

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular is furnished in connection with the solicitation by the management of Sama Graphite Inc. (the “Company”) of proxies to be used at the annual and special meeting of shareholders (the “Meeting”) of the Company to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Company may also solicit proxies by telephone, facsimile, e-mail or in person. The total cost of solicitation of proxies will be borne by the Company. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Holders of Shares” below.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (EST) on June 12, 2017 or be deposited with the Secretary of the Company before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Company. To exercise that right, the name of the shareholder’s appointee should be legibly printed in the blank space provided. In addition, the shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the shareholder’s shares are to be voted.

Shareholders who are not registered shareholders should refer to “Notice to Beneficial Holders of Shares” below.

Revocation of Proxy

A shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney or authorized agent and deposited with Computershare Investor Services Inc. at any time up to 5:00 p.m. (EST) on June 12, 2017 (i) by mail or by hand delivery to Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-

866-249-7775, or deposited with the Secretary of the Company before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

Notice to Beneficial Holders of Shares

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders do not hold shares of the Company in their own name. Shareholders who do not hold their shares of the Company in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name on the records of the Company. Those shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Company does not know for whose benefit the shares of the Company registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Company, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Company. Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Company.

In accordance with the requirements of NI 54-101, the Company is sending the Notice of Meeting, this Management Proxy Circular, and a voting instruction form or form of proxy, as applicable (collectively, the “**Meeting Materials**”), indirectly through intermediaries to both NOBOs and OBOs. NI 54-101 allows the Company, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Company is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. The cost of the delivery of the Meeting Materials by intermediaries to OBOs will be borne by the Company. The Company has not used a NOBO list to send the Meeting Materials directly to NOBOs whose names appear on that list.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered

shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Management Proxy Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Company’s transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted in favour of the: (i) election of directors; (ii) appointment of auditors; (iii) the change in the Company’s name and (iv) the renewal of the stock option plan, as stated under such headings in this Management Proxy Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Management Proxy Circular, Management of the Company knows of no such amendments, variations or other matters.

VOTING SHARES

As at May 10, 2017, there were 50,882,719 issued and outstanding common shares of the Company. Each common share entitles the holder thereof to one vote. The Company has fixed May 10, 2017 as the record date (the “**Record Date**”) for the purposes of determining shareholders entitled to receive notice of the Meeting. Only shareholders of record as at the close of business on the Record Date will receive notice of, and be entitled to attend and vote at, the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof.

PRINCIPAL HOLDERS

As of the Record Date, to the knowledge of the Company, the following persons beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Company:

Name of Shareholder and Place of Resident	Number of Shares	Percentage of Issued and Outstanding
Sama Resources Inc. Vancouver, B.C.	24,658,267 ⁽¹⁾	48.46%

- (1) The information is based upon reports filed on the SEDI website at www.sedi.ca and is not within the direct knowledge of the Company.

ELECTION OF DIRECTORS

The board of directors of the Company (the “**Board**”) currently consists of five directors. The persons named in the enclosed form of proxy intend to vote in favour of the election of the six nominees whose names are set forth below. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets forth the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Company now held by such person, their municipality, province and country of residence, principal occupation, the year in which such person became a director of the Company, and the number of common shares of the Company that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

<u>Name, municipality of residence and position with the Company</u>	<u>Principal occupation</u>	<u>Director since</u>	<u>Number of common shares beneficially owned or over which control is exercised as at the Record Date</u>
Marc-Antoine Audet Montreal, Quebec President, CEO, and Director	President & Chief Executive Officer of the Company and of Sama Resources Inc.	2016	200,000 ⁽¹⁾

<u>Name, municipality of residence and position with the Company</u>	<u>Principal occupation</u>	<u>Director since</u>	<u>Number of common shares beneficially owned or over which control is exercised as at the Record Date</u>
Benoit La Salle, FCPA, FCA ⁽³⁾⁽⁴⁾ Montreal, Quebec Executive Chairman and Director	Chairman of the Board of Algold Resources Ltd; Executive Chairman of the Board of Sama Resources Inc; President and Chief Executive Officer of Windiga Energy Inc.; Chairman of the Board of The Canadian Council on Africa.	2016	1,000,000 ⁽⁵⁾
Marc Filion ⁽²⁾⁽³⁾⁽⁶⁾ Montreal, Quebec Director	President of CHIM International; Chief Financial Officer and Director of Abcourt Mines Inc.; Director of Sama Resources Inc.	2016	14,100
Marcel Duchesne ⁽²⁾ Notre-Dame-du-Laus, Quebec Director	Metallurgist consultant	2016	Nil
René Lessard ⁽²⁾⁽³⁾ Vallée-Jonction, Quebec Director	Sales consultant	2016	50,000
Yves Grou Outremont, Quebec Proposed director	Corporate director, Executive Vice-Chair of Algold Resources Ltd.	N/A	1,000,000 ⁽⁵⁾

- (1) These shares are held by Marc Antoine Geological Consultant Inc., a company controlled by Mr. Audet.
(2) Member of the Audit Committee.
(3) Member of the Corporate Governance, Nomination and Compensation Committee (the “CGNC Committee”).
(4) Chair of the CGNC Committee.
(5) These shares are held by PGL Capital Inc., a company controlled jointly by Messrs. La Salle and Grou.
(6) Chair of the Audit Committee.

The information as to shares owned by the above-named individuals has been provided by the respective nominees individually.

Experience of the Nominees for Election as Directors

Marc-Antoine Audet, BSc, MSc and PhD (Geology), P.Geo., Chief Executive Officer and Director

Dr. Audet has over 27 years of geological experience in international nickel laterite exploration and evaluation with major mining companies such as Xstrata Nickel and Falconbridge. His project experience

includes the Falcondo laterite nickel operation, the newly discovered Serra do Tapas and Vale dos Sonhos deposits in Brazil and New Caledonia's Koniambo nickel cobalt laterite project. Dr. Audet was the Manager of Resource Estimation and Mine Development, and the Exploration Manager and Chief Geologist for Falconbridge in New Caledonia. He also served as the Senior Project Geologist and Director of Operations for Falconbridge International Investments Limited in Côte d'Ivoire, West Africa. Dr. Audet is a professional geoscientist accredited by the Association of Professional Geoscientists of Ontario and the Association of Professional Geoscientists of Quebec. He holds a Master of Science from the University of the Witwatersrand in Johannesburg, Republic of South Africa and a Ph.D in Mineral Resources from the *Université de Québec à Montréal* (UQAM).

Benoit La Salle, FCPA, FCA, MBA, Executive Chairman of the Board and Director

Mr. La Salle is a Fellow Chartered Accountant, a member of the Canadian Institute of Chartered Accountants and holds a Commerce Degree and a Masters of Business Administration. In 1980, Mr. La Salle founded Grou, La Salle & Associates, Chartered Accountants. In 1995, Mr. La Salle founded SEMAFO Inc. and held the position of President and Chief Executive Officer of the organization until August 2012. Mr. La Salle is the former Chairman of the Board of Plan International (Canada), one of Canada's leading NGOs. Today Mr. La Salle is President and CEO of Windiga Energy Inc. a Canadian-based independent power producer focused on renewable energy assets in West Africa, Chairman of Algold Resources Ltd (TSXV: ALG), a gold exploration company with assets in Mauritania and Burkina Faso, Chairman of Sama Resources Inc., a base metal exploration company with assets in Côte d'Ivoire and Guinea and Chairman of the Canadian Council on Africa.

Marc Filion, Ph.D, MBA, Eng., Asc, Director

Dr. Filion is a certified board director and company executive. He currently sits on a number of boards as chairman of the board or as an active audit and compensation, nominating and corporate governance committee member. A geological engineer by training, Dr. Filion exercised his technical skills in Canada and abroad while at the employ of SOQUEM, SNC-Lavalin and CHIM International for over 40 years. He was also the Chairman of SOQUEM from 1999 to 2006. Dr. Filion served as President and Chief Operating Officer of SGF Mineral Inc. from 1998 to 2004 and also as Senior Vice President, Investments for Mines, Minerals and Materials for SGF from 2004 to 2006. Recent assignments involved his expertise in bringing a graphite deposit into production in Asia and the development of an eco-friendly extractive metallurgical technology for nickel deposits. Dr. Filion has been active on numerous boards of small and large mines and metals companies and offers in-depth experience in the development and management of capital intensive world-class industrial projects in joint venture with international business partners.

Marcel Duchesne, Director

Mr. Duchesne has more than 35 years of experience in graphite processing and is a certified mining technician. He was the Mill Superintendent for Asbury Graphite's operations and for Timcal Canada Inc. (now Imerys Graphite & Carbon Canada Inc.) at its graphite producing centre in Lac-des-Îles, Quebec. From 1999 until retirement, he also served as the Superintendent of R&D for Timcal's Lac-des-Îles operations. Mr. Duchesne has visited many of the top graphite producing centres around the world, including in China, Southern and Eastern Africa, Australia, Sri Lanka, Europe, and Canada. He has extensive experience in graphite industrial plants and in developing innovative solutions to processing issues.

René Lessard, Director

Mr. Lessard has worked as a self-employed sales consultant to the construction sector since 2009. He has been a director of Nemaska Lithium Inc. (TSXV: NMX) since September 2008 and was a director of Monarques Gold Corporation (TSXV: MQR) from February 2011 to November 2014. He held the position of sales director at Campagna Motors Inc., a corporation specialized in vehicle manufacturing, from September 2008 to October 2009. From October 2004 to October 2007, he was sales director of T-Rex Vehicles Inc., a corporation specialized in the manufacturing of three-wheeled vehicles. From February 2001 to July 2004, he was sales director of Distribution GLR Inc. and from March 1997 to October 2000, he was a sales representative of Ray-Flammes Inc.

Yves Grou CPA CA, Proposed Director

Mr. Grou is a CPA CA, having received his Bachelor in Commerce degree from McGill University. He is a member of the Quebec Institute of Chartered Accountants. He was co-founder in 1980 and a partner until 2004 of GLA. The firm grew from two original partners to a staff of over 50. He developed a business valuation expertise, having several high-profile clients. At GLA, Mr. Grou coordinated and led the reverse take-over process related to several public companies, having successfully completed several transactions with mining, oil and gas, telecommunications and medical devices companies of which some were located in France, Cuba, Thailand, West Africa and China. In 2004, GLA was sold to a major international accounting firm. Prior to 1980, Mr. Grou worked with Ernst & Young (Montreal) for three years. In addition to his current directorships, Mr. Grou is/was part of a board of directors of several public companies, in natural resources, renewable energy and materials.

Except as noted below, to the knowledge of the Company, none of the foregoing nominees for election as director of the Company:

- (a) is, or within the last 10 years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order 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 of such company;
- (b) is, or within the last 10 years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last 10 years, 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 his assets.

- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Yves Grou was chief financial officer of LMS Medical Systems Inc. (“LMS”) and its subsidiary, LMS Medical Systems (Canada) Ltd., as well as interim chief executive officer of LMS, until April 2009. Both corporations filed a notice of intention under the Bankruptcy and Insolvency Act on June 4, 2009. On August 7, 2009, LMS made a proposal to repay its creditors in full, which was approved by a majority of them on August 26, 2009 and ratified by the Superior Court, Commercial Division, on October 1, 2009. In 2010, Mr. Grou joined the board of LMS, now known as Maclos Capital Inc.

APPOINTMENT OF AUDITORS

Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote in favour of the appointment of Pricewaterhouse Coopers LLP, as the auditors of the Company until the next annual general meeting of shareholders, and to authorize the Board to fix their remuneration. Pricewaterhouse Coopers LLP have served as the auditors of the Company since December 31, 2016.

APPROVAL OF THE STOCK OPTION PLAN

Under the Stock Option Plan, the Board may, by resolution, grant options to directors, officers, employees of, and consultants to, the Corporation and of its subsidiaries, provided that the total number of Common Shares issued under the Stock Option Plan shall not, subject to the receipt of shareholder approvals solicited in this Circular, exceed 10% of the number of Common Shares outstanding at the time of the grant of option, which represents 5,088,271 Common Shares as of the date of this Circular. As of the date of this Circular, there are 3,983,000 stock options issued and outstanding. The Stock Option Plan is described below in the section called “Stock Option Plan”. The TSX Venture Exchange (the “TSXV”) requires annual shareholder approval for a “rolling” stock option plan such as the Stock Option Plan. Shareholders therefore are being asked to consider and, if appropriate, approve the following resolution:

UNLESS INSTRUCTIONS ARE GIVEN TO DECLINE TO VOTE OR TO VOTE AGAINST THE FOLLOWING RESOLUTION, THE PERSONS WHOSE NAMES APPEAR IN THE PROXY INTEND TO VOTE AT THE MEETING IN FAVOUR OF THE FOLLOWING RESOLUTION.

IT IS RESOLVED TO:

1. *APPROVE the stock option plan of Sama Graphite Inc. originally approved by the shareholders on March 3, 1998;*
2. *AUTHORIZE any director or officer of the Corporation to sign and deliver any document or to take any action that is useful to give effect to this resolution.*

NAME CHANGE

By resolution approved on April 26, 2017, the Board authorized the submission to shareholders of a special resolution approving a change in its name to SRG Graphite Inc. (the “**Name Change**”). Management believes that this name will better distinguish the Company from its principal shareholder, Sama Resources Inc.

For the reasons indicated above, the Board and management of the Corporation believe that the Name Change is in the best interests of the Corporation and its shareholders and, accordingly, recommend that shareholders vote IN FAVOUR of the special resolution that appears below. To take effect, this special resolution must be approved by not less than two-thirds of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.

UNLESS INSTRUCTIONS ARE GIVEN TO DECLINE TO VOTE OR TO VOTE AGAINST THE FOLLOWING RESOLUTION, THE PERSONS WHOSE NAMES APPEAR IN THE PROXY INTEND TO VOTE AT THE MEETING IN FAVOUR OF THE FOLLOWING RESOLUTION.

IT IS RESOLVED TO:

- 1. APPROVE the amendment of the Corporation’s articles to change its name to SRG Graphite Inc., or alternatively to such other similar name as the directors may at their discretion determine.*
- 2. AUTHORIZE any director or officer of the Corporation to sign and deliver articles of amendment under the Canada Business Corporations Act or any other document or to take any action that is useful to give effect to this special resolution.*
- 3. AUTHORIZE the Corporation’s directors to revoke this resolution before it is acted on without further approval of the shareholders.*

The persons named in the enclosed instrument of proxy intend to vote to approve the special resolution appearing above.

STATEMENT OF EXECUTIVE COMPENSATION

The following discussion sets out the statement of executive compensation of the Company for the financial year ended December 31, 2016, prepared in accordance Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

Interpretation

“named executive officer” (“**NEO**”) means:

- each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) above at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

M^e Jean-Pierre Rancourt, the former President and Chief Executive Officer (“**CEO**”) of the Company, and Ms. Martyne Simard, the former Chief Financial Officer (“**CFO**”) of the Company (who each ceased to hold their positions on December 31, 2016 and were replaced the following day by Mr. Marc-Antoine Audet and Ms. Isabelle Gauthier, respectively) are each an NEO for the purposes of the following disclosure.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all direct and indirect compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company, for each of the Company’s two most recently completed financial years:

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Table of compensation, excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jean-Pierre Rancourt Former Director, President and CEO	2016	60,000	nil	nil	13,200 ⁽²⁾	97,600 ⁽⁶⁾	170,800
	2015	60,000 ⁽¹⁾	7,500	nil	13,200 ⁽²⁾	nil	80,700
Martyne Simard Former CFO	2016	47,150	5,000	nil	2,600 ⁽²⁾	66,063 ⁽⁶⁾	120,813
	2015	50,162 ⁽³⁾	7,500	nil	nil	nil	57,662
Luc Bergeron Former Director	2016	6,000 ⁽⁴⁾	nil	nil	nil	nil	6,000 ⁽⁴⁾
	2015	4,500 ⁽⁴⁾	nil	nil	nil	nil	4,500 ⁽⁴⁾
Alain Grenier Former Director	2016	5,500 ⁽⁴⁾	nil	nil	nil	nil	5,500 ⁽⁴⁾
	2015	4,500 ⁽⁴⁾	nil	nil	nil	nil	4,500 ⁽⁴⁾
Ronald Keenan Former Director	2016	6,000 ⁽⁴⁾	nil	nil	nil	nil	6,000 ⁽⁴⁾
	2015	3,500 ⁽⁴⁾	nil	nil	nil	nil	3,500 ⁽⁴⁾

Notes:

- (1) Represents fees paid for the services of M^c Jean-Pierre Rancourt in his capacity as President and CEO of the Company.
- (2) Represent costs assumed by the Company to provide the use of a company vehicle and payments or reimbursements of business travel expenses.
- (3) An amount of \$3,012 as vacation pay for vacation time not taken is included in the above-noted amount. Ms. Simard's annual base salary was \$47,150.
- (4) Represents: (i) a payment of \$2,000 paid to each director that is not an NEO upon their election or re-election as a director of the Company; and (ii) payments of \$500 for each meeting of the board of directors of the Company or committee thereof that is attended by a director in-person and \$250 for each of such meetings in which a director participates by telephone.
- (5) The annual base compensation payable to Marc-Antoine Audet (as President and Chief Executive Officer) and to Isabelle Gauthier (as Chief Financial Officer) is \$185,000 and \$40,000, respectively. Mr. Audet and Ms. Gauthier assumed their current positions on January 1, 2017.
- (6) Represents severance payment.

Stock Options and Other Compensation Securities

There were no compensation securities granted or issued by the Company or its subsidiaries to any director or NEO of the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries. Any options held by the above-mentioned former directors and officers of the Company expired no later than March 31, 2017.

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO of the Company during the financial year ended December 31, 2016

Stock Option Plan

The Company provides long term incentive compensation to its NEOs through its incentive stock option plan (the “**Stock Option Plan**”). The CGNC Committee recommends the granting of incentive stock options from time to time based on its assessment of the appropriateness of doing so in light of the long term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of options already outstanding and overall market conditions. The CGNC Committee views the granting of options as a means of promoting the success of the Company and higher returns to its shareholders.

The following are the material terms of the Stock Option Plan:

- (i) the Board may grant options to directors, officers and employees of, and consultants to, the Company and its subsidiaries;
- (ii) the maximum number of options that may be issued under the Stock Option Plan is equal to 10% of the Company’s shares issued and outstanding at the time of the grant;
- (iii) the aggregate number of common shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any one-year period, 5% of the number of issued and outstanding common shares of the Company at the date the option is granted;
- (iv) the maximum number of shares that can be issued to a consultant cannot exceed 2% in any 12 month period of the total shares issued at the time of granting of options. The options granted to the holder who is a consultant supplying investor relations activities to the Company will be vested 12 months from the date these options were granted. The options will be vested at a rate of 25% of the total options granted every three months following the allocation date;
- (v) the maximum number of shares that can be issued to all employees conducting investor relations activities to the Company cannot exceed 2% in any 12 month period of the total shares issued at the time of granting of options;
- (vi) the maximum number of shares reserved for issuance under options granted to insiders (as a group) cannot exceed 10% of the Company’s shares issued and outstanding at any point of time;
- (vii) the grant to insiders (as a group), within a 12 month period, of options under the Stock Option Plan cannot exceed 10% of the Company’s shares issued and outstanding at the time an option is granted to any Insider;
- (viii) the exercise price of the options is determined by the Board at the time the options are granted, but cannot be less than the closing price of the Company’s common shares on the trading day immediately preceding the day on which the option is granted;

- (ix) the maximum period during which an option may be exercised is 10 years from the date of grant, as determined by the Board, after which the option lapses;
- (x) options are not assignable or transferable, except by will or the laws of succession;
- (xi) on the death of an option holder, the options that had been issued to him or the remainder of such unexercised options may be exercised by his legal heirs in conformity to his last will and testament or by his executor. The options must be exercised on or before the occurrence of the expiry date of the options or within the 12-month period following the death of the Options holder.
- (xii) save for the case of death or other reasonable motive accepted by the Board (who has total discretion in this matter), the options, either in whole or in part, of option holders will become null and void 90 days following the retiring date, resignation, or termination, or on the expiry date, whichever comes first.
- (xiii) if an optionee's employment or service provider relationship with the Company is terminated for "cause" any options held terminate immediately;
- (xiv) the option price is payable in full at the time an option is exercised;
- (xv) the Company shall at its option and in its sole discretion have the authority to take reasonable steps for the deduction and withholding, or for the advance payment or reimbursement by the option holder to the Company, of any amounts which the Company is required by the law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with the Stock Option Plan, the option certificate, any grant or exercise of an option, or any issuance or delivery of shares. Without limiting the generality of the foregoing, the Company may:
 - (a) deduct and withhold additional amounts from other amounts owing or payable to an option holder, whether or not such amount is related to the Stock Option Plan;
 - (b) require, as a condition of the issuance of the Shares to an option holder pursuant to the Stock Option Plan that this option holder make a cash payment to the Company equal to the amount required to be withheld and remitted by the Company for the account of the option holder to the appropriate governmental authority. The Company may withhold the issuance or delivery of shares until the option holder makes such payment to the Company for an amount in the Company's opinion that would satisfy any and such withholding amounts;
 - (c) sell or cause a broker to sell on behalf of the option holder, all or any portion of Shares otherwise deliverable to the option holder upon exercise of an option in such manner, in such amounts and at such prices as the Company shall determine in its sole discretion, until the net proceeds of sale equal the amount which in the Company's opinion would satisfy any and all withholding obligations and other source deductions for the account of the option holder and shall remit such amount to the appropriate governmental authorities; and
 - (d) make any other arrangements that are acceptable to the Company to satisfy any all withholding obligations and other source deductions for the account of the option holder to the appropriate governmental authority;

- (xvi) the Board may terminate the Stock Option Plan at any time inasmuch as it does affect the rights of option holders that have already been issued, nor can such termination affect the terms and conditions under which these issued options can be exercised.

Employment, Consulting and Management Agreements

On June 9, 2015, the Company entered into consulting agreements with M^e Jean-Pierre Rancourt for his services as its then-President and CEO and with Martyne Simard for her services as its then-CFO, which provided each with a base salary in the amounts set out above (see Table of compensation, excluding compensation securities) and eligibility for certain annual bonus incentives and incentive stock options. The Company terminated those consulting agreements on December 31, 2016. In connection therewith, the Company paid Ms. Simard an indemnity of \$66,351 corresponding to the amount of base salary that she otherwise would have received between December 31, 2016 and April 30, 2018 (being the end of the term of her consulting agreement).

On January 1, 2017, the Company entered into consulting agreements with Marc-Antoine Audet Géologue Consultant Inc. (so as to retain Marc-Antoine Audet as President and Chief Executive Officer) and Isabelle Gauthier (as Chief Financial Officer). The annual consulting fee payable thereunder is \$185,000 in Mr. Audet's case and \$40,000 in Ms. Gauthier's.

If the Company terminates Mr. Audet's or Ms. Gauthier's agreement without cause, or if either terminates their agreement within 12 months of a Change of Control for Good Cause (both as defined below), the Company must pay him or her (as the case may be) the full amount of any consulting fee due through the termination date, plus an amount equal to 12 months of his or her consulting fee.

A "**Change of Control**" means any of the following:

- (b) the acquisition, directly or indirectly, by any person or group of persons acting in concert, as such terms are defined in the *Securities Act* (British Columbia), of common shares of the Company which, when added to all other common shares of the Company at the time held directly or indirectly by such person or persons acting in concert, totals for the first time greater than 50% of the outstanding common shares of the Company; or
- (c) the removal, by extraordinary resolution of the shareholders of the Company, of more than 51% of the then incumbent directors of the Company, or the election of a majority of directors to the Board who were not nominees of the incumbent Board at the time immediately preceding such election; or
- (d) consummation of a sale of all or substantially all of the assets of the Company, or the consummation of a reorganization, merger or other transaction which has substantially the same effect, except where such sale or transaction is for the purpose of financing the construction of a mine.

"**Good Cause**" means the occurrence of one of the following events without the express written consent of Mr. Audet or Ms. Gauthier, as the case may be:

- (a) the assignment by the Company of duties inconsistent with the terms of their consulting agreement, including the scope of their duties; or
- (b) a reduction by the Company in their consulting fee.

Oversight and Description of Director and NEO Compensation

The CGNC's role with respect to compensation is as follows:

1. Review the Company's compensation/consulting fee levels, policies and procedures and make recommendations to the Board with respect to proposed changes to such compensation/consulting fee levels, policies and procedures.
2. Annually receive from the Chief Executive Officer (the "CEO") recommendations concerning annual compensation/consulting fees policies and budgets, including stock options, for all directors, officers, employees and consultants of the Company and its affiliates.
3. Review the performance of senior management and Board members and make annual recommendations to the Board with respect to the amount and form of compensation and/or consulting fees to be paid to key management and independent non-management Board members.
4. Annually review and approve corporate goals and objectives relevant to the compensation of the CEO and, in light of those goals and objectives, review and approve and make recommendations to the Board for approval of: (a) any annual one-time payment of consulting fees and any other benefits, directly and indirectly, and (b) any adjustments to the consulting fees paid to the CEO or any consulting company that provides the services of the CEO, and to approve compensation and/or consulting fees for any other officer of the Company, if applicable, after considering the recommendations of the CEO, all within the human resources and compensation policies and guidelines approved by the Board.
5. Annually review the Chief Financial Officer's (the "CFO") performance and the financial operating success of the Company, among other things, and the Committee approve for recommendation for approval by the Board any adjustments to the consulting fees paid to the CFO, directly or indirectly, including any consulting company that provides the services of the CFO.
6. If appropriate, hire experts in the field of executive compensation and/or consulting fees to assist the Committee with its evaluation of CEO or senior executive compensation/consulting fees.

The Board retains ultimate responsibility for determining the compensation paid by the Company to its directors, officers and other employees. The Board uses a subjective decision-making process to determine compensation. The Board does not examine a formal peer group in determining compensation, although it may informally review compensation paid by mining companies similar to the Company.

The members of the CGNC Committee are Messrs. Benoit La Salle (chairman), René Lessard and Marc Filion.

The Company's executive compensation program is structured into three main components: base salary, annual incentives (bonuses), and long term incentives, including incentive stock options granted pursuant to the Stock Option Plan. NEOs receive a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the NEO, and current competitive market conditions. In addition to their base salary, the NEOs may receive a discretionary annual bonus declared by the Board and based on the overall performance of the Company. Neither total compensation nor any significant element thereof is tied to any specific, pre-determined performance criteria or goals.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2016, the end of the Company's last financial year, with respect to compensation plans pursuant to which equity securities of the Company are authorized for issuance.

Plan Category	Number of 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 shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	620,000	\$0.05	4,395,471
Equity compensation plans not previously approved by shareholders	nil	nil	nil

The equity compensation plan referred to in the foregoing table is the Stock Option Plan.

INFORMATION ON THE AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Management Proxy Circular as Schedule A.

Composition of the Audit Committee

The Audit Committee is currently composed of Marc Filion (chairman), Marcel Duchesne, and René Lessard. Under *Regulation 52-110 respecting Audit Committees* (“**Regulation 52-110**”), a director of an audit committee is “independent” if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board, reasonably be expected to interfere with the exercise of the member’s independent judgment. The Board has determined that all members of the Audit Committee are independent members.

The Board has determined that each of the three members of the Audit Committee is “financially literate” within the meaning of section 1.6 of Regulation 52-110, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Relevant Education and Experience

The education and related experience of each of the members of the Audit Committee that is relevant to their responsibilities as members of the Audit Committee are set out in their biographies above under the heading “Experience of the Nominees for Election as Directors”.

Pre-Approval Policies and Procedures for Audit Services

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Fees

(a) Audit Fees

“Audit fees” consist of fees for professional services for the audit of the Company’s annual financial statements, assistance with interim financial statements, and related matters. Raymond Chabot Grant Thornton LLP, Chartered Accountants (“**RCGT**”), the Company’s external auditors until December 31, 2016, billed the Company \$28,453 in audit fees during the financial year ended December 31, 2015 and billed the Company \$22,661 in audit fees during the financial year ended December 31, 2016.

(b) Audit-Related Fees

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Company’s financial statements and which are not reported under “Audit Fees” above. RCGT billed the Company \$11,855 in audit-related fees during the financial year ended December 31, 2015 and billed the Company \$6,120 in audit related fees during the financial year ended December 31, 2016.

(c) Tax Fees

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. RCGT billed the Company \$1,500 in tax fees during the financial year ended December 31, 2015 and billed the Company \$1,500 in tax fees during the financial year ended December 31, 2016.

(d) All Other Fees

RCGT did not bill the Company any other fees during the financial year ended December 31, 2015 and billed the Company \$8,442 in other fees during the financial year ended December 31, 2016. These other fees are related to the translation of documents and the review of the Company’s Filing Statement.

Reliance on Exemption

The Company is relying on the exemption set out in section 6.1 of Regulation 52-110 with respect to certain reporting obligations.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is, or who was at any time during the financial year ended December 31, 2016, a director, executive officer or senior officer of the Company or a subsidiary thereof, and no person who is a nominee for election as a director of the Company, and no associate of such persons, is, or was at any time since the beginning of the financial year ended December 31, 2016, indebted to the Company or a subsidiary of the Company, nor has any such person been indebted at any time since the beginning of the financial year ended December 31, 2016 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or a subsidiary of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No “informed person” of the Company, that is: (a) the directors and executive officers of the Company; (b) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Company’s outstanding voting shares; (c) any director or executive officer of a person referred to in (b) above; or (d) any associate or affiliate of any “informed person” of the Company, has any material interest, direct or indirect, in any transaction since January 1, 2016 or in any proposed transaction which has materially affected or would materially affect the Company.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Company may submit to the Company notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Company must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Company will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Company at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Company. As the notice in connection with the Meeting is dated May 10, 2017, the deadline for submitting a proposal to the Company in connection with the next annual meeting of shareholders is February 12, 2018.

The foregoing is a summary only. Shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

Policy Statement 58-201 to Corporate Governance Guidelines and Regulation 58-101 respecting Disclosure of Corporate Governance Practices set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Company, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following sets out the Company’s corporate governance practices, as required.

1. Board of Directors

Disclose how the board of directors facilitates its exercise of independent supervision over management, including:

(i) *the identity of directors that are independent:*

The Board considers that Marc Filion, Michel Duchesne and René Lessard are independent within the meaning of Regulation 52-110.

(ii) *the identity of directors who are not independent, and the basis for that determination:*

The Board considers that Benoit La Salle and Marc-Antoine Audet is not independent within the meaning of Regulation 52-110 because he is an NEO of the Company.

The fact that the majority of members of the Board are independent facilitates the exercise of the independence of the Board in the supervision of the management. The independent directors do not hold regular meetings at which non-independent directors and members of management are not present. However, the Board, under certain circumstances, will hold meetings without the presence of non-independent directors. In these cases, the independent directors will have frank and open discussions between them.

2. Directorships

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer:

The following members of the Board are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer(s)
Marc-Antoine Audet	Sama Resources Inc.
Benoit La Salle, FCPA, FCA	Sama Resources Inc. Algold Resources Ltd. Earth Alive Clean Technologies Inc. Goviex Uranium Inc. SEMAFO Inc.
Marc Filion	Sama Resources Inc. Abcourt Mines Inc.
René Lessard	Nemaska Lithium Inc. Monarques Gold Corporation

3. Orientation and Continuing Education

Describe what steps the board takes to orient new board members and any measures the board takes to provide continuing education for directors:

There is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current limited operations. New directors receive a copy of information relevant to the duties of Board members.

4. Ethical Business Conduct

Describe steps taken by the board to encourage and promote a culture of ethical business conduct:

The Board has adopted a Code of Business Conduct and Ethics (the “**Code**”), which embodies the Company's commitment to conduct its business in accordance with all applicable laws, rules and regulations with high ethical standards in a culture of honesty, integrity and accountability. All of the Company's officers, employees, consultants and directors are expected to read and adhere to the principles and procedures set forth in the Code and to exercise their best judgment at all times, and to sign a receipt

and acknowledgement to that effect. A copy of the Code is available online at www.srggraphite.com/wp-content/uploads/pdf/SRG-CodeofBusConductandEthics.pdf.

5. Nomination of Directors

Disclose what steps are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates, and*
- (ii) the process of identifying new candidates.*

The CGNC Committee is responsible for recommending nominees to the Board of Directors. In this regard, the CGNC Committee reviews, on a periodic basis, the composition of the Board and works to ensure that an appropriate number of independent directors sit on the Board. There is no formal process to find new candidates. When there is a vacancy on the Board, each member is encouraged to propose suitable candidates to fill that vacancy. The Board members, with the support of the CGNC Committee, then make a collective decision as to whose candidacy to retain.

6. Compensation

Disclose what steps are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and*
- (ii) the process of determining compensation.*

The process by which the Company currently determines the compensation of its executive officers is described in the section entitled “Statement of Executive Compensation – Oversight and Description of Director and NEO Compensation” above.

7. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board does not have any other permanent committee.

8. Assessments

Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The Board as a whole, and the CGNC Committee in particular, is responsible for assessing the effectiveness of the Board, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board. Although no formal process has been put in place for such assessment, the CGNC Committee and the Board conduct informal assessments on an as-needed basis. In this regard, the CGNC Committee and the Board from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

OTHER MATTERS

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

ADDITIONAL INFORMATION

Financial information about the Company is contained in its comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2016, and additional information about the Company is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the comparative financial statements of the Company for the financial year ended December 31, 2016 together with the accompanying report of the auditors thereon and any interim financial statements of the Company for periods subsequent to December 31, 2016 and Management's Discussion and Analysis with respect thereto; or
- (b) this Circular,

please send your request to the Secretary of the Company at Sama Graphite Inc., 1320 Graham Blvd. Suite 132 Mont-Royal, Quebec H3P 3C8 Telephone: (604) 443-3833

AUTHORIZATION OF THE BOARD OF DIRECTORS

The contents and the mailing of this Management Proxy Circular have been approved by the Board of the Company.

(s) Marc-Antoine Audet

Marc-Antoine Audet
President and Chief Executive Officer

DATED at Montreal, Quebec
May 10, 2017

SCHEDULE A

CHARTER OF THE AUDIT COMMITTEE

1. Purpose and Objectives

- 1.1 The Audit Committee will assist the board of directors (the “**Board**”) in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company’s process for monitoring compliance with laws and regulations. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of Audit Committee membership as well as the Company’s business, operations and risks.

2. Authority

- 2.1 The Board authorizes the Audit Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.
- 2.2 The Board will instruct its external auditors to report directly to the Audit Committee.

3. Composition, Procedures and Organization

Membership

- 3.1 The Audit Committee shall consist of at least three members of the Board, a majority of which are not officers, employees or control persons of the Company or any associates or affiliates of the Company.
- 3.2 The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the Audit Committee.
- 3.3 Unless the Board shall have appointed a chair of the Audit Committee or in the event of the absence of the chair, the members of the Audit Committee shall elect a chair from among their number.
- 3.4 The secretary of the Audit Committee shall be designated from time to time from one of the members of the Audit Committee or, failing that, shall be the Company’s corporate secretary, unless otherwise determined by the Audit Committee.
- 3.5 The Audit Committee shall have access to such officers and employees of the Company and to the Company’s external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

Meetings

- 3.6 The quorum for meetings shall be a majority of the members of the Audit Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- 3.7 Meetings of the Audit Committee shall be conducted as follows:
- (a) the Audit Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Audit Committee. Special meetings shall be convened as required. The external auditors or any member of the Audit Committee may request a meeting of the Audit Committee;
 - (b) the chair of the Audit Committee shall be responsible for developing and setting the agenda for Audit Committee meetings and determining the time and place of such meetings;
 - (c) the Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate; and
 - (d) notice of the time and place of every meeting of the Audit Committee shall be given in writing to each member of the Audit Committee a reasonable time before the meeting.
- 3.8 The proceedings of all meetings of the Audit Committee will be minuted.

Procedures

- 3.9 The internal auditors and the external auditors shall have a direct line of communication to the Audit Committee through its chair and may bypass management if deemed necessary. The Audit Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.
- 3.10 The Audit Committee shall have authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

4. Roles and Responsibilities

- 4.1 The overall duties and responsibilities of the Audit Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;
 - (b) to establish and maintain a direct line of communication with the Company's internal auditors, if any, and external auditors and assess their performance; and
 - (c) to ensure that the management of the Company's has designed, implemented and is maintaining an effective system of internal financial controls.
- 4.2 The duties and responsibilities of the Audit Committee as they relate to the external auditors shall be as follows:

- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
- (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors and ensure no unjustifiable restrictions or limitations have been placed on the scope;
- (c) to review the audit plan of the external auditors prior to the commencement of the audit;
- (d) to approve in advance the provision of non-audit services provided by the external auditors;
- (e) to review with the external auditors, upon completion of their audit:
 - (i) the content of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) internal resources used;
 - (v) significant transactions outside of the normal business of the Company;
 - (vi) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
- (f) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles.

4.3 The duties and responsibilities of the Audit Committee as they relate to the Company's internal auditors, as and when applicable, shall be as follows:

- (a) to periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department; and
- (b) to review significant internal audit findings and recommendations.

4.4 The duties and responsibilities of the Audit Committee as they relate to the internal control procedures of the Company shall be as follows:

- (a) to review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- (b) to review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- (c) to periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

4.5 The Audit Committee is also charged with the responsibility to:

- (a) review the annual and quarterly financial statements, including Management's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are completed and consistent with the information known to the Audit Committee;
- (b) evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:
 - (i) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (ii) generally accepted accounting principles have been consistently applied;
 - (iii) there are any actual or proposed changes in accounting or financial reporting practices; and
 - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider adequacy of that disclosure;
- (c) review and approve the financial sections of:
 - (i) the annual report to shareholders;
 - (ii) the annual information form (if any);
 - (iii) prospectuses (if any); and
 - (iv) other public reports requiring approval by the Board; and report to the Board with respect thereto;
- (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- (e) review the minutes of any Audit Committee meeting;
- (f) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (g) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company; and

- (i) establish a procedure for:
 - (i) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - (ii) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.

Approved by the Board of Directors on January 18, 2017