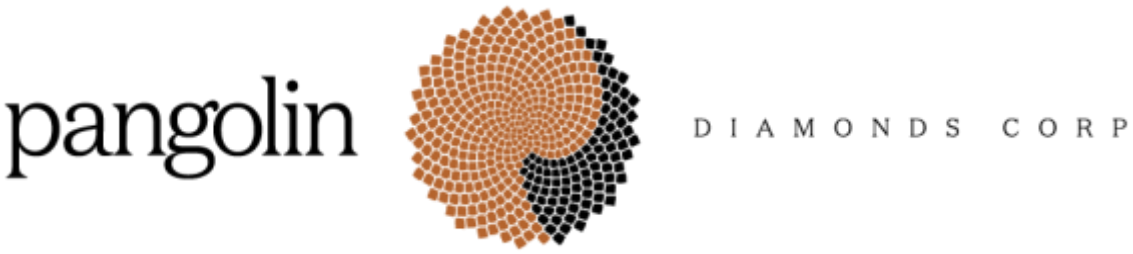

PANGOLIN DIAMONDS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

October 27, 2017

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PANGOLIN DIAMONDS CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders of the common shares (collectively, the "**Shareholders**" or individually, a "**Shareholder**") of Pangolin Diamonds Corp. (the "**Corporation**") will be held at the offices of Aird & Berlis LLP, Barristers & Solicitors, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario M5J 2T9 on Thursday, December 7, 2017 at the hour of 10:00 a.m., local time for the following purposes:

1. To receive that audited financial statements of the Corporation for the financial year ended June 30, 2017, together with the report of auditor thereon (the "**2017 Annual Statements**");

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

3. to appoint UHY McGovern Hurley LLP, Chartered Professional Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration;

4. to consider and, if thought appropriate, pass, with or without variation, a resolution approving the Corporation's rolling stock option plan, as more fully described in the accompanying management information circular dated October 27, 2017 (the "**Circular**"); and

5. to transact such other business as may properly be brought before the meeting or any adjournment for adjournments thereof.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting was Friday October 27, 2017 (the **"Record Date"**). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date are entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

Notice-and-Access

The Corporation is using the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

Website Where Meeting Materials are Posted

The Notice-and-Access Provisions allow reporting issuers to post electronic versions of proxy-related materials, such as the Information Circular and Annual Statements, ("**Proxy-Related Materials**") online, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, 2017 Annual Statements and accompanying management's discussion and analysis of the Corporation's results of operations and financial condition for 2017 ("**MD&A**") may be found on the Corporation's SEDAR profile at www.sedar.com and also on the Corporation's website at www.pangolindiamonds.com. The Corporation will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some Shareholders with this notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular nor the Annual Statements.

Obtaining Paper Copies of Materials

The Corporation anticipates that using the Notice-and-Access Provisions for delivery to all Shareholders will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing Proxy-Related Materials. Shareholders with questions about notice-and-access can call the Corporation's transfer agent, AST Trust Company ("**AST**") at 1 Toronto Street, Suite 1200, Toronto, Ontario, toll-free at 1-800-387-0825. Shareholders may also obtain paper copies of the Proxy Related Materials free of charge by contacting the Corporation's Chief Financial Officer.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Corporation by November 22, 2017 in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries before Tuesday, December 5, 2017, at 10:00 a.m. local time, being the date that is not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

Voting

All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy.

FORM OF PROXY FOR REGISTERED SHAREHOLDERS

Completed proxies for Registered Shareholders must be returned to AST, the Corporation's transfer agent and registrar, by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, by hand at AST Trust Company, 1 Toronto Street, Suite 1200, Toronto, Ontario,, M5C 2V6, by fax at 1-866-781-3111 (within North America) or 416-368-2502 (outside North America), or by email at proxyvote@astfinancial.com, on or before 10:00 a.m. on Tuesday, December 5, 2017 or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

VOTING INSTRUCTION FORMS FOR BENEFICIAL SHAREHOLDERS

Non-registered Shareholders ("**Beneficial Shareholders**"), who have not waived the right to receive the Proxy-Related Materials will either: (i) receive a voting instruction form; or (ii) be given a proxy, which has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted to the number of Common Shares beneficially owned by the Beneficial Shareholder but which is otherwise not completed.

Beneficial Shareholders should carefully follow the instructions that accompany the voting instruction form or the proxy, including those indicating when and where the voting instruction form or the proxy is to be delivered. Voting instructions must be deposited by the Proxy Deadline; however, your voting instruction form may provide for an earlier date to process your votes in a timely manner. A Beneficial Shareholder wishing to attend and vote at the Meeting in person should follow the corresponding instructions on the voting instruction form or, in the case of a proxy, strike out the names of the persons named in the proxy and insert the Beneficial Shareholder's name in the space provided.

DATED at Toronto, Ontario this 27th day of October, 2017.

BY ORDER OF THE BOARD

"*Leon Daniels*"

Dr. Leon Daniels
President and Chief Executive Officer

PANGOLIN DIAMONDS CORP.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of Pangolin Diamonds Corp. (the "**Corporation**") for use at the annual and special meeting (the "**Meeting**") of holders (collectively, the "**Shareholders**" or individually, a "**Shareholder**") of common shares in the capital of the Corporation ("**Common Shares**") to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "**Notice**"). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

The Corporation is using the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") for distribution of this Circular to both registered and Beneficial Shareholders (as defined below) of Common Shares. Further information on the Notice-and-Access Provisions is contained below under the heading "*Notice and Access*" and Shareholders are encouraged to read this information for an explanation of their rights.

Except as noted below, the Corporation has distributed or made available for distribution, copies of the meeting materials to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the "**Intermediaries**") for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the meeting materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, CST Trust Company. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the meeting materials.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation's transfer agent and registrar, AST Trust Company, by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, by hand at AST Trust Company, 1 Toronto Street, Suite 1200, Toronto, Ontario, M5C 2V6, by fax at 1-866-781-3111 (within North America) or 416-368-2502 (outside North America) or by email at proxyvote@astfinancial.com, not later than 10:00 a.m. on Tuesday, December 5, 2017 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

(a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

(i) at the registered office, 25 Adelaide Street East, Suite 1614, Toronto, Ontario, M5C 3A1, at any time up to and including Wednesday, December 6, 2017; or

(ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or

(b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names has been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary 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 Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the

Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. 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. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

NOTICE AND ACCESS

As noted above, the Corporation is using the Notice-and-Access Provisions under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Beneficial Shareholders.

The Notice-and-Access Provisions allow reporting issuers to post electronic versions of proxy-related materials, such as this Circular and annual financial statements (the "**Proxy-Related Materials"**) online, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of this Circular, financial statements of the Corporation for the year ended June 30, 2017 ("**Financial Statements**") and management's discussion and analysis of the Corporation's results of operations and financial condition for 2017 ("**MD&A**") may be found on the Corporation's SEDAR profile at www.sedar.com and also on the Corporation's website at www.pangolindiamonds.com. The Corporation will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of its information circular to some shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular, the Financial Statements and the MD&A will be posted electronically online as noted above, Shareholders will receive paper copies of a "notice package" via prepaid mail containing the Notice with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders to request they be included in the Corporation's supplementary mailing list for receipt of the Financial Statements.

The Corporation anticipates that relying on Notice-and-Access Provisions will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote

environmental responsibility by decreasing the large volume of paper documents generated by printing Proxy-Related Materials.

Shareholders with questions about the Notice-and-Access can call the Corporation's transfer agent, AST, at 416-682-3860 or toll-free at 1-800-387-0825. Shareholders may also obtain paper copies of Proxy Related Materials free of charge upon request to the Chief Financial Officer of the Corporation by email at gwarren@pangolindiamonds.com.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Corporation by November 22, 2017 to allow sufficient time for Shareholders to receive their paper copies and to return a) their form of proxy to the Corporation or CST, or b) their voting instruction form to their Intermediaries by the Proxy Deadline.

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The Proxy-Related Materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent the Proxy-Related Materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Proxy-Related Materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Proxy-Related Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Friday, October 27, 2017 as the record date (the "**Record Date**") for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 128,825,418 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding. The Corporation has no other class of voting securities.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, no persons beneficially own, or control or direct, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Oversight and Description of Director and Named Executive Officer Compensation

The general objectives of the Corporation's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

Elements of Compensation

Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the Named Executive Officer's

performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the board of directors of the Corporation (the "**Board**") on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

Stock Options

The Corporation's directors, officers, employees and consultants, if any, are eligible under the Corporation's stock option plan (the "**Stock Option Plan**") to receive grants of stock options. The Stock Option Plan is an important part of the Corporation's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of the stock option grants to officers and directors is dependent on each officer's and director's level of responsibility, authority and importance to the Corporation and to the degree to which such officer's or director's long term contribution to the Corporation will be key to its long term success.

The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Named Executive Officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Corporation.

Options are granted by the Board of the Corporation. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board will make these determinations subject to and in accordance with the provisions of the Stock Option Plan.

Compensation of Directors

The independent directors of the Board will recommend how much, if any, cash compensation will be paid to directors for services rendered by directors, in such capacity, to the Corporation. The directors of the Corporation may be paid cash compensation commensurate with the prevailing level of compensation for directors in the same industry in which the Corporation operates.

Named Executive Officers who also act as directors of the Corporation will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such Named Executive Officers in their capacity as executive officers.

Compensation Governance

The independent members of the Board (the "**Independent Members**") have the responsibility for determining compensation for the Board and the Named Executive Officers. Patrick Harford, Gareth Penny and Louis Peloquin are independent as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

The Independent Members meet on compensation matters as and when required with respect to executive compensation. The primary goal of the meetings of Independent Members as they relate to compensation matters is to ensure that the compensation provided to the Named Executive Officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the

executive officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Independent Members are given the authority to engage and compensate any outside advisor that the Independent Members determine to be necessary to carry out their duties.

To determine compensation payable, the Independent Members review compensation paid for directors and Chief Executive Officers of companies of similar size and stage of development in the mineral exploration industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the Independent Members annually review the performance of the Chief Executive Officer in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

As a whole, the Independent Members have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Independent Members in making informed decisions on the suitability of the Corporation's compensation policies and practices. Each of the Independent Members has experience on the board of directors and related committees of other public companies, as described under "Particulars of Matters to be Acted Upon - Election of Directors" in this Circular.

Executive Compensation-Related Fees

In the financial year ending June 30, 2017, neither the Board nor the Independent Members retained a compensation consultant or advisor to assist the Board or the Independent Members in determining the compensation for any of the Corporation's executive officers' or directors' compensation.

Summary Compensation Table

In this section, "**Named Executive Officer**" or "**NEO**" means: (a) the President and Chief Executive Officer; and (ii) the Chief Financial Officer for the Corporation's financial year ended June 30, 2017. The Corporation had two "executive officers" as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") whose compensation must be disclosed for such financial year.

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 ($)**	**Total compensation ($)**
Leon Daniels, President and Chief Executive Officer and Director[(1)(2)]	2017	79,177	Nil	Nil	Nil	Nil	79,177
Graham Warren, Chief Financial Officer	2017	60,000	Nil	Nil	Nil	Nil	60,000
Louis Péloquin, Director[(2)]	2017	Nil	Nil	Nil	Nil	Nil	Nil
Gareth Penny, Director and Non-Executive Chairman[(2)]	2017	Nil	Nil	Nil	Nil	Nil	Nil
Thomas A. Fenton, Director[(2)]	2017	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Harford, Director[(2)]	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) During the financial year ended June 30, 2017, Dr. Daniels was also a director of the Corporation. This table sets out the compensation he received for his services as both a director and Named Executive Officer of the Corporation.

(2) No cash compensation was paid to the directors of the Corporation in their capacity as directors during the financial year ended June 30, 2017. The directors of the Corporation are eligible to receive options to purchase Common Shares pursuant to the terms of the Stock Option Plan.

Stock Option and Other Compensation Securities

The following table sets forth all compensation securities granted to the Named Executive Officers and directors of the Corporation during the financial years ended June 30, 2017:

Compensation Securities							
Name and position	**Type of compens-ation security**	**Number of compensa-tion securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Leon Daniels, President and Chief Executive Officer and Director[(1)]	Option	315,000	June 6, 2017	$0.10	$0.05	$0.065	June 6, 2022
Graham Warren, Chief Financial Officer[(2)]	Option	50,000	June 6, 2017	$0.10	$0.05	$0.065	June 6, 2022
Gareth Penny, Director and Non-Executive Chairman[(3)]	Option	2,000,000	August 15, 2016	$0.15	$0.135	$0.065	August 15, 2021
Louis Péloquin, Director[(4)]	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas A. Fenton, Director[(4)]	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Harford, Director[(5)]	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) As at June 30, 2017, held options to purchase (i) 150,000 Common Shares at a price of $0.25 per share until April 22, 2018, (ii) 150,000 Common Shares at a price of $0.11 per share until August 12, 2019, (iii) 435,000 Common Shares at a price of $0.10 per share until June 2, 2020, (iv) 1,100,000 Common Shares at a price of $0.12 per share until May 31, 2021, and (v) 315,000 Common Shares at a price of $0.10 per share until June 6, 2022. A total of 2,150,000 Common Shares underly these options, representing1.67% of the issued and outstanding Common Shares as of June 30, 2017.

(2) As at June 30, 2017, held options to purchase (i) 100,000 Common Shares at a price of $0.25 per share until April 22, 2018, (ii) 200,000 Common Shares at a price of $0.11 per share until August 12, 2019, (iii) 800,000 Common Shares at a price of $0.10 per share until June 2, 2020, (iv) 550,000 Common Shares at a price of $0.12 per share until May 31, 2021, and (v) 50,000 Common Shares at a price of $0.10 per share until June 6, 2022. A total of 1,700,000 Common Shares underly these options, representing 1.32% of the issued and outstanding Common Shares as of June 30, 2017.

(3) As at June 30, 2017, Mr. Penny held options to purchase 2,000,000 Common Shares at a price of $0.15 per share until August 15, 2021. A total of 2,000,000 Common Shares underly these options, representing 1.55% of the issued and outstanding Common Shares as of June 30, 2017.

(4) As at June 30, 2017, held options to purchase: (i) 150,000 Common Shares at a price of $0.25 per share until April 22, 2018, (ii) 150,000 Common Shares at a price of $0.11 per share until August 12, 2019, (iii) 200,000 Common Shares at a price of $0.10 per share until June 2, 2020, and (iv) 200,000 Common Shares at a price of $0.12 per share until May

31, 2021. A total of 700,000 Common Shares underly these options, representing 0.54% of the issued and outstanding Common Shares as of June 30, 2017.

(5) As at June 30, 2017, Mr. Harford held options to purchase (i) 300,000 Common Shares at a price of $0.10 per share until October 14, 2020, and (ii) 250,000 Common Shares at a price of $0.10 per share until June 2, 2020. A total of 550,000 Common Shares underly these options, representing 0.43% of the issued and outstanding Common Shares as of June 30, 2017.

Exercise of Compensation Securities by Directors and Named Executive Officers

Exercise of Compensation Securities by Directors and NEOs

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security ($)	Date of exercise	Closing price of security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total value on exercise date ($)
Leon Daniels, President and Chief Executive Officer and Director	Option	315,000	$0.10	June 14, 2017	$0.085	- $0.015	- $4,725
Graham Warren, Chief Financial Officer	Option	50,000	$0.10	June 14, 2017	$0.085	- $0.015	- $750

Employment, Consulting and Management Agreements

Graham Warren

During the financial year ended June 30, 2017, Mr. Warren performed services as Chief Financial Officer pursuant to a consulting agreement (the "**Warren Agreement**"). Pursuant to the Warren Agreement, Mr. Warren is paid a consulting fee of $6,000 per month and is eligible to receive stock options appropriate for a senior officer of the Corporation. Furthermore, the Corporation reimburses Mr. Warren for out-of-pocket expenses incurred by him in connection with his duties and services.

The Warren Agreement may be terminated by the Corporation or Mr. Warren for any reason upon not less than ninety (90) days' written notice to the other party. In the event of a breach of the provisions of the Warren Agreement by a party, the other party may terminate the Warren Agreement immediately upon notice of the party in breach. There are no amounts due to Mr. Warren in the event of termination, resignation, retirement, a change in control of the Corporation or a change in the responsibilities of Mr. Warren.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at June 30, 2017:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
	#	$	#
Equity compensation plans approved by security holders	11,575,000	$0.13	1,307,541
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	11,575,000	$0.13	1,307,541

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended June 30, 2017 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended June 30, 2017 or as at the date of this Circular in connection with security purchase programs or other programs.

REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board and the Corporation's management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Corporation's corporate governance practices, which addresses the matters set out in NI 58-101, is set out at Schedule "A" to this Circular.

AUDIT COMMITTEE

The Audit Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Corporation's principal risks impacting financial reporting. The committee also assists the Board with the oversight of financial strategies and overall risk management.

The Audit Committee is composed of Leon Daniels, Thomas A. Fenton and Louis Peloquin, each of whom is a director of the Corporation. In accordance with Exchange Policy 3.1, the majority of the Audit Committee are not employees, Control Persons (as defined by the rules and policies of the Exchange) or officers of the Corporation.

Mr. Péloquin is "independent" as such term is defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Leon Daniels is not considered independent as he was, during the year ended June 30, 2017, an executive officer of the Corporation. Mr. Fenton is not considered independent as he has

received fees for acting as legal counsel to the Corporation. All members of the Audit Committee are "financially literate" as such term is defined in NI 52-110. A copy of the charter of the Audit Committee (the "**Audit Committee Charter**") is attached as Schedule "B" to this Circular.

Relevant Education and Experience

All of the current members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

Louis Péloquin

Mr. Péloquin is a business consultant combining several specialties, including transactional law, and has extensive international experience in management, mergers and acquisitions, corporate development, government relations and corporate finance. He has developed a solid expertise in natural resources with over ten years of experience as senior executive at major mining companies in Canada and the United States. Mr. Péloquin was a member of the management committees and senior executive of Golden Star Resources Ltd., an international mining company based in Denver, and of Quebec Cartier Mining Company (now Arcelor Mittal Mines Canada). Mr. Péloquin is a member of the New York and Québec bars.

By virtue of his public company and investment industry experience, Mr. Péloquin has had exposure to financings, budgeting and accounting and has sufficient training in business and the financial acumen to be considered financially literate.

Leon Daniels

Dr. Daniels has over 35 years of experience in diamond exploration and production. He discovered the Klipfontein kimberlite pipe in South Africa early in his career. Dr. Daniels previously worked for Falconbridge Exploration, Botswana, evaluating the 180 ha crater facies M1 kimberlite, for Trans Hex Group in Swaziland overseeing the evaluation of the Dokolwayo Diamond Mine, for Roan Selection Trust International in Angola, overseeing production of five alluvial mines, and consulted on the evaluation of the River Ranch kimberlite in Zimbabwe. Dr. Daniels also discovered the DK4 kimberlite (only kimberlite in the Orapa kimberlite field not discovered by De Beers), the Mambali kimberlite field in Zimbabwe for Trillion Resources Ltd., and more recently co-founded African Diamonds Plc (AIM: AFD), subsequently acquired by Lucara Diamond Corp. (TSX: LUC), in 2010.

Thomas A. Fenton

Mr. Fenton is a partner of the Toronto based law firm of Aird & Berlis LLP. Mr. Fenton's practice encompasses corporate finance and merger and acquisitions. He is currently a director and/or officer of several public and private companies. As such, Mr. Fenton has the requisite experience and an in-depth understanding of corporate financial statements. Mr. Fenton received his LLB degree in 1986 and was called to the Ontario Bar in 1988.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimis Non-audit Services*" or any exemption provided by Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

External Auditor Service Fees (By Category)

(a) *Audit Fees* - The Corporation's external auditors billed the Corporation approximately $11,000 and $19,750 during the financial years ended June 30, 2017 and 2016, respectively, for audit fees.

(b) *Audit-Related Fees* – The Corporation's external auditors did not bill the Corporation any amounts during the financial years ended June 30, 2017 and 2016 for audit-related fees related to financing activity.

(c) *Tax Fees* – The Corporation's external auditors billed the Corporation $1,500 and $3,500, respectively during the financial years ended June 30, 2017 and 2016 for tax fees.

(d) *All Other Fees* – The Corporation's external auditors did not bill the Corporation any additional amounts during the financial years ended June 30, 2017 and 2016.

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" (as such term is defined in NI 51-102) or proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or could materially affect the Corporation.

On January 27, 2014, the Corporation announced that it had reached an agreement with Nomathata Diamonds Inc. ("**Nomathata**"), a private company controlled by Dr. Leon Daniels, a director, the Chairman and a significant shareholder of the Corporation, to amend certain terms contained in two agreements that were entered into before the RTO. Specifically, pursuant to a share purchase agreement between the Corporation and Nomathata dated December 22, 2011 (the "**Original Acquisition Agreement**"), the Corporation had previously agreed, as part consideration for acquiring the Corporation's prospecting licenses in Botswana, to pay Nomathata a further amount of Cdn $1.2 million within 24 months of the Corporation discovering a fifth Kimberlite on its licensed properties in Botswana. As announced by the Corporation on January 27, 2014, the parties amended and clarified those obligations. Specifically, the parties agreed that the $1.2 million payment obligation will now be payable within 24 months of the discovery of the tenth (not fifth) Kimberlite, provided that each such Kimberlite

is "diamondiferous" as verified by a Qualified Person (as such term in defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*). In addition, the parties agreed that for a Kimberlite to be diamondiferous, it must be a Kimberlite in which a "macro" diamond is contained – namely a diamond being greater than 0.5 mm in size. If a known diamondiferous Kimberlite is acquired by the Corporation, it will not be counted as one of the 10 as described above.

As a consequence of the amendments to the Original Acquisition Agreement described above, the parties also agreed to clarify a term contained in the existing December 20, 2011 NSR Royalty Agreement (the "**Existing NSR Agreement**") in favour of Nomathata. Specifically, the parties agreed to amend the existing definition of "Project Area" contained in the Existing NSR Agreement to clarify what diamond production, if any, on project lands and licenses owned by the Corporation would attract the payment of the 1.15% NSR - to Nomathata. In short, the amendment of the definition clarifies that any future NSR payable to Nomathata on any new licenses acquired by the Corporation in Botswana, either by acquisition or by joint-venture, will only be payable if Dr. Daniels plays (or played) a significant role in the acquisition of such diamond prospecting licenses. If a known diamondiferous Kimberlite is acquired by the Corporation, the NSR will not apply.

The amendments to the Original Acquisition Agreement and Existing NSR Agreement constituted a "related party transaction" under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), but were exempt from the formal valuation and minority approval requirements of MI 61-101. Management of the Corporation believed that the amendments to the Original Acquisition Agreement and Existing NSR Agreement were clarifying in nature and were, on balance, very beneficial to the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

The number of directors on the board of directors of the Corporation to be elected is five (5). It is intended that each person whose name appears below will be nominated at the Meeting for election as a director of the Corporation to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. The enclosed form of proxy permits Shareholders to vote for each nominee on an individual basis.

UNLESS THE SHAREHOLDER SPECIFIES IN THE ENCLOSED FORM OF PROXY THAT THE COMMON SHARES REPRESENTED BY THE PROXY ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS, THE PERSON NAMED IN THE FORM OF PROXY SHALL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE ELECTION OF THE PERSONS WHOSE NAMES ARE SET FORTH BELOW. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT DESIGNEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS OR HER PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

The following tables set out certain information as at the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common Shares owned by each director of the Corporation is presented to the best knowledge

of management of the Corporation and has been furnished to management of the Corporation by such directors.

LEON DANIELS	**Principal Occupation and Biographical Information**	
Puna del Este, Uruguay Director Since: December, 2012 **NOT INDEPENDENT**	Dr. Daniels has over 35 years of experience in diamond exploration and production. He discovered the Klipfontein kimberlite pipe in South Africa early in his career. Dr. Daniels previously worked for Falconbridge Exploration, Botswana, evaluating the 180 ha crater facies M1 kimberlite, for Trans Hex Group in Swaziland overseeing the evaluation of the Dokolwayo Diamond Mine, for Roan Selection Trust International in Angola, overseeing production of five alluvial mines, and consulted on the evaluation of the River Ranch kimberlite in Zimbabwe. Dr. Daniels also discovered the DK4 kimberlite (only kimberlite in the Orapa kimberlite field not discovered by De Beers), the Mambali kimberlite field in Zimbabwe for Trillion Resources Ltd., and more recently co-founded African Diamonds Plc (AIM: AFD), subsequently acquired by Lucara Diamond Corp. (TSX: LUC), in 2010.	
Current Board/Committee Membership	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Other Public Board Memberships**
Member of the Board Member of Audit Committee	13,812,523**(1)**	None.

Note:

(1) Of which 5,000,000 are indirectly held through Nomathata Diamonds Inc., a private company controlled by Dr. Daniels.

LOUIS PÉLOQUIN	**Principal Occupation and Biographical Information**	
Montreal, Québec Director Since: January, 2012 **INDEPENDENT**	Louis Péloquin is a business consultant with extensive international experience in management, mergers and acquisitions, corporate development, government relations and corporate finance. He has developed a solid expertise in natural resources as a senior executive at major mining companies in Canada and the United States. Mr. Péloquin was a member of the management committees of Golden Star Resources, an international mining company based in Denver, Colorado, and of Quebec Cartier Mining Company (now ArcelorMittal Mines Canada), a major iron ore producer based in Montréal, Québec. Mr. Peloquin also practiced law in New York City. Mr. Peloquin is a member of the Quebec and New York bars.	
Current Board/Committee Membership	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Other Public Board Memberships**
Member of the Board Member of the Audit Committee	100,000	Goliath Resources Limited (TSXV)

THOMAS A. FENTON	**Principal Occupation and Biographical Information**	
Mississauga, Ontario Director Since: January, 2012 **NOT INDEPENDENT**	Mr. Fenton is a partner of the Toronto-based law firm Aird & Berlis LLP. Mr. Fenton's practice encompasses corporate finance and mergers and acquisitions. He is a director and/or officer of several public and private companies. Mr. Fenton was called to the bar in 1988 having obtained his LLB degree from the University of Western Ontario in 1986.	
Current Board/Committee Membership	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Other Public Board Memberships**
Member of the Board Member of the Audit Committee	45,000	Canada Coal Inc. (TSXV)

PATRICK A. HARFORD	**Principal Occupation and Biographical Information**	
Karrinyup, Australia Director Since: July 2015 **INDEPENDENT**	Mr. Harford has extensive experience in the diamond industry, including the first substantive diamond mine in Zimbabwe and the establishment of a successful diamond production auction in Antwerp, Belgium. In 2000, Mr. Harford established an alluvial diamond mining operation, County Diamonds Ltd., a project involving compliance with the newly developing Mining Act of South Africa. In 2004, Mr. Harford established Crown Diamond Mines Ltd., which acquired the Lace Diamond Mine, now an operating diamond mine trading as DiamondCorp Ltd. Mr. Harford has over 35 years of experience in diamond and gold exploration and project development and currently acts as a consultant to several companies and governmental bodies with operations in South Africa, Democratic Republic of Congo, Sierra Leone, Indonesia, the United States and Australia.	
Current Board/Committee Membership	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Other Public Board Memberships**
Member of the Board	500,000[(1)]	None.

Note:
(1) Held indirectly through Caledonian Capital Limited, a private company controlled by Mr. Harford.

GARETH PENNY	Principal Occupation and Biographical Information	
London, United Kingdom Director Since: August, 2015 **INDEPENDENT**	Gareth Penny has worked in various forms of mining over the past three decades. For 22 years, Mr. Penny was with De Beers and Anglo American, the last five of which he was Group CEO of De Beers. Mr. Penny is currently non-Executive Chairman of MMC Norilsk Nickel, a world leader in nickel and palladium production and a leading producer of platinum and copper. Mr. Penny also currently acts as non-Executive Director and RemCo Chairman of Julius Bär Holding Limited, a listed Swiss bank focused on wealth management. During his tenure with De Beers, Mr. Penny was instrumental in reshaping not only the world's largest diamond company, but also the diamond industry. Mr. Penny was the prime architect in the change to the De Beers business model, which replaced over 100 years of supply-side management in the rough diamond business with demand-driven initiatives that have generated significant value creation for De Beers and the diamond industry. Mr. Penny has had exposure across the diamond pipeline, spending time with geologists in the field, overseeing the development of new mining projects in Botswana, South Africa and Canada, managing mining operations in various countries, raising funds, and sorting, valuing and marketing diamonds. Mr. Penny has also been heavily involved in reputational and governance enhancements in the diamond industry.	
Current Board/Committee Membership	**Number of Common Shares Beneficially Owned, Controlled or Directed**	**Other Public Board Memberships**
Member of the Board Chairman of the Board	3,500,000	Julius Bär Holdings (ZRH) MMC Norilsk Nickel (MCX)

Corporate Cease Trade Orders

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(a) 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 proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; 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 of such company.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

Bankruptcies, or Penalties or Sanctions

To the knowledge of the Corporation, no proposed director:

(a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act

in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;

(c) 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

(d) has been subject to any 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.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

2. **Appointment of Auditor**

Management proposes to nominate UHY McGovern Hurley LLP, Chartered Professional Accountants, to hold office until the next annual meeting of Shareholders.

IT IS INTENDED THAT THE COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF UHY MCGOVERN HURLEY LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPOINTMENT OF THE AUDITOR.

3. **Approval of Stock Option Plan**

Summary of Stock Option Plan

The policies of the Exchange provide that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, management company employees and consultants of the Corporation and its Affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant.

The purpose of the Stock Option Plan established by the Corporation, pursuant to which the Corporation may grant incentive stock options, is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages ownership of the Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Common Shares. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for

issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of the grant. The Stock Option Plan contains a detailed amending provision that sets out the circumstances where Exchange and Shareholder approval will be required and those circumstances where Exchange and Shareholder approval will not be required.

As at October 26, 2017, a total of 12,775,000 Common Shares were issuable under the Stock Option Plan, representing 9.92% of the issued and outstanding Common Shares.

Approval of the Stock Option Plan

As the Stock Option Plan provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Stock Option Plan, Exchange Policy 4.4 requires that the Stock Option Plan receive shareholder approval each year at the annual shareholders' meeting. Accordingly, Shareholders will be asked to consider and, if thought appropriate, pass a resolution approving the Stock Option Plan. A copy of the Stock Option Plan is attached as Schedule "C" to this Circular.

The Board has unanimously approved the Stock Option Plan and recommends that Shareholders vote FOR the resolution regarding the Stock Option Plan. An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution approving the resolution regarding the Stock Option Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

> "**WHEREAS** the policies of the TSX Venture Exchange require annual shareholder approval for the continuation of the rolling stock option plan of the Corporation (the "**Plan**");
>
> **RESOLVED THAT:**
>
> 1. the Plan, in the form attached as Schedule "C" to the management information circular of the Corporation dated October 27, 2017, is hereby authorized and approved.
>
> 2. any one officer and director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE PLAN.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person or company who is, or at any time during the financial year ended June 30, 2017 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the approval of the Stock Option Plan as described in further detail above under the heading "Particulars of Matters to be Acted Upon".

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis ("**MD&A**") for the year ended June 30, 2017. In addition, copies of the Corporation's annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

APPROVAL OF BOARD OF DIRECTORS

The contents of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: October 27, 2017.

BY ORDER OF THE BOARD

"*Leon Daniels*"

Dr. Leon Daniels
President and Chief Executive Officer

SCHEDULE A
STATEMENT OF GOVERNANCE PRACTICES

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")	Comments
Board of Directors	
1. Board of Directors—Disclose how the board of directors (the "**Board**") of Canada Carbon Inc. (the "**Corporation**") facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.	The Board currently consists of a total of five directors of which Mr. Penny, Mr. Harford and Mr. Peloquin are "independent", as such term is defined in NI 58-101. Dr. Daniels is not considered independent as he is an executive officer of the Corporation. Mr. Fenton is not considered independent as he has received fees for acting as legal counsel to the Corporation.
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.	Please refer to the accompanying management information circular dated October 27, 2017 under the heading "Particulars of Matters to be Acted Upon - Election of Directors".
Orientation and Continuing Education	
3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.	When new directors are appointed, they receive orientation commensurate with their previous experience, on the Corporation's properties and the responsibilities of directors. Each director ultimately assumes responsibility for keeping himself informed about the Corporation's business and relevant developments outside the Corporation that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Corporation's business and developments in areas where they are not commonly exposed.
Ethical Business Conduct	
4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.
Nomination of Directors	
5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Board is responsible for the identification and assessment of potential 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. While no formal nomination procedures are in place to identify new candidates, the Board does review the experience and performance of nominees for election to the Board. Members of the Board are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 ("NI 58-101")	Comments
	experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Board also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.
Compensation	
6. Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board in respect of compensation is more fully described in the "Compensation Discussion and Analysis" section of the accompanying Circular.
Other Board Committees	
7. 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 standing committees other than the Audit Committee.
Assessments	
8. 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 annually reviews its own performance and effectiveness as well as that of the Audit Committee and the individual directors in fulfilling their respective responsibilities. The Board feels its corporate governance practices are appropriate and effective for the Company, given its relatively small size and level of activity. The Company's corporate governance structure allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without undue administrative burden.

SCHEDULE B
CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Purpose of the Committee

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of the Company is to provide 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 Committee shall also perform any other activities consistent with this Charter, the Company's Articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chair from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company.

The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures. The Committee's role is one of oversight. Management is responsible for preparing the Company's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles ("**GAAP**"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditors' responsibility is to audit the Company's financial statements and provide their opinion, based on their audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with GAAP.

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

Authority and Responsibilities

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

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

2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.

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

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

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

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

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

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

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

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

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

    a. receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and

    b. confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

SCHEDULE C
STOCK OPTION PLAN

PANGOLIN DIAMONDS CORP.

STOCK OPTION PLAN

ARTICLE 1
PURPOSE OF PLAN

The purpose of the Plan is to provide directors, officers and employees of the Corporation and its Subsidiaries and certain other persons engaged to provide ongoing services to the Corporation to participate, through share ownership, in the growth of the business of the Corporation and also to enhance the Corporation's ability to attract, retain and motivate key personnel and reward significant performance achievements.

ARTICLE 2
DEFINED TERMS

2.1 The following terms shall have the meanings set out below and grammatical variations of such terms shall have the corresponding meanings (all other capitalized terms used and not defined herein shall have the meanings ascribed to them in the TSX Venture Exchange Corporate Finance Manual):

(a) **"Board"** means the board of directors of the Corporation;

(b) **"Business Day"** means any day, other than a Saturday or a Sunday, on which chartered banks located in Toronto, Ontario are open for business;

(c) **"Consultant"** has the meaning ascribed thereto in the Exchange Corporate Finance Manual;

(d) **"Corporation"** means Pangolin Diamonds Corp. and includes any successor corporation thereto;

(e) **"Eligible Person"** means any director, officer or employee of the Corporation or any Subsidiary or any other person or entity engaged to provide ongoing services to the Corporation or any of its Subsidiaries who is designated by the Board as an Eligible Person and Consultants to the Corporation or its Subsidiaries, as defined by the relevant Exchange and, subject to compliance with the applicable requirements of the Exchange, the Personal Holding Companies of such persons, to whom an Option has been granted by the Board pursuant to the Plan and which Option or portion thereof remains unexercised;

(f) **"Employee Optionee"** shall have the meaning attributed thereto in Section 7.1 hereof;

(g) **"Exchange"** means the TSX Venture Exchange or, if the Shares are not then listed and posted for trading on the TSX Venture Exchange, then on any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board;

(h) **"Market Price"** means, at any date in respect of Shares, the fair market value of the Shares, as determined by the Board in its sole and absolute discretion;

(i) **"Notice Date"** has the meaning given to that term in Section 7.1 hereof;

(j) **"Option"** means an option to purchase Shares granted under the Plan;

(k) **"Option Agreement"** means, with respect to any Option, the agreement entered into between the Corporation and the Optionee setting out the terms and conditions of such Option, which shall be substantially in the form of one of the agreements attached hereto as Schedule A;

(l) **"Option Price"** means the price per share at which Shares may be purchased under any Option, as the same may be adjusted from time to time in accordance with Article 8;

(m) **"Optionee"** means a person to whom an Option has been granted;

(n) **"Personal Holding Company"** means a company of which 100% of the voting shares are beneficially owned, directly or indirectly, by a director, officer or employee of , or Consultant to, the Corporation or its Subsidiaries and such entity shall be bound by the Plan in the same manner as if the Options were held directly;

(o) **"Plan"** means the Stock Option Plan of the Corporation, as embodied herein;

(p) **"Shares"** means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 9, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

(q) **"Subsidiary"** means any body corporate which is a "subsidiary" (as such term is defined in the *Business Corporations Act* (Ontario), as the same may be amended from time to time) of the Corporation; and

(r) **"Termination Date"** has the meaning attributed thereto in Section 7.1;

2.2 **The following are the Schedules annexed hereto and incorporated by reference and deemed to be part of the Plan:**

Schedule A - Forms of Option Agreement

ARTICLE 3
ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Board.

3.2 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan, to do as follows:

(a) establish policies and adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

(b) interpret and construe the Plan and determine all questions arising out of the Plan and any Option granted pursuant to the Plan, and any such interpretation, construction or termination made by the Board shall be final, binding and conclusive for all purposes;

(c) designate Eligible Persons;

(d) determine to which Eligible Persons Options are to be granted and to grant Options and, if required by the Exchange, shall represent and confirm that the Eligible Person is a bona fide employee, consultant or management company employee (as defined in the policies of the Exchange);

(e) determine the number of Shares covered by each Option and to reserve such Shares for issuance;

(f) subject to Article 5 herein, determine for each Option the Option Price for Shares that may be purchased pursuant to such Option;

(g) subject to Article 5 herein, determine the time or times when Options will be granted and the terms upon which options will vest and be exercisable;

(h) determine if the Shares which are subject to an Option will be subject to any restrictions upon the exercise of such Option; and

(i) prescribe the form of the instruments relating to the grant, exercise and other terms of Options.

ARTICLE 4
OPTION PRICE

4.1 Subject to applicable Exchange approval, the Option Price shall be fixed by the Board at the time the Option is granted to a Participant. In no event shall the price be less than the Discounted Market Price (as defined in the policies of the Exchange). If a press release fixing the price is not issued, the Discounted Market Price is the closing price per Share on the Exchange on the last trading day preceding the date of grant on which there was a closing price (less the applicable discount) or, if the Shares are not listed on any stock exchange, a price determined by the Board; provided that, if the Board, in its sole discretion, determines that the closing price on the last trading day preceding the date of grant would not be representative of the market price of the Shares, then the Board may base the price on the greater of the closing price and the weighted average price per share for the Shares for five (5) consecutive trading days ending on the last trading day preceding the date of grant on which there was a closing price on the Exchange. The weighted average price shall be determined by dividing the aggregate sale price of all Shares sold on the Exchange during the said five (5) days, by the total number of Shares so sold.

4.2 Once the Option Price has been determined by the Board, accepted by the Exchange and the Option has been granted, if the Optionee is an Insider, the Option Price may only be reduced if disinterested shareholder approval is obtained; provided that such disinterested shareholder approval is then a requirement of the Exchange or other regulatory body having jurisdiction.

ARTICLE 5
SHARES SUBJECT TO PLAN

5.1 The aggregate number of Shares of the Corporation allocated and made available to be granted to Eligible Persons under the Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation as at the date of grant (on a non-diluted basis). Any issuance of Shares from treasury pursuant to the exercise of Options shall automatically replenish the number of Shares available for Option grants under the Plan. Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder. Any grant of Options under the Plan shall be subject to the following restrictions:

(a) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one Optionee, other than a Consultant, in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained;

(b) the aggregate number of Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and other security based compensation arrangements may not exceed 10% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained;

(c) the aggregate number of Shares issued to Insiders pursuant to the Plan and other security based compensation arrangements in any 12 month period may not exceed 10% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained;

(d) no more than 2% of the total issued and outstanding Shares at the time of grant may be granted to any one Consultant in any 12 month period;

(e) no more than an aggregate of 2% of the total issued and outstanding Shares at the time of a grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period; and

(f) any Option granted to persons engaged in investor Relation activities must vest over 12 months on a quarterly basis, and no acceleration of such Options may occur without prior Exchange acceptance.

ARTICLE 6
ELIGIBILITY, GRANT AND TERMS OF OPTIONS

6.1 Options may be granted to Eligible Persons.

6.2 In addition to any resale restriction under securities laws, an Option may be subject to a four (4) month Exchange hold period commencing on the date the Option is granted.

6.3 Options shall be granted by the Corporation only as approved by the Board.

6.4 Subject to the other terms and conditions of this Article 6, the Board shall determine the number of Shares subject to each Option, the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option. If no specific determination is made by the Board with respect to any of the following matters, each Option shall, subject to any other specific provisions of the Plan, contain the following terms and conditions:

(a) the period during which an Option shall be exercisable shall be ten (10) years from the date of the Option Agreement relating to such Option; and

(b) each Optionee understands and accepts as a term of any grant of an Option hereunder that although no conditions of vesting may attach or be imposed to the grant of an Option hereunder, if the Corporation completes a reverse-take-over or other form of “public” transaction with a publicly listed company, it may be a condition of any applicable stock exchange or other securities regulatory authority (such as the TSX or TSX-V) that such Options conform to the then in place rules of such stock exchange or securities regulatory authority in order to be valid Options. Each Optionee accordingly agrees to execute any documents necessary to conform such Optionee's Option to applicable stock exchange rules or other applicable securities regulatory authority rules.

6.5 No Options shall be granted to an Optionee unless the Optionee has entered into an agreement relating to that Option substantially in the form of one of the agreements attached hereto as Schedule A, or such other agreement that is acceptable to the Corporation.

6.6 An Option is personal to the Optionee and is non-assignable. No Option granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the Optionee, whether voluntarily or by operation of law, otherwise than by testate succession or the laws of descent and distribution, and any attempt to do so will cause such Option to terminate and be null and void. During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee and, upon the death of an Optionee, the person to whom the rights shall have passed by testate succession or by the laws of descent and distribution may exercise any Option in accordance with the provisions of Article 7.

ARTICLE 7
TERMINATION OF EMPLOYMENT OR SERVICES

7.1 Subject to Section 7.2 and to any express resolution passed by the Board providing otherwise, all Options held by an employee of the Corporation or any Subsidiary (an "**Employee Optionee**") shall expire and terminate immediately upon the earlier of (a) the day on which the Optionee ceases for any reason to be an Employee Optionee (the "**Termination Date**") and (b) the day on which the Employee Optionee is given a notice of termination, notice of dismissal or other similar notice by the Corporation (the "**Notice Date**").

7.2 If, before the expiry of an Option in accordance with the terms thereof, the employment of an Employee Optionee by the Corporation or by any Subsidiary shall terminate for any reason whatsoever other than termination by the Corporation for cause, but including termination by reason of the death of the Employee Optionee, the Options held by the former Employee Optionee may, subject to the terms thereof and the other terms of the Plan, be exercised as follows:

(a) if the Employee Optionee is deceased, by the legal personal representative(s) of the estate of the Employee Optionee at any time during the 90-day period following the death of the Employee Optionee; or

(b) if the Employee Optionee is alive, by the Employee Optionee at any time during the 90-day period following the earlier of (i) the Termination Date and (ii) the Notice Date.

7.3 Options shall not be affected by any change of employment of the Employee Optionee or by the Employee Optionee ceasing to be a director or officer where the Employee Optionee continues to be employed by the Corporation or any Subsidiary.

7.4 Subject to Section 7.5 and any express resolution passed by the Board providing otherwise, all Options held by a person that is not an Employee Optionee (a "**Non-Employee Optionee**") shall expire and terminate immediately on the effective date of the termination of the provision of services to the Corporation by such Non-Employee Optionee.

7.5 If, before the expiry of an Option in accordance with the terms thereof, the provision of services by any Non-Employee Optionee terminates for any reason whatsoever other than termination by the Corporation in connection with any breach or default by the Non-Employee Optionee of the terms and conditions upon which the Non-Employee Optionee was providing services to the Corporation, but including the termination of the provision of services by reason of the death of the Non-Employee Optionee, the Options held by the Non-Employee Optionee may, subject to the terms thereof and the other terms of the Plan, be exercised as follows**:**

(a) if the Non-Employee Optionee is deceased, by the legal personal representative(s) of the estate of the Non-Employee Optionee at any time during the 90-day period following the death of the Non-Employee Optionee; or

(b) if the Non-Employee Optionee is alive, by the Non-Employee Optionee at any time during the 30-day period following the effective date of the termination of the provision of services to the Corporation by such Non-Employee Optionee.

7.6 Notwithstanding anything else contained in this Article 7, Options shall only be exercisable to the extent that (a) the Employee Optionee or Non-Employee Optionee was entitled to exercise such Option at (i) in the case of an Employee Optionee, the earlier of the Termination Date and the Notice Date and (ii) in the case of a Non-Employee Optionee, the effective date of the termination of the provision of services to the Corporation by such Non-Employee Optionee and (b) such Option has not otherwise expired in accordance with its terms.

ARTICLE 8
EXERCISE OF OPTIONS

8.1 Subject to the provisions of the Plan, an Option which has vested and become exercisable in accordance with its terms may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

8.2 Except as expressly provided herein or otherwise determined by the Board, no unvested Options may be exercised.

8.3 Notwithstanding anything else contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee upon the exercise of an Option shall be subject to the following:

(a) the completion of such registration or other qualification of such Shares and the receipt of any approvals of governmental or regulatory authorities that the Corporation may determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and

(c) the Optionee having entered into (i) an agreement concerning the Option substantially in the form of the applicable agreement attached hereto as Schedule A, or such other similar agreement as may be acceptable to the Corporation.

In connection with the foregoing, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then or may become listed.

ARTICLE 9
CERTAIN ADJUSTMENTS

Appropriate adjustments in the number of Shares subject to the Plan and, with respect to Options granted or to be granted, in the number of Shares optioned and the Option Price shall be made by the Board to give effect to adjustments in the number of Shares resulting from any subdivision, consolidation or reclassification of the Shares, the payment of any stock dividend by the Corporation (other than dividends in the ordinary course) or other relevant changes in the capital stock of the Corporation.

ARTICLE 10
AMENDMENT OR DISCONTINUANCE OF PLAN; ACCELERATED VESTING

10.1 The Board may amend or discontinue the Plan at any time without notice to the Optionees.

10.2 If the Corporation proposes to amalgamate, merge or consolidate with any other corporation or to liquidate, dissolve or wind-up, or in connection with any proposed sale or conveyance of all or substantially all of the property or assets of the Corporation or any proposed offer to acquire all of the outstanding Shares of the Corporation or any other proposed transaction involving the Corporation (in each case, a "**Liquidity Event**"), the Board may, in its sole and absolute discretion, determine in connection with any such Liquidity Event to permit the early exercise of all or any portion of the then outstanding Options. Whether or not the Board determines to accelerate the vesting of any Options, the Corporation shall give written notice of any proposed Liquidity Event to each Optionee. Upon the

giving of any such notice, the Optionees shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those Options granted to such Optionees which are then vested and exercisable in accordance with their terms, as well as any Options which the Board has determined shall be immediately exercisable. Upon the expiration of such 14-day period, all rights of the Optionees to purchase the Shares underlying the Options or to exercise any Options shall terminate and all outstanding Options shall immediately expire and cease to have any further force or effect.

10.3 The approval of the Board and the requisite approval from the Exchange and the shareholders shall be required for any of the following amendments to be made to the Plan:

(a) any increase to the fixed maximum percentage of Shares issuable under the Plan;

(b) a reduction in the exercise price or purchase price of an Option (other than for standard anti-dilution purposes) held by or benefiting an Insider;

(c) an increase in the maximum number of Shares that may be issued to Insiders within any one year period or that are issuable to Insiders at any time;

(d) an extension of the term of an Option held by or benefiting an Insider;

(e) any change to the definition of "Eligible Person" which would have the potential of broadening or increasing Insider participation;

(f) the addition of any form of financial assistance;

(g) any amendment to a financial assistance provision which is more favourable to Eligible Persons;

(h) the addition of a deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Corporation; and

(i) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to Eligible Persons especially Insiders, at the expense of the Corporation and its existing shareholders.

10.4 The Board may, without shareholder approval but subject to receipt of requisite approval as required by the Exchange, in its sole discretion make all other amendments to the Plan that are not the type contemplated in Section 10.3 above including, without limitation**:**

(a) amendments of a housekeeping nature;

(b) a change to the vesting provisions of an Option or the Plan; and

(c) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date.

ARTICLE 11
MISCELLANEOUS PROVISIONS

11.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option Price of the Shares in respect of which the Option is being exercised) and the Corporation has issued the Shares to the Optionee.

11.2 Notwithstanding any other provisions of this Plan, the Corporation may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law or the funding of related amounts for which liability may arise under such applicable law (collectively, the "**Tax Obligations**"). Without limiting the generality of the foregoing, a Participant who wishes to exercise an option must, in addition to following the procedures set out in any stock option agreement and elsewhere in this Plan, and as a condition of exercise:

(a) deliver a certified cheque, wire transfer or bank draft payable to the Corporation for the amount determined by the Corporation to be the appropriate amount on account of such Tax Obligations, or

(b) otherwise ensure, in a manner acceptable to the Corporation (if at all) in its sole and unfettered discretion, that such amount will be made available to the Corporation on a secure and timely basis, and must in all other respects follow any related procedures and conditions imposed by the Corporation, failing which the Corporation shall not be obliged to honour the purported option exercise or issue certificates for Shares.

(c) Without limiting the generality of the foregoing or limiting the Corporation's discretion under this Section 10.2, the Corporation may, at its option:

(i) accept the exercise of the options and withhold all or any number of Shares issued upon exercise of the options and deliver such number of Shares as it may determine to a broker or other selling agent for purposes of sale, or otherwise sell or transfer such Shares. In implementing any such sale or transfer, neither the Corporation nor any broker or selling agent shall be obligated to seek or obtain a minimum price or be liable for any loss arising out of any sale or transfer of such Shares (relating to the manner or timing of such sale or transfer, the terms or prices at which such Shares are sold or transferred, or otherwise). Any net proceeds derived therefrom shall in the first instance serve to satisfy the Tax Obligations and all related fees, interest or other obligations in respect thereof, and shall be available or made available to the Corporation for the purpose of satisfying the foregoing. Any shortfall in such net proceeds as required to satisfy such Tax Obligations and other amounts shall be to the account of the Participant and (without limiting the Corporation's remedies available under law) may be recovered by the Corporation from the Participant by way of set-off against any other amount or property then or thereafter owing by the Corporation to the Participant in any capacity (whether salary or other remuneration, Shares or remaining Shares issued on exercise of options then otherwise to be issued, or in any other manner). Any net proceeds derived from a sale or other transfer of such Shares in excess of the amount determined by the Corporation to be the amount required to satisfy the Tax Obligations and related fees, interest or other obligations shall, together with any remaining Shares not so sold or transferred, also be for the account of the Participant; or

(ii) (accept the exercise of the options if and provided that the Participant and the Corporation have agreed to procedures, acceptable to the Corporation in its sole discretion, whereby a sale of Shares sufficient to satisfy the Tax Obligations and related amounts (as determined by the Corporation in its sole discretion) has been coordinated through a broker or sales agent (including such broker or sales agent acting for the Participant) on a basis that: (i) obliges such broker or sales agent to retain and provide such amounts to the Corporation on a timely basis, and (ii) does not oblige the Corporation to issue such optioned Shares except against payment and delivery of such amounts (and the amount of the option exercise price if not separately paid under Section 10.2(a)

11.3 Nothing in the Plan or any Option shall confer upon any Employee Optionee any right to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate his or her employment at any time. In addition, nothing in the Plan or any Option shall be deemed to be or construed as an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment of any Employee Optionee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.

11.4 Nothing in the Plan or any Option shall confer on any Non-Employee Optionee any right to continue to provide services to the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate at any time any agreement or contract with such Non-Employee Optionee. In addition, nothing in the Plan or any Option shall be deemed to be or construed as an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the time for the provision of services beyond the time specified in the contract with the Corporation or such Subsidiary.

11.5 Upon the exercise of an Option, the Optionee shall make arrangements satisfactory to the Corporation regarding payment of any federal, provincial or local taxes of any kind required by law to be withheld with respect to the exercise of the Option. In addition, the Corporation shall, to the extent permitted by law, have the right to deduct from any payment of any kind due to the Optionee any federal, provincial or local taxes of any kind required by law to be withheld with respect to the exercise of the Option.

11.6 The Plan and the exercise of the Options granted under the Plan shall be subject to the condition that if at any time the Corporation shall determine in its sole discretion that it is necessary or desirable to comply with any legal requirements or the requirements of any stock exchange or other regulatory authority or to obtain any approval or consent from any such stock exchange or other regulatory authority as a condition of, or in connection with, the Plan or the exercise of the Options granted under the Plan or the issue of Shares as a result thereof, then in any such event any Options granted prior to such approval and acceptance shall be conditional upon such compliance having been effected or such approval or consent having been given and no such Options may be exercised unless and until such compliance is effected or until such approval or consent is given on conditions satisfactory to the Corporation in its sole discretion.

11.7 The Plan and all Option Agreements entered into pursuant to the Plan shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

PART I - FORM OF OPTION AGREEMENT FOR EMPLOYEES

THIS OPTION AGREEMENT is made as of the _____ day of _____, _____,

B E T W E E N :

PANGOLIN DIAMONDS CORP.,

a corporation existing under the laws of the Province of Ontario,
(hereinafter referred to as the "Corporation"),

- and -

[NAME OF OPTIONHOLDER],

a resident of the _____ of _____ ,
(hereinafter referred to as the "Optionee"),

THIS AGREEMENT WITNESSES that in consideration of the sum of one dollar (Cdn.$1) paid by the Optionee to the Corporation and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), it is agreed by and between the parties as follows:

1. The Corporation grants to the Optionee an option (the "Option") to purchase <*> common shares of the Corporation ("Common Shares") at the price of $<*> per share (the "Option Price"). The Option is granted pursuant to the stock option plan of the Corporation (as the same may be amended, supplemented or replaced from time to time, the "Plan").

2. Subject to any earlier termination of the Option in accordance with the Plan or the other terms and conditions of this Agreement, on the close of business on the fifth (5^{th}) anniversary of the date of this agreement (the "Expiry Date"), all rights of the Optionee to purchase the Common Shares underlying the Option or to exercise the Option shall terminate and the Option shall immediately expire and cease to have any further force or effect.

3. The Optionee shall exercise the Option by the delivery to the Secretary of the Corporation of a notice in writing of the proposed exercise of the Option, together with a certified cheque or bank draft payable to the Corporation in the amount of the aggregate Option Price for the Common Shares to be issued to the Optionee in connection with the exercise of the Option. The Corporation shall take such steps as are necessary in order to issue such Common Shares within ten business days of the receipt of such notice and the required payment.

4. The Optionee is not obligated to exercise any or all of this Option.

5. Subject to Sections 6 and 7, all rights of the Optionee to exercise the Option and purchase the Common Shares underlying the Option shall terminate and the outstanding Option shall immediately expire and cease to have any further force or effect if the Optionee ceases to be employed by the Corporation or by any Subsidiary for any reason, including as a result of the death of the Optionee.

6. Notwithstanding Section 6, if the Optionee ceases to be employed by the Corporation or any Subsidiary for any reason other than death or termination by the Corporation or any Subsidiary for cause, the Optionee shall be entitled to exercise this Option at any time during the period ending on the earlier of (i) thirty days after the effective date of the termination of the Optionee's employment and (ii) the Expiry Date.

7. Notwithstanding Section 6, if the Optionee ceases to be employed by the Corporation as a result of the death of the Optionee, the Optionee's legal representative shall be entitled to exercise this Option at any

time during the period ending on the earlier of (i) 90 days after the death of the Optionee and (ii) the Expiry Date.

8. The Optionee agrees that it shall be a condition precedent to the exercise of this Option that the Optionee execute and deliver to the Corporation such agreements or instruments as the Corporation may require.

9. Time shall be of the essence in this Agreement.

10. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Corporation and the heirs, executors, personal legal representatives and permitted assigns of the Optionee.

11. The Optionee may not assign, pledge or encumber his or her interest in this Agreement without the prior written consent of the Corporation.

12. The Optionee acknowledges receipt of a copy of the Plan. The Optionee further acknowledges and agrees that, except with respect to the terms upon which the Option becomes vested and exercisable (as to which terms this Agreement shall govern and be paramount), that (i) the Plan may, with or without notice to the Optionee, be amended, supplemented or replaced from time to time and (ii) this Agreement and the Option shall be subject to and governed by the terms and conditions of the Plan, as so amended, supplemented or replaced.

13. Except as specifically set out in this Agreement, in the event of any conflict or inconsistency as between the terms and conditions of this Agreement and those of the Plan, the terms and conditions of the Plan shall govern and be paramount.

14. Capitalized terms used and not defined herein shall have the meanings given to them in the Plan.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

PANGOLIN DIAMONDS CORP.

by _____
Name:
Title:

_____ _____
Witness Name of Optionee:

PART II - FORM OF OPTION AGREEMENT FOR NON-EMPLOYEE OFFICERS & DIRECTORS

THIS OPTION AGREEMENT is made as of the _____ day of _____, _____,

B E T W E E N :

PANGOLIN DIAMONDS CORP.,

a corporation existing under the laws of the Province of Ontario,
(hereinafter referred to as the "Corporation"),

- and -

[NAME OF OPTIONHOLDER],

a resident of the _____ of _____ ,
(hereinafter referred to as the "Optionee"),

THIS AGREEMENT WITNESSES that in consideration of the sum of one dollar (Cdn.$1) paid by the Optionee to the Corporation and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), it is agreed by and between the parties as follows:

1. The Corporation grants to the Optionee an option (the "Option") to purchase <*> common shares of the Corporation ("Common Shares") at the price of $<*> per share (the "Option Price"). The Option is granted pursuant to the stock option plan of the Corporation (as the same may be amended, supplemented or replaced from time to time, the "Plan").

2. Subject to any earlier termination of the Option in accordance with the Plan or the other terms and conditions of this Agreement, on the close of business on the fifth (5th) anniversary of the date of this agreement (the "Expiry Date"), all rights of the Optionee to purchase the Common Shares underlying the Option or to exercise the Option shall terminate and the Option shall immediately expire and cease to have any further force or effect.

3. The Optionee shall exercise the Option by the delivery to the Secretary of the Corporation of a notice in writing of the proposed exercise of the Option, together with a certified cheque or bank draft payable to the Corporation in the amount of the aggregate Option Price for the Common Shares to be issued to the Optionee in connection with the exercise of the Option. The Corporation shall take such steps as are necessary in order to issue such Common Shares within ten business days of the receipt of such notice and the required payment.

4. The Optionee is not obligated to exercise any or all of this Option.

5. Subject to Sections 7 and 8, all rights of the Optionee to exercise the Option and purchase the Common Shares underlying the Option shall terminate and the outstanding Option shall immediately expire and cease to have any further force or effect if the Optionee ceases to hold office as a director of the Corporation or any Subsidiary for any reason, including as a result of the death of the Optionee.

6. Notwithstanding Section 6, if the Optionee ceases to hold office as a director of the Corporation or any Subsidiary for any reason other than death, the Optionee shall be entitled to exercise this Option at any time during the period ending on the earlier of (i) thirty days after the last day on which the Optionee held office as a director or officer of the Corporation or any Subsidiary and (ii) the Expiry Date.

7. Notwithstanding Section 6, if the Optionee ceases to hold office as a director of the Corporation as a result of the death of the Optionee, the Optionee's legal representative shall be entitled to exercise this Option at any time during the period ending on the earlier of (i) 90 days after the death of the Optionee and (ii) the Expiry Date.

8. The Optionee agrees that it shall be a condition precedent to the exercise of this Option that the Optionee execute and deliver to the Corporation such agreements or instruments as the Corporation may require.

9. Time shall be of the essence in this Agreement.

10. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Corporation and the heirs, executors, personal legal representatives and permitted assigns of the Optionee.

11. The Optionee may not assign, pledge or encumber his or her interest in this Agreement without the prior written consent of the Corporation.

12. The Optionee acknowledges receipt of a copy of the Plan. The Optionee further acknowledges and agrees that, except with respect to the terms upon which the Option becomes vested and exercisable (as to which terms this Agreement shall govern and be paramount), that (i) the Plan may, with or without notice to the Optionee, be amended, supplemented or replaced from time to time and (ii) this Agreement and the Option shall be subject to and governed by the terms and conditions of the Plan, as so amended, supplemented or replaced.

13. Except as specifically set out in this Agreement, in the event of any conflict or inconsistency as between the terms and conditions of this Agreement and those of the Plan, the terms and conditions of the Plan shall govern and be paramount.

14. Capitalized terms used and not defined herein shall have the meanings given to them in the Plan.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

PANGOLIN DIAMONDS CORP.

by _____
Name:
Title:

_____ _____
Witness Name of Optionee:

PART III - FORM OF OPTION AGREEMENT FOR SERVICE PROVIDERS

THIS OPTION AGREEMENT is made as of the _____ day of _____, _____,

B E T W E E N :

PANGOLIN DIAMONDS CORP.,

a corporation existing under the laws of the Province of Ontario,
(hereinafter referred to as the "Corporation"),

- and -

[NAME OF OPTIONHOLDER],

a resident of the _____ of _____ ,
(hereinafter referred to as the "Optionee"),

THIS AGREEMENT WITNESSES that in consideration of the sum of one dollar (Cdn.$1) paid by the Optionee to the Corporation and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), it is agreed by and between the parties as follows:

1. The Corporation grants to the Optionee an option (the "Option") to purchase <*> common shares of the Corporation ("Common Shares") at the price of $<*> per share (the "Option Price"). The Option is granted pursuant to the stock option plan of the Corporation (as the same may be amended, supplemented or replaced from time to time, the "Plan").

2. Subject to any earlier termination of the Option in accordance with the Plan or the other terms and conditions of this Agreement, on the close of business on the fifth (5^{th}) anniversary of the date of this agreement (the "Expiry Date"), all rights of the Optionee to purchase the Common Shares underlying the Option or to exercise the Option shall terminate and the Option shall immediately expire and cease to have any further force or effect.

3. The Optionee shall exercise the Option by the delivery to the Secretary of the Corporation of a notice in writing of the proposed exercise of the Option, together with a certified cheque or bank draft payable to the Corporation in the amount of the aggregate Option Price for the Common Shares to be issued to the Optionee in connection with the exercise of the Option. The Corporation shall take such steps as are necessary in order to issue such Common Shares within ten business days of the receipt of such notice and the required payment.

4. The Optionee is not obligated to exercise any or all of this Option.

5. Subject to Sections 7 and 8, all rights of the Optionee to exercise the Option and purchase the Common Shares underlying the Option shall terminate and the Option shall expire and terminate immediately on the effective date of the termination of the provision of services to the Corporation by the Optionee, including as a result of the death of the Optionee.

6. Notwithstanding Section 6, if the Optionee ceases to provide services to the Corporation for any reason other than death or termination by the Corporation in connection with any breach or

default by the Optionee of the terms and conditions upon which the Optionee was providing services to the Corporation, the Optionee shall be entitled to exercise this Option at any time during the period ending on the earlier of (i) thirty days after the effective date of the termination of the provision of services to the Corporation by the Optionee and (ii) the Expiry Date.

7. Notwithstanding Section 6, if the Optionee ceases to provide services to the Corporation as a result of the death of the Optionee, the Optionee's legal representative shall be entitled to exercise this Option at any time during the period ending on the earlier of (i) 90 days after the death of the Optionee and (ii) the Expiry Date.

8. The Optionee agrees that it shall be a condition precedent to the exercise of this Option that the Optionee execute and deliver to the Corporation such agreements or instruments as the Corporation may require.

9. Time shall be of the essence in this Agreement.

10. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Corporation and the heirs, executors, personal legal representatives and permitted assigns of the Optionee.

11. The Optionee may not assign, pledge or encumber his or her interest in this Agreement without the prior written consent of the Corporation.

12. The Optionee acknowledges receipt of a copy of the Plan. The Optionee further acknowledges and agrees that, except with respect to the terms upon which the Option becomes vested and exercisable (as to which terms this Agreement shall govern and be paramount), that (i) the Plan may, with or without notice to the Optionee, be amended, supplemented or replaced from time to time and (ii) this Agreement and the Option shall be subject to and governed by the terms and conditions of the Plan, as so amended, supplemented or replaced.

13. Except as specifically set out in this Agreement, in the event of any conflict or inconsistency as between the terms and conditions of this Agreement and those of the Plan, the terms and conditions of the Plan shall govern and be paramount.

14. Capitalized terms used and not defined herein shall have the meanings given to them in the Plan.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

PANGOLIN DIAMONDS CORP.

by _____
Name:
Title:

_____ _____
Witness Name of Optionee:

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