight of the Corporation's compliance with applicable legal and regulatory requirements, including meeting with general counsel and outside counsel when appropriate to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation.

(b) Reviewing and approving any transactions between the Corporation and members of management and/or the Board as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditors.

(c) Conducting or authorizing investigations into any matters within the Committee's scope of responsibilities, including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties and to set and pay the compensation for these advisors.

(d) Establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(e) Establishing procedures for the review and approval of financial and related information of the Corporation.

(f) Reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(g) Performing such additional activities, and considering such other matters, within the scope of its responsibilities, as the Committee or the Board of Directors deems necessary or appropriate.

IV. Meetings and Advisors

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely manner, but not less than quarterly. The quorum at any meeting of the Committee shall be a majority of its members. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice and waiver thereof.

The Audit Committee shall meet on a regular basis without management or the external auditors. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. As part of its purpose to foster open communications, the Committee shall meet at least annually, and more frequently as required, with management and the Corporation's independent auditors in separate executive sessions to discuss any matters that the Committee or each of these groups or persons believe should be discussed privately. The independent auditors will have direct access to the Committee at their own initiative. The Chairman should work with the Chief Financial Officer and management to establish the agenda for Committee meetings.

Written minutes of each meeting of the Committee shall be filed in the Corporation's records. The Chairman of the Committee will report periodically to the Board of Directors.

The Committee shall, in appropriate circumstances and subject to advising the Chairman of the Board, have the authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of any compensation (i) to any independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) to any independent advisors employed by the Committee.

V. Disclosure of Charter

This charter shall be published in the Corporation's annual information form or information circular as required by applicable securities laws.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

Nothing contained in this charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Audit Committee.

SCHEDULE "B"

MANDATE OF THE BOARD OF DIRECTORS

NORTHERN GRAPHITE CORPORATION
(the "Corporation")

I. General

The Board of Directors of the Corporation is responsible for the supervision of the management of the Corporation's business and affairs, with the objective of increasing shareholder value.

The Board shall be constituted with a majority of "independent" directors, as that term is defined in applicable securities legislation and stock exchange rules. The Board's independent directors will meet periodically without management and non-independent directors.

Directors are expected to attend all Board meetings and review all meeting materials in advance. They are expected to take an active part in Board decisions.

II. Composition

The Board shall be composed of a minimum of three members and such maximum number of directors as may be determined by the Board from time to time in accordance with the Corporation's Articles and applicable laws. The Board shall be constituted with a majority of individuals who qualify as independent directors, as determined by the Board in accordance with applicable laws.

III. Responsibilities

The responsibilities of the Board of Directors shall generally include, but not be restricted to, undertaking the following:

With respect to strategic planning

(a) Adopting a strategic planning process for the Corporation and approving the Corporation's long-term strategy, taking into account, amongst other matters, business opportunities and risks.

(b) Approving and monitoring the implementation of the Corporation's annual business plan.

(c) Advising management on strategic issues.

With respect to human resources and performance assessment

(a) Choosing the Chief Executive Officer ("**CEO**") and approving the appointment of other senior management executives.

(b) Monitoring and assessing the performance of the CEO and of senior management and approving their compensation, taking into consideration the recommendations of the Compensation Committee and Board expectations and fixed goals and objectives.

(c) Monitoring management and Board succession planning processes.

(d) Monitoring the size and composition of the Board and its committees based on competencies, skills and personal qualities sought in Board members.

(e) Approving the list of Board nominees for election by shareholders.

With respect to financial matters and internal control

(a) Monitoring the integrity and quality of the Corporation's financial statements and the appropriateness of their disclosure.

(b) Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's annual information form, management information circular, management's discussion and analysis, prospectuses and any other documents required to be disclosed or filed by the corporation before their public disclosure or filing with regulatory authorities.

(c) Approving operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investments or divestitures.

(d) Determining dividend policies and procedures.

(e) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.

(f) Monitoring the Corporation's internal control and management information systems and regulatory certification practices.

(g) Monitoring the Corporation's compliance with applicable legal and regulatory requirements.

(h) Reviewing at least annually the Corporation's disclosure policy and monitoring the operation of the disclosure policy.

With respect to corporate governance matters

(a) Developing the Corporation's approach to corporate governance and reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.

(b) Taking all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout the Corporation.

(c) Adopting and reviewing, on a regular basis, the Corporation's Code of Ethics and monitoring compliance with such code.

(d) Taking all reasonable measures to ensure the annual performance assessment of the Board, Board committees, Board and committee chairs and individual directors.

(e) Adopting orientation and continuing education programs for directors.

IV. Method of Operation

Meetings of the Board shall be held at least quarterly and as required. In addition, a special meeting of the Board shall be held, at least annually, to review the Corporation's strategic plan. The quorum at any meeting of the Board shall be a majority of directors in office. All such meetings shall be held pursuant to the By-Laws of the Corporation with regard to notice and waiver thereof.

The Board chair shall develop the agenda for each meeting of the Board, in consultation with the CEO in the event those two positions are held by separate individuals, or the lead independent director if such a position is held by an independent director. The agenda and the appropriate material shall be provided to directors of the Corporation on a timely basis prior to any meeting of the Board.

Independent directors shall meet periodically without management and other non-independent directors present.

The Board may delegate to a committee of the Board any of the Board's responsibilities and powers as it deems appropriate and in accordance with applicable laws and the Corporation's Articles and By-Laws.

Nothing contained in this mandate is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation.