



**Annual General Meeting of Shareholders  
to be held Wednesday, June 28, 2023**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

May 12, 2023



# Guanajuato Silver CO LTD

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 28, 2023

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Guanajuato Silver Company Ltd. (the “**Company**”) will be held at 999 Canada Place, Suite 578, Vancouver, B.C., on Wednesday, June 28, 2023, at 11:00 a.m. (Pacific time) for the following purposes:

1. To receive the audited financial statements of the Company for the year ended December 31, 2022 and the report of the auditor on those statements.
2. To set the number of directors for the ensuing year at six.
3. To elect directors for the ensuing year.
4. To appoint the auditor for the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor.
5. To consider and, if thought advisable, pass an ordinary resolution ratifying and approving the Company’s amended and restated “rolling” stock option plan as more particularly described in the Company’s management information circular dated May 12, 2023 (the “**Information Circular**”) accompanying this Notice of Meeting.
6. To transact such other business as may properly come before the Meeting or any adjournments thereof.

This Notice of Meeting is accompanied by the Information Circular and either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders. Shareholders are requested to read the Information Circular and, if unable to attend the Meeting in person, complete, date, sign and return the proxy or voting instruction form, as applicable, so that as large a representation as possible may be had at the Meeting.

This year, as described in the notice and access notification mailed to shareholders of the Company, the Company will deliver the applicable Meeting Materials to shareholders by posting the Meeting Materials on <https://gsilver.com/investors/agm>. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Company’s printing and mailing costs. The Meeting Materials will be available on <https://gsilver.com/investors/agm> as of May 29, 2023, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of May 29, 2023.

All shareholders will receive a notice and access notification, together with a proxy or voting instruction form, as applicable, which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting.

Shareholders who wish to receive paper copies of the Meeting Materials may request copies using the control number as it appears on the proxy or voting instruction form accompanying your notice and access notification. You may request materials by calling toll free, within North America – 1-888-996-4034 or direct, from outside North America – 1-604-913-5998 and providing your control number as indicated on your proxy or voting instruction form. Meeting Materials will be sent to you at no cost within three business days of your request, if such request is made before the Meeting. To ensure that you receive the Meeting Materials in advance of the voting deadline and Meeting date, all requests must be received no later than Wednesday, June 14, 2023. If you do request paper copies of the Meeting Materials, please note

that another proxy/voting instruction form will not be sent and you should retain your current one for voting purposes. To obtain paper copies of the Meeting Materials after the Meeting date, please contact 1-604-913-5998.

The Board of Directors of the Company has fixed the close of business on May 12, 2023 as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof. The Board of Directors has also fixed 11:00 a.m. (Pacific time) on Monday, June 26, 2023, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company's registrar and transfer agent, Odyssey Trust Company.

DATED at Vancouver, British Columbia, as of the 12th day of May, 2023.

**GUANAJUATO SILVER COMPANY LTD.**

By: (signed) "*James Anderson*"

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James Anderson  
Chairman and Chief Executive Officer





# Guanajuato Silver CO LTD

## INFORMATION CIRCULAR

### FORWARD-LOOKING INFORMATION

Information contained in this Information Circular that is not current or historical factual information may constitute forward-looking information within the meaning of applicable Canadian securities laws. All information other than historical information included in this Information Circular that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future, including without limitation, information regarding any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements is or involves forward-looking information. Although forward looking information contained in this Information Circular is based on what management considers to be reasonable assumptions based on information currently available to it, there can be no assurances that actual events, performance or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "anticipates", "assumes", "believes", "budget", "could", "estimates", "expects", "forecasts", "guidance", "indicates", "intends", "likely", "may", "objective", "outlook", "plans", "potential", "predicts", "scheduled", "should", "target", "trends", "will", or "would" or the negative or other variations of these words or other comparable words or phrases. All such forward-looking information is subject to important risks, uncertainties and assumptions. This information is forward-looking because it is based on current expectations, estimates and assumptions. It is important to know that: (i) unless otherwise indicated, forward-looking information in this Information Circular describes expectations as at the date hereof; (ii) actual results and events could differ materially from those expressed or implied in the forward-looking information in this Information Circular, if known or unknown risks affect the business of the Company, or if its estimates or assumptions turn out to be inaccurate; as a result, the Company cannot guarantee that the results or events expressed or implied in any forward-looking information will materialize, and accordingly, you are cautioned not to place undue reliance on this forward-looking information; and (iii) the Company disclaims any intention and assumes no obligation to update or revise any forward-looking information even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable securities laws. The Company has made a number of assumptions in making forward-looking information in this Information Circular. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### GENERAL INFORMATION

The information contained in this Information Circular, unless otherwise indicated, is as of May 12, 2023.

This Information Circular is being mailed by management of the Company to everyone who was a shareholder of record of the Company on May 12, 2023 (the "**Record Date**"), which is the date that has been fixed by the Board of Directors of the Company (the "**Board**") as the record date to determine the shareholders who are entitled to receive notice of and to vote at the Meeting.

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of management for use at the annual general meeting of the shareholders of the Company (the "**Meeting**") that is to be held on Wednesday, June 28, 2023 at 11:00 a.m. (Pacific time) at 999 Canada Place, Suite 578, Vancouver, B.C. V6C 3E1. The solicitation of proxies will be primarily by mail. Certain employees, officers or directors of the Company may also solicit proxies by telephone, email or in person. The cost of solicitation will be borne by the Company.

The Meeting Materials (as defined below) are being sent to both registered and non-registered owners of the Company's common shares as of the Record Date (each a "Share") in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") and arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to deliver proxy solicitation materials to the beneficial owners of the Shares. The Company may pay the reasonable costs incurred by such persons in connection with such delivery. This year, as described in the notice and access notification (the "Notice and Access Notice") mailed to Shareholders, the Company will deliver the Meeting Materials to Shareholders by posting the Meeting Materials on <https://gsilver.com/investors/agm>. The Meeting Materials will be available on this website as of May 29, 2023, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of May 29, 2023. See "Notice and Access" below.

*If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities laws from the Intermediary (as defined below) holding the Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you; and (ii) executing proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

Under the Company's articles (the "Articles"), two shareholders present in person or represented by proxy must be present at the Meeting before any action may validly be taken at the Meeting. If such a quorum is not present in person or by proxy, the Company will reschedule the Meeting.

## **PART 1 – VOTING**

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### **HOW A VOTE IS PASSED**

Voting at the Meeting will be by a show of hands, each shareholder having one vote, unless a poll is requested or otherwise required, in which case each shareholder is entitled to one vote for each Share held.

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an "ordinary resolution") unless the motion requires a special resolution in which case a majority of 66 2/3% of the votes cast will be required (a "special resolution").

### **WHO CAN VOTE?**

Registered shareholders whose names appear on the Company's central securities register maintained by Odyssey Trust Company ("Odyssey"), the Company's registrar and transfer agent, as of the close of business on May 12, 2023, the Record Date, are entitled to attend and vote at the Meeting. Each Share is entitled to one vote.

If your Shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "Non-Registered Shareholders" set out below.

### **HOW TO VOTE**

If you are a registered shareholder and eligible to vote, you can vote your shares in person at the Meeting or by signing and returning the accompanying form of proxy (the "Proxy") by mail in the return envelope provided or vote using the Internet as indicated on the form. Please see "Registered Shareholders" below.

If your shares are not registered in your name but are held by a nominee (usually a bank, trust company, securities broker or other financial institution), please see "Non-Registered Shareholders" below.

## REGISTERED SHAREHOLDERS

### Voting Instructions:

- complete, date and sign the Proxy and return it to Odyssey by mail or hand delivery to Odyssey Trust Company, United Kingdom Building, #350 – 409 Granville Street, Vancouver, B.C. V6C 1T2.
- log on to Odyssey’s website at <https://login.odysseytrust.com/pxlogin>, click on “VOTE” and follow the instructions given on the website. You will need to insert your Control Number found printed with your address at the bottom right hand side of page 2 of your Proxy to vote by the Internet.

Whichever method you choose, the Proxy must be received or voting instructions completed at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the time set for the Meeting or any adjournment thereof. In the case of a corporation, the Proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

If you plan to vote in person at the Meeting do NOT complete and return the Proxy. Instead, you will need to register with Odyssey when you arrive at the Meeting and your vote will be taken and counted at the Meeting. If your Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf but documentation indicating such officer’s authority should be presented at the Meeting.

## NON-REGISTERED SHAREHOLDERS

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders are “non-registered shareholders” (“**Non-Registered Holders**”) because the Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a Non-Registered Holder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Shares (including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy or voting instruction form, as applicable, (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. This year, the Company will use notice and access to deliver the Meeting Materials to Shareholders. The Meeting Materials will be available on <https://gsilver.com/investors/agm> as of May 29, 2023, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of May 29, 2023. All Shareholders will receive a Notice and Access Notice which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting. See “Notice and Access” below.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders and seek voting instructions unless in the case of certain proxy-related materials the Non-Registered Holder has waived the right to receive them. The majority of Intermediaries now delegate responsibility for obtaining instructions from Non-Registered Holders to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge typically mails a scannable voting instruction form or “VIF” to Non-Registered Holders and asks Non-Registered Holders to return the VIF to Broadridge in accordance with its instructions. Alternatively, where applicable, a Non-Registered Holder may go online to <https://login.odysseytrust.com/pxlogin> to vote or return the completed and signed VIF directly to Odyssey as provided above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Shares they beneficially own. However, without specific voting instructions, Intermediaries and their agents and nominees are prohibited from voting shares for their clients. **Accordingly, each Non-Registered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting so that your nominee has enough time to submit your instructions to us.**

A Non-Registered Holder cannot use the VIF provided to vote directly at the Meeting. Should a Non-Registered Holder wish to attend and vote at the Meeting in person, the Non-Registered Holder must insert his or her name (or the name of such other person as the Non-Registered Holder wishes to attend and vote on his or her behalf) in the blank space provided for that purpose on the VIF and return the completed VIF in accordance with the instructions provided well in advance of the Meeting. If you bring your VIF to the Meeting, your vote will NOT count.

**Only registered shareholders have the right to revoke a proxy. Non-Registered Holders of Shares who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out below. See “Revocation of Proxies”.**

*You May Choose Your Own Proxyholder*

The persons named in the Proxy are directors or officers of the Company. **YOU HAVE THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT ON YOUR BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE PROXY AS PROXYHOLDERS. TO EXERCISE THIS RIGHT, YOU MUST STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE PROXY AS PROXYHOLDERS AND INSERT THE NAME OF YOUR NOMINEE IN THE SPACE PROVIDED OR COMPLETE ANOTHER PROXY.**

*Your Voting Instructions*

A shareholder completing the enclosed Proxy may indicate the manner in which the persons named in the Proxy are to vote with respect to any matter by marking an “X” in the appropriate space. On any poll requested, those persons will vote or withhold from voting the shares in respect of which they are appointed in accordance with the directions, if any, given in the Proxy provided such directions are certain.

If a shareholder wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **In such instance, the Proxyholder, if nominated by management, intends to vote the Shares represented by the Proxy in favour of the motion.**

The Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting and other matters which may properly come before the Meeting. **It is the intention of the persons designated in the Proxy to vote in accordance with their best judgement on such matters or business.** At the time of printing of this Information Circular, management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting.

The Proxy must be dated and signed by the shareholder or the shareholder’s attorney authorized in writing. In the case of a corporation, the Proxy must be dated and duly executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

**The completed Proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be deposited with Odyssey in accordance with the above instructions before the time set out in the Proxy. Non-Registered Holders must deliver their completed VIF in accordance with the instructions given by the Intermediary that forwarded the VIF to them.**

**In order to be effective, a Proxy must be deposited at the office of Odyssey, no later than 11:00 a.m. (Pacific Time) on Monday, June 26, 2023 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting. The deadline for the deposit of Proxies may be waived by the Chairman of the Meeting at his or her sole discretion without notice. Failure to properly complete or deposit a Proxy may result in its invalidation.**



### Revocation of Proxies

Only registered shareholders have the power to revoke Proxies previously given. Revocation can be effected by an instrument in writing (which includes a Proxy bearing a later date) executed by the shareholder or by the shareholder's attorney authorized in writing and in the case of a corporation, duly executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation, and either delivered at any time up to the close of business on the last business day preceding the day of the Meeting, or any adjournment thereof, to:

<b>GSilver's Head Office</b>		<b>Odyssey Trust Company</b>	
999 Canada Place, Suite 578 Vancouver, B.C. V6C 3E1	Or	United Kingdom Building #350 – 409 Granville Street Vancouver, B.C. V6C 1T2	
Or deposited with the Chairman of the Meeting on the day of the Meeting, prior to the hour of commencement.			

Non-Registered Holders of Shares who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out above.

### NOTICE AND ACCESS

The Company will deliver the Meeting Materials to Shareholders by posting the Meeting Materials on <https://gsilver.com/investors/agm>. The Meeting Materials will be available on this website as of May 29, 2023, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of May 29, 2023.

The Company will mail paper copies of the Meeting Materials to those registered and beneficial Shareholders who have previously elected to receive paper copies of the Company's meeting materials. All other Shareholders will receive a Notice and Access Notice which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting.

Shareholders who wish to receive paper copies of the Meeting Materials may request copies using the control number as it appears on the Proxy or VIF accompanying your Notice and Access Notice. You may request materials by calling toll free, within North America – 1-888-996-4034 or direct, from outside North America – 1-604-913-5998, and providing your control number as indicated on your Proxy or VIF. Meeting Materials will be sent to you at no cost within three business days of receipt of your request, if such request is made before the Meeting. To ensure that you receive the Meeting Materials in advance of the voting deadline and Meeting date, all requests must be received no later than Wednesday, June 14, 2023. If you do request paper copies of the Meeting Materials, please note that another Proxy/VIF will not be sent and you should retain your current one for voting purposes. To obtain paper copies of the Meeting Materials after the Meeting date, please contact 1-604-913-5998.

### UNITED STATES SHAREHOLDERS

This solicitation of proxies involves securities of a corporation incorporated in Canada and is being affected in accordance with the corporate laws of the province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of the provinces of Canada differ from the disclosure and proxy solicitation requirements under United States securities laws. The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), the majority of its directors and executive officers are residents of Canada or Mexico and a significant portion of its assets and the assets of such persons are located outside the United States. Shareholders may not have standing to bring a claim against a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

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The Company has only one class of shares entitled to be voted at the Meeting, namely, common shares without par value. All issued Shares are entitled to be voted at the Meeting and each has one vote. As of May 12, 2023 there were 328,403,683 Shares issued and outstanding.

Only those shareholders of record on May 12, 2023 will be entitled to vote at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, or exercises control or direction, directly or indirectly, over Shares carrying 10% or more of the voting rights attached to all outstanding Shares of the Company which have the right to vote in all circumstances.

## **PART 3 - THE BUSINESS OF THE MEETING**

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### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the year ended December 31, 2022 will be placed before you at the Meeting. A copy of these financial statements, together with the auditor's report thereon, and management's discussion and analysis related thereto, were mailed to those shareholders who indicated that they wished to receive same in response to the Company's annual and interim financial statement request inquiry mailed to shareholders in connection with the Company's last annual general meeting held on October 27, 2022. These financial statements and MD&A are also available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). See Part 8 "OTHER INFORMATION – Additional Information" below.

### **ELECTION OF DIRECTORS**

Directors of the Company are elected for a term of one year. Management proposes to nominate the persons named under the heading "*Nominees for Election*" below for election as directors of the Company. Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or he becomes disqualified to act as a director.

It is proposed to set the number of directors at six. This requires the approval of the shareholders of the Company by an ordinary resolution. Accordingly, at the Meeting the shareholders will be asked to consider, and if deemed advisable, to pass the following resolution:

"RESOLVED, as an ordinary resolution, THAT the number of directors of the Company for the ensuing year be set at six."

**Unless the shareholder directs that his or her Shares be otherwise voted or withheld from voting in connection with the setting of the number of directors, the persons named in the enclosed Proxy will vote FOR the number of directors of the Company to be set at six (6).**

### *Nominees for Election*

The Board of the Company presently consists of six (6) directors to be elected annually. At the Meeting, it is proposed to maintain the number of directors elected at six (6) directors to hold office until the next annual general meeting or until their successors are duly elected or appointed. The Company has nominated the six (6) nominees whose names are set forth below for election as directors of the Company at the Meeting. Management does not contemplate that any of such nominees will be unable to serve as a director; however, if that should occur for any reason prior to the Meeting, the persons named in the enclosed Proxy shall have the right to vote for another nominee in their discretion.

The following table and notes thereto state the names, provinces/states and countries of residence of all persons proposed to be nominated for election as directors, the date on which each of them first became a director of the Company, all positions and offices with the Company held by each of them, the principal occupation or employment of each of them, and the approximate number of Shares of the Company beneficially owned, or controlled or directed, directly or indirectly, by each of them as at the Record Date. The biographical information set out below as to principal occupation

of, and number of Shares owned by, each of the nominees, not being within the knowledge of the Company, has been furnished by the nominees. The Company also has an audit committee, a corporate governance and compensation committee and a health and safety committee, the members of which are indicated below.

Name, Province/State and Country of Residence and Position with Company	Present Principal Occupation <sup>(1)</sup>	Previously a Director Since	Shares Owned <sup>(2)</sup>
<b>James Anderson</b> <sup>(5)</sup> B.C., Canada <i>Chairman, CEO and Director</i>	President and Chief Executive Officer, Guanajuato Silver Company Ltd., March 2019 to present; Director, Orestone Mining Corp., May 2019 to present; previously Chief Executive Officer, NuLegacy Gold Corporation (TSXV); July 2012 to April 2019	January 7, 2019	6,742,236
<b>Ramon Davila</b> <sup>(3)</sup> Durango, Mexico <i>President and Director</i>	President, Guanajuato Silver Company Ltd., March 2022 to present; Mining Industry Consultant, June 2020 to present; former Minister of Economic Development for the State of Durango, Mexican Government; September 2016 to June 2020; former Chief Operating Officer, First Majestic Silver Corp., 2004 to 2013 (director from 2004 to 2015)	May 12, 2021	189,000
<b>William T. Gehlen</b> <sup>(3) (4) (5)</sup> B.C., Canada <i>Director</i>	Certified Professional Geologist with the AIPG (CPG-10626); Director of Geology, Dakota Gold Corp. (NYSE American), January 2022 to present; Manager of Geology, JR Resources Corp (private company), January 2021 to December 2021; Manager of Corporate Development, Gold Standard Ventures Corp. (TSX, NYSE American), April 2018 to Dec. 2020; Manager of Resource Development in the Americas, OceanaGold Corp. (TSX), 2013 to 2018	Since March 31, 2020	266,025
<b>Daniel Oliver, Jr.</b> <sup>(3) (4)</sup> New York, U.S.A. <i>Director</i>	Managing Member of Myrmikan Gold Fund LLC (research/gold fund), New York, NY, since 2009; President of the Committee for Monetary Research & Education.	October 2, 2019	15,062,204 <sup>(6)</sup>
<b>Richard Silas</b> <sup>(4)</sup> B.C., Canada <i>Vice-President, Corporate Development, Secretary and Director</i>	Vice-President, Corporate Development and Corporate Secretary, Guanajuato Silver Company Ltd., May 2021 to present; Director and Corporate Secretary, Northern Lion Gold Corp. (TSXV), September 2019 to present; Principal of Universal Solutions Inc., private company providing management and administration services to TSX Venture Exchange issuers, 1997 to present; Corporate Secretary, Barksdale Resources Corp. (TSXV) August 2016 to February 2021 (previously President and director of Barksdale from June 2015 to April 2019).	October 18, 2019	1,505,000
<b>Hernan Dorado Smith</b> <sup>(5)</sup> Ontario, Canada <i>Chief Strategy Officer and Director</i>	Chief Strategy Officer, Guanajuato Silver Company Ltd., April 2023 to present (formerly Chief Operating Officer from May 2021 to April 2023); Mining engineer since 2003. Member of the Mining and Metallurgical Society of America (MMSA).	April 26, 2017	5,053,750

(1) Includes occupations for preceding five years unless the director was elected at the previous annual meeting and was shown as a nominee for election as a director in the information circular for that meeting.

- (2) The approximate number of Shares of the Company carrying the right to vote in all circumstances beneficially owned, directly or indirectly, or over which control or direction is exercised by each proposed nominee as of May 12, 2023. This information is not within the knowledge of the management of the Company and has been furnished by the respective individuals, or has been extracted from the register of shareholdings maintained by the Company's transfer agent or from insider reports filed by the individuals and available through the Internet at www.sedi.ca.
- (3) Member of audit committee. Ramon Davila is the Chair of the audit committee.
- (4) Member of corporate governance and compensation committee. Daniel Oliver, Jr. is the Chair of the corporate governance and compensation committee.
- (5) Member of health and safety committee. William T. Gehlen is the Chair of the health and safety committee.
- (6) Of these shares, 250,000 shares are held directly by Mr. Oliver and 14,812,204 shares are held indirectly through Myrmikan Gold Fund LLC, Myrmikan SPV 1, LLC and Myrmikan SPV II, LLC., each a limited liability company based in New York, NY, U.S.A. Mr. Oliver is the managing member of each of these limited liability companies.

The Company does not have an executive committee. Pursuant to the provisions of the *Business Corporations Act* (British Columbia), the Company is required to have an audit committee whose members are indicated above. See also Part 6 "AUDIT COMMITTEE" below. The Company also has a corporate governance and compensation committee and a health and safety committee whose members are indicated above. See also Part 4 "EXECUTIVE COMPENSATION" and Part 7 "CORPORATE GOVERNANCE" – *Board Committees*".

At the Meeting the shareholders will be asked to consider, and if deemed advisable, to pass the following resolution with respect to the election of directors of the Company:

"RESOLVED, as an ordinary resolution, THAT James Anderson, Ramon Davila, William T. Gehlen, Daniel Oliver, Jr., Richard Silas and Hernan Dorado Smith be elected as directors of the Company for the ensuing year to hold office until the next annual general meeting or until their successors are elected or appointed."

The Company's management recommends that shareholders vote in favour of the above nominees for election as directors. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the six nominees as directors of the Company for the ensuing year.**

#### ***Corporate Cease Trade Orders or Bankruptcy***

Save as set out below, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be director or executive officer, in the company being subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

Mr. Silas is the Chief Executive Officer and a director of Sanibel Ventures Corp., a capital pool company that was suspended from trading by the TSX Venture Exchange (the "TSXV") on July 30, 2020 for failure to complete a qualifying transaction within 24 months of its listing. Mr. Silas is also a former director of Spirit Bear Capital Corp., a capital pool company that was suspended from trading by the TSXV on May 15, 2014 for failure to complete a qualifying transaction within 24 months of its listing.

### ***Penalties or Sanctions***

Save as set out below, as of the date of this Information Circular, no proposed nominee for election as a director of the Company is, or has been, subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely to be considered important to a reasonable investor making an investment decision.

On April 29, 2013, Mr. Silas was fined \$8,000 by the Autorité des marchés financiers in Quebec for failure to file insider reports within the prescribed time periods in respect of changes in his control over securities of Northern Star Mining Corp., a reporting issuer whose common shares were previously listed for trading on a predecessor to the TSXV, in November 2008 and April 2010. Such fine has been paid in full.

### ***Personal Bankruptcy***

As of the date of this Information Circular, no proposed nominee for election as a director of the Company has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

### ***Conflicts of Interest***

Certain of the directors are currently, or may in the future become, involved in managerial or director positions with other issuers, both reporting and non-reporting, whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Company.

The directors are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will consider, among other things, the degree of risk to which the Company may be exposed relative to the potential reward and its financial position at that time.

In addition, the directors of the Company also have other employment or other business or time restrictions placed on them and accordingly will only be able to devote part of their time to the business and affairs of the Company.

Save as aforesaid or otherwise disclosed in this Information Circular, to the Company's knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests.

### ***Advance Notice Provisions***

The Company's Articles contain advance notice provisions with a view to providing shareholders, directors and management of the Company with a fair and transparent procedure for nominating directors. The advance notice provisions establish a deadline on or before which holders of record of Shares must submit, in writing, director nominations to the Company prior to any annual general or special meeting of shareholders, and the information that such holder(s) must include with such nominations in order for any director nominee to be eligible for election at any annual general or special meeting of shareholders. A copy of the Company's Articles is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). As of the date of this Information Circular, the Company has not received notice of any additional director nominations in connection with the Meeting.

## APPOINTMENT OF THE AUDITOR

KPMG LLP, Chartered Professional Accountants, have served as the Company's auditor since their initial appointment on December 31, 2021. See also Part 6 "AUDIT COMMITTEE – External Auditor Service Fees".

At the Meeting the shareholders will be asked to consider, and if deemed advisable, to pass the following resolution with respect to the appointment of auditors for the Company:

"RESOLVED, as an ordinary resolution, THAT KPMG LLP, Chartered Professional Accountants, be appointed as the Company's auditor for the ensuing year, at a remuneration to be fixed by the Board of Directors."

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the above resolution with respect to the appointment of KPMG LLP as the auditor of the Company for the ensuing year and authorizing the Board to fix the remuneration to be paid to the auditor.**

## ANNUAL RATIFICATION OF STOCK OPTION PLAN

Policy 4.4 *Security Based Compensation* of the TSXV ("**Policy 4.4**") specifies that all listed issuers must implement a plan for the granting of stock options. The Company's current stock option plan, which was adopted on September 12, 2022 (the "**Option Plan**"), is a "rolling" plan as characterized by TSXV policy pursuant to which the aggregate number of Shares reserved for issuance thereunder may not exceed, at the time of grant, in aggregate 10% of the Company's issued and outstanding Shares from time to time. TSXV policy requires that shareholder approval for "rolling" stock option plans must be obtained annually. At the request of the TSXV, on May 12, 2023 the Company amended certain provisions of the Option Plan to more closely align with the requirements of Policy 4.4, which amendments are marked in the blacklined version of the amended and restated Option Plan (the "**Amended Option Plan**") attached hereto as Exhibit "A".

The principal purposes of the Amended Option Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of those persons responsible for the success of the Company; to create in those persons a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such persons to remain with the Company; to attract new talent to the Company; and to reduce the cash compensation the Company would otherwise have to pay.

The material terms of the Amended Option Plan are set out below:

1. The number of Shares subject to each option is determined by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board, provided, at the time the options are granted, that:
  - (a) the aggregate number of Shares reserved for issuance pursuant to options shall not, at any time, exceed 10% of the Company's then issued Shares;
  - (b) the aggregate number of Shares reserved for issuance pursuant to options, and any other security-based compensation of the Company ("**Security Based Compensation**"), to any one person in any 12-month period shall not exceed 5% of the issued Shares of the Company (determined at the date of grant), unless the Company has obtained "disinterested" shareholder approval;
  - (c) the aggregate number of Shares reserved for issuance pursuant to options, and any other Security Based Compensation of the Company, to any one consultant in any 12-month period shall not exceed 2% of the issued Shares of the Company (determined at the date of grant);
  - (d) the aggregate number of Shares reserved for issuance pursuant to options granted to all persons providing investor relations activities in any 12-month period shall not exceed 2% of the issued Shares of the Company;
  - (e) the aggregate number of Shares reserved for issuance pursuant to options, and any other Security Based Compensation of the Company, to "insiders" as a group in any 12-month period shall not exceed 10% of the issued Shares of the Company (determined at the date of grant), unless the Company has obtained

“disinterested” shareholder approval); and

- (f) the aggregate number of Shares reserved for issuance pursuant to options, and any other Security Based Compensation of the Company, to “insiders” as a group shall not, at any point in time, exceed 10% of the issued Shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval).
2. The exercise price of the options cannot be set at less than the last closing price of the Company’s Shares on the stock exchange on which the Shares of the Company are then listed before the date on which the options are granted by the Company, less the maximum allowable discount from market as may be permitted under the policies of such exchange, if any, or such other minimum exercise price as may be required by such exchange.
  3. The options may be exercisable for a period of up to 10 years.
  4. All options are non-assignable and non-transferable and, if granted to “insiders” or “consultants” or at an exercise price less than market, will be legended with a four month TSXV hold period commencing on the date the stock options are granted.
  5. The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time provided that options granted to “investor relations service providers” must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any three-month period. Investor relations service providers include any consultant that performs investor relations activities and any director, officer or employee whose role and duties primarily consist of investor relations activities.
  6. Reasonable topping up of options granted to an individual will be permitted.
  7. The option can only be exercised by the optionee and only so long as the optionee is a director, officer, employee or consultant of the Company, any of its subsidiaries or a management company employee or within a reasonable period of time, not to exceed one year, after the optionee ceases to be in at least one of such positions to the extent that the optionee was entitled to exercise the option at the date of such cessation.
  8. In the event of death of an optionee, the option previously granted to him or her shall be exercisable as to all or any of the Shares in respect of which such option has not previously been exercised at the date of the optionee’s death (including the right to purchase Shares not otherwise vested at such time), by the legal representatives of the optionee at any time up to and including (but not after) a date one year following the date of death of the optionee or the expiry time of the option, whichever occurs first.
  9. Subject to the approval of the Board, cashless exercise of options is permitted provided that the Company has an arrangement with a brokerage firm to loan money to the optionee to exercise the option and the brokerage firm sells a sufficient number of Shares to cover the exercise price of the options in order to repay the loan made to the optionee. The brokerage firm then receives an equivalent number of Shares from the exercise of the options and the optionee receives the balance of the Shares or the cash proceeds from the balance of such Shares.
  10. Subject to the approval of the Board, net exercises of options is permitted whereby options, excluding options held by persons providing investor relations services, are exercised without the optionee making any cash payment so the Company does not receive any cash from the exercise of the options, and instead the optionee receives only the number of Shares that is equal to the quotient obtained by dividing:
    - (A) the product of the number of options being exercised multiplied by the difference between the five-day volume weighted average price (the “VWAP”) of the Shares underlying the options and the exercise price of the options; by
    - (B) the VWAP of the underlying Shares.
  11. In the event a take-over bid or tender offer is made for the common shares of the Company, the Board may, subject to the acceptance of the TSXV, if required, permit all options outstanding to become immediately exercisable in order to permit the shares issuable under such options to be tendered to such bid or offer.

12. Disinterested shareholder approval for any reduction in the exercise price of a previously granted option shall be obtained prior to the exercise of such option if the optionee is an “insider” of the Company at the time of the proposed reduction.

Since the Amended Option Plan is a “rolling” plan which, together with the Company’s other Security Based Compensation plan (see Part 4 “STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER – *Stock Option Plan and Other Incentive Plans*” below), could result in certain individual or group participation limitations of the TSXV being exceeded, Policy 4.4 of the TSXV requires that the Amended Option Plan be approved annually by the Company’s “disinterested” shareholders.

Accordingly at the Meeting, relevant “disinterested” shareholders will be asked to vote on the following ordinary resolution (the “**Stock Option Plan Resolution**”):

“RESOLVED, as an ordinary resolution, THAT:

1. the Company’s amended and restated stock option plan adopted May 12, 2023 (the “**Option Plan**”), be and is hereby ratified, confirmed and approved;
2. the reservation under the Option Plan of up to a maximum of 10% of the issued shares of the Company, on a rolling basis, as at the time of granting of the stock option pursuant to the Option Plan be and the same is hereby authorized and approved; and
3. any one director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents, agreements and instruments, and to do all such acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the doing of any such act or thing.”

#### *Recommendation of the Board*

The Board unanimously recommends that the shareholders vote in favour of the Stock Option Plan Resolution.

**Unless the shareholder directs that his or her Shares be otherwise voted or withheld from voting in connection with adoption, ratification, confirmation and approval of the Amended Option Plan, the persons named in the enclosed Proxy will vote FOR the approval of the Stock Option Plan Resolution.**

## **PART 4 – STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER**

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### **Forwarding Looking Information**

This statement of executive compensation (the “**Statement**”) contains “forward-looking information” as such term is defined under applicable securities laws including, without limitation, the Company’s intentions and plans with respect to compensation of its executive officers and directors and other statements concerning anticipated future events, conditions or results that are not historical facts. These statements reflect management’s current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward-looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company’s control. Such factors include, among others, market conditions, risks and uncertainties relating to exploration, development and production; actual results of development and production activities; actual resource grades and recoveries of silver and gold; the ability of the Company to obtain additional financing; the Company’s history of losses; the need to comply with environmental and governmental regulations; potential defects in title to the Company’s properties; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; labor issues; equipment or personnel delays; delays in obtaining governmental or regulatory approvals and permits; and other risks and uncertainties. In addition, there is uncertainty about the continued spread and severity of COVID-19, the ongoing war in Ukraine, high inflation and rising interest rates and the impact they will have on the Company’s operations, supply chains, ability to access the Company’s properties or procure equipment, contractors and other personnel on a timely basis or at all and economic activity in



general. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information and, save as required by law, the Company is under no obligation to update or alter any forward-looking information. Unless otherwise indicated, the information in this statement of executive compensation is as of December 31, 2022 and all figures are expressed in Canadian dollars.

**Definitions:** For the purpose of this Statement:

“*company*” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities.

“*compensation securities*” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted share units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

“*external management company*” includes a subsidiary, affiliate or associate of the external management company.

“*Named Executive Officer*” or “*NEO*” means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer (“**CEO**”);
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer (“**CFO**”);
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

“*plan*” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons.

“*underlying securities*” means any securities issuable on conversion, exchange or exercise of compensation securities.

#### **Director and Named Executive Officer compensation, excluding compensation securities**

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years, to the directors and NEOs of the Company, other than compensation securities:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites <sup>(1)</sup> (\$)	Value of all other compensation (\$)	Total compensation (\$)
James Anderson Chairman, CEO and Director <sup>(2)</sup>	2022	250,000	25,000	Nil	Nil	Nil	275,000
	2021	195,000	17,500	Nil	Nil	Nil	212,500
Ramon Davila President and Director <sup>(3)</sup>	2022	240,000	100,165	Nil	Nil	Nil	340,165
	2021	Nil	Nil	Nil	Nil	5,000 <sup>(4)</sup>	5,000 <sup>(4)</sup>
Lisa Dea CFO <sup>(5)</sup>	2022	220,000	20,000	Nil	Nil	Nil	240,000
	2021	172,500	35,000	Nil	Nil	Nil	207,500
Hernan Dorado Smith Director and Chief Strategy Officer <sup>(6)</sup>	2022	220,000	Nil	Nil	Nil	Nil	220,000
	2021	24,000	15,000	Nil	Nil	Nil	39,000
Richard Silas Director and VP Corp. Dev/ Corp Secretary <sup>(7)</sup>	2022	200,000	15,000	Nil	Nil	Nil	215,000
	2021	137,500	12,500	Nil	Nil	Nil	150,000
Daniel Oliver, Jr. Director <sup>(8)</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	5,000 <sup>(4)</sup>	5,000 <sup>(4)</sup>
William Gehlen Director <sup>(9)</sup>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	2,500 <sup>(4)</sup>	2,500 <sup>(4)</sup>
Xavier Wenzel (former CFO/Corporate Secretary) <sup>(10)</sup>	2021	Nil <sup>(11)</sup>	Nil	Nil	Nil	Nil	Nil <sup>(11)</sup>

- (1) The value of perquisites received by each of the Named Executive Officers and directors, including property or other personal benefits provided to the Named Executive Officers and directors that are not generally available to all employees, were not in the aggregate greater than \$15,000.
- (2) Mr. Anderson was appointed as a director of the Company on January 9, 2019 and CEO and Chairman on March 18, 2019. Mr. Anderson also acted as President from March 19, 2019 to March 21, 2022. During the fiscal years ended December 31, 2022 and December 31, 2021, Mr. Anderson provides management consulting services to the Company through Blueberry Capital Corp., a private management company controlled by Mr. Anderson, in consideration for a monthly management fee. See “*Employment, Consulting and Management Agreements*” below for details of Mr. Anderson’s change of status to a full-time employee of the Company effective January 1, 2023.
- (3) Mr. Ramon Davila was appointed as a director of the Company on May 12, 2021 and President on March 22, 2022.
- (4) This amount represents fees paid to the individual in his capacity as a director including committee fees.
- (5) Ms. Dea was appointed as CFO of the Company in place of Xavier Wenzel on April 1, 2021.
- (6) Mr. Dorado Smith was first appointed as a director of the Company on April 21, 2017. On May 12, 2021, Mr. Smith was appointed Chief Operating Officer of the Company before transitioning to Chief Strategy Officer on April 25, 2023.
- (7) Mr. Silas was appointed as a director of the Company on October 18, 2019 and subsequently appointed as Vice-President, Corporate Development and Corporate Secretary on May 12, 2021.
- (8) Mr. Oliver was appointed as a director of the Company on October 2, 2019.
- (9) Mr. Gehlen was appointed as a director of the Company on March 31, 2020.
- (10) Lisa Dea replaced Xavier Wenzel as CFO of the Company on April 1, 2021.
- (11) During the fiscal year ended December 31, 2021, the Company engaged, on an independent contractor basis, Fehr & Associates, Chartered Professional Accountants (“**Fehr**”), of which Mr. Wenzel is an associate, to provide the services of Mr. Wenzel as the Company’s CFO as well as financial consulting, accounting and bookkeeping services. Under the arrangement with Fehr, the Company paid a monthly fee of \$6,000 to Fehr for such services including Mr. Wenzel’s services as CFO on behalf of the

Company. The total fees paid to Fehr by the Company in 2021 were \$50,330. Mr. Wenzel received his remuneration through Fehr and was not paid directly by the Company for his services as CFO.

### External Management Companies

Save and except as disclosed under “*Employment, Consulting and Management Agreements*” below, as of the date of this Statement, there are no contracts with external management companies in effect.

### Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each Named Executive Officer or director during the most recently completed financial year ended December 31, 2022 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation securities – Stock Options						
Name and position	Number of compensation securities, number of underlying securities <sup>(1)</sup> , and percentage of class <sup>(2)</sup>	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 financial year end (\$)	Expiry date
James Anderson Chairman, CEO, and Director	900,000 stock options or 0.28% <sup>(3)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27
Ramon Davila President, and Director	500,000 stock options or 0.16% <sup>(3)</sup>	22-Mar-22	\$0.64	\$0.61	\$0.37	22-Mar-27
	400,000 stock options or 0.13% <sup>(4)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27
Lisa Dea CFO	400,000 stock options or 0.13% <sup>(3)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27
Hernan Dorado Smith Director and Chief Strategy Officer	400,000 stock options or 0.13% <sup>(3)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27
Richard Silas Director and VP Corp. Dev. / Corp. Secretary	400,000 stock options or 0.13% <sup>(3)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27
Daniel Oliver, Jr. Director	400,000 stock options or 0.13% <sup>(3)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27
William Gehlen Director	150,000 stock options or 0.05% <sup>(3)</sup>	18-Jul-22	\$0.33	\$0.28	\$0.37	18-Jul-27

- (1) Each stock option entitles the holder to purchase one common share of the Company.
- (2) This figure represents the aggregate number of underlying common shares issuable upon exercise of the stock options as a percentage of the total issued and outstanding common shares of the Company as at December 31, 2022 (being 318,628,147 shares).
- (3) These stock options are subject to vesting on the basis of 1/3 on July 18, 2022, 1/3 on July 18, 2023 and 1/3 on July 18, 2024.
- (4) These stock options are subject to vesting on the basis of 1/3 on March 22, 2022, 1/3 on March 22, 2023 and 1/3 on March 22, 2024.

No stock options or other compensation securities were re-priced, cancelled and replaced, extended or otherwise materially modified during the Company’s most recently completed financial year ended December 31, 2022.

As of December 31, 2022, the total compensation securities held by Named Executive Officers and directors of the Company were as follows:

Name and Position	Type of Compensation Security <sup>(1)</sup>	Total Number of Compensation Securities Held	Total Number of Common Shares Underlying Compensation Securities <sup>(2)</sup>
James Anderson Chairman, CEO and Director	Stock options	2,450,000	2,450,000 or 0.77%
Ramon Davila President and Director	Stock options	1,800,000	1,800,000 or 0.57%
Lisa Dea CFO	Stock options	1,300,000	1,300,000 or 0.41%
Hernan Dorado Smith CSO and Director	Stock options	1,850,000	1,850,000 or 0.58%
Richard Silas VP-CD, Corp. Sec., and Director	Stock options	1,600,000	1,600,000 or 0.50%
Daniel Oliver, Jr. Director	Stock options	1,600,000	1,600,000 or 0.50%
William Gehlen Director	Stock options	800,000	800,000 or 0.25%

(1) Each stock option entitles the holder to purchase one common share of the Company.

(2) These figures represent the aggregate number of underlying common shares issuable upon exercise of the stock options as a percentage of the total issued and outstanding common shares of the Company as at December 31, 2022 (being 318,628,147 shares).

No compensation securities were exercised by any Named Executive Officer or director of the Company during the most recently completed financial year ended December 31, 2022.

## Stock Option Plans and Other Incentive Plans

### Stock Option Plan

On December 11, 2019, the shareholders of the Company approved a new “10% rolling” stock option plan for the directors, officers, employees and consultants of the Company and its affiliates as characterized by the policies of the TSXV pursuant to which the aggregate number of common shares reserved for issuance thereunder may not exceed, at the time of grant, in aggregate 10% of the Company’s issued and outstanding shares. The principal purposes of the Option Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of those persons responsible for the success of the Company; to create in those persons a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such persons to remain with the Company; to attract new talent to the Company; and to reduce the cash compensation the Company would otherwise have to pay.

On September 12, 2022, the Company amended and restated its Option Plan to respond to certain changes made by the TSXV to its policy with respect to the granting of stock options and other forms of executive equity compensation on November 24, 2021. At the request of the TSXV, the Company further amended its Option Plan on May 12, 2023. See Part 3 “THE BUSINESS OF THE MEETING – Annual Ratification of Stock Option Plan” for a description of the material terms of the Company’s Amended Option Plan.

Under the policies of the TSXV, as a “rolling plan”, the Company’s Amended Option Plan must be presented for approval by the shareholders annually at the Company’s annual general meeting, which approval will be sought at the Meeting. See Part 3 “THE BUSINESS OF THE MEETING – Annual Ratification of Stock Option Plan” above.

### Omnibus Equity Compensation Plan

On September 12, 2022, the Company adopted an omnibus equity compensation plan for officers, employees, directors and consultants of the Company and its affiliates (the “Omnibus Plan”) with a view to providing the Board with, in addition to stock options, a wide range of incentive awards including restricted share units (“RSUs”), deferred share

units (“**DSUs**”), performance share units (“**PSUs**”) and share appreciation rights (“**SARs**”) (each an “**Award**” and, collectively “**Awards**”) with which to attract, retain and motivate key employees, officers, directors and consultants of the Company and its affiliates. The Omnibus Plan is in addition to the Option Plan, reserves a fixed maximum of 15,000,000 Shares for issuance to eligible officers, employees, directors and consultants and was approved by the “disinterested” shareholders of the Company at the Company’s 2022 annual general meeting held on October 27, 2022.

The material terms of the Omnibus Plan are as follows:

1. **Limitation on Grants** - The number of common shares subject to each Award is determined by the Board, or if appointed, by a special committee of directors appointed from time to time by the Board, subject to the following limitations on grants:
  - (a) subject to adjustment as provided for under the Omnibus Plan, the maximum number of common shares issuable upon the exercise or redemption and settlement of all Awards granted under the Omnibus Plan shall not exceed 15,000,000 common shares; and
  - (b) further, the Company cannot grant Awards:
    - (i) to any one person where the aggregate number of common shares reserved for issuance pursuant to Awards, and any other Security Based Compensation including Options, in any 12-month period will exceed 5% of the issued shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval;
    - (ii) to any one consultant where the aggregate number of common shares reserved for issuance pursuant to Awards, and any other Security Based Compensation including Options, in any 12-month period will exceed 2% of the issued shares of the Company (determined at the date of grant);
    - (iii) to insiders (as a group) where the aggregate number of common shares reserved for issuance pursuant to Awards, and any other Security Based Compensation including Options, in any 12-month period will exceed 10% of the issued shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval);
    - (iv) to insiders (as a group) where the aggregate number of Shares reserved for issuance pursuant to Awards, and any other Security Based Compensation including Options, will, at any point in time, exceed 10% of the issued Shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval); and
    - (v) to persons performing investor relations activities.
2. **Effect of Termination** - Other than DSUs granted to eligible directors, unless otherwise provided for in the underlying Award agreement or determined by the Board on an individual basis, in the event of a participant’s:
  - (a) **Termination for Cause:** all unexercised vested or unvested Awards granted to such participant shall terminate as of the date the participant ceases to be an “eligible participant” under the Omnibus Plan (the “**Termination Date**”);
  - (b) **Resignation:** all unexercised vested or unvested Awards granted to such participant shall terminate on the Termination Date caused by such resignation;
  - (c) **Termination or Cessation (other than for cause, resignation, death, disability or retirement):** the number of Awards that may vest (net of previously vested Awards) is subject to pro ration over the applicable vesting period ending on the Termination Date and shall expire on the earlier of ninety (90) days after the Termination Date, or the expiry date of the Awards; and
  - (d) **Death, Disability or Retirement:** the number of Awards that may vest (net of previously vested awards) is subject to pro ration over the applicable vesting period ending on the Termination Date and shall expire on the earlier of 180 days after the Termination Date, or the expiry date of the Awards.

Notwithstanding the foregoing, if the participant is determined to have breached any post-employment restrictive covenants in favour of the Company, then any Awards held by the participant, whether vested or unvested, will immediately expire and the participant shall pay to the Company any “in-the-money” amounts realized upon exercise of Awards following the Termination Date.

3. **Change of Control** - In the event of a Change of Control (as defined in the Omnibus Plan), unless otherwise provided in the underlying Award agreement between the Company and the participant and subject to the approval of the TSXV, if required, the Board has the right, in its discretion, to deal with any or all Awards (or any portion thereof) issued under the Omnibus Plan in the manner it deems fair and reasonable in the circumstances of the Change of Control including, without any action or consent required on the part of any participant, the right to:
  - (a) determine that the Awards, in whole or in part and whether vested or unvested, shall remain in full force and effect in accordance with their terms after the Change of Control;
  - (b) provide for the conversion or exchange of any or all Awards (or any portion thereof, whether vested or unvested) into or for options, rights, units or other securities in any entity participating in or resulting from a Change of Control;
  - (c) cancel any unvested Awards (or any portions thereof) without payment of any kind to any participant;
  - (d) accelerate the vesting of outstanding Awards;
  - (e) provide for outstanding Awards to be purchased;
  - (f) accelerate the date by which any or all Awards or any portion thereof, whether vested or unvested, must be exercised either in whole or in part;
  - (g) deem any or all Awards or any portion thereof, whether vested or unvested (including those accelerated pursuant to the Omnibus Plan) to have been exercised in whole or in part, tender, on behalf of the participant, the underlying shares that would have been issued pursuant to the exercise of such Awards to any third party purchaser in connection with the Change of Control, and pay to the participant on behalf of such third party purchaser an amount per underlying share equal to the positive difference between the Change of Control price of the Shares and the applicable exercise price; or
  - (h) take such other actions including any combinations of the foregoing actions as permitted under the Omnibus Plan, as it deems fair and reasonable under the circumstances.
4. **Assignment** - Other than by will or under the law of succession, or as expressly permitted by the Board, or as otherwise set forth in the Omnibus Plan, Awards will not be assignable or transferable. Awards may be exercised only by the participant to whom the Awards were granted, by the legal representative of the participant’s estate or such other person who has legal authority to deal with the participant’s property in the event of the participant’s death or incapacity, as the case may be.
5. **Amendment and Discontinuance of the Omnibus Plan** - The Board is authorized to amend the Omnibus Plan or any Award at any time without the consent of the participants provided that such amendment shall:
  - (a) not adversely alter or impair any Award previously granted except as permitted by the provisions of the Omnibus Plan;
  - (b) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSXV; and
  - (c) be subject to shareholder approval including “disinterested” shareholder approval, if applicable, where required by law, the requirements of the TSXV or the provisions of the Omnibus Plan, including
    - (i) any amendment to increase the maximum number of Shares issuable from treasury under the Omnibus Plan, except increases resulting from the adjustment provisions of the Omnibus Plan;

- (ii) any amendment to increase the limits on the aggregate number of Shares that may be reserved for issuance under the Omnibus Plan to any one person or group or category of persons;
- (iii) subject to the black-out period provisions of the Omnibus Plan, any amendment to the expiry or termination provisions applicable to Awards granted under the Omnibus Plan;
- (iv) any amendment which extends the expiry date of any Award held by an “insider”, except in case of an extension due to a black-out period;
- (v) any amendment to the non-assignability provision contained in the Omnibus Plan, except as otherwise permitted by the TSXV or for estate planning or estate settlement purposes;
- (vi) any amendment to expand the class of Participants to whom Awards may be granted under the Omnibus Plan; and
- (vii) any amendment to the amendment provisions of the Omnibus Plan.

6. The Board may, subject to regulatory approval, suspend or discontinue the Omnibus Plan at any time without the consent of the participants provided that such suspension or discontinuance shall not materially and adversely affect any Awards previously granted to a participant under the Omnibus Plan.

The full text of the Omnibus Plan is included in the Company’s 2022 Information Circular dated September 12, 2022 available for review on SEDAR under the Company’s profile at [www.sedar.com](http://www.sedar.com).

Save as aforesaid, there are currently no other equity or non-equity incentive plan awards in place for the Company’s Named Executive Officers or directors.

### **Employment, Consulting and Management Agreements**

During the fiscal year ended December 31, 2022, the Company was a party to written employment, consulting or management agreements with the following Named Executive Officers and directors of the Company:

James Anderson is the CEO and Chairman of the Company and was appointed to such offices on March 18, 2019. During the fiscal year ended December 31, 2022, the Company was a party to a formal consulting agreement with a private company controlled by James Anderson (the “**Anderson Agreement**”) to provide, on an independent contractor basis, corporate and management services to the Company, at an annual base fee of \$250,000 (\$20,833 per month) to be reviewed annually. See the summary compensation table under the heading “*Director and Named Executive Officer compensation, excluding compensation securities*” above for details of the executive compensation paid indirectly to Mr. Anderson during the fiscal year ended December 31, 2022. Effective January 1, 2023, the Anderson Agreement was converted from a consulting agreement to an employment agreement such that Mr. Anderson now acts, in his capacities as Chairman and Chief Executive Officer, as a full-time employee of the Company. On April 1, 2023, Mr. Anderson’s annual base salary increased from \$250,000 (\$20,833 per month) to \$300,000 (\$25,000 per month).

Ramon Davila is the President of the Company and was appointed to such office on March 15, 2022. The Company is a party to an employment agreement with Mr. Davila (the “**Davila Agreement**”) pursuant to which Mr. Davila acts as the Company’s President on a full-time basis at an annual base salary of \$240,000 (\$20,000 per month) to be reviewed annually. See the summary compensation table under the heading “*Director and Named Executive Officer compensation, excluding compensation securities*” above for details of the executive compensation paid to Mr. Davila during the fiscal year ended December 31, 2022. On April 1, 2023, Mr. Davila’s annual base salary increased from \$240,000 (\$20,000 per month) to \$250,000 (\$20,833 per month).

Lisa Dea is the CFO of the Company and was appointed to such office on April 1, 2021. The Company is a party to an employment agreement with Lisa Dea (the “**Dea Agreement**”) pursuant to which Ms. Dea acts as the Company’s CFO on a full-time basis at an annual base salary of \$220,000 (\$18,333 per month) to be reviewed annually. See the summary compensation table under the heading “*Director and Named Executive Officer compensation, excluding compensation securities*” above for details of the executive compensation paid to Ms. Dea during the fiscal year ended December 31, 2022. On April 1, 2023, Ms. Dea’s annual base salary increased from \$220,000 (\$18,333 per month) to \$260,000 (\$21,666 per month).

Hernan Dorado Smith is the Chief Strategy Officer of the Company and was appointed to such office on April 25, 2023. Previously, Mr. Smith acted as Chief Operating Officer of the Company from May 12, 2021 to April 24, 2023. The Company is a party to an employment agreement with Mr. Smith (the “**Smith Agreement**”) whereby Hernan works for the Company on a full-time basis at an annual base salary of \$220,000 (\$18,333 per month) to be reviewed annually. See the summary compensation table under the heading “*Director and Named Executive Officer compensation, excluding compensation securities*” above for details of the executive compensation paid to Mr. Smith during the fiscal year ended December 31, 2022. On April 1, 2023, Mr. Smith’s annual based salary increased from \$220,000 (\$18,333 per month) to \$240,000 (\$20,000 per month)

Richard Silas is the Vice-President, Corporate Development and Corporate Secretary of the Company and was appointed to such offices on May 12, 2021. The Company is a party to a consulting agreement with a private company controlled by Richard Silas (the “**Silas Agreement**”) to provide, on an independent contractor basis, certain corporate and administrative services to the Company, at an annual base fee of \$200,000 (\$16,666 per month) to be reviewed annually. See the summary compensation table under the heading “*Director and Named Executive Officer compensation, excluding compensation securities*” above for details of the executive compensation paid to Mr. Silas during the fiscal year ended December 31, 2022. On April 1, 2023, Mr. Silas annual base fee increased from \$200,000 (\$16,666 per month) to \$220,000 (\$18,333 per month).

Each of the Anderson Agreement, the Dea Agreement, the Smith Agreement and the Silas Agreement provides for termination payments in certain circumstances. Each of James Anderson, Lisa Dea, Hernan Dorado Smith and Richard Silas will be entitled to receive, directly or indirectly, a lump sum termination payment equal to one times their annual compensation (i.e. base fee/salary plus annual bonus, if applicable) in the event they are terminated without cause (or by the executive for good reason) or two times their annual compensation if terminated without cause (or by the executive for good reason) following a change of control of the Company.

The following table sets out the estimated incremental payments payable to the above Named Executive Officers of the Company that would have been triggered by, or result from, a change of control, severance, termination or constructive dismissal as at December 31, 2022:

	<b>James Anderson</b>	<b>Ramon Davila</b>	<b>Lisa Dea</b>	<b>Hernan Dorado Smith</b>	<b>Richard Silas</b>
<b>Termination Without Cause/ Constructive Dismissal</b>					
Base Fee/Termination Payment	250,000	240,000	220,000	220,000	200,000
Annual Incentives <sup>(1)</sup>	25,000	50,000	20,000	0	15,000
<b>Change of Control</b>					
Base Fee/Termination Payment	500,000	480,000	440,000	440,000	400,000
Annual Incentives <sup>(1)</sup>	50,000	100,000	40,000	0	30,000

(1) Based on bonus payments made to the Named Executive Officers for the fiscal year ended December 31, 2022.

Save as aforesaid, during the fiscal year ended December 31, 2022, there were no other compensatory plans, contracts or arrangements whereby a Named Executive Officer or director was entitled to receive any severance or termination payment from the Company or its subsidiaries, including periodic payments or instalments, in the event of the termination or constructive dismissal of the officer’s or director’s employment or engagement with the Company or its subsidiaries or following a change of control of the Company.



## Oversight and Description of Director and Named Executive Officer Compensation

### *Director Compensation*

The Company has no standard arrangement pursuant to which non-executive directors are compensated by the Company for their services in their capacity as directors, other than periodic discretionary director's fees and the granting from time to time of incentive stock options and other forms of equity compensation Awards in accordance with the Amended Option Plan, the Omnibus Plan and the policies of the TSXV, as applicable. The granting of incentive stock options and other Awards (including DSUs), if any, provides a link between director compensation and the Company's share price. It also rewards directors for achieving results that improve Company performance and thereby increase shareholder value. In making a determination as to whether a grant of long-term incentive stock options and/or other Awards is appropriate, and if so, the number of options or Awards that should be granted, the Board, in consultation with the Company's Corporate Governance and Compensation Committee (the "CGCC") (see Part 7 "CORPORATE GOVERNANCE – Committees of the Board of Directors" below) considers, inter alia, the number and terms of outstanding incentive stock options and Awards held by each director; the value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Amended Option Plan, the Omnibus Plan and the TSXV. Any "interested" director who is being considered for the grant of an option or other Award by the Company is required to declare his interest in such grant and abstain from voting thereon.

The granting of incentive stock options and other Awards allows the Company to reward the directors' efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company's stock option grants and other Awards, including vesting provisions and exercise prices, are governed by the terms of the Amended Option Plan and Omnibus Plan, respectively, the material terms of which are described under Part 3 "THE BUSINESS OF THE MEETING – Annual Ratification of the Stock Option Plan" and Part 4 "STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER - *Stock Option Plan and Other Incentive Plans – Omnibus Equity Compensation Plan*" above. See also Part 4 "STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER - *Stock Options and Other Compensation Securities*" above for details of the stock options granted to the Company's non-executive directors under the Option Plan during the fiscal year ended December 31, 2022.

The directors may also be reimbursed for actual expenses reasonably incurred by them in the performance of their duties as directors.

### *Named Executive Officer Compensation*

The Company's CGCC is primarily responsible for, among other things, advising the Board on compensation of executive officers and directors, as well as related policies, programs and practices designed to achieve the strategic goals and financial objectives of the Company. The CGCC makes recommendations to the Board on all forms of compensation (including long-term incentives in the form of stock options and additional Awards under the Omnibus Plan) to be granted to the Company's executive officers and directors to ensure such arrangements reflect the responsibilities and risks associated with each position. See Part 3 "THE BUSINESS OF THE MEETING - *Annual Ratification of Stock Option Plan*" and Part 4 "STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER - *Stock Option Plan and Other Incentive Plans – Omnibus Equity Compensation Plan*" above for further details regarding the Option Plan and the Omnibus Plan, respectively.

The Company does not have a formal compensation program; however, the CGCC meets annually subsequent to the annual general meeting or more frequently as determined by the CGCC to discuss and make recommendations to the Board regarding management compensation. The general objectives of the Company's compensation strategy are to attract, retain and motivate talented employees, contractors and consultants who will contribute to the long term success of the Company by aligning compensation with market conditions, corporate performance, and the interest of shareholders to maximize shareholder value.

The Board, in consultation with the CGCC, generally considers three elements of compensation – a base fee/salary for the current financial year, a discretionary cash bonus for the previously completed financial year and one or more grants of long-term incentives in the form of stock options and/or Awards.

Base fee/salary is used to provide the Named Executive Officers with a set amount of money during the year with the expectation that they will perform their responsibilities to the best of their ability and in the best interests of the Company.

The Board determines, in consultation with the CGCC, what the Named Executive Officer's base fee/salary for the upcoming year will be based on the overall performance of the Company, the performance of the Named Executive Officer, general trends in the industry and the Company's then financial resources.

The granting of incentive stock options under the Amended Option Plan and Awards under the Omnibus Plan are designed to provide a link between management compensation and the Company's share price and reward management for achieving results that improve the Company's performance and thereby increase shareholder value. In making a determination as to whether a grant of long-term incentive stock options or Awards, is appropriate, and if so, the number of options and/or Awards that should be granted, the CGCC and Board will consider, inter alia, the number and terms of outstanding incentive stock options and Awards held by the Named Executive Officer; the value in securities of the Company that the Board intends to award as compensation; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Amended Option Plan, the Omnibus Plan and policies of the TSXV. Major consideration is given to the fact that the Company's mining operations are not yet cash flow positive and the Company remains reliant upon equity and/or debt financings to raise the necessary funds to cover operating shortfalls and capital expenditures and finance other corporate plans and objectives. Therefore, greater emphasis may be placed on incentive stock option compensation and share based Awards in lieu of cash to attract and retain the Company's Named Executive Officers. The terms and conditions of the Company's stock option grants and Awards, including vesting provisions and exercise prices, are governed by the Amended Option Plan and the Omnibus Plan, respectively, the material terms of which are described under Part 3 "THE BUSINESS OF THE MEETING – Annual Ratification of Stock Option Plan" and Part 4 "STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER - *Stock Option Plan and Other Incentive Plans – Omnibus Equity Compensation Plan*". See also "*Stock Options and Other Compensation Securities*" above for details of the stock options granted to the Company's Named Executive Officers under the Option Plan during the fiscal year ended December 31, 2022

Finally, the CGCC will consider whether it is appropriate and in the best interests of the Company to award a discretionary cash bonus to the Named Executive Officers for the most recently completed financial year and if so, in what amount, and make its recommendations to the Board. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through, inter alia, property acquisitions or divestitures, the formation of new strategic or joint venture relationships and/or capital raising efforts. Demonstrations of extraordinary personal commitment to the Company's interests, the community and the industry may also be rewarded through a cash bonus.

Other than as described above there are no perquisites provided to the Named Executive Officers.

#### *Research and Benchmarking*

Currently, the Company does not use specific benchmark groups in determining compensation or any element of compensation for the Named Executive Officers. However, the Company may, in the future, engage in benchmarking (informally or formally with an independent advisory firm) for the purpose of establishing its executive and/or director compensation programs relative to any predetermined level or specified peer group of companies when considering the design of its programs.

#### **Pension Disclosure**

The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plans.

## **PART 5 – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following information is as of December 31, 2022, the Company’s most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	20,187,500	\$0.38	26,675,314
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>20,187,500</b>	<b>\$0.38</b>	<b>26,675,314</b>

- (1) As at December 31, 2022, the Company’s equity compensation plans included its 10% “rolling” Option Plan (as subsequently amended on May 12, 2023) and fixed Omnibus Plan for directors, officers, employees and consultants of the Company. See Part 3 “THE BUSINESS OF THE MEETING – *Annual Ratification of Stock Option Plan*” for details of the material terms of the Company’s Amended Option Plan and Part 4 “STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER - *Stock Option Plan and Other Incentive Plans – Omnibus Equity Compensation Plan*” for details of the material terms of the Company’s Omnibus Plan.

## **PART 6 – AUDIT COMMITTEE**

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with the Company’s external auditor as set forth below.

### **1. The Audit Committee Charter**

The Company’s audit committee is governed by an audit committee charter, the text of which is attached as Exhibit “B” to this Information Circular.

### **2. Composition of Audit Committee**

The Company’s audit committee is currently comprised of three directors, Ramon Davila (Chair), Daniel Oliver, Jr. and William Gehlen, of which Messrs. Oliver and Gehlen are considered “independent” as that term is defined in applicable securities legislation.

All three members of the Company’s audit committee have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements and are therefore considered “financially literate”.

### **3. Relevant Education and Experience**

All of the audit committee members are business persons with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

Ramon Davila was Chief Operating Officer and a director of First Majestic Silver Corp. from 2004 to 2013 (director until 2015). In September 2016, Mr. Davila was appointed Minister of Economic Development for the State of Durango, Mexico and held such post until June 2020. Mr. Davila holds a degree in Mining and Metallurgical Engineering from

the University of Guanajuato, Mexico as well as a Master of Science degree in Mineral Economics from the Colorado School of Mines.

Daniel Oliver, Jr. manages Myrmikan Gold Fund LLC of New York, NY, which actively invests in the precious metals mining sector. Mr. Oliver also serves as President of the Committee for Monetary Research & Education, an organization founded by prominent economists and businessmen in 1970 in opposition to the Bretton Woods monetary system. His articles have been published in Forbes.com, The Wall Street Journal, The Washington Times, Real Clear Markets, National Review Online, among others, and he speaks frequently at precious metals conferences. Mr. Oliver has a J.D. from Columbia Law School and an MBA from INSEAD.

William Gehlen has over 40 years experience in minerals exploration and holds a Master of Science (Geology) from the University of Idaho and a Bachelor of Science (Geology) from the University of Oregon and currently serves as Director of Geology for Dakota Gold Corp. (NYSE, American). From April 2018 to Dec 2020, Mr. Gehlen was Manager of Corporate Development for Gold Standard Ventures Corp. (TSX and NYSE American). From 2013 to 2018, Mr. Gehlen was Manager of Resource Development for OceanaGold Corp. (TSX) and prior to that he served as Vice-President of Exploration for Pacific Rim Mining Corp. where he managed all aspects of mineral exploration for Pacific Rim and was in charge of exploration at the El Dorado gold deposit in El Salvador, and the Diablillos silver-gold deposit in Argentina.

#### 4. Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year ended December 31, 2022, the Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

#### 5. Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year ended December 31, 2022, the Company has not relied on the exemptions contained in section 2.4 or section 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

#### 6. Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the audit committee and, where applicable, the Board, on a case-by-case basis.

#### 7. External Audit Service Fees (By Category)

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to KPMG LLP, the Company’s auditor, for services rendered to the Company in each of the last two fiscal years, by category, are as follows:

Financial Period Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2022	283,000	Nil	Nil	Nil
December 31, 2021	203,300	Nil	Nil	Nil

## 8. Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **PART 7 – CORPORATE GOVERNANCE**

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Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines, which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) also requires the Company to disclose annually in its Information Circular certain information concerning its corporate governance practices. As a “venture issuer” the Company is required to make such disclosure with reference to the requirements of Form 58-101F2, which disclosure is set forth below.

### 1. Board of Directors

#### *Structure and Composition*

The Board is currently composed of six directors.

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board is responsible for determining whether a director is an independent director. Of the current directors, James Anderson, Ramon Davila, Hernan Dorado Smith and Richard Silas are not independent directors because of their positions as Chief Executive Officer, President, Chief Strategy Officer, and Vice-President, Corporate Development and Secretary of the Company, respectively. On the other hand, Daniel Oliver, Jr., and William Gehlen are considered “independent” directors of the Company as they are neither officers nor employees of the Company, do not receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Company for acting in any capacities other than as directors of the Company and have no ongoing interest or material relationship with the Company other than their shareholdings and stock options in the Company and serving as directors.

Accordingly, while it is anticipated that following the Meeting, the Board will have more “non-independent” directors than “independent” directors, it is the objective of the Company to strive to attain a majority of independent Board members.

#### *Mandate of the Board*

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees (see “Committees of the Board of Directors” below). In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company’s overall business strategies and its annual business plan, reviewing and approving the annual corporate and exploration, development and capital budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing

major strategic initiatives to ensure that the Company’s proposed actions accord with shareholder objectives; reviewing succession planning; assessing management’s performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders’ equity interests through the optimum utilization of the Company’s capital resources. The Board also takes responsibility for identifying the principal risks of the Company’s business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

The Board delegates to management, through the Company’s executive officers, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing the Company’s cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Although following the Meeting, the Board will be composed of a majority of “non-independent” directors, given the size of the Company’s current operations, the Board believes that the independence of the Board from management is not compromised by such composition. The Board believes that the fiduciary duties placed on management by the Company’s governing corporate legislation and common law and the restrictions on an individual director’s participation in decisions of the Board in which the director has an interest under applicable corporate and securities legislation provide the “independent” directors with significant input and leadership in exercising their responsibilities for independent oversight of management. In addition, each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances and the “independent” directors have the ability to meet independently of management whenever deemed necessary in order to facilitate open and candid discussion among the independent directors

Notwithstanding the foregoing, it is the Board’s objective to have a majority of independent directors.

*Directorships*

As of the date of this Information Circular, the following directors of the Company are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction.

Name of Director	Name of Other Reporting Issuer	Market/Tier	Position	Period
James Anderson	Orestone Mining Corp.	TSXV	Director	Since May 2019
Richard Silas	LDB Capital Corp Northern Lion Gold Corp. Sanibel Ventures Corp.	TSXV TSXV TSXV	Director Secretary and Director CEO, CFO and Director	Since August 2021 Since September 2019 Since October 2017

The above information has been provided by the directors and has not been independently verified by the Company.

*Ethical Business Conduct*

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company’s business plan and to meet performance goals and objectives.

The Board itself must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board has also adopted a written Code of Business Conduct and Ethics (the “Code”) to assist all Company personnel in making decisions regarding the affairs of the Company. The Code establishes certain standards and procedures to be complied with by all directors, officers, employees and consultants of the Company relating to, among other things, financial reporting and disclosure, compliance with laws, conflicts of interest, confidentiality, stock trading and use of material information, environmental standards and safety, use of Company property and resources, and dealing with

corporate opportunities with a view to conducting the Company's business and affairs honestly and with integrity, using high ethical standards. Any breach of the Code is reportable immediately to the Company in accordance with the provisions thereof.

#### *Nomination and Assessment*

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members, including both formal and informal discussions among Board members and the Chief Executive Officer, and proposed directors' credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current operations.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly mineral resource companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "*Election of Directors*" in Part 3 "THE BUSINESS OF THE MEETING" for a description of the current principal occupations of the Company's Board.

As present, the Board does not have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's current size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness and the effectiveness and contribution of its committees or individual directors on an ad hoc basis.

#### *Committees of the Board of Directors*

At the present time, the Board of the Company has appointed three formal committees, being the Audit Committee, the Corporate Governance and Compensation Committee and the Health and Safety Committee.

The Audit Committee is comprised of Ramon Davila (Chair), Daniel Oliver, Jr. and William Gehlen and is primarily responsible for the policies and practices relating to integrity of financial and regulatory reporting of the Company, as well as internal controls to achieve the objectives of safeguarding the Company's assets; reliability of information; and compliance with policies and laws. See Part 6 "AUDIT COMMITTEE" for further information regarding the mandate of the Company's audit committee and its composition, its specific authority, duties and responsibilities, as well as the Audit Committee Charter.

The Corporate Governance and Compensation Committee (the "CGCC") is comprised of Daniel Oliver, Jr. (Chair), William Gehlen and Richard Silas, of which Messrs. Oliver and Gehlen are independent directors, and is primarily responsible for (i) establishing the Company's corporate governance policies and procedures and monitoring compliance with such policies and procedures, and (ii) advising the Board on compensation of executive officers and directors, as well as related policies, programs and practices designed to achieve the strategic goals and financial objectives of the Company. See "Compensation" below.

The Health and Safety Committee is comprised of William Gehlen (Chair), James Anderson and Hernan Dorado Smith and is primarily responsible for establishing the Company's health and safety policies and procedures and monitoring compliance with such policies and procedures. Of the three members of the Health and Safety Committee, only William Gehlen is an independent director.

## Compensation

The CCGC is responsible for, inter alia, making recommendations to the Board on all forms of compensation (including long-term incentive in the form of stock options and other Awards) to be granted to the Company's executive officers and directors to ensure such arrangements reflect the responsibilities and risks associated with each position. See the heading "*Oversight and Description of Director and Named Executive Officer Compensation*" in Part 4 "STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER" above for a discussion of the Company's philosophy, objectives and processes with respect to executive compensation.

## **PART 8 – OTHER INFORMATION**

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### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

#### *Aggregate Indebtedness*

No individual who is, or at any time during the most recently completed financial year of the Company was, a director or officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any one of them is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries (other than in respect of amounts which would constitute routine indebtedness) or to another entity (where such indebtedness to such other entity is, or was at any time during the most recently completed financial year of the Company, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries).

#### *Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs*

As of the date hereof, there is no indebtedness owing to the Company, any of its subsidiaries or any other entity (where such indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries) in connection with the purchase of securities or otherwise by any current or former executive officers, directors or employees of the Company or any of its subsidiaries.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than disclosed elsewhere in this Information Circular and below, no informed person (as defined below), proposed nominee for election as a director, or any associate or affiliate of any informed person or proposed nominee, has had a material interest, direct or indirect, in any transaction with the Company or any of its subsidiaries or in any proposed transaction since the beginning of the last completed financial year that has materially affected the Company or any of its subsidiaries or is likely to do so.

By amended and restated royalty purchase option agreement dated November 11, 2020, as amended (the "**EMBSA Option Agreement**"), the Company acquired an option from Exploraciones Mineras de Bajío S.A. de C.V. ("**EMBSA**"), a private Mexican company beneficially owned by, inter alia, Hernan Dorado Smith, the Chief Strategy Officer and a director of the Company, to purchase 3 of the 4 underlying royalties on the Company's El Pinguico silver and gold project in Guanajuato, Mexico ("**El Pinguico**") held by EMBSA, being a 4% net smelter returns royalty ("**NSR**") on minerals recovered from the existing surface and underground stockpiles of historically mined mineral resources and material and the 3% NSR and 5% Net Profits Interest ("**NPI**") on all newly mined mineralized material at El Pinguico, in consideration for C\$1,680,000 cash (of which the final option payment of C\$312,500 is due on or before October 16, 2023) and 3,750,000 units of the Company (issued), each unit comprised of one common share and one non-transferable share purchase warrant to purchase an additional common share at a price of C\$0.175 for a term of 5 years.

Pursuant to an amendment to the EMBSA Option Agreement dated February 17, 2023, the Company purchased EMBSA's outstanding 15% NPI royalty over the surface stockpile of mineral resources and material at El Pinguico for US\$70,000 cash on March 16, 2023.



Accordingly, upon payment of the final C\$312,500 option payment due to EMBSA on or before October 16, 2023 under the EMBSA Option Agreement, the Company will own an undivided 100% interest in El Pinguico free and clear of all underlying royalties, save for a final 15% NPI in favour of EMBSA on the existing underground stockpile of mineral resources and material at El Pinguico and applicable governmental duties and taxes.

For the above purposes, “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON AT THE MEETING**

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year, none of the other insiders of the Company and no associate or affiliate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of the directors and the ratification and approval of the Option Plan.

#### **MANAGEMENT CONTRACTS**

The management functions of the Company are performed by its directors and executive officers (or private companies controlled by such executive officers) and the Company has no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers (or private companies controlled by such executive officers) of the Company. See the headings “*Director and Named Executive Officer compensation, excluding compensation securities*” and “*Employment, Consulting and Management Agreements*” in the Part 4 “STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER” above for details of the fees paid or payable to the Company’s Named Executive Officers (or private companies controlled by such Named Executive Officers) and directors for, inter alia, the year ended December 31, 2022.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

#### **OTHER MATERIAL FACTS**

There are no other material facts other than as disclosed herein.

#### **ADDITIONAL INFORMATION**

Financial information about the Company is provided in its comparative financial statements and Management’s Discussion and Analysis for the year ended December 31, 2022. You may obtain copies of such documents without charge upon request to us at 999 Canada Place, Suite 578, Vancouver, B.C., Canada V6C 3E1 – telephone (604) 913 - 5899. You may also access such documents, together with the Company’s additional disclosure documents, through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

**BOARD APPROVAL**

The Board of the Company has approved the contents and the delivery of this Information Circular to its shareholders.

DATED at Vancouver, British Columbia, as of the 12<sup>th</sup> day of May, 2023.

**BY ORDER OF THE BOARD**

(signed) “*James Anderson*”

James Anderson  
Chairman and Chief Executive Officer

**EXHIBIT “A”**

**AMENDED AND RESTATED OPTION PLAN**

See attached.

# GUANAJUATO SILVER COMPANY LTD.

## 2023 AMENDED AND RESTATED STOCK OPTION PLAN

### 1. Objectives

The Plan is intended as an incentive to attract and retain qualified directors, senior officers, Employees, Management Company Employees, Consultants and Consultant Companies of the Company and its Affiliates, to promote a proprietary interest in the Company and its Affiliates among such persons, and to stimulate the active interest of such persons in the development and financial success of the Company and its Affiliates.

### 2. Definitions

2.1 As used in the Plan, the terms set forth below shall have the following respective meanings:

- (a) “**Affiliate**”, when referring to the relationship between two companies, means that one of them is the subsidiary of the other, or each of them is controlled by the same person or entity;
- (b) “**Black Out Period**” means a temporary period formally imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information during which period the Company may not grant Options and certain Optionees designated by the Company may not exercise their Options;
- (c) “**Board**” means the board of directors of the Company;
- (d) “**Cashless Exercise Notice**” has the meaning set forth in section 8.6;
- (e) “**Committee**” means the Board or such committee of the Board that the Board may, in accordance with section 3.1 hereof, designate to administer the Plan;
- (f) “**Company**” means Guanajuato Silver Company Ltd., a company existing under the *Business Corporations Act* (British Columbia);
- (g) “**Consultant**” means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director/Officer of the Company, that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution of securities;
  - (ii) provides the services under a written contract between the Company or the Affiliate of the Company and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (h) “**Consultant Company**” means, for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (i) “**Date of Grant**” means the date an Option is granted by the Committee to the Optionee, subject to any regulatory or other approvals or conditions;

- (j) “**Directors/Officers**” means directors, senior officers or Management Company Employees of the Company or any subsidiary of the Company;
- (k) “**Employee**” means:
  - (i) an individual who is considered an employee of the Company or its subsidiary under the Income Tax Act (Canada) or equivalent or similar taxation legislation outside of Canada and for whom income tax and other statutory deductions are made at source;
  - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (l) “**Exchange**” means the TSX Venture Exchange (or any successor stock exchange thereof);
- (m) “**Insider**” in relation to the Company means:
  - (i) a director or senior officer of the Company;
  - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Company; or
  - (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares;
- (n) “**Investor Relations Activities**” means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, except for such activities that the Exchange specifically states to not be Investor Relations Activities;
- (o) “**Investor Relations Service Provider**” includes any Consultant that performs Investor Relations Activities and any Director/Officer or Employee whose role and duties primarily consist of Investor Relations Activities;
- (p) “**Management Company Employee**” means an individual employed by an entity providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding an entity engaged in Investor Relations Activities;
- (q) “**Market Price**” in relation to a Share subject to an Option on the Date of Grant of the Option means the last closing price of the Shares on the Exchange before such Date of Grant;
- (r) “**Option**” means an option to purchase Shares granted under or subject to the terms of the Plan, including the Pre-Plan Options;
- (s) “**Option Agreement**” means a written agreement between the Company and an Optionee that sets forth the terms, conditions and limitations applicable to an Option;
- (t) “**Option Period**” means the period during which an Option may be exercised;

- (u) “**Optionee**” means a person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;
- (v) “**Plan**” means this Stock Option Plan of the Company, as amended or restated from time to time;
- (w) “**Pre-Plan Options**” has the meaning set forth in section 4.2;
- (x) “**Security Based Compensation Plan**” includes any plan of the Company pursuant to which the Company may grant stock options, deferred share units, performance share units, restricted share units or stock appreciation rights, a stock purchase plan and/or any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Company from treasury to an Optionee;
- (y) “**Shares**” means common shares in the capital of the Company;
- (z) “**Surrender**” has the meaning set forth in section 8.7;
- (aa) “**Surrender Notice**” has the meaning set forth in section 8.7;
- (bb) “**Trading Day**” means a day when trading occurs through the facilities of the Exchange; and
- (cc) “**VWAP**” means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such Shares traded for the five (5) Trading Days immediately preceding the exercise of the subject Option.

### 3. Administration of the Plan

- 3.1 The Plan shall be administered by the Committee. With respect to Option grants to directors of the Company, the Board shall serve as the Committee. With respect to any other Options the Board may specifically constitute a committee of two or more directors of the Company as the Board may designate from time to time to serve as the Committee for the Plan, all of the members of which shall be and remain directors of the Company. Notwithstanding the foregoing, the Board may resolve to be the Committee to administer the Plan with respect to all of the Plan or certain participants and/or awards made or to be made under the Plan.
- 3.2 The Committee shall have full and exclusive power to interpret the Plan, to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan, and to reserve and issue Shares issuable pursuant to the exercise of Options. The Committee may, in its discretion but subject to section 17 below and any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company, provide for the extension of the exercisability of an Option, accelerate the vesting or exercisability of any Option, eliminate or make less restrictive any restrictions contained in an Option, waive any restriction or other provision of the Plan or an Option or otherwise amend or modify an Option in any manner that is either (a) not adverse to the Optionee holding such Option or (b) consented to by such Optionee. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of the Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Committee shall be liable for anything done or omitted to be done by such member, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under the Plan, except for such member’s own wilful misconduct or as expressly provided by statute. Notwithstanding the foregoing, the Committee shall not accelerate the vesting or exercisability of Options granted to Investor Relations Service Providers without the prior acceptance of the Exchange.

3.3 All administrative costs of the Plan shall be paid by the Company.

#### **4. Eligibility**

4.1 Options may be granted to Employees, Directors/Officers (including Management Company Employees) and Consultants (and Consultant Companies as may be permitted by the Exchange) who are in the opinion of the Committee in a position to contribute to the success of the Company or any of its Affiliates or who, by virtue of their service to the Company or any predecessors thereof or to any of its Affiliates are, in the opinion of the Committee, worthy of special recognition. The granting of Options is entirely discretionary and nothing in this Plan shall be deemed to give any person any right to participate in this Plan or to be granted an Option and designation of an Optionee in any year shall not require the designation of such person to receive an Option in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the amount and terms of their respective Options.

4.2 Any options previously granted by the Company (the "Pre-Plan Options") which remain outstanding as at the effectiveness of the Plan will be deemed to have been issued under and will be governed by the terms of the Plan and, in the event of any inconsistency between the terms of the agreements governing the Pre-Plan Options and the terms of the Plan, the terms of such agreements shall govern. Any Shares issuable upon exercise of the Pre-Plan Options will be included for the purpose of calculating the amounts set out in sections 5 and 6 hereof.

4.3 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in exchange for outstanding options granted by the Company or any predecessor company thereof or any Affiliate thereof, whether such outstanding options are granted under the Plan, under any other stock option plan of the Company or any predecessor company or any Affiliate thereof, or under any stock option agreement with the Company or any predecessor corporation or Affiliate thereof.

4.4 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in substitution for outstanding options of another company in connection with a plan of arrangement or exchange, amalgamation, merger, consolidation, acquisition of property or shares, or other reorganization between or involving such other company and the Company or any of its subsidiaries.

#### **5. Number of Shares Reserved under the Plan**

The maximum aggregate number of Shares issuable pursuant to the exercise of Options granted under the Plan from time to time shall not exceed in aggregate 10% of the Company's Shares issued and outstanding at the time of grant (including Shares issuable upon exercise of any Pre-Plan Options assumed by the Plan upon its effectiveness pursuant to section 20 hereof), provided that:

- (a) if any Shares covered by an Option subject to the Plan are forfeited, or if an Option has expired, terminated or been cancelled for any reason whatsoever, then the Shares covered by such Option shall again be, or shall become, Shares with respect to which Options may be granted hereunder, and
- (b) such maximum number of Shares shall be appropriately adjusted in the event of any subdivision or consolidation of the Shares.

#### **6. Number of Optioned Shares per Optionee**

The determination regarding the number of Shares that may be the subject of Options granted to each Optionee pursuant to an Option will be made by the Committee and will take into consideration the Optionee's present and potential contribution to the success of the Company and applicable legal and regulatory requirements and, if and for so long as the Company is listed on the Exchange, shall be subject to the following limitations:

- (a) Subject to sections 6(b) and 6(c), the aggregate number of Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plans, to any one Optionee in any 12-month period must not exceed 5% of the issued and outstanding Shares

(determined at the Date of Grant), unless, as may be required by the Exchange, disinterested shareholder approval is obtained;

- (b) the aggregate number of Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plans, to any one Consultant in any 12-month period must not exceed 2% of the issued and outstanding Shares (determined at the Date of Grant), unless, as may be required by the Exchange, disinterested shareholder approval is obtained;
- (c) The aggregate number of Shares subject to Options granted to all Investor Relations Service Providers must not exceed 2% of the issued and outstanding Shares in any 12-month period (determined at the Date of Grant);
- (d) the aggregate number of Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plans, to Insiders (as a group) must not exceed, at any point in time, 10% of the issued and outstanding Shares (determined at the Date of Grant), unless, as may be required by the Exchange, disinterested shareholder approval is obtained;
- (e) the aggregate number of Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plans, to Insiders (as a group) in any 12-month period must not exceed 10% of the issued and outstanding Shares (determined at the Date of Grant), unless, as may be required by the Exchange, disinterested shareholder approval is obtained;
- (f) Subject to any longer vesting period as may be set out in the related Option Agreement, an Option granted to an Investor Relations Service Provider shall vest in stages over a period of 12 months such that:
  - (i) no more than  $\frac{1}{4}$  of the Shares subject to the Option vest no sooner than three months after the Date of Grant;
  - (ii) no more than another  $\frac{1}{4}$  of the Shares subject to the Option vest no sooner than six months after the Date of Grant;
  - (iii) no more than another  $\frac{1}{4}$  of the Shares subject to the Option vest no sooner than nine months after the Date of Grant; and
  - (iv) the remainder of the Shares subject to the Option vest no sooner than twelve months after the Date of Grant.

## **7. Price**

7.1 The exercise price per Share subject to an Option shall be determined by the Committee at the time the Option is granted, provided that the exercise price shall not be less than the Market Price less applicable discounts permitted by the Exchange, or such other minimum exercise price as may be required by the Exchange.

7.2 Subject to section 17.3 below and any applicable regulatory requirements and approval, the Committee may reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by an Optionee who is an Insider at the time of the proposed amendment is, however, subject to disinterested shareholder approval if and as required by the Exchange.

## **8. Term and Exercise of Options**

8.1 The Option Period shall be determined by the Committee at the time the Option is granted and may be up to a maximum of ten years from the Date of Grant. The Option Period is also subject to reduction pursuant to the provisions of section 10. Subject to the applicable maximum Option Period provided for in this section 8.1 and subject to section 17.3 below and any applicable regulatory requirements and approvals, the Committee may extend the Option Period for an Option. Notwithstanding anything contained herein, if the



Option Period expires during a Black Out Period, the Option Period shall be automatically extended to 10 days after the end of the Black Out Period.

- 8.2 Subject to subsection 6(f), the vesting schedule for each Option shall be determined by the Committee at the time the Option is granted and shall be specified in the Option Agreement in respect of the Option.
- 8.3 Notwithstanding the foregoing provisions of this section 8, if there is a takeover bid or tender offer made for all or any of the issued and outstanding Shares or a consolidation, merger, amalgamation, arrangement or other similar business combination or transaction proposed for the Company or any of its affiliates with another corporation or other entity, as a result of which the holders of Shares prior to the completion of such combination or transaction will hold less than 50% of the outstanding shares of the successor corporation after completion of such combination or transaction, then the Committee may, by resolution, and in the case of Options granted to Optionees employed or engaged to provide Investor Relations Activities subject to the prior acceptance of the Exchange, permit all Options outstanding to become immediately exercisable in order to permit the Shares issuable under such Options to be tendered to such bid or offer or to participate in such combination or transaction.
- 8.4 The vested portion of Options will be exercisable, either all or in part, at any time after vesting. If less than all of the Shares included in the vested portion of any Option are purchased, the remainder may be purchased, subject to the Option's terms, at any subsequent time prior to the expiration of the Option Period.
- 8.5 Subject to sections 8.6 and 8.7 below, the exercise of any Option will be contingent upon receipt by the Company of payment for the full exercise price of the Shares being purchased in cash by way of certified cheque, bank draft or wire transfer. No Optionee or the legal representatives, legatees or distributees of the Optionee will be, or will be deemed to be, a holder of any Shares subject to an Option under the Plan unless and until certificates for such Shares are issued to the Optionee or such other persons under the terms of the Plan.
- 8.6 Subject to the approval of the Committee, in its sole discretion, an Optionee may elect to undertake a "cashless exercise" of an Option upon delivery of notice thereof in writing to the Company (a "Cashless Exercise Notice") pursuant to an arrangement between the Company and a brokerage firm under which the brokerage firm will loan money to the Optionee to purchase the Shares underlying the Option to facilitate the exercise of such Option. The "cashless exercise" procedure may include a sale of such number of Shares by the brokerage firm as is necessary to cover the aggregate exercise price for the Option being exercised by the Optionee pursuant to the Cashless Exercise Notice, plus any applicable taxes, in order to repay the loan made to the Optionee. Unless prohibited under the rules and policies of the Exchange, the Optionee may, pursuant to the Cashless Exercise Notice, authorize the brokerage firm to sell Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Company to satisfy the exercise price of the Shares underlying the Option, plus any applicable taxes, following which the Company shall promptly issue the Shares underlying the Option as provided for in the Cashless Exercise Notice.
- 8.7 Subject to the approval of the Committee, in its sole discretion, an Optionee, other than an Investor Relations Service Provider, may, in lieu of exercising an Option pursuant to section 8.5 or 8.6, elect to undertake a "net exercise" of the Option by surrendering the Option (the "Surrender") with a properly endorsed notice of Surrender to the Company, substantially in such form as may be approved by the Committee from time to time (a "Surrender Notice"), in exchange for receiving from the Company that number of Shares calculated using the following formula:

$$X = Y * (A-B) / A$$

Where:

X = the number of Shares to be issued to the Optionee

Y = the number of Shares underlying the Option to be Surrendered

A = the VWAP of the Shares as at the date of the Surrender

B = the exercise price of the Option.

## **9. Stock Option Agreement and Rights Prior to Exercise**

- 9.1 Upon the grant of an Option to an Optionee, the Company and the Optionee shall enter into an Option Agreement setting out the number of Shares subject to the Option, the exercise price per Share, the Option Period, and the vesting schedule for the Option, if any, and incorporating the terms and conditions of the Plan and any other requirements of applicable regulatory authorities and such other terms and conditions as the Committee may determine are necessary or appropriate, subject to the terms of the Plan. Without limiting the generality of the foregoing and if and for so long as the Company is listed on the Exchange, for Options granted to Employees, Consultants or Management Company Employees, the Company and the Optionee are responsible for ensuring and representing in an Option Agreement that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.
- 9.2 An Optionee shall have no rights whatsoever as a shareholder in respect of any Shares underlying an Option (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Shares in respect of which the Optionee shall have exercised the Option to purchase hereunder and which the Optionee shall have actually taken up and paid for as provided for herein.

## **10. Effect of Termination of Employment or Death**

- 10.1 Options granted to any Optionee who is a Director/Officer, Employee, Consultant or Management Company Employee shall expire on the earlier of: (a) such date within a reasonable period of time, not to exceed one year, after the Optionee ceases to be in at least one of such categories as provided for in the Option Agreement with the Optionee, and (b) the expiry of the Option Period, provided that if the Director/Officer, Employee, Consultant or Management Company Employee is terminated by the Company for cause, breach of contract or breach of fiduciary duty, the Options granted to such Director/Officer, Employee, Consultant or Management Company Employee shall expire immediately upon such termination.
- 10.2 Notwithstanding section 10.1, in the event of the death of an Optionee while in service to the Company, each outstanding Option to the extent not previously exercised (including in respect of the right to purchase Shares not otherwise vested at such time) shall be exercisable until the earlier of (a) the expiration of one year following such death unless an earlier date is provided for in the Option Agreement with the Optionee, and (b) the expiry of the Option Period, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or by the laws of descent and distribution.
- 10.3 Notwithstanding the foregoing provisions of this section 10 and subject to section 17 below and any applicable regulatory approvals, the Committee may, in its discretion, provide for the extension of the exercisability of an Option for any period that is not beyond the applicable expiration date thereof, accelerate the vesting or exercisability of an Option, eliminate or make less restrictive any restrictions governing an Option, waive any restriction or other provision of this Plan or an Option or otherwise amend or modify the Option in any manner that is either (a) not adverse to such Optionee or (b) consented to by such Optionee.

## **11. Adjustment in Shares Subject to the Plan**

- 11.1 The exercise price for and the number of Shares covered by an Option will be adjusted, with respect to the then unexercised portion thereof, by the Committee from time to time (on the basis of such advice as the Committee considers appropriate, including, if considered appropriate by the Committee, a certificate of the auditor of the Company) in the event and in accordance with the provisions and rules set out in this section 11. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions

and rules will be conclusively determined by the Committee, and any such determination will be binding on the Company, the optionee and all other affected parties.

- (a) In the event that a dividend is declared upon the Shares, payable in Shares (other than in lieu of dividends paid in the ordinary course), the number of Shares then subject to any Option shall be adjusted by adding to each such Share the number of Shares which would be distributable thereon if such Share had been outstanding on the date fixed for determining shareholders entitled to receive such stock dividend.
  - (b) In the event that the outstanding Shares are changed into or exchanged for a different number or kind of Shares or other securities of the Company or of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then there shall be substituted for each Share subject to any Option the number and kind of Shares or other securities of the Company or another corporation into which each outstanding Share shall be so changed or for which each such Share shall be exchanged.
  - (c) In the event that there is any change, other than as specified above in this section 11, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, then, if the Committee, in its sole discretion, determines that such change equitably requires an adjustment to be made in the number or kind of Shares then subject to any Option, an equitable adjustment shall be made in the number or kind of Shares, such adjustment shall be made by the Committee and be effective and binding for all purposes.
  - (d) In the event that the Company distributes by way of a dividend, or otherwise, to all or substantially all holders of Shares, property, evidences of indebtedness or shares or other securities of the Company (other than Shares) or rights, options or warrants to acquire Shares or securities convertible into or exchangeable for Shares or other securities or property of the Company, other than as a dividend in the ordinary course, then, if the Committee, in its sole discretion, determines that such action equitably requires an adjustment in the exercise price of the Option or number of Shares subject to any Option, or both, such adjustment shall be made by the Committee and shall be effective and binding for all purposes.
- 11.2 In the case of any such substitution or adjustment as provided for in this section 11, the exercise price in respect of each Option for each Share covered thereby prior to such substitution or adjustment will be proportionately and appropriately varied, such variation shall generally require that the number of Shares or securities covered by the Option after the relevant event multiplied by the varied option exercise price be equal to the number of Shares covered by the Option prior to the relevant event multiplied by the original exercise price of the Option.
- 11.3 If, as a result of the declaration of a dividend upon the Shares, the adjustment to the number of Shares then subject to any Options pursuant to section 11.1(a) would result in the maximum aggregate number of Shares issuable pursuant to the exercise of Options under the Plan or to any Optionees under the Plan exceeding any of the limits set out in sections 5 or 6 hereof, respectively, the Company shall have the right to satisfy its obligations with respect to such adjustment to the holders of such Options in cash in such amount as determined by the Committee, in its sole discretion, in lieu of increasing the number of Shares otherwise issuable upon the exercise of such Options and such cash adjustment shall be effective and binding for all purposes.
- 11.4 No adjustment or substitution provided for in this section 11 shall require the Company to issue a fractional share in respect of any Option. Fractional shares shall be eliminated.
- 11.5 The grant of an Option shall not affect in any way the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

## **12. Non-Assignability**

All Options, benefits and rights accruing to any Optionee in accordance with the terms and conditions of the Plan are non-assignable and non-transferable, except as specifically provided in section 10.2 in the event of the death of the Optionee. During the lifetime of the Optionee, all such Options, benefits and rights may only be exercised by the Optionee.

## **13. Employment**

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with, or the provision of services to, the Company or any of its Affiliates, or interfere in any way with the right of the Company or any of its Affiliates to terminate the Optionee's employment or services at any time. Participation in the Plan by an Optionee is voluntary.

## **14. Record Keeping**

The Company shall maintain a register in which shall be recorded or maintained:

- (a) the name and address of each Optionee;
- (b) the number of Shares subject to Options granted to each Optionee, the number of Shares issued to each Optionee upon the exercise of Options, and the number of Shares subject to Options remaining outstanding;
- (c) a copy of each outstanding Option Agreement; and
- (d) such other information as the Committee may determine.

## **15. Regulatory Approvals**

- 15.1 The Plan is subject to the approval of regulatory authorities having, or which may have, jurisdiction over the securities of the Company, and the Board is authorized to amend the text thereof from time to time in order to comply with any changes thereto required by such applicable regulatory authorities.
- 15.2 The obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchange or stock quotation system on which the Shares are listed for trading or quoted which may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any exercise price for an Option paid to the Company shall be returned to the Optionee.

## **16. Hold Periods, Securities Regulation and Tax Withholding**

- 16.1 If and for so long as the Company is listed on the Exchange and in addition to any resale restrictions under applicable securities laws, for Options (a) granted to Insiders [and Consultants](#), and (b) having an exercise price per Share that is less than the Market Price, any Shares issued on the exercise of such Options will be subject to a four-month hold period commencing on the particular Date of Grant of the Option in accordance with the policies of the Exchange, and certificates for the Shares will bear a restrictive legend setting out any such applicable hold period.
- 16.2 Where necessary to effect exemption from registration or distribution of the Shares under securities laws applicable to the securities of the Company, an Optionee shall be required, upon the acquisition of any Shares upon the exercise of Options, to acquire such Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Committee an undertaking to that effect in a form acceptable to the Committee. The Committee may cause a legend or legends to be placed upon any certificates for the Shares to make appropriate reference to applicable resale restrictions. The

Committee may take such other action or require such other action or agreement by such Optionee as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Company to undertake the registration or qualification of any Options or the underlying Shares under any securities laws applicable to the securities of the Company.

- 16.3 The Committee and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Without limiting the generality of the foregoing, the Company shall, as a condition to the exercise of any Option, require that the Optionee pay to the Company, concurrently with the payment of the full exercise price of the Shares being purchased, by way of certified cheque, bank draft or wire transfer, an amount in cash equal to any withholding taxes that the Company is required to remit to the Canada Revenue Agency on account of payroll withholding obligations (including, but not limited to, income tax, UIC and/or CPP) as a result of the exercise of the Option by the Optionee. For greater certainty, the Company shall ensure that any exercise of its rights under this Section 16.3 shall not result in an alteration of the exercise price or the cashless exercise of the Option being exercised by the Optionee.
- 16.4 Issuance, transfer or delivery of certificates for Shares purchased pursuant to the Plan may be delayed, at the discretion of the Committee, until the Committee is satisfied that the applicable requirements of securities and income tax laws have been met.

## **17. Amendment and Termination of Plan**

- 17.1 The Board reserves the right to amend or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board; provided, however, that no such amendment or termination shall adversely affect any outstanding Options granted under the Plan without the consent of the Optionee. Any amendment to the Plan shall also be subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company and, where applicable, the approval of the shareholders of the Company.
- 17.2 The types of amendments that do not require the approval of the shareholders of the Company include, but are not limited to:
- (a) amendments of a "housekeeping" nature, including those required to fix typographical errors or clarify existing provisions of the Plan that do not have the effect of altering the scope, nature and intent of such provisions;
  - (b) amendments made pursuant to section 15.1 hereof to comply with any changes required by applicable regulatory authorities having jurisdiction over securities of the Company from time to time including, but not limited to, the Exchange or other mandatory provisions of applicable law;
  - (c) amendments which are advisable to accommodate changes in tax laws;
  - (d) amendments to the vesting provisions of any Option granted under the Plan; and
  - (e) amendments to the terms of Options in order to maintain Option value in connection with an adjustment in the Shares of the Company as contemplated in section 11 hereof.
- 17.3 Notwithstanding the provisions of section 17.2, the Board may not, without the prior approval of the shareholders of the Company, make amendments to the Plan for any of the following purposes:
- (a) to increase in the maximum percentage of Shares issuable under the Plan as set out in section 5;
  - (b) to increase the limits on the aggregate number of Shares that may be reserved for issuance under the Plan to any one person or group or category of persons as set out in section 6;

- (c) subject to section 17.5, to reduce the exercise price of any outstanding Options held by an Insider;
- (d) subject to section 17.5, to extend the Option Period of any outstanding Options held by an Insider, except where the Option Period is extended because it would have expired during a Black Out Period;
- (e) to amend the method for determining the exercise price of Options granted under the Plan as set out in section 7;
- (f) subject to section 8.1, to amend the expiry or termination provisions applicable to Options granted under the Plan;
- (g) subject to section 8.1, to amend the maximum term for any Options granted under the Plan;
- (h) to amend the non-assignability provision contained in section 12 hereof, except as otherwise permitted by the Exchange or for estate planning or estate settlement purposes;
- (i) to expand the class of Optionees to whom Options may be granted under the Plan; ~~and~~
- (j) to amend any method or formula for calculating prices, values or other amounts under the Plan that may result in a benefit to an Optionee; and
- (j)(k) to amend this Section 17.3.

17.4 Any adjustment, other than in connection with a security consolidation or security split, to Options or Shares issuable upon exercise of Options granted under the Plan are subject to the prior acceptance of the Exchange, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization of the Company.

17.5 The Board may amend any Option with the consent of the affected Optionee and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, disinterested shareholder approval is required for: (i) a reduction in the exercise price of an Option if the Optionee is an Insider at the time of the proposed amendment; or (ii) an extension of the Option Period of an Option if the Optionee is an Insider at the time of the proposed amendment, except where the Option Period is extended because it would have expired during a Black Out Period.

17.5 If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

## 18. No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

## 19. General Provisions

19.1 Nothing contained in the Plan shall prevent the Company or any of its Affiliates from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the issuance of securities of the Company (subject to shareholder approval if such approval is required by applicable securities regulatory authorities) and such arrangements may be either generally applicable or applicable only in specific cases.

19.2 The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any option agreement, and all determinations made and actions taken pursuant hereto shall be governed by and determined in accordance with the laws of the Province of British Columbia, Canada.

- 19.3 If any provision of the Plan or any Option is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Option, or would disqualify the Plan or any Option under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction, person or Option and the remainder of the Plan and any such Option shall remain in full force and effect.
- 19.4 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any of its Affiliates and an Optionee or any other person.
- 19.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

**20. Effective Date of the Plan**

- 20.1 Subject to the ratification and approval of the Plan by the shareholders of the Company and all necessary regulatory approvals pursuant to section 15 hereof, the Plan will be effective as of the 12th day of ~~May~~September, 202~~3~~2.

*Adopted by the Board of Directors as of the 12<sup>th</sup> day of ~~May~~September, 202~~3~~2.*

## EXHIBIT "B"

### GUANAJUATO SILVER COMPANY LTD. AUDIT COMMITTEE CHARTER

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#### Purpose

The overall purpose of the Audit Committee (the "**Audit Committee**") of Guanajuato Silver Company Ltd. (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

#### Composition, Procedures and Organization

- (2) The Committee shall consist of at least three members of the Board of Directors (the "Board").
- (3) At least two members of the Committee shall be independent, and the Committee shall endeavor to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (4) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (5) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (6) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (7) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- (8) Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;



- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

#### Role and Responsibilities

- (1) The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- (2) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - A. contents of their report;
    - B. scope and quality of the audit work performed;
    - C. adequacy of the Company's financial and auditing personnel;
    - D. co-operation received from the Company's personnel during the audit;
    - E. internal resources used;
    - F. significant transactions outside of the normal business of the Company;
    - G. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - H. the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

- (3) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (4) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - A. the annual report to Shareholders;
    - B. the annual information form, if required;
    - C. annual and interim MD&A;
    - D. prospectuses;
    - E. news releases discussing financial results of the Company; and
    - F. other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Company's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
- (5) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
  - (b) to set and pay the compensation for any advisors employed by the Committee; and
  - (c) to communicate directly with the internal and external auditors.