

**CHARTER OF THE COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS OF XG SCIENCES, INC.**

January 28, 2014

The Board of Directors (the "Board") of XG Sciences, Inc. (the "Corporation") has established a Compensation Committee ("Committee") to be comprised from time to time of certain of its directors. The Board has adopted this charter to set forth the purpose, authority, composition, procedure, and responsibilities of the Committee.

I. PURPOSE

The Committee is established for the primary purpose of assisting the Board with the review and determination of executive compensation and the oversight, review, and approval of significant employee benefits programs, policies, and plans.

II. AUTHORITY AND RESOURCES

A. Authority

The Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, and other advisors, as appropriate, to perform its responsibilities under this charter. The Committee may request that any officer or employee of the Corporation or the Corporation's outside counsel attend a Committee meeting or meet with any members or advisors of the Committee. The Committee may also request that the Corporation provide the Committee with the support of one or more Corporation employees to assist it in carrying out its duties. The Committee has the authority to hire and terminate independent legal, financial, compensation, and other advisors as it may deem necessary, at the Corporation's expense, without consulting with or obtaining approval from any officer of the Corporation. The Committee will be directly responsible for the appointment, compensation, and oversight of the work of any advisor retained by the Committee. Before selecting or receiving any advice from an advisor (other than in-house legal counsel), the Committee will consider factors that may be required by or desirable in light of any applicable rules of the Nasdaq Stock Market ("NASDAQ") or any applicable rules of the Securities and Exchange Commission ("SEC") with respect to the independence of the advisor.

B. Funding

The Corporation will provide appropriate funding, as determined by the Committee, for compensation to advisors that the Committee chooses to engage, and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

C. Fulfillment of Roles

The Committee will fulfill its purpose primarily by carrying out the activities enumerated in Section V of this charter.

III. COMPOSITION OF THE COMMITTEE

The members of the Committee will be appointed by the Board at its annual meeting from among the Corporation's directors. The members of the Committee will serve until their successors are duly elected and qualified by the Board, or until their resignation or removal. The Board will determine the number of members on the Committee from time to time, but in any event the Committee will be composed of at least three Board members or any greater minimum number as required by applicable law, the Corporation's Bylaws, or the Corporation's contractual obligations. The Board may appoint a chairperson and secretary for the Committee. If the Board does not appoint a chairperson or a secretary, the members of the Committee may elect a chairperson or secretary, respectively, by majority vote.

Each member of the Committee must be "independent" in accordance with the Corporation's contractual obligations and any applicable SEC and NASDAQ rules. Each member of the Committee must also qualify as an "outside director" for purposes of 162(m) of the Internal Revenue Code of 1986, as amended. The Board shall determine the standards that are currently applicable to determining whether a member is "independent" and whether each member or nominee member of the Committee satisfies those standards.

IV. COMMITTEE MEETINGS

The Committee will meet at least quarterly, or more frequently as circumstances dictate. The chairperson of the Board, any member of the Committee, or the chief executive officer of the Corporation may call meetings of the Committee. The chairperson of the Committee, in consultation with the Committee members and management, will determine the frequency and length of Committee meetings and develop the Committee's agenda.

At the beginning of the year, the Committee will establish a schedule of regular meetings and agenda subjects to be discussed during the year (to the extent these can be foreseen). The Committee chairperson will prepare and circulate a proposed agenda for each of the Committee's meetings, and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practical. The Committee will make recommendations to the Board as it deems to be appropriate, and the Committee will maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board.

A majority of the members of the Committee constitutes a quorum for the transaction of business. The vote of the majority of members present at a meeting at which a quorum is present constitutes the action of the Committee. Action may be taken by the Committee without a meeting if, before or after the action, all members of the Committee consent thereto in writing. The written consent shall be filed with the minutes of the proceedings of the Committee. The members of the Committee may participate in a meeting by means of conference telephone or similar

communications equipment by means of which all persons participating in the meeting can communicate with each other, and such participation in a meeting shall constitute presence in person at the meeting.

An officer of the Corporation, including the chief executive officer, must not be present during any portion of a meeting of the Committee during which the Committee deliberates or votes on the officer's compensation.

V. RESPONSIBILITIES

In carrying out the purpose stated above, the Committee will have the following responsibilities.

1. The Committee is generally responsible for overseeing the Corporation's range of overall strategic compensation, benefits, and equity plan issues.

2. The Committee will develop, review, and make recommendations to the Board regarding the principles and strategies that guide the Corporation's executive compensation programs, taking into account how such principles, strategies, and programs relate to risk management practices and incentives that enhance risk-taking.

3. The Committee will review periodically and make recommendations to the Board regarding the Corporation's compensation, incentive, and benefits principles, strategies, and programs that apply to the Corporation's executive officers and other employees. The Committee will evaluate whether the Corporation's compensation, incentive, and benefits principles, strategies, and programs support the Corporation's objectives and whether the Corporation's officers (as determined under Rule 16a-1(f) of the Exchange Act if applicable or desirable) are rewarded appropriately for their contributions to the Corporation's growth and profitability, and compensated effectively in a manner that is consistent with competitive practices and trends, the applicable requirements of appropriate regulatory bodies, the compensation principles and strategies of the Corporation, and the fiduciary and corporate responsibilities of the Board and the officers.

4. The Committee will review and make recommendations to the Board regarding the selection of the Corporation's peer companies for purposes of evaluating executive compensation.

5. The Committee will evaluate and determine whether and the frequency with which the Committee should select and retain an independent compensation consultant to conduct a comparative study of the Corporation's executive compensation policies, practices, and procedures relative to peer companies.

6. The Committee will evaluate whether any compensation consultant retained or to be retained has any conflict of interest, in accordance with Item 407(e)(3)(iv) of Regulation S-K, and other SEC rules if applicable or desirable.

7. The Committee will at least annually review and make recommendations to the Board regarding the salaries, bonuses, and perquisites of the officers of the Corporation and its subsidiaries, including the chief executive officer.

8. The Committee will assist the Board with conducting and reviewing an annual evaluation of the performance of the chief executive officer.

9. The Committee will coordinate and review with the chief executive officer the Board's annual review of the performance of other executive officers.

10. The Committee will review matters relating to executive management succession and executive organization development.

11. The Committee will consult with the Nominating and Corporate Governance Committee regarding that committee's review and recommendations with respect to the compensation and benefits of directors, including any incentive compensation plans and equity-based compensation plans.

12. In conjunction with the appropriate other committees, the Committee will review the stockholdings of non-employee directors and executive officers, taking into account any stock ownership guidelines of the Corporation and applicable law.

13. To the extent not inconsistent with the relevant plan documents, the Committee will act as the administering committee of the Corporation's various bonus plans, stock plans, equity arrangements, and retirement and other benefit plans, with such authority and powers as are set forth in the respective plan documents. The Committee will consider the appropriateness of clawback provisions for every grant to executive officers.

14. To the extent required by applicable law or NASDAQ rules, or requested by the Board, the Committee will review and comment on management's "Compensation Discussion & Analysis," recommend to the Board whether the Compensation Discussion & Analysis should be included in any proxy statement of the Corporation, and prepare an annual Compensation Committee Report for inclusion any proxy statement of the Corporation, including disclosure of the policy for the timing and rationale of the Corporation's option grants.

15. The Committee will report to the Board at least annually and more frequently as the Board or the Committee deems to be appropriate.

16. The Committee will review and reassess the adequacy of this charter at least annually, recommend to the Board appropriate changes to the charter, and assure that the charter is either (i) posted on the Corporation's website or (ii) included as an appendix to the annual stockholders' meeting proxy statement at least once every three (3) years, or promptly after any significant amendment to the charter, but each only to the extent required by applicable rules of the SEC or NASDAQ.

17. In addition to the activities that are described in this section, the Committee may perform such other functions as are consistent with its purpose and shall perform such other

functions as are required under applicable law, the Corporation's Articles of Incorporation or Bylaws, or the resolutions or other directives of the Board.

VI. DELEGATION OF AUTHORITY

The Committee has the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

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