

SOUTHERN LITHIUM CORP.
Unit #1 - 550 Browning Place
North Vancouver, British Columbia, Canada V7H 3A9
Telephone (416) 918-6785

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the annual general meeting (the "**Meeting**") of Shareholders of **SOUTHERN LITHIUM CORP.** (the "**Company**") will be held at Suite 700 - 401 West Georgia Street, Vancouver, British Columbia, on Thursday, June 29, 2017, at 10:00 a.m., Vancouver time, for the following purposes:

1. To receive the report of the Directors of the Company;
2. To receive and consider the audited financial statements of the Company for its fiscal period ended December 31, 2016, and the report of the auditor thereon;
3. To fix the number of Directors of the Company at five;
4. To elect Directors of the Company for the ensuing year;
5. To appoint auditors for the ensuing year and to authorize the Directors to fix their remuneration;
6. To consider and, if thought fit, to pass an ordinary resolution ratifying and approving the existing 10% rolling stock option plan of the Company; and
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Information Circular dated May 23, 2017 and the form of Proxy accompany this Notice. The Information Circular contains details of matters to be considered at the Meeting.

A shareholder who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's shares will be voted at the Meeting is requested to complete, date and sign the enclosed form of Proxy, or another suitable form of Proxy, and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of Proxy and in the Information Circular.

DATED at Vancouver, British Columbia, this 23rd day of May, 2017.

BY ORDER OF THE BOARD

"Clive Massey"

Clive Massey
Chief Executive Officer and Director

SOUTHERN LITHIUM CORP.
Unit #1 - 550 Browning Place
North Vancouver, British Columbia, Canada V7H 3A9
Telephone (416) 918-6785

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular ("**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Southern Lithium Corp. (the "**Company**") for use at the annual general meeting of the shareholders (the "**Shareholders**") of the Company (the "**Meeting**") to be held at Suite 700 - 401 West Georgia Street, Vancouver, British Columbia, on June 29, 2017 at 10:00 a.m. (Vancouver time) and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of this solicitation will be borne by the Company. The Company has made arrangements for intermediaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by those intermediaries and the Company may reimburse the intermediaries for reasonable fees and disbursements incurred by them in so doing.

Notice of the Meeting was provided to the securities commissions in each jurisdiction where the Company is a reporting issuer under applicable securities laws.

In this Information Circular, references to the "**Company**", "**we**" and "**our**" refer to Southern Lithium Corp.; "**Common Shares**" means common shares in the authorized share structure of the Company; "**Beneficial Shareholders**" means Shareholders who do not hold Common Shares in their own name and "**Intermediaries**" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of the Beneficial Shareholders.

Date of Information Circular

Information contained in this Information Circular is given as at May 23, 2017, unless otherwise indicated.

GENERAL PROXY INFORMATION

Revocability of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) executing a proxy bearing a later date; or
- (b) executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the shareholder's authorized attorney in writing, or, if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized, and by depositing the Proxy bearing a later date with TSX Trust Company., or at the address of the registered office of the Company at Suite 700 - 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the date that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (c) by the registered shareholder personally attending the Meeting and voting the registered shareholder's Common Shares.

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

Appointment of Proxyholders

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the Meeting for the shareholder on the shareholder's behalf.

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company (the "**Management Designees**"). **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting other than either of the Management Designees. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

A proxy will not be valid unless the completed, signed and dated form of proxy is delivered to the office of **TSX Trust Company, Proxy Department, by any of the following methods: by mail: Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1 or by fax: (416) 595-9593 or online: www.voteproxyonline.com** not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Exercise of Discretion

The Management Designees named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. The Proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the Management Designees will vote the Common Shares represented by the Proxy at their own discretion for the approval of such matter.

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each Management Designee intends to vote thereon in accordance with the Management Designee's best judgment.

Proxy Voting Options

If you are a registered Shareholder, you may elect to submit a proxy in order to vote whether or not you are able to attend the Meeting in person. In order to vote by mail, you must complete, date and sign the Proxy and return it to the Company's transfer agent, TSX Trust Company, Proxy Department, by any of the following methods: by mail: Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, or by fax: (416) 595-9593 or online: www.voteproxyonline.com at any time up to and including 10:00 a.m. (Vancouver time) on June 27, 2017.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Beneficial Shareholders should note that only Proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting material. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

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

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

Alternatively, you may request in writing that your broker send you a legal Proxy which would enable you, or a person designed by you, to attend at the Meeting and vote your Common Shares.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than as disclosed herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “**Board**”) of the Company has fixed May 23, 2017, as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares without par value of the Company. As of the Record Date, the Company had outstanding 48,038,000 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. The Company has no other classes of voting securities.

To the knowledge of the directors and executive officers of the Company, no one beneficial owner owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the outstanding voting rights of the Company.

VOTES NECESSARY TO PASS RESOLUTIONS

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

Recommendation of the Board

The Board unanimously recommends that Shareholders vote in favour of all resolutions.

ELECTION OF DIRECTORS

The Board currently consists of five directors. Management proposes to fix the number of directors of the Company at five (5) and to nominate the persons listed below for election as directors.

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

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares of the Company which each beneficially owns or over which control or direction is exercised,

Nominee Position with the Company and Province/State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Director of the Company Since	Committee Membership	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised ⁽²⁾
Clive Massey Director and Chief Executive Officer British Columbia, Canada	Chief Executive Officer of the Company since February 2017; Director, CEO and President of Redhill Resources (TSX-V) 2011 - 2013, Wildfire Capital Corp. (NEX) 2012 - Present, Tasca Resources (TSX-V) April 2016 – Present, and CEO and President of Aldever Resources (TSX-V) 2013 to Present,	January 10, 2017	Audit	200,000
Lawrence Segerstrom Director and President Arizona, U.S.A.	President of the Company since October 2016 and Interim Chief Executive Officer from January 2017 to February 2017. Currently Director and Q.P. for Almadex Minerals. Formerly COO of Paramount Gold and Silver Corp., Geology Manager for Freeport-McMoRan's Grasberg district, and General Manager of Layne Christensen's Mexico subsidiary.	October 17, 2016	Audit	Nil
John P. Ryan Director Idaho, U.S.A.	Senior executive and director of several companies including Consolidated Goldfields Corp., Southern Legacy Minerals, Inc., Sterling Mining Company, Silver Scott Mines, Inc., Plasmex Corp., Premium Exploration, Inc., Trend Petroleum Inc., and Independence Resources Plc.	January 11, 2017	Audit	Nil
James McCrea Director British Columbia, Canada	For the last 5 years, Mr. McCrea has worked as an independent geologist on several projects for Duran Ventures' Aguila porphyry, Minera San Cristobal S.A. (Bolivia), Arena Mineral Inc. and Montan Mining Corp. Mr McCrea is currently a director of Remington Resources.	February 1, 2011	Nil	Nil
Saman Eskandari Director and Vice President British Columbia, Canada	Vice President of the Company since February 2017. Consultant to Veritas Pharma Inc. March 2016 – Present, General Manager – Best Buy October 2014 – June 2015, Sales Manager – Future Shop Feb 2012-Oct 2014,	February 28, 2017	Nil	50,000

(1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.

(2) The number of Common Shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by TSX Trust Company, the registrar and transfer agent of the Company, insider reports filed on SEDI and by the nominees themselves.

Other than as set out below, to the knowledge of the Company, no proposed director is, or has, within the 10 years before the date of this Information Circular, been a director, chief executive officer or chief financial officer of any company that,

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) 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.

To the knowledge of the Company, no proposed director of the Company was, as at the date of the Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including Southern Lithium Corp.) 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.

No proposed director of the Company has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Company has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a security regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for that proposed director.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Compensation

The Board as a whole has the responsibility of determining the compensation for the Chief Executive Officer (the "**CEO**") and the Chief Financial Officer (the "**CFO**") and of determining compensation for directors and senior management.

The Company's compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create among directors, officers, consultants and employees a sense of ownership in the Company and to align their interests with those of the shareholders; and
- to ensure competitive compensation that is also financially affordable for the Company.

The compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's NEOs (defined below) may receive compensation that is comprised of three components:

- Salary, wages or contractor payments;
- Stock option grants; and/or
- Bonuses.

The objective and reason for this system of compensation is to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal “peer group”. The Compensation Committee relies on the general experience of its members in setting base salary amounts.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the NEOs are allocated on an individual basis related to the review by the Board of the work planned during the year and the work achieved during the year, including work related to mineral exploration, administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments.

Executive Compensation

In this section “**Named Executive Officer**” or “**NEO**” means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

Brent Hahn, the Company's former CEO, Barry Hartley, the Company's former CFO and former President, David Alexander, the Company's CFO and Lawrence Segerstrom, the Company's President were the “**Named Executive Officers**” of the Company for the purposes of the following disclosure. There are no other executive officers of the Company whose total compensation exceeded \$150,000 during the financial year ended December 31, 2016. The compensation paid to the Named Executive Officers for the most three most recently completed financial years of the Company is as set out below:

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Clive Massey ^{(2) (3)} CEO	2016	N/A	N/A	N/A	Nil	Nil	N/A	Nil	Nil
Brent Hahn ⁽⁴⁾ Former CEO	2016	Nil	N/A	N/A	Nil	Nil	N/A	Nil	Nil
	2015	24,000	N/A	N/A	Nil	Nil	N/A	Nil	24,000
	2014	24,000	N/A	N/A	Nil	Nil	N/A	Nil	24,000
David Alexander ⁽⁵⁾ CFO	2016	63,483	N/A	54,520	Nil	N/A	N/A	Nil	118,003
Barry Hartley ⁽⁶⁾ Former President and Former CFO	2016	Nil	N/A	Nil	Nil	Nil	N/A	Nil	Nil
	2015	24,000	N/A	Nil	Nil	Nil	N/A	Nil	Nil
	2014	24,000	N/A	Nil	Nil	Nil	N/A	Nil	Nil
Lawrence Segerstrom ⁽²⁾⁽⁷⁾ President	2016	1,980	N/A	54,520	Nil	N/A	N/A	Nil	56,500

- (1) The fair value of the option-based awards was determined on the grant date using the Black-Scholes option pricing model. The Company uses the Black-Scholes option pricing model because it is a widely used and generally accepted method of estimating the fair value of stock options for accounting purposes.
- (2) Clive Massey and Lawrence Segerstrom also serve or served as the directors of the Company and receive compensation for services as the directors, and that compensation has been included in the figures provided in this Summary Compensation Table. Amounts, if any, which relates to the director role are disclosed in subsequent footnotes hereunder.
- (3) Clive Massey was appointed as CEO on February 14, 2017.
- (4) Brent Hahn resigned as CEO on January 11, 2017.
- (5) David Alexander was paid through his holding company 482130 BC Ltd.
- (6) Barry Hartley resigned as CFO on July 6, 2016 and resigned as President on October 17, 2016.
- (7) Lawrence Segerstrom was appointed as President on October 17, 2016. Mr. Segerstrom was paid through his holding company Segerstrom Consulting LLC.

Outstanding Share-Based Awards And Option-Based Awards

The following tables provide information regarding all share-based and option-based awards outstanding as at December 31, 2016.

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options ⁽¹⁾ (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
Brent Hahn ⁽²⁾ Former CEO	Nil	Nil	Nil	Nil	Nil	N/A
David Alexander ⁽³⁾ CFO	800,000	0.105	September 26, 2021	100,000	N/A	N/A
Barry Hartley ⁽⁴⁾ Former President and Former CFO	Nil	Nil	Nil	Nil	Nil	Nil
Larry Segerstrom, ⁽⁵⁾ President and Director	800,000	0.105	September 26, 2021	100,000	Nil	Nil

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.23 and the exercise or base price of the option.
- (2) Brent Hahn resigned as CEO on January 11, 2017.
- (3) David Alexander was paid through his holding company 482130 BC Ltd.
- (4) Barry Hartley resigned as CFO on July 6, 2016 and resigned as President on October 17, 2016.
- (5) Lawrence Segerstrom was appointed as President on October 17, 2016.

Incentive Plan Awards - value vested or earned during the year

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

Name (a)	Option-based awards – Value vested during the year ⁽¹⁾ (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Brent Hahn ⁽²⁾ Former CEO	Nil	N/A	N/A
David Alexander ⁽³⁾ CFO	54,520	N/A	N/A
Barry Hartley ⁽⁴⁾ Former President and Former CFO	Nil	N/A	N/A
Lawrence Segerstrom ⁽⁵⁾ President	54,520	N/A	N/A

- (1) The fair value of the option-based awards was determined on the grant date using the Black-Scholes option pricing model. The Company uses the Black-Scholes option pricing model because it is a widely used and generally accepted method of estimating the fair value of stock options for accounting purposes.
- (2) Brent Hahn resigned as CEO on January 11, 2017.
- (3) David Alexander was paid through his holding company 482130 BC Ltd.
- (4) Barry Hartley resigned as CFO on July 6, 2016 and resigned as President on October 17, 2016.
- (5) Lawrence Segerstrom was appointed as President on October 17, 2016

Termination of Employment, Change in Responsibilities and Employment Contracts

There are no employment contracts between the Company and the Named Executive Officers except as described under the heading "Management Contracts".

There are no compensatory plans, contracts or arrangements between the Company and any Named Executive Officer, where the Named Executive Officer is entitled to receive more than \$50,000 from the Company, including periodic payments or installments, in the event of:

- (a) the resignation, retirement or any other termination of employment of the Named Executive Officer's employment with the Company;
- (b) a change of control of the Company; or
- (c) a change of the Named Executive Officer's responsibilities following a change in control.

Pension Arrangements

The Company does not have any pension arrangements in place for the Named Executive Officers.

Compensation of Directors

For a description of the compensation paid to the Company's Named Executive Officer(s) who also act as directors, see "Summary Compensation Table".

Other than as disclosed elsewhere in this Information Circular, no director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors except for the granting of stock options; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

The Company may grant incentive stock options to directors of the Company from time to time pursuant to the stock option plan of the Company and in accordance with the policies of the TSX Venture Exchange (the "TSX-V").

The compensation paid to the directors, other than the Named Executive Officers, during the Company's most recently completed financial year is as set out below:

Name (a)	Fees earned (\$) (b)	Share-based awards (\$) (c)	Option-based awards ⁽¹⁾ (\$) (d)	Non-equity incentive plan compensation (\$) (e)	Pension value (\$) (f)	All other compensation (\$) (g)	Total (\$) (h)
Barry Hartley ⁽²⁾	Nil	N/A	Nil	Nil	N/A	Nil	Nil
Brent Hahn ⁽³⁾	Nil	N/A	Nil	Nil	N/A	Nil	Nil
Manfred Peschke ⁽⁴⁾	Nil	N/A	Nil	Nil	N/A	Nil	Nil
Lawrence Segerstrom ⁽⁵⁾	1,980	N/A	54,200	Nil	N/A	Nil	55,180

- (1) The fair value of the option-based awards was determined on the grant date using the Black-Scholes option pricing model. The Company uses the Black-Scholes option pricing model because it is a widely used and generally accepted method of estimating the fair value of stock options for accounting purposes.
- (2) Barry Hartley resigned as a director of the Company on October 17, 2016.
- (3) Brent Hahn resigned as a director of the Company on January 11, 2017.
- (4) Manfred Peschke resigned as a director of the Company on January 10, 2017.
- (5) Lawrence Segerstrom was paid through his holding company, Segerstrom Consulting LLC.

Narrative Discussion

Other than amounts already included in the above table, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

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

Outstanding Share-Based Awards And Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not a Named Executive Officers:

Director Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) (c)	Option expiration date (d)	Value of unexercised in-the-money options ⁽¹⁾ (\$) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested (\$) (g)
	Barry Hartley ⁽²⁾	Nil	N/A	N/A	Nil	N/A
Brent Hahn ⁽³⁾	Nil	N/A	N/A	Nil	N/A	N/A
Manfred Peschke ⁽⁴⁾	Nil	N/A	N/A	Nil	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.23 and the exercise or base price of the option.
- (2) Barry Hartley resigned as a director of the Company on October 17, 2016.
- (3) Brent Hahn resigned as a director of the Company on January 11, 2017.
- (4) Manfred Peschke resigned as a director of the Company on January 10, 2017.

Incentive Plan Awards - value vested or earned during the year

An "incentive plan" is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period. An "incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan.

Name (a)	Option-based awards – Value vested during the year ⁽¹⁾ (\$) (b)	Share-based awards – Value vested during the year (\$) (c)	Non-equity incentive plan compensation – Value earned during the year (\$) (d)
Barry Hartley ⁽²⁾	Nil	N/A	N/A
Brent Hahn ⁽³⁾	Nil	N/A	N/A
Manfred Peschke ⁽⁴⁾	Nil	N/A	N/A
Lawrence Segerstrom	54,520	N/A	N/A

- (1) The fair value of the option-based awards was determined on the grant date using the Black-Scholes option pricing model. The Company uses the Black-Scholes option pricing model because it is a widely used and generally accepted method of estimating the fair value of stock options for accounting purposes.
- (2) Barry Hartley resigned as a director of the Company on October 17, 2016.
- (3) Brent Hahn resigned as a director of the Company on January 11, 2017.
- (4) Manfred Peschke resigned as a director of the Company on January 10, 2017.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan that the Company has in place is a stock option plan (the "Plan"). The Plan was established to provide an incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. The Plan provides that options will be issued pursuant to option agreements with directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation agreements, may

not exceed 10% of the total number of issued and outstanding Common Shares at the date of grant. All options expire on a date not later than five years after the issuance of such option.

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's most recently completed fiscal year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,800,000	\$0.105	1,687,000
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	1,800,000	\$0.105	1,687,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company's directors, executive officers, proposed nominees for election as a director, or associates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

Since the commencement of the Company's most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

APPOINTMENT OF AUDITOR

Management recommends that Shareholders vote to re-appoint Saturna Group Chartered Accountants LLP, of Suite 1250, 1066 West Hastings Street, Vancouver, BC V6E 3X1, as auditors for the Company and to authorize the directors to fix their remuneration. Saturna Group Chartered Accountants LLP were first appointed as auditors for the Company on May 1, 2011. See "External Auditor Service Fees" under "Audit Committee And Relationship With Auditor".

MANAGEMENT CONTRACTS

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

CORPORATE GOVERNANCE

General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose the corporate governance practices that they have adopted according to guidance provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”).

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the “**CSA**”) have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA have implemented NI 58-101, which prescribes certain disclosure by reporting issuers of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Board of Directors

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

The independent members of the Board of Directors of the Company are James McCrea and John P. Ryan. The non-independent directors are Clive Massey, the CEO of the Company, Lawrence Segerstrom, the President of the Company and Saman Eskandari, the Vice President of the Company.

The Board facilitates its independent supervision over management by choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent directors are, however, able to meet at any time without any the non-independent directors being present. Further supervision is performed through the Audit Committee who may meet with the Company’s auditors without management being in attendance.

Directorships

None of the directors of the Company are also directors in other reporting issuers as at the date of this Information Circular.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s operations and on director responsibilities.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business. In addition, management of the Company makes itself available to discussions with all Board members.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

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

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

Other Board Committees

The Board has no committees other than the Audit Committee.

The Audit Committee provides an open avenue of communication between management, the Company's independent auditors and the Board and to assist the Board in its oversight of:

- (a) the integrity, adequacy and timeliness of the Company's financial reporting and disclosure practices;
- (b) the Company's compliance with legal and regulatory requirements related to financial reporting; and
- (c) the independence and performance of the Company's independent auditors.

The Audit Committee also performs any other activities consistent with the Audit Committee Charter, the Company's Articles and governing laws as the Audit Committee or Board deems necessary or appropriate. See "*Audit Committee and Relationship with Auditor*".

Assessments

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

Compensation

The Board is not compensated for acting as directors, except for being granted incentive stock options pursuant to the policies of the TSX-V and the Company's stock option plan. The Board acts as a whole to determine and approve the final stock grants and compensation amounts.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

Audit Committee Charter

The Company has adopted a charter (the "**Charter**") of the Audit Committee of the Board, which is attached as Schedule "A" to this Information Circular.

Composition of the Audit Committee

The current members of the Audit Committee are Clive Massey, James McCrea and John P. Ryan. James McCrea and John P. Ryan are independent members of the Audit Committee and Clive Massey is not independent. All of the members of the Audit Committee are considered to be financially literate.

Relevant Education and Experience

Clive Massey has over 27 years experience in corporate finance, management and directorships.

James McCrea has more than 25 years experience in exploration and mining geology and more than 20 years experience in mineral resource estimation.

John P. Ryan holds a B.S., Mining Engineering from the University of Idaho, and Juris Doctor in Corporate Civil Litigation from Boston College Law School. Mr. Ryan has over 21 years experience with development -stage companies.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Company's Audit Committee Charter.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Saturna Group Chartered Accountants LLP, to the Company to ensure auditor independence. The fees incurred for audit and non-audit services in the last fiscal year for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2016	Fees Paid to Auditor in Year Ended December 31, 2015
Audit Fees ⁽¹⁾	\$5,500	\$4,000
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil
Total	\$5,500	\$4,000

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

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

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

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

Exemption in Section 6.1 of NI 52-110

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of Stock Option Plan

The TSX-V requires listed companies that have “rolling” stock option plans in place to receive shareholder approval of such plans on a yearly basis at the Company’s annual general meeting. Accordingly, Shareholders will be asked at the Meeting to ratify and approve the Plan.

The purpose of the Plan is to provide certain directors, officers and key employees of, and certain other persons who provide services to the Company and any subsidiaries with an opportunity to purchase Common Shares of the Company and benefit from any appreciation in the value of the Company’s Common Shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all the Shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company.

The Plan provides for a floating maximum limit of 10% of the outstanding Common Shares, as permitted by the policies of the TSX-V. As at May 23, 2017, this represents 4,803,800 Common Shares available under the Plan, of which 4,325,000 are issued and 478,800 are reserved and available for issuance under the Plan.

Under the Plan, the option price must not be less than the exercise price permitted by the TSX-V. The current policies of the TSX-V state that the option price must not be less than the closing prices of the Common Shares listed on the TSX-V on the day immediately preceding the date of grant, less the applicable discount permitted by the policies of the TSX-V. An option must be exercised within a period of five years from the date of granting. Within this five year period, the Board may determine the limitation period during which an option may be exercised. Any amendment to the Plan requires the approval of the TSX-V and may require shareholder approval.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of five years.
2. Subject to a minimum price of \$0.10 per Common Share, the exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, and shall not be less than the closing market price of the Company’s Common Shares immediately preceding the day on which the directors grant such options, less any discount as permitted by the TSX-V.
3. No vesting requirements will apply to options granted under the Plan other than as required by TSX-V policies; each option is subject to a four-month hold period, commencing from the date of grant.
4. All options will be non-assignable and non-transferable, except as permitted by the policies of TSX-V.
5. No more than (i) 5% of the issued Common Shares may be granted to any one individual in any 12-month period; and (ii) 2% of the issued Common Shares may be granted to any one consultant, or an employee conducting investor relation activities, in any 12-month period.
6. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company’s Common Shares.

The Plan is subject to annual shareholder approval and TSX-V acceptance to its filing. Shareholders will be asked at the Meeting to consider, and if thought fit, approve an ordinary resolution ratifying and approving the Plan.

The full text of the Plan will be made available at the registered and records offices of the Company, Suite 700 – 401 West Georgia Street, Vancouver, British Columbia, V6B 5A1, until 4 p.m. on the business day immediately preceding the date of the Meeting.

Shareholder Approval

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

“BE IT RESOLVED THAT the Company’s Stock Option Plan be and is hereby ratified and approved, and that in connection therewith a maximum of 10% of the issued and outstanding common shares at the time of each grant be approved for granting as options and that the board of directors be and are hereby authorized, without further shareholder approval, to make such changes to the Stock Option Plan as may be required or approved by regulatory authorities.”

Other Matters

As of the date of this Information Circular, management knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

Additional Information

Additional information relating to the Company is available through the Company's profile on the SEDAR website at www.sedar.com.

Financial information on the Company is provided in the Company's comparative financial statements and management discussion and analysis of the most recently completed financial year ended December 31, 2016. Copies of the Company's financial statements and management discussion and analysis may be obtained upon request from the Company to the attention of: David Alexander at Unit #1, 550 Browning Place, North Vancouver, British Columbia, Canada V7H 3A9, Tel: (416) 918-6785.

APPROVAL AND CERTIFICATION

The contents of this Information Circular have been approved and this mailing has been authorized by the Directors of the Company.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 23rd day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

“Clive Massey”
Clive Massey
Chief Executive Officer and Director

Schedule "A"
AUDIT COMMITTEE CHARTER
SOUTHERN LITHIUM CORP.
(the "Company")

(Implemented pursuant to Multilateral Instrument 52-110)

Multilateral Instrument 52-110 (the "Instrument") relating to the composition and function of audit committees was implemented for Alberta reporting companies effective March 30, 2004 and, accordingly, applies to every TSX Venture Exchange listed company, including the Company. The Instrument requires all affected issuers to have a written audit committee Charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the Board.

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Company. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose:

The purpose of the Committee is to:

- (a) ensure the quality of financial reporting;
- (b) assist the Board to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the Board and external auditors;
- (d) enhance the external auditor's independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the outside members of the Board by facilitating in-depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"Affiliate" means a company that is a subsidiary of another company or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Company's external auditor for the audit and review of the Company's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Company; "Charter" means this audit committee charter;

"Company" means SOUTHERN LITHIUM CORP.

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;

"Control Person" means any person that holds or is one of a combination persons that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company,

except where there is evidence showing that the holder of those securities does not materially affect control of the Company;

"executive officer" means an individual who is:

- (a) the chair of the Company;
- (b) the vice-chair of the Company;
- (c) the President of the Company;
- (d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the Company or any of its subsidiary entities who performs a policy-making function in respect of the Company; or
- (f) any other individual who performs a policy-making function in respect of the Company;

"financially literate" has the meaning set forth in Section 1.3;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"independent" has the meaning set forth in Section 1.2;

"Instrument" means Multilateral Instrument 52-110;

"MD&A" has the meaning ascribed to it in National Instrument 51-102;

"Member" means a member of the Committee;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Company.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.
3. Despite subsection 2 and without limitation, the following individuals are considered to have a material relationship with the Company:
 - (a) a Control Person of the Company;
 - (b) an Affiliate of the Company; and
 - (c) an employee of the Company.

1.3 Meaning of Financial Literacy

For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

PART 2

2.1 Audit Committee

The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors

The Company will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
 - (a) reviewing the audit plan with management and the external auditor;
 - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtain an explanation from management of all significant variances between comparative reporting periods;
 - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - (g) reviewing interim unaudited financial statements before release to the public;
 - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
 - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
 - (j) reviewing the terms of reference of the internal auditor, if any;
 - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.

3. The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the issuer's external auditor.
4. The Committee shall review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.
5. The Committee shall ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.
6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Policy 31, on a routine basis, whether or not there is to be a change of auditor.
8. The Committee shall, as applicable, establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
9. As applicable, the Committee shall establish, periodically review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimus Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

1. the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
2. the Company or the subsidiary of the Company, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
3. the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.

3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority

Until the replacement of this Charter, the Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- (b) set and pay the compensation for any advisors employed by the Committee,
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular

If management of the Company solicits proxies from the security holders of the Company for the purpose of electing directors to the Board, the Company shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*).

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

6.2 Composition of the Audit Committee

The Audit Committee is comprised of Clive Massey, John P. Ryan and James McCrea. Mr. Ryan and Mr. McCrea are "*independent*" members and form the majority. All members are "*financially literate*" within the meanings given to those terms in the Charter.

6.3 Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Company's external auditors not been adopted by the Board of Directors.

6.4 Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied of exemptions in relation to "*De Minimus Non-Audit Services*" or any exemption provided by Part 8 of Multilateral Instrument 52-110.

6.5 Pre-Approval Policies and Procedures

The Company has not adopted any specific policies in relation to the engagement of non-audit services.

