PERLITE CANADA INC.

NOTICE OF AN ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual Meeting of Shareholders of PERLITE CANADA INC. (the "Corporation") will be held at the **Hilton Montreal/Laval Hotel located at 2225 Des Laurentides Autoroute, Laval, Quebec** on Friday, April 22, 2016 at 10:00 a.m. (Montreal time) for the following purposes:

1. to receive the financial statements of the Corporation for the year ended October 31, 2015 and the report of the auditors thereon;

2. to elect the directors;

3. to appoint the auditors and authorize the directors to fix their remuneration;

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

Only those holders of Common Shares of the Corporation who are registered holders as at the close of business on March 18, 2016 may exercise, in person or by proxy, their voting rights in accordance with the rights attached to their Common Shares.

The proxy circular for proxy solicitations, enclosed herein provides detailed information on matters to be discussed at the meeting and is hereby deemed to be an integral part of this notice.

Montreal, Quebec, March 24, 2016
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BY ORDER OF THE BOARD OF DIRECTORS

(s) Richard Barabé

Richard Barabé, President and Chief Executive Officer

Shareholders eligible to vote but unable to attend in person are requested to complete, sign and forthwith return the enclosed form of proxy in the envelope provided for that purpose. A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is deposited with Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, transfer agent of the Company, not later than 5:00 p.m. two business days preceding the Meeting or any adjournment thereof. Also, the proxy can be received by the Chairman or Secretary of the Meeting at the time and place of the Meeting or any adjournment thereof, prior to the commencement thereof. Any question regarding proxies may be addressed to Computershare Investor Services Inc. at 1-800-564-6253, Shareholders Services.

PERLITE CANADA INC.
(the «Corporation»)

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This management proxy circular is provided with regard to the solicitation of proxies by the management of the Corporation in connection with the Annual Meeting of Shareholders of the Corporation (the «Meeting») to be held on Friday April 22, 2016, at 10:00 a.m. (Montreal time) at the Hilton Montreal/Laval Hotel located at 2225 Des Laurentides Autoroute, Laval, Quebec and at any adjournment thereof. The solicitation of proxies will be done primarily by mail but may be supplemented by telephone or other personal contact by directors of the Corporation, such directors receiving no compensation therefore. The cost of solicitation of proxies will be borne by the Corporation. Unless otherwise indicated, the information contained herein is given as of March 24, 2016.

APPOINTMENT OF PROXIES

The persons designated in the enclosed form of proxy are directors of the Corporation. **Each shareholder has the right to appoint a person to represent such shareholder at the Meeting, other than the persons designated in the enclosed form of proxy.** A shareholder desiring to appoint some other person to represent such shareholder at the Meeting may do so by inserting the name of such other person in the blank space provided in the enclosed form of proxy or by submitting another appropriate form of proxy. A person acting as proxy need not be a shareholder of the Corporation.

In order to be valid for the Meeting or any adjournment thereof, a form of proxy must be deposited with Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, transfer agent of the Corporation, not later than 5:00 p.m. two business days preceding the Meeting or any adjournment thereof. In addition, a form of proxy can be handed to the Chairman or Secretary of the Meeting at the time and place of the Meeting or any adjournment thereof, prior to the commencement thereof. Any question regarding proxies may be addressed to Computershare Investor Services Inc. at 1-800-564-6253, Shareholders Services.

REVOCATION OF PROXIES

A shareholder giving a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either: (i) by delivering another properly executed proxy bearing a later date to Computershare Investor Services Inc. at the above-mentioned address not later than 5:00 pm on the business day preceding the Meeting or any adjournment thereof, or to the Chairman or Secretary of the Meeting at the day of the Meeting before the Meeting or any adjournment thereof; or (ii) by depositing, either with Computershare Investor Services Inc. at the above-mentioned address not later than 5:00 pm on the business day preceding the Meeting or any adjournment thereof, or with the Chairman or Secretary of the Meeting at the day of the Meeting, or any adjournment thereof, an instrument in writing revoking the proxy and executed by the shareholder or by his attorney authorized in writing. If the shareholder is a corporation, this instrument must be executed by a duly authorized officer under its corporate seal and accompanied by a corporate resolution authorizing the signature.

VOTING OF SHARES REPRESENTED BY PROXIES

If the enclosed form of proxy is properly completed and submitted in favour of a proxyholder, the shares represented by the form of proxy will be voted on any ballot that may be called for by the proxyholder designated in the form of proxy in accordance with the directions of the shareholder. **If no instructions are given, the voting rights attached to the Common Shares will be exercised by the proxyholder who is a director of the Corporation in FAVOUR of the adoption of the resolutions mentioned in the notice of Meeting. If no instructions are given, any other proxyholder (other than the proxyholder who is a director of the Corporation designated in the printed portion of the form) will have discretionary authority when exercising the voting rights attached to the Common Shares concerning these matters.**

The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to matters other than those identified in the Notice of Meeting which may properly be brought before the Meeting. As of the date hereof, the management of the Corporation is not aware that any such amendments, variations, or other matters are to be presented for action at the Meeting. **If any matter that are presently not known to the management of the Corporation should properly be brought before the Meeting, then on any ballot that may be called for, the persons designated in the enclosed form of proxy will exercise the voting rights attached to the Common Shares in accordance with their discretionary authority on such matter.**

VOTING BY NON-REGISTERED SHAREHOLDERS

The information set forth in this section is of significant importance to holders of common shares who do not hold their shares in their own names.

Only registered holders of common shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, common shares of the Corporation beneficially owned by a holder (a "Non-Registered Shareholder") are registered either:

(A) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and Directors or administrators of self-administered registered retirement savings plans, registered retirement income funds and registered educational savings plans and similar plans; or

(B) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) adopted by the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Management Proxy Circular, the Form of Proxy and the Corporation's 2015 Annual Report, including the management discussion analysis (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders.

Intermediaries are required to forward Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

(A) be given a proxy which has already been signed by the Intermediary (typically by facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise uncompleted. The Non-Registered Shareholder need not sign this form of proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy shall properly complete the Form of Proxy and deposit it with Computershare Investor Services Inc. as described above; or

(B) more typically, be given a voting instruction form that must be completed and signed by the Non-Registered Shareholder in accordance with the instructions on the voting instruction form (which may in some cases permit the completion of the voting form by telephone).

The voting rights attached to the shares held through brokers, agents or nominees should be exercised to vote for or against the proposed resolutions only in accordance with the instructions from the Non-Registered Shareholder. In the absence of express instructions, the brokers, their agents and nominees are not authorized to exercise the voting rights attached to the Common Shares of the clients of the brokers. The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares they beneficially own. Should a Non-Registered Shareholder who receives either a form of proxy, a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons designated in the proxy and insert the Non-Registered Shareholder's name (or the name of the other person) in the blank space provided or, in the case of a voting instructions form, in accordance with the relevant directions of such form. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries or their service companies and ensure that their instructions on how to exercise the voting rights attached to their Common Shares be sent to the appropriate person.**

As permitted under NI 54-101, the Corporation has used a non-objecting beneficial owner list to send the Meeting materials directly to the non-objecting beneficial owners whose names appear on that list. These meeting materials are being sent to both registered and non-registered owners of the common shares. If you are a non-registered owner, and the Corporation or its agent has sent these 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 our behalf.

By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding the Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

A Non-Registered Shareholder who has filed a proxy can revoke it by contacting the Intermediary who is holding the Common Shares of the Non-Registered Shareholders and by following the instructions of the Intermediary concerning the revocation of proxies.

RECORD DATE

The Board of Directors of the Corporation has set March 18, 2016 as the record date for the Meeting. Only shareholders of record as at that date are entitled to receive notice of the Meeting and to vote at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares issuable in series. On March 24, 2016, 10,813,059 Common Shares were issued and outstanding and no Preferred Share was issued. Each issued and outstanding Common Share of the Corporation is entitled to one vote. Such Common Shares are the only shares carrying the right to vote at the Meeting.

To the knowledge of the management of the Corporation, at the date hereof, no person holds, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Corporation other than the following shareholders:

1) 4103572 Canada inc. which holds 1,650,000 Common Shares of the Corporation, being 15% of all the issued and outstanding voting shares of the share capital of the Corporation. The main shareholder of 4103572 Canada inc. is Martin Joyal, Director and Corporate Secretary of the Corporation and the second shareholder is Richard Barabé, President and Chief Executive Officer of the Corporation; and

2) Mr. Michael Feola who holds personally 1,140,500 Common Shares of the Corporation, being 10,4% of all the issued and outstanding voting shares of the share capital of the Corporation (Information relating to shareholdings of Mr. Feola has been taken from the SEDI web site).

FINANCIAL STATEMENTS

The financial statements of the Corporation for the year ended October 31, 2015 mailed to shareholders who asked to receive these documents will be submitted to the shareholders at the Meeting but no vote is required on this matter.

ELECTION OF THE DIRECTORS

The Board of Directors of the Corporation is presently composed of four members. At the Meeting, the shareholders will be required to elect four directors. **The persons designated in the enclosed form of proxy intend to vote for the election, as directors of the Corporation, of the nominees whose names are set forth below; these persons are members of the Board of Directors since the dates indicated herein.** Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for another nominee in their discretion, unless otherwise instructed in the proxy. Each director elected will hold office until the next annual meeting or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the By-Laws of the Corporation.

The following table sets forth for each person proposed to be nominated for election by the management of the Corporation as a director of the Corporation, his name, his province of residence, his present occupation[1], business or employment, the date of his election or appointment as director of the Corporation and the[2] [3]committee of the Board on which they serve. The table also indicates the number of Common Shares beneficially owned, directly or indirectly, or controlled or directed by the proposed person as of March 24, 2016.

Name and Office Held	**Director Since**	**Shares Over Which Control is Exercised**	**Principal Occupation**
Richard Barabé Quebec, Canada President and C.E.O. and Chairman of the Board	20/03/97	973,000	President and Chief Executive Officer of the Corporation
Martin Joyal[1)] Quebec, Canada Secretary and Director	27/02/03	1,850,000[2)]	Lawer and co-founder of the law firm Thibeault Joyal
Fayçal Salek[1)] Quebec, Canada Director	13/04/12	-	Chartered Accountant and founder of the firm Fayçal Salek, CPA
Patrick Barriault[1)] Quebec, Canada Director	24/09/13	-	Chartered Accountant and Taxe Expert, Partner and co-founder of the accounting firm Cauchy Barriault CPA inc.

1) Member of the Audit Committee.
2) 200 000 of these shares are held by Coprin Mineral inc., which is wholly-owned by Martin Joyal and 1,650,000 are held by 4103572 Canada Inc. whose main shareholder is Martin Joyal.

Each candidate has provided the information pertaining to the shares over which his control is exercised.

For further information about the terms and conditions of the remuneration of directors and the remuneration received during the most recently completed financial year, please refer to the subsection "Compensation of Directors" under the section “Compensation of Executive Officers and Directors” of this Circular.

To the knowledge of the Corporation, no director or the Corporation is, as of the date of this Circular, or has been, in the 10 years prior to the date of this Circular, a director or an executive officer of any other Corporation, that while the director was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied it access to any exemption under securities legislation for a period of more than 30 consecutive days, or (ii) after the director ceased to act in that capacity, was the subject of a cease trade or similar order or an order that denied it access to any exemption under securities legislation for a period of more than 30 consecutive days because of an event which occurred while the director was acting in that capacity, or (iii) that while the director was in that capacity or in the year after the director ceased to act in that capacity, became bankrupt, made a proposal under any bankruptcy or insolvency legislation, was subject to any proceedings, arrangement or compromise with creditors or instituted any proceedings against the same, or had a receiver, receiver-manager or trustee in bankruptcy appointed to hold its assets.

In addition, to the knowledge of the Corporation, no director of the Corporation has, in the 10 years prior to the date of this Circular, become bankrupt, made a proposal under any bankruptcy or insolvency legislation, been subject to any proceedings, arrangement or compromise with creditors or instituted any proceedings against the same, or had a receiver, receiver-manger or trustee in bankruptcy appointed to hold its assets.

APPOINTMENT OF AUDITORS

The shareholders are asked to appoint Raymond Chabot Grant Thornton LLP ("RCGT"), as auditors of the Corporation for the current financial year (the «Financial Year 2016») and authorize the Directors to fix their remuneration. RCGT were appointed auditors of the Corporation at the annual meeting of shareholders of the Corporation in April 2012 and the Fiscal Year ended on October 31, 2015 was the fourth fiscal year for which RCGT acted as auditors of the Corporation.

It is the intention of the persons named in the enclosed forms of proxy to vote the shares represented thereby for the appointment of Raymond Chabot Grant Thornton LLP as auditors of the Corporation for the Financial Year 2016 and for giving authorization to the Directors to fix their remuneration in accordance with the Audit Committee's recommendations.

Fees paid to the auditors of the Corporation for the financial years 2015 and 2014 are the following:

	2015($)	2014($)
Audit Fees	44 768	40 076
Tax Fees	6 105	5 442
All Other Fees	-	-

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation discussion and analysis

Due to the Corporation's size, the Board of Directors has no compensation committee and has not adopted a formal compensation program. The Board of Directors meets to discuss and determine management compensation on an annual basis without reference to a formal formula.

Objectives of compensation program

The Board of Directors ensures that the total compensation paid to the executive officers is fair and reasonable, and accomplishes the following objectives:

- provide a market-competitive global compensation that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful,
- encourage executive officers to achieve, and exceed, Corporation's goals and deliver superior performance,
- produce positive long-term results for the Corporation and the shareholders.

Element of compensation and purpose of payment

The executive compensation program consist of a combination of i) base salary, ii) performance bonus and iii) stock option incentives.

The base salary is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The performance bonus is intended to encourage executive officers to achieve, and exceed, individual or business goals. It is also intended to reward superior performance or exceptional results.

Stock options are intended to establish a balance between short- and long-term compensation. It is also intended to align management's long-term interests with shareholder's long-term interests and the corporate growth.

Determination of the amount of compensation

The base salary of the President and Chief Executive Officer and the base salary of the Executive Vice-President and Secretary are determined and approved by the Board of Directors. The determination of the base salary takes into consideration the current competitive market conditions, experience, assumed responsibilities and particular skills of the executive officer. The base salary is not evaluated against a formal "peer group". The Board of Directors relies on the general experience of its members in setting base salary amounts. Base salaries of executive officers other than the President and Chief Executive Officer and the Executive Vice-President are reviewed and determined annually by the management of the Corporation.

The performance bonus is determined annually according to criteria established by the Board of Directors. The determination of the performance bonus takes into consideration individual objectives and Corporation's objectives as well as the overall performance of the Corporation. The Board of Director determines each year the applicable criteria to obtain a bonus according to the specific situation of the Corporation and its activities development. The Board of Directors may waive minimum requirements for the performance bonus when it evaluates that exceptional strategic transactions that could increase the long-term value of the Corporation are realized during the year or exceptional market conditions have occurred. The objective fixed by the Board of Directors for Fiscal Year 2015 was reducing the Corporation's debt and maintaining profitability**.** The Corporation was able to reduce its debt but did not maintain its profitability. Therefore, the Board of Director has decided not to give a performance bonus to the Management. A special committee, the member of which were Fayçal Salek and Patrick Barriault was formed in order to evaluate the compensation of the President and Chief Executive Officer of the Company. After review and analysis, this committee recommended the increase of the annual compensation of the President and Chief Executive Officer of the Company for Fiscal Year 2016 by $10,000. This increase is effective from November 1, 2015.

Stock options are generally granted to the executive officers when they are hired and annually thereafter. Stock options are awarded by the Board of Directors which determines which executive officers are entitled to received stock options, the number of stock options granted, the date of grant and the exercise price. The granting of stock options is determined according to level of responsibility and authority of the executive officer as well as the performance observed compared to the established objectives. The Board takes also into account the specific circumstances existing on the date of the grant and the long-term interests of the Corporation and the shareholders. The granting of stock options shall be executed in accordance with the terms of the Corporation's stock option plan. For further information regarding the stock option plan of the Corporation, refer to the section "Stock Option Plan"

Elements of compensation and overall objectives

The elements of compensation allow the Corporation to meet its overall compensation objectives stipulated above (see paragraph *Objectives of compensation program*). Indeed, the base salary is intended, among other things, to attract and retain talented executive officers, the performance bonus encourages executive officers to achieve Corporation's goals and offer a superior performance, and the stock options has been designed to obtain long-term positive results for the Corporation and align executive compensation increase with the increase of shareholders' investment.

The combination of the elements of compensation has been designed also to provide a total compensation which the Board believes is competitive with what is paid by other companies of comparable size engaged in similar business.

Stock Option Plan

A Stock Option Plan for the directors, officers and employees of the Corporation and other persons who provide ongoing valuable services to the Corporation (the "Eligible Persons") has been adopted by the shareholders. The purpose of the Plan is to create an incentive for the Eligible Persons by offering them the possibility of acquiring a participation in the Corporation through the purchase of common shares of the Corporation under the Plan.

As of the date hereof, an aggregate of 1,600,000 options may be granted under the Plan at an exercise price determined by the Board of Directors. This price cannot, however, be lower than the market price, under the rules of the regulatory authorities having jurisdiction over the securities of the Corporation. Furthermore, the total number of shares reserved for issuance under the terms of the Plan in respect of any one person may not exceed 5% of the total number of shares issued and outstanding.

Summary executive officer compensation table

The following table presents information, for the financial years ended on October 31, 2013, 2014 and 2015 concerning all compensation paid by the Corporation to the President and Chief Executive Officer and to any other member of the senior management for services in all capacities to the Corporation during the financial year:

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($) [1]	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			

Richard Barabé, President and Chief Executive Officer	2015 2014 2013	190 000 180 000 180 000	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	3 500[2] 4 000[2] 4 000[2]	193 500 184 000 184 000
Martin Joyal, Executive Vice-President and Secretary	2015 2014 2013	46 575[3] 43 065[3] 51 348[3]	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	N/A N/A N/A	4 500 [2] 3 000 [2] 4 000 [2]	51 075 46 065 55 348

1) Benefits that are inferior to $50,000 or 10 % of total compensation are not disclosed.
2) This amount refers to services as a director and was received as attendance fees for Board meetings.
3) The amount was received as corporate secretary's fees as well as legal and management fees.

Management incentive plan awards

Outstanding share-based awards and option-based awards

The following table sets forth information relative to all share-based awards and option-based awards outstanding at the end of the last financial year to executive officers of the Corporation:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Richard Barabé	N/A	N/A	N/A	N/A	N/A	N/A
Martin Joyal	N/A	N/A	N/A	N/A	N/A	N/A

Incentive plan awards – Value vested or earned during the last completed financial year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each executive officer during the last completed financial year:

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Richard Barabé	N/A	N/A	N/A
Martin Joyal	N/A	N/A	N/A

Pension plan benefits

The Corporation does not have a Defined Benefits Pension Plan nor a Defined Contribution Pension Plan.

Termination and change of control benefits

Richard Barabé concluded an employment contract with the Corporation with no fixed term which provides, among others, payment in its favour, in case of termination of employment without grave motive comparable to a fraud or of resignation following a change of control, a sum corresponding to its basic salary plus fees as director, if applying, for a period of twenty-four (24) months. The estimated total amount to be paid to Mr Barabé in accordance to this contract, supposing that the release event would arise, as at the end of the last financial year would be of $368,000.

Director compensation

Summary director compensation table

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Corporation for the last completed financial year:

Name [1]	Fees ($) [2]	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($) [4]	Total compensation ($)
Fayçal Salek	9,500[3]	N/A	N/A	N/A	N/A	-	9,500
Patrick Barriault	4,500	N/A	N/A	N/A	N/A	-	4,500

1) Richard Barabé and Martin Joyal are also directors of the Corporation. However, compensation paid for their services as directors is disclosed in the “Summary executive officer compensation” section.
2) The Corporation pays attendance fees of $500 per Board meeting to each director.
3) This amount is composed of an amount of $4,500 received as attendance fees for Board meetings and an amount of $5,000 received as president of the Audit Committee.
4) The Corporation pays also reasonable travel expenses incurred by the directors to attend all meetings of the Board of Directors.

Director’s outstanding share-based awards and option-based awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the last completed financial year to the directors of the Corporation:

Name [1]	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Fayçal Salek	N/A	N/A	N/A	N/A	N/A	N/A
Patrick Barriault	N/A	N/A	N/A	N/A	N/A	N/A

1) Richard Barabé and Martin Joyal are also directors of the Corporation. However, outstanding awards granted to them are disclosed in the “Management incentive plan awards” section.

Director’s incentive plan awards – Value vested or earned during the last completed financial year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Corporation during the last completed financial year:

Name [1]	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)

Fayçal Salek	N/A	N/A	N/A
Patrick Barriault	N/A	N/A	N/A

1) Richard Barabé and Martin Joyal are also directors of the Corporation. However, outstanding awards granted to them are disclosed in the “Management incentive plan awards” section.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Stock Option Plan of the Corporation is the only compensation plan pursuant to which equity securities of the Corporation may be issued. It is described under Section "*Compensation of Executive Officers and Directors /* Stock Option Plan" above. The following table summarizes as of October 31, 2015 the common shares issued pursuant to this Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average price of outstanding options (b)	Number of securities remaining available for future issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by security holders	---	$---	1,600,000

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of March 24 2015, no loan has been granted to any director or any member of the senior management of the Corporation.

CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – Disclosure of Corporate Governance Practices adopted by the Canadian Securities Administrators provides the disclosure of corporate governance practices. Such disclosure is described in Schedule “B” hereto.

OTHER BUSINESS

Management is aware of no other matters that may be brought before the Meeting other than the matters referred to in the Notice of Meeting. If, however, other matters should properly be brought before the Meeting, the persons identified in the enclosed Form of Proxy will vote on these matters in accordance with their best judgment.

ADDITIONAL INFORMATION

The Corporation's financial information is included in its Audited Financial Statements and Management's Discussion and Analysis for the fiscal year ended October 31, 2015. Copies of these documents and additional information concerning the Corporation can be found on the SEDAR website at www.sedar.com and may also be obtained upon request to the Secretary of the Corporation, at its head office located at: 1775, 52e Avenue, Lachine (Québec) H8T 2Y1 (telephone: 514-631-4251). The Corporation may require payment of a reasonable charge if a person or a corporation who is not a shareholder of the Corporation makes the request.

APPROVAL OF CIRCULAR

The Board of Directors of the Corporation has approved the contents of this management proxy circular and its sending to the shareholders.

Montreal, Quebec, March 24, 2016

PERLITE CANADA INC.

(s) Richard Barabé

Richard Barabé, President and Chief Executive Officer

SCHEDULE "A"

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Disclosure of Corporate Governance Practices

The Board of Directors (the "Board") of Perlite Canada Inc. (the "Corporation"), after having reviewed the policies, rules and guidelines (the "Guidelines") adopted by the TSX Venture and the Canadian securities regulators with respect to the disclosure by listed companies of their approach to corporate governance, and after having received advice from its counsel, undertook to implement the Guidelines it found appropriate having due regard for the Corporation's size and its present stage of development. The mandate, composition and responsibilities of the Board and its committee are set forth in the directors' and corporate governance manual (the "Corporate Governance Manual"). The Board, in accordance with the new measures adopted by Canadian securities regulators that are applicable to the Corporation, has adopted such a document. This statement of the Corporation's corporate governance practices was approved by the Corporation's Board of Directors.

Board of Directors

Composition of the Board of Directors

The Board of Directors of the Corporation is presently composed of four (4) directors and two (2) are independent directors within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI58-101") adopted by the Canadian Securities Administrators as Fayçal Salek and Patrick Barriault who currently serve on the Board are considered independent within the meaning of Section 1.4 of NI52-110. Messrs Richard Barabé and Martin Joyal who are executive officers of the Corporation are not considered Independent Directors.

The Board is of the opinion that its current size is adequate and furthers the efficiency of its deliberations, while ensuring a diversity of opinions and experience. Ms. Richard Barabé, President and Chief Executive Officer, and Martin Joyal, Corporate Secretary are the only directors not independent within the meaning of the applicable securities legislation. The Corporation is of the opinion that each of its directors and each of its candidates as director is highly capable and has sound knowledge and experience of the Corporation's business and contributes in an unbiased and first-rate manner. For all the above-mentioned reasons, the Corporation believes that each and every director is eager to fulfil his obligations and assume his responsibilities in the best interests of the Corporation and of all the shareholders and will not allow other interests for himself or a particular group of shareholders to conflict with his duty.

The Board of Directors has concluded that even through Mr. Barabé occupies both the office of Chairman of the Board and President and Chief Executive Officer of the Corporation and Mr. Joyal is a member of the senior management of the Corporation, the Board's ability to act independently of management is not impaired. Moreover, the independent directors can meet independently from the management of the Corporation if necessary. The Board is of the opinion that Mr. Barabé's thorough knowledge of the perlite industry and of the Corporation's activities, its environment, markets and suppliers, as well as Mr. Joyal's experience benefit the other directors and enables the Board to make prompt, effective and well-informed decisions. Mr. Fayçal Salek acts as president of the Audit Committee, thus ensuring the communication between the Corporation's management and the independent directors of the Board of Directors, the independent directors being also members of the Audit Committee.

Position Descriptions

The Board has developed written position descriptions for the Chair, the Chair of the audit committee and the Chief Executive Officer of the Corporation.

Ethical Business Conduct

All directors of the Corporation have the obligation to perform their duties and assume their responsibilities in the best interests of the Corporation. The Corporation expects all of its directors to comply with the laws and regulations governing its conduct and further is committed to promoting integrity and maintaining the highest standard of ethical conduct in all of its activities. To that effect, and because it considers that sound corporate governance practices are essential to the Corporation's effective operations, the Corporation's Board of Directors adopted the Corporate Governance Manual. Such manual is reviewed periodically to ensure its compliance with the most recent measures adopted by applicable Canadian securities regulators and in taking into account the size of the Corporation. In addition, the Board of Directors expects all of its members to participate actively in meetings of the Board and of the committees on which they serve and attendance is duly recorded.

Role of the Board

The Board's mandate is to oversee the conduct of the Corporation's business and to supervise management, which is responsible to the Board for the day-to-day conduct of business.

The Board discharges five (5) specific responsibilities as part of its overall "stewardship responsibility". These are:

- strategic planning process: given the Corporation's size, its strategic plan is elaborated at the Board level, with the assistance of management;

- managing risk: as long as the Board directly oversees most aspects of the Corporation's business, it does not, for the time being, require the elaboration of "systems" or the creation of committees to effectively monitor and manage the principal risks of all aspects of the Corporation's business;

- appointing, training and monitoring senior management: no elaborate systems of selection, training and assessment of management are established for the time being, as these would prove too costly given the Corporation's size and its present stage of development; however the Board closely monitors and measures management's performance against the overall strategic plan, through reports by, and regular meetings with management;

- communication policy: the Board commits to communicate effectively with its shareholders, other dormant partners and the public in general, through statutory filings and mailings, as well as press releases; the shareholders are also given an opportunity to make comments or suggestions at shareholders' meetings; these comments and suggestions, when appropriate and relevant, are then factored into the Board's decisions; and

- ensuring the integrity of the Corporation's internal control and management information systems: given the reports from, and the meetings with management, the Board can effectively track and monitor the implementation of approved strategies.

Establishment of Board committees

In accordance with the Guidelines, the Board examined the possibility of setting up various committees such as an Audit Committee, a Nominating Committee, a Governance Committee or a Human Resources and Compensation Committee. It was decided that the Board would set up an Audit Committee pursuant to the requirements of the TSX Venture Exchange Policies and the Multilateral Instrument 52-110 of the Canadian Securities Administrators. It was also decided that the Board would perform the functions of the other above-mentioned committees for the time being and that such decision will be periodically reviewed by the Board, having due regard for the Corporation's evolution.

Audit Committee

Independence and Financial Literacy

Two independent directors within the meaning of MI52-110 will serve on the Audit Committee being Mr. Fayçal Salek, president of the committee and Patrick Barriault. The Audit Committee is also comprised of Martin Joyal who is not considered independents within the meaning of MI52-110 given that they are members of the senior management of the Corporation.

In addition, the Board of Directors considers that all of the members of the Audit Committee are financially literate within the meaning of MI52-110, meaning that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements. The Committee is presided by Fayçal Salek.

Education and Experience of the members of the Audit Committee

Actual members of the Audit Committee as well as the candidates as members of the Board of Directors that will replace the actual members have education and experience that are relevant to the performance of their responsibilities as an audit committee member. Such education and experience (see details below) allowed them to acquire, *inter alia*, the following skills:

a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;

b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

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

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

Fayçal Salek is a member of l'Ordre des Comptables Agréés du Québec (CPA, CA). He is a consultant since April 2012 and provides business advisory services to small and medium public corporations in accounting, and financial analyzes. Frome July 2011 to March 2012, Fayçal Salek was Vice-President Finance with Hitlab inc., a music and social media Corporation. Before June 2011, Mr. Salek worked at Petrie Raymond, Chartered Accountants-LLP, as Manager where he was responsible for the audit of several public companies in the mining and technology fields. He graduated in business administration from l'École des Hautes Études Commerciales ("HEC"), Accounting in 2001 and obtained a specialized degree from the HEC in public accounting in 2002. He is a chartered accountant since 2004.

Patrick Barriault is a member of l'Ordre des Comptables Agréés du Québec. He is aa partner since January 2014 with the accounting firm Cauchy, Barriault CPA inc. Before that he worked at the accounting firms Chiasson Gauvreau inc., Barriault Hébert, Chartered Accountants inc. and Raymond Chabot Grant Thornton where he has provided services in the accounting and taxation fields. He graduated in business administration from l'Université du Québec à Montréal in 1997, obtained a master's degree in administration, with an area of study in accounting, from l'Université de Sherbrooke in 2001 and a master's degree in law, with a specialization in taxation, from HEC Montréal in 2006.

Martin Joyal graduated in law from l'Université de Montréal in 1992 and has been a member of the Bar of Quebec since 1993. He is a partner with the law firm Thibeault Joyal, specialised in business law since January 1, 2015. He worked for many years as a specialist in corporate finance, mergers and acquisitions and commercial transactions at a major law firm in Montreal and a Canadian corporation listed on the TSX. His duties gave him the opportunity to analyse numerous financial statements and to revise many management discussions and analysis within the context of equity and debt financing files and corporate acquisitions. From November 2007 to June 2013, he was Executive Vice-President and Secretary of the Corporation and he is currently Corporate Secretary of the Corporation.

Role of the Audit Committee

The Audit Committee is responsible for helping the directors fulfil their audit duties. This committee must ensure sound communication between external auditors, financial officers, management and directors of the Corporation so that they can fulfil their respective duties.

In carrying out its duties, the Audit Committee must meet with the Corporation's executives responsible for finance and its external auditors to examine issues relating to the presentation of the financial information, accounting practices, the internal accounting system and the financial controls, auditing procedures and programs. To this effect, members of the Audit Committee hold private sessions with the Corporation's external auditors at least once a year. It also oversees and evaluates the efficiency and the integrity of the internal control and management information systems. It is further responsible for reviewing the Corporation's quarterly and annual financial statements, as well as all other public disclosure documents containing financial information together with management and, as the case may be, the external auditors, any discrepancies between the accounting practices and any other financial matters judged appropriate before publication.

The Audit Committee is also responsible for the quality control of the auditing services provided by the Corporation's external auditors, the pre-approval of the mandate and audit fees for the non-related audit services and to ensure itself for the external auditors' independence and for making recommendations to the

Board of Directors regarding the appointment of the external auditors or the renewal of their mandate.

Mandate of the Audit Committee

You will find below under "Charter of the Audit Committee" the complete text of the Audit Committee's responsibilities as provided under the Corporate Governance Manual.

The information provided in this section is limited in accordance with the exemption set forth in Section 6.1 of MI51-110, which allows a venture issuer, such as the Corporation, to omit certain information relating to the composition of the Audit Committee and certain additional reporting obligations.

Charter of the Audit Committee

On April 8, 2005, the Board of Directors has adopted a Charter disclosing the mandate and responsibilities of the Audit Committee of the Corporation. The text of the Charter of the Audit Committee reads as follows:

1. Mandate

The Committee oversees the accounting and financial reporting processes of the Corporation and audits of the financial statements.

2. Composition and meetings

2.1 Membership

a) The Board of Directors of the Corporation appoints the members of the committee after each annual shareholder meeting of the Corporation.

b) The Committee is comprised of at least three directors, a majority of which shall be independent of management.

c) Each member of the Committee shall be a member of the Board of Directors of the Corporation.

d) Two members shall constitute a quorum for any meeting of the Committee and each decision of the Committee shall be decided by a majority of votes cast at a meeting.

2.2 Attendance at Meetings

a) The Committee may meet as frequently as required and each member of the Committee may call a meeting of the Committee if such member considers it necessary by transmitting a 24-hour notice of meeting to the other members.

b) The Committee may invite such other persons to its meetings, as it deems appropriate, including the external auditor of the Corporation, in order to discuss any matter that the Committee considers relevant to execute its duties.

c) External auditors of the Corporation may convene a meeting of the Committee as they deem necessary and notably in order to comment on and submit for approval the financial statements of the Corporation or to discuss any question pertaining to the preparation of the financial statements, in delivering a 24-hour notice of meeting to the members of the Committee.

d) The proceedings of all meetings will be minuted.

3. Responsibilities

The committee:

3.1. shall recommend to the board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation.

3.2. shall recommend the compensation of the external auditor.

3.3. shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3.4 shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

3.5. shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.

3.6. shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 3.5, and must periodically assess the adequacy of those procedures.

3.7 shall establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3.8 shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

4. Authority of the committee

4.1 The Committee has every necessary power to execute its mandate and fulfil its responsibilities in accordance with the provisions of this Charter and the Multilateral Instrument 52-110 of the Canadian Securities Administrators, as amended from time to time as the case may be.

4.2 More particularly but without limiting the generality of paragraph 4.1 above, the Committee has the authority:

a) to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for such counsel or advisors;

b) to communicate directly with any officer or employee of the Corporation and any service supplier of the Corporation, including the external auditor, in order to obtain any necessary information to carry its duties;

c) to require the attendance of any officer or employee of the Corporation at any meeting of the Committee.

Education Programme

The Corporation does not provide a formal orientation and education programme for new Directors for the time being. However, new Directors shall be given an opportunity to familiarize themselves with the Corporation by visiting the premises, meeting other members of the Board as well as members of management. Moreover, new Directors shall be invited to meet with the Corporation's counsel to be familiarized with their legal responsibilities.

Board's performance, Directors' compensation and Nomination of Directors

Given the size of the Corporation, the Board does not have a remuneration committee comprised only of independent directors and assumes itself the role of the remuneration committee. Given that the board is composed of two of independent directors (two independent directors on a total of four directors), the Board believes that this equal number of independent directors facilitates an objective procedure for the determination of the remuneration. Without convening a special meeting for this purpose, the Board shall periodically perform an assessment exercise addressing its effectiveness, with input from management. Furthermore, the Board has the responsibility to issue recommendations on the remuneration of the directors, the Chief Executive Officer. Board remuneration is to be disclosed in all Proxy Circulars to be sent to shareholders prior to meetings.

Each member of the Board assumes responsibility for making recommendations to the Board of directors with respect to proposing new candidates when new directors are to be elected. Given the size of the Corporation, the Board does not have a nomination committee comprised solely of independent directors. The Board itself assumes the role of the nomination committee and, being comprised of an equal number of independent and non-independent directors (two independent directors on a total of four directors), this equality facilitates an objective selection procedure.

Board's relations with management

The President of the Corporation is also member of the Board, as it is the case with corporations of the Corporation's size. However, the Board strongly feels that this is not an impediment to the proper discharge of the Board's responsibilities. Furthermore, the interaction between senior management and Board members both inside and outside of Board meetings ensures that the Board is properly informed and that the Board members' experience and hindsight shall be sought and obtained when needed by management.

Evolution of Practices

The aforementioned corporate governance practices, as currently drafted, are subject to changes along with the Corporation's evolution. Therefore, the Board shall remain sensitive to corporate governance issues and shall continuously seek to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating additional overhead costs and reducing the return on shareholders' equity. The Board shall remain committed to ensuring the long-term viability and profitability of the Corporation, as well as the well-being of its employees and of the communities in which it operates.

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