



1125 – 595 Howe Street, Vancouver, BC V6C 2T5
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Santacruz Silver Mining Ltd. (the “Company”) will be held at the 10th Floor, 595 Howe Street, Vancouver, British Columbia, on Tuesday, August 11, 2015 at 10:00 a.m. (Pacific Time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2014 together with the auditor's report thereon;
2. to fix the number of directors at five;
3. to elect directors for the ensuing year;
4. to appoint the auditors for the ensuing year and to authorize the directors to fix their remuneration;
5. to consider and, if thought fit, to pass an ordinary resolution to approve, subject to regulatory approval, the adoption of a New 10% Rolling Stock Option Plan.
6. to transact such further or other business as may properly come before the meeting and any adjournments thereof.

The accompanying information circular provides additional information relating to the matters to be dealt with at a meeting and is deemed to form part of this notice of meeting.

If you are unable to attend the meeting in person, please complete, sign and date the enclosed form of proxy and return the same in the enclosed return envelope provided for that purpose within the time and to the location set out in the form of proxy accompanying this notice of meeting.

Dated this 8th day of July, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

“Arturo Prestamo Elizondo”
Arturo Prestamo Elizondo, President, Chief Executive Officer and Director



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INFORMATION CIRCULAR

(As at July 8, 2015, except as indicated)

Santacruz Silver Mining Ltd. (the "Company") is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual and special general meeting (the "Meeting") of the Company to be held on August 11, 2015 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All amounts referred to as \$ or dollars means United States currency, unless otherwise indicated.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "Management Proxyholders").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario M4J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee") and in the United States, under the name Cede & Co., as nominee for the Depository Trust Company (which acts as a brokerage depository for many U.S. firms and custodial banks). If you purchased your shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101.

REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a shareholder, his attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "shares"), of which 103,493,484 shares are issued and outstanding. Persons who are registered shareholders at the close of business on July 8, 2015 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at five (5).

The Company has an Audit Committee, a Compensation Committee, a Governance and Nomination Committee and a Health, Safety and Environment Committee. Members of these committees are set out below.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly⁽⁵⁾</i>
Arturo Prestamo Elizondo ^{(2) (4)} , Monterrey, Nuevo Leon, Mexico, President, Chief Executive and Director	President and CEO of the Company.	Director since April 12, 2012	8,906,714
Marc Prefontaine ^{(2) (3) (4)} Vancouver, British Columbia, Canada Director	Professional Geologist for past 20 years.	Director since July 24, 2012	20,000
Federico Villaseñor ^{(1) (2) (4)} Guanajuato, Guanajuato, Mexico Director	Consultant with various mining companies; Director of Business Development for Goldcorp. Mexico, a subsidiary of Goldcorp. Inc. from February 2007 to February 2014.	Director since April 8, 2014	Nil
Roland Löhner ^{(1) (3)} Panama, Panama Director	Senior Advisor to the Boston Consulting Group.	Director since February 24, 2015	Nil
Larry Okada ^{(1) (3)} Burnaby, British Columbia Canada Director	Chief Financial Officer of Africo Resources Ltd. from January 2010 to present; Former associate of PricewaterhouseCoopers LLP, Chartered Accountants, from 2006 to 2008; Former Partner of Staley Okada & Partners, Chartered Accountants, from 1977 to 2006.	Director since May 5, 2015	Nil

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Governance and Nomination Committee.

(4) Member of the Health, Safety and Environment Committee.

(5) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at July 8, 2015, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.

Except as disclosed below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
- (i) was the subject, while the director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
 - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director,

CEO or CFO but which resulted from an event that occurred while the director was acting in the capacity as director, CEO or CFO of such company; or

- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 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 director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

The following directors of the Company hold directorships in other reporting issuers as set out below:

<u><i>Name of Director</i></u>	<u><i>Name of Other Reporting Issuer</i></u>
Marc Prefontaine	Kramer Capital Corp. ⁽¹⁾ Orla Mining Ltd. ⁽¹⁾
Larry M. Okada	Forum Uranium Corp. ⁽¹⁾ Eurasian Minerals, Inc. ⁽²⁾ Rokmaster Resources Corp. ⁽¹⁾

⁽¹⁾ Listed on the TSX Venture Exchange

⁽²⁾ Listed on Toronto Stock Exchange

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. This philosophy is linked to the Company's business strategy which includes increasing stakeholder value. In addition, the compensation programs aim for simplicity and responsiveness to market changes.

The following executive compensation principles guide the Company's overall compensation:

- Compensation levels should be sufficiently competitive to facilitate recruitment and retention of experienced high caliber executives in the competitive mining industry, while being fair and reasonable to shareholders;

- The compensation program should align executives' long-term financial interests with those of the Company's shareholders by providing equity-based incentives; and
- Compensation should be transparent so that both executives and shareholders understand the executive compensation program.

Compensation Committee

The Compensation Committee of the Company's Board of Directors is responsible for ensuring that the Company has appropriate procedures for executive compensation and making recommendations to the Board of Directors with respect to the compensation of the Company's executive officers. The Compensation Committee seeks to ensure that total compensation paid to all executive officers is fair and reasonable and is consistent with the Company's compensation philosophy.

The Compensation Committee is also responsible for recommending compensation for the directors and granting stock options to the directors, officers, employees and consultants of the Company pursuant to the Company's stock option plan.

The Compensation Committee is currently comprised of Arturo Prestamo Elizondo, Federico Villaseñor, and Marc Prefontaine. Federico Villaseñor and Marc Prefontaine are independent directors of the Company, Arturo Prestamo Elizondo is not independent. The Board is satisfied that the composition of the Compensation Committee ensures an objective process for determining compensation. Each of these members has extensive experience in executive compensation through their current and previous roles as directors and/or officers of companies in the mining industry. The Board believes that the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate. The members have the following skills and experience that enable them to make decisions on the suitability of the Company's compensation policies and practices.

- Arturo Prestamo Elizondo – Mr. Elizondo has been involved with publicly traded mining and mineral exploration companies and has been responsible for the oversight and governance functions of the companies, including the management of executive compensation and human resources.
- Federico Villaseñor – Mr. Villaseñor has been involved with publicly traded mining and mineral exploration companies and has gained significant experience in the management of executive compensation and human resources.
- Marc Prefontaine – Mr. Prefontaine has served as a director of publicly traded companies. As a director, Mr. Prefontaine has gained significant experience in the management of executive compensation and human resources.

The Company has not retained a compensation consultant or advisor at any time since the Company's most recently completed financial year to assist the Board or the Compensation Committee in determining compensation for any of the Company's directors or executive officers.

Elements of Executive Compensation

Compensation is comprised of a negotiated salary, with bonuses and stock options potentially being paid and issued as incentive for performance.

Salary

The Company's view is that a competitive salary is a necessary element for attracting and retaining qualified executive officers. The Company also believes that attractive salaries can motivate and reward executives for their overall performance. The amount payable to a named executive officer may be based on several factors, including experience, past performance, anticipated future contributions and comparisons to salaries offered by other comparable companies. The Company reviews salaries at least once per year to ensure they remain at appropriate levels.

Amounts paid to an executive officer as base salary, including merit salary increases, are determined by reference to the individual's performance and salaries prevailing in the marketplace for comparable positions. The base salary of each executive officer is reviewed as required. Salary adjustments take into consideration the general level of salaries in the marketplace for comparable positions, the performance of the executive and the Company's performance.

Bonuses

Non-equity bonuses are intended to promote strong corporate management by providing annual financial incentives to meet or exceed short-term corporate target and goals. Bonuses are generally comprised of an annual cash bonus and such bonus is a variable component of executive compensation based both on individual performance as well as corporate performance. Bonuses may be paid annually, but are not guaranteed.

The Company has not granted any bonuses to executive management to date.

Other Benefits

NEOs (as defined below) are eligible to participate in employee benefit programs and plans that are generally available to all full-time employees (subject to fulfilling certain eligibility requirements). These include extended health and dental plans. In designing these benefits, the Company seeks to provide an overall level and mix of benefits that is competitive to those offered by other comparable companies.

Certain perquisites are also made available to NEOs. These may include payment of professional dues and further health benefits. These types of perquisites are common among executives in the Company's industry.

Option-based Awards

The Compensation Committee recognizes that the Company operates in a competitive environment and that its performance depends on the quality of its employees. The Company's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Compensation Committee takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders.

Risk Considerations

The Compensation Committee considers the implications of the risk associated with the Company's compensation policies and practices when determining rewards for its officers and directors. The Compensation Committee reviews at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of both short-term compensation in the form of a base salary and an incentive cash bonus plan, and long-term ownership through the grant of stock options. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value.

The Compensation Committee also has the ability to set out vesting periods in each stock option agreement. As the benefits of such compensation, if any, are not realized by officers and directors until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, all elements of executive compensation are discretionary. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the relatively small size of the Company and its current management group, the Compensation Committee is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company is reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging of Economic Risks in the Company's Securities

Under the Company's compensation policies, directors and officers may not take any derivative or speculative positions in the Company's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Company's securities.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 *Statement of Executive Compensation*) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company in respect of each of the individuals comprised of the Chief Executive Officer, the Chief Financial Officer and each of the three most highly compensated executive officers of the Company, or the three most highly compensated individuals acting in a similar capacity (other than the Chief Executive Officer and the Chief Financial Officer), at the end of the financial year ended December 31, 2014 whose total compensation was, individually, more than \$150,000 for that financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the financial year ended December 31, 2014 (collectively the "**Named Executive Officers**" or "**NEOs**");

<i>NEO Name and Principal Position</i>	<i>Year</i>	<i>Salary</i>	<i>Share-Based Awards</i>	<i>Option-Based Awards</i>	<i>Non-Equity Incentive Plan Compensation</i>		<i>Pension Value</i>	<i>All Other Compensation</i>	<i>Total Compensation</i>
		<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
					<i>Annual Incentive Plans</i>	<i>Long-term Incentive Plans</i>			
Arturo Prestamo, President, CEO, Director	2014	260,000	N/A	N/A	N/A	N/A	N/A	N/A	260,000
	2013	170,535	N/A	N/A	N/A	N/A	N/A	N/A	170,535
	2012	190,058	N/A	462,118 ⁽¹⁾	N/A	N/A	N/A	N/A	652,176
Robert Byrd Chief Operation Officer ⁽⁵⁾	2014	123,016	N/A	238,891	N/A	N/A	N/A	N/A	361,907
Francisco Ramos, Former Chief Operating Officer ⁽⁵⁾	2014	318,194	N/A	N/A	N/A	N/A	N/A	N/A	318,194
	2013	233,160	N/A	N/A	N/A	N/A	N/A	N/A	233,160
	2012	165,641	N/A	577,647 ⁽¹⁾	N/A	N/A	N/A	N/A	743,288
Robert G. McMorran, CFO	2014	113,632 ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A	113,632
	2013	68,018 ⁽⁴⁾	N/A	329,020 ⁽⁵⁾	N/A	N/A	N/A	N/A	68,018
	2012	50,799 ⁽⁴⁾	N/A	115,529 ⁽¹⁾	N/A	N/A	N/A	N/A	50,799

- (1) 800,000 stock options to Arturo Prestamo, 1,000,000 stock options to Francisco Ramos, and 200,000 stock options to Malaspina Consultants Inc. ("Malaspina"), a private company that provides out-sourced accounting services to junior public companies, controlled by Robert McMorran, the Chief Financial Officer of the Company, all exercisable at a price of C\$0.90 per share until April 12, 2017. This amount represents the fair value of these options on the grant date using the Black-Scholes option pricing model assuming an average expected life of 5 years, a risk-free interest rate of 1.63%, a nil dividend yield, and an expected annualized volatility of 80%.
- (2) 600,000 stock options to Robert Byrd, exercisable at a price of C\$0.94 per share until August 12, 2019. This amount represents the fair value of these options using the Black-Scholes option pricing model assuming an average expected life of 5 years, a risk-free interest rate of 2.00%, a nil dividend yield, and an expected annualized volatility of 52%.
- (3) 300,000 stock options to Malaspina, exercisable at a price of C\$1.85 per share until February 28, 2018. This amount represents the fair value of these options using the Black-Scholes option pricing model assuming an average expected life of 5 years, a risk-free interest rate of 1.63%, a nil dividend yield, and an expected annualized volatility of 80%.
- (4) Paid to Rob McMorran as CFO of the Company. In addition, the Company paid to Malaspina for accounting and administrative services provided to the Company the following: \$52,293 for the period from April 12, 2012 to December 31, 2012, \$80,826 for the year ended December 31, 2013, and \$81,931 for the year ended December 31, 2014.
- (5) Mr. Francisco Ramos resigned as Chief Operation Officer on August 11, 2014 and Mr. Robert Byrd was appointed in his place effective August 11, 2014.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$) ⁽¹⁾	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Arturo Prestamo, President, CEO, Director	800,000	C\$0.90	April 12, 2017	N/A	N/A	N/A	N/A
Robert Byrd Chief Operating Officer	600,000	C\$0.94	August 12, 2019	N/A	N/A	N/A	N/A
Francisco Ramos, Former Chief Operating Officer	1,000,000	C\$0.90	April 12, 2017	N/A	N/A	N/A	N/A
Robert G. McMorran, CFO	200,000 300,000	C\$0.90 C\$1.85	April 12, 2017 February 28, 2018	N/A N/A	N/A N/A	N/A N/A	N/A N/A

(1) This amount is calculated based on the difference between the exercise price of the option and the closing price of the Company's shares on the TSX Venture Exchange on December 31, 2014 of C\$0.40.

Value Vested Or Earned During The Year

An aggregate of 200,000 stock options vested to the Named Executive Officers of the Company during the year ended December 31, 2014. The value vested or earned during the year ended December 31, 2014 of incentive plan awards granted to Named Executive Officers are as follows:

NEO Name	Option-Based Awards - Value Vested During The Year (\$)	Share-Based Awards - Value Vested During The Year (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Arturo Prestamo, President, CEO, Director	Nil	N/A	N/A
Robert Byrd Chief Operating Officer	Nil ⁽¹⁾	N/A	N/A
Francisco Ramos, Former Chief Operating Officer	Nil	N/A	N/A
Robert G. McMorran, CFO	Nil	N/A	N/A

(1) This amount is the aggregate dollar value that would have been realized if the options under the option based awards had been exercised on the vesting date of August 12, 2014. It is determined by the difference between the exercise price of the option and the market price on the date of vesting (C\$0.94). [NTD: Is the footnote in the correct place?]

(2) The Company has not granted any share based awards.

The Company has a "rolling" stock option plan (the "**Plan**") for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

The Plan provides that the number of shares reserved for issuance will not exceed 10% of the issued and outstanding shares at the time of grant. The Plan authorized the Board to grant, in its absolute discretion,

stock options to directors, officers, employees or consultants on such terms, limitations, conditions and restrictions as it deems necessary and advisable.

Under the Plan, the number of shares reserved for issuance to any one individual in a 12 month period may not exceed 5% of the issued and outstanding shares and the number of shares reserved for issuance to consultants may not exceed 2% of the issued and outstanding shares. The Plan contains no vesting requirements except as to options granted to persons engaged in Investor Relations Activities (as defined in the Plan), but permits the Board to specify a vesting schedule in its discretion.

Options may be granted for a maximum term of ten years. Options may be exercised the greater of the term of the option and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, consulting arrangement or employment is by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the earlier expiry date of such option.

The exercise price of the options granted under the Plan will be determined by the Board, in its discretion, but shall not be less than the closing price of the shares on the day preceding the date of grant, less any discount permitted by the TSX Venture Exchange. Options granted under the Plan shall not be subject to any resale restrictions imposed by the TSX Venture Exchange unless granted at the maximum discount permitted by the TSX Venture Exchange.

Options are non-assignable and non-transferable (subject to options being exercisable by the optionee's heirs or administrator). The number of shares reserved for option and the exercise price payable for the shares subject to such option shall be adjusted appropriate in the event of any consolidation, subdivision, or stock dividend of the shares. The Plan requires annual shareholder approval.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination and Change of Control Benefits

The Company and its subsidiaries have no employment contracts with any Named Executive Officer.

Neither the Company, nor its subsidiaries, has a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

Director Compensation

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the most recently completed financial year:

<i>Director Name</i> ⁽¹⁾	<i>Fees Earned</i> (\$)	<i>Share-Based Awards</i> (\$)	<i>Option-Based Awards</i> (\$)	<i>Non-Equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (\$)
Federico Villaseñor	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Marc Prefontaine	47,076 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	47,076
Roland Löhner	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Larry Okada	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Hutton ⁽³⁾	25,529	Nil	Nil	Nil	Nil	Nil	25,529
Craig Angus ⁽⁴⁾	33,858	Nil	Nil	Nil	Nil	Nil	33,858

- (1) Relevant disclosure has been provided in the "Summary Compensation Table" above, for directors who received compensation for their services as a director who are also Named Executive Officers.
- (2) \$20,822 of the fees earned related to fees for providing geological consulting services to the Company.
- (3) James Hutton resigned as a director on December 19, 2014.
- (4) Craig Angus resigned as a director January 19, 2015.

A fee schedule for non-executive directors has been established as follows:

- Each non-executive director shall receive a monthly retainer of C\$1,750;
- Each non-executive director shall receive a fee of C\$800 per board or committee meeting attended, whether via telephone or in person;
- The Chair of the Audit Committee shall receive an additional monthly retainer of C\$500;
- The Chair of the Compensation Committee shall receive an additional fee of C\$1,000 per meeting of the Compensation Committee attended, whether by telephone or in person.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors who are not Named Executive Officers:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>		
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options (\$)⁽¹⁾</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>	<i>Market or Payout Value of Share-Based Awards That Have Not Vested (\$)</i>
Marc Prefontaine	800,000	C\$0.90	July 24, 2017	Nil	N/A	N/A	N/A
James Hutton ⁽²⁾	800,000	C\$0.90	April 12, 2017	Nil	N/A	N/A	N/A
Craig Angus ⁽³⁾	800,000	C\$0.90	April 12, 2017	Nil	N/A	N/A	N/A
Federico Villaseñor	400,000	C\$1.00	April 8, 2019	Nil	N/A	N/A	N/A
Roland Löhner	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Larry Okada	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) This amount is calculated based on the difference between the exercise price of the option and the closing price of the Company's shares on the TSX Venture Exchange on December 31, 2014 C\$0.40.

(2) James Hutton resigned as a director on December 19, 2014.

(3) Craig Angus resigned as a director January 19, 2015.

Incentive Plan Awards - Value Vested Or Earned During The Year

400,000 stock options vested to directors of the Corporation who are not Named Executive Officers of the Corporation during the year ended December 31, 2014. The following table summarizes the value of options vested or earned during the year ended December 31, 2014 for each of the directors who are not Named Executive Officers of the Corporation.

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year (\$)</i>	<i>Share-Based Awards - Value Vested During The Year (\$)⁽²⁾</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Marc Prefontaine	N/A	N/A	N/A
Federico Villaseñor	Nil ⁽¹⁾	N/A	N/A
Roland Löhner	N/A	N/A	N/A
Larry Okada	N/A	N/A	N/A
James Hutton	N/A	N/A	N/A
Craig Angus	N/A	N/A	N/A

(1) This amount is the aggregate dollar value that would have been realized if the options under the option based awards had been exercised on the vesting date of April 10, 2014. It is determined by the difference between the exercise price of the option and the market price on the date of vesting (C\$0.87).

(2) The Company has not granted any share based awards.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at December 31, 2014.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> <i>(a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> <i>(b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> <i>(c)</i>
<i>Equity compensation plans approved by securityholders</i>	7,606,666	\$0.97	2,742,682
<i>Equity compensation plans not approved by securityholders</i>	N/A	N/A	N/A
<i>Total</i>	7,606,666	\$0.97	2,742,682

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at July 8, 2015, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company or its subsidiaries which is owing to the Company or its subsidiaries, or which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- (i) is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or its subsidiaries; or
- (ii) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

in relation to a securities purchase program or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries.

APPOINTMENT OF AUDITORS

PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia are the auditors of the Company. PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed as auditors on December 10, 2014. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of PricewaterhouseCoopers LLP as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the directors.

MANAGEMENT CONTRACTS

No management functions of the Company or its subsidiaries are performed to any substantial degree by a person other than the Directors or executive officers of the Company or its subsidiaries.

AUDIT COMMITTEE

The Audit Committee's Charter

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the 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.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines.

Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;

- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

Composition of the Audit Committee

The following are the members of the Committee:

Larry Okada	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Federico Villaseñor	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Roland Löhner	Independent ⁽¹⁾	Financially literate ⁽¹⁾

⁽¹⁾ As defined by National Instrument 52-110 ("NI 52-110").

Relevant Education and Experience

Larry Okada is the Chair of the Audit Committee. Mr. Okada is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements. He graduated from the University of British Columbia with a BA after which he articulated to become a CPA in Canada followed by a CPA in the United States.

Roland Löhner has been a senior partner and managing Director of The Boston Consulting Group for the last 20 years and during the last 5 years he has held the position of Managing Director for Latin

America. Mr. Löhner is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.

Federico Villaseñor holds a B.Sc in Mining and Metallurgy from the University of Guanajuato, a M.S. of Mineral Economics from Columbia University and a Finance Degree from The Instituto Tecnológico Autónomo de Mexico. His career has spanned 40 years in the mining industry and is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under "Duties and Responsibilities".

External Auditors Service Fees (By Category)

The aggregate fees billed by the Company's external auditors during the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2014	C\$115,000	\$Nil	C\$7,500	\$Nil
December 31, 2013	C\$96,500	\$Nil	\$Nil	\$Nil

CORPORATE GOVERNANCE DISCLOSURE

National Policy 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 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Company's Board consists of five directors, four of whom are independent based upon the tests for independence set forth in NI 52-110. Marc Prefontaine, Federico Villaseñor, Roland Löhner and Larry Okada are independent. Arturo Prestamo Elizondo is not independent as he is the President and CEO of the Company.

Management Supervision by Board

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are however able to meet at any time without any members of management including the non-independent directors being present. Further supervision is performed through the Audit Committee which is composed of a majority of independent directors who meet with the Company's auditors without management being in attendance.

Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
3. access to management, technical experts and consultants; and
4. a summary of significant corporate and securities responsibilities.

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; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Board has adopted a Code of Business Conduct and Ethics that is posted on its website at www.santacruzsilver.com and has instructed its management and employees to abide by the Code.

Nomination of Directors

The Governance and Nomination Committee (the "**Nominating Committee**") has responsibility for identifying potential Board candidates. The members of the Nominating Committee are Larry Okada, Roland Löhner, and Marc Prefontaine, all of whom the Company considers to be independent directors of the Company. The Nominating Committee assesses potential Board candidates to fill perceived needs on the Board for required skill, expertise, independence and other factors. Members of the Board and representatives are consulted for possible candidates. The Board has adopted a written charter that sets forth the responsibilities of the Nominating Committee and give the Committee the authority to engage outside experts to assist in identifying potential candidates if considered advisable. A copy of the charter is posted on SEDAR.

Compensation of Directors and the CEO

The members of the Compensation Committee are Arturo Prestamo Elizondo, Federico Villaseñor, and Marc Prefontaine. Federico Villaseñor and Marc Prefontaine are independent directors of the Company, Arturo Prestamo Elizondo is not an independent director. The Compensation Committee has responsibility for determining compensation for the directors and senior management.

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and CEOs of companies of similar size and stage of development in the mineral exploration and mining industries and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation the Compensation Committee annually reviews the performance of the CEO in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives. The Board has adopted a written charter that sets forth the responsibilities of the Compensation Committee and gives the Committee the authority to engage outside experts to assist in identifying potential candidates if considered advisable. A copy of the charter is posted on SEDAR. For further information regarding the how the Company determines compensation for its Directors and executive officers, see "Executive Compensation – Compensation Discussion and Analysis".

Board Committees

In addition to the Audit, Compensation and Nominating Committee, the Company has a Health, Safety and Environmental Committee.

The Board had adopted a written mandate that sets forth the responsibilities of the Health, Safety and Environmental Committee. The mandate is filed on SEDAR.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. To assist in its review, the Board conducts informal surveys of its directors. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

(a) Approval of New Stock Option Plan

The Company currently has a 10% rolling stock option plan (the "**Old Plan**") that was adopted prior to the Company's qualifying transaction. On June 15, 2015, the Board of Directors of the Company approved the adoption of a new 10% rolling stock option plan (the "**New Plan**") to replace the Old Plan, subject to shareholder and TSX approval. The New Plan includes a number of features not included in the Old Plan and includes certain features that conform with the current policies of the TSXV.

Similar to the Old Plan, the purpose of the New Plan is to allow the Company to grant options to directors, senior officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with the market price in accordance with the policies of the TSXV.

Additional material terms of the New Plan are as follows:

- (a) The number of shares reserved for issuance under the New Plan (including those issuable under pre-existing options) shall not exceed 10% of the issued and outstanding shares, on a non-diluted basis, on the grant date;
- (b) The number of shares which may be reserved for issuance to any individual may not exceed 5% of the issued shares (without shareholder approval), 2% if the optionee is engaged in investor relations, or 10% to insiders as a group;
- (c) Unless otherwise determined by the directors, all options shall immediately vest, other than options granted to optionees performing investor relations activities, which options must vest in stages over 12 months with no more than one-quarter vesting in any three month period;
- (d) The New Plan provides that, on the death or disability of an option holder, all vested options will expire at the earlier of one year after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of: (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases to be an eligible person under the New Plan. The Board of Directors may, in its sole discretion if it determines such is in the best interests of the Company, extend this 90 day termination date to a later date within a reasonable period not exceeding one year;
- (e) The New Plan contains a provision that, if pursuant to the operation of the plan's adjustment provisions, in respect of options granted under the New Plan (the "**Subject Options**"), an optionee receives options to purchase securities of another company (the "**New Company**"), such new options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the New Plan relating to

expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "**Termination Provisions**"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that such new options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is one year after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board of Directors;

- (f) In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board of Directors. In order to ensure that optionees are not prejudiced by the imposition of such black-out periods, the New Plan includes a provision (the "**Black-Out Provision**") to the effect that any outstanding stock options with an expiry date that falls during a management imposed black-out period or within five trading days thereafter will be automatically extended to a date that is ten trading days following the end of the black-out period;
- (g) The New Plan provides that if a change of control (as defined therein) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder. The Board of Directors of the Company may also accelerate the expiry date of outstanding stock options in connection with a take-over bid; and
- (h) The New Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including a consolidation, merger, amalgamation, an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company, or a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation.

Upon implementation, all existing options granted under the Old Plan will be governed by the New Plan, to the extent possible. All existing and outstanding options will count against the number of shares reserved for issuance under the New Plan as long as such options remain outstanding.

The full text of the New Plan is available for viewing up to the date of the Meeting at the Company's offices at 1125-595 Howe Street, Vancouver, British Columbia and will also be available for review at the Meeting.

At the Meeting, shareholders will be asked to pass an ordinary resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Company approve, subject to regulatory approval, the adoption of the New Plan (as defined and described in the Company's Information Circular dated July 8, 2015) pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares of the Company at the time of grant, with a maximum of 5%

of the Company's issued and outstanding common shares being reserved to any one person on a yearly basis."

The Board of Directors of the Company believes the passing of the foregoing resolution is in the best interests of the Company and recommends that shareholders vote in favour of the resolution.

Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of the New Plan.

If the requisite shareholder approval of the New Plan is not obtained at the Meeting, the Old Plan shall remain in effect.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at (604) 569-1609 to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. 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.

DATED this 8th day of July, 2015.

APPROVED BY THE BOARD OF DIRECTORS

“Arturo Prestamo Elizondo”

Arturo Prestamo Elizondo, President, Chief Executive Officer and Director