

**IMPACT SILVER CORP.**  
1100 - 543 Granville Street  
Vancouver, British Columbia V6C 1X8  
Telephone #: (604) 681-0172  
Facsimile #: (604) 681-6813

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Meeting**”) of the shareholders of IMPACT Silver Corp. (the “**Company**”) will be held at 1100 - 543 Granville Street, Vancouver, B.C., V6C 1X8 on May 23, 2019 at 9:00 a.m., Vancouver time, for the following purposes:

1. to receive and consider the report of the directors and the consolidated financial statements of the Company together with the auditor's report thereon for the financial year ended December 31, 2018;
2. to elect directors for the ensuing year;
3. to appoint auditors for the ensuing year;
4. to approve the continuance of the Company's Share Option Plan; and
5. to transact such further or other business as may properly come before the meeting and any adjournments thereof.

Registered shareholders who are unable to attend the meeting are requested to read the notes included in the enclosed form of Proxy and then to complete, date, sign and mail or fax the Proxy, or to complete and submit the Proxy on the internet, in accordance with the instructions set out in the Proxy and in the Information Circular accompanying this Notice.

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of April, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Frederick W. Davidson"*

Frederick W. Davidson  
President & Chief Executive Officer

**If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the meeting.**

**IMPACT SILVER CORP.  
(the "Company")**

**INFORMATION CIRCULAR**

(Information herein is as at April 18, 2019, unless otherwise indicated)

**SOLICITATION OF PROXIES**

This Information Circular and the accompanying documents (the "**Meeting Materials**") are furnished in connection with the solicitation of proxies by the management of IMPACT Silver Corp. (the "**Company**") for use at the Annual General Meeting of Shareholders of the Company to be held on May 23, 2019 (the "**Meeting**") and any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company.

These Meeting Materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary (as defined below) holding on your behalf. By choosing to send these Meeting 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 your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. (For further information relating to non-registered owners, see the discussion below under "INFORMATION FOR NON-REGISTERED (BENEFICIAL) OWNERS OF SHARES".)

**APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES OR BY COMPLETING ANOTHER FORM OF PROXY.** To be valid, a proxy must be in writing and executed by the shareholder or its attorney authorized in writing, unless the shareholder chooses to complete the proxy on the internet as described in the enclosed form of proxy. Completed proxies must be received by Computershare Investor Services – Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or at the discretion of the Chairman of the Meeting, delivered to the Chairman of the Meeting prior to the commencement of the Meeting or an adjourned meeting.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 1800 – 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

## INFORMATION FOR NON-REGISTERED (BENEFICIAL) OWNERS OF SHARES

The shares owned by many shareholders of the Company are not registered on the records of the Company in the beneficial shareholders' own names. Rather, such shares are registered in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Information Circular as an "**intermediary**" or "**intermediaries**"). Shareholders who do not hold their shares in their own names (referred to in this Information Circular as "**non-registered owners**") should note that **only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. A non-registered owner cannot be recognized at the Meeting for the purpose of voting his shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

Non-registered owners who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBOs". Those non-registered owners who have objected to their intermediary disclosing ownership information about themselves to the Company are referred to as "OBOs".

In accordance with applicable securities regulatory policy, the Company has elected to seek voting instructions directly from NOBOs. The intermediaries (or their service companies) are responsible for forwarding this Information Circular and other Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to non-registered owners who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "**VIF**"). This form is provided instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered owner is able to instruct the registered shareholder how to vote on behalf of the non-registered owner. VIFs, whether provided by the Company or by an intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered owners to direct the voting of the shares which they beneficially own. If a non-registered owner who receives a VIF wishes to attend the Meeting or have someone else attend on his behalf, then the non-registered owner may request a legal proxy as set forth in the VIF, which will grant the non-registered owner or his nominee the right to attend and vote at the Meeting.

In addition to those procedures, National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), allows a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO's proxyholder. If such a request is received, the Company or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Company or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 9:00 A.M. (Pacific time) on May 17, 2019.

The Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and an OBO will not receive those materials unless the OBO's intermediary assumes the cost of delivery.

<p><b>IF YOU ARE A NON-REGISTERED OWNER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE REFER TO THE INSTRUCTIONS SET OUT ON THE "REQUEST FOR VOTING INSTRUCTIONS" (VIF) THAT ACCOMPANIES THIS INFORMATION CIRCULAR.</b></p>
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## EXERCISE OF DISCRETION

Shares represented by proxy are entitled to be voted on a show of hands or any poll and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares will be voted or withheld from voting in accordance with the specification so made.

## SUCH SHARES WILL BE VOTED FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER

The enclosed form of 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 with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Company has issued and outstanding 92,020,093 fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Any shareholder of record at the close of business on April 18, 2019 who either personally attends the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have his shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, or control or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company.

## ELECTION OF DIRECTORS

The Board of Directors presently consists of six directors and it is intended to elect six directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia) (the "**Act**").

The Company has two committees, an Audit Committee and a Compensation Committee. Members of these committees are set out below.

The following table sets out the names of the nominees for election as directors, the province or state and the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of common shares of the Company beneficially owned, or controlled or directed by each, directly or indirectly, as at the date hereof.

<b>Name, Position, Province/State and Country of Residence</b> <sup>(1)(2)</sup>	<b>Principal Occupation or Employment</b> <sup>(1)</sup>	<b>Period as a Director of the Company</b>	<b>No. of Shares</b> <sup>(1)</sup>
<b>Frederick W. Davidson</b> British Columbia, Canada Chief Executive Officer, President and Director	Chartered Professional Accountant; President and Chief Executive Officer of the Company; President and Chief Executive Officer of Energold Drilling Corp.	Since August 1999	591,750
<b>George A. Gorzynski</b> British Columbia, Canada Vice President Exploration and Director	Geological Engineer; Exploration Consultant & Vice President Exploration of the Company	Since April 2004	237,000
<b>Victor A. Tanaka</b> <sup>(3)(4)</sup> British Columbia, Canada Director	Retired Exploration Geologist	Since March 1996	50,000
<b>Richard J. Mazur</b> <sup>(3)(4)</sup> British Columbia, Canada Director	President and Chief Executive Officer of Forum Energy Metals Corp.; Chief Executive Officer of Alto Ventures Ltd.	Since May 1993	270,500
<b>Peter N. Tredger</b> <sup>(3)(4)</sup> British Columbia, Canada Director	Professional Engineer; Consulting Geologist	Since October 2007	22,000
<b>Robert W. Lishman</b> California, USA Director	Managing General Partner of Yellowjacket, LP	Since February 2016	140,000 <sup>(5)</sup>

- (1) The information as to province/state and country of residence, principal occupation and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) None of the proposed nominees for election as a director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Mr. Lishman also has indirect control of 350,000 common shares as trustee of the Grover T. Wickersham Employee Profit Sharing Plan.

## Orders & Bankruptcies

None of the proposed nominees for election as a director of the Company:

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

- (b) is, as at the date of this Information Circular, 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, 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 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.

### **Penalties and Sanctions**

None of the proposed nominees for election as a director of the Company have been subject to any:

- (a) 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
- (b) 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 proposed director.

### **EXECUTIVE COMPENSATION**

During the Company's most recently completed financial year, the Company had three Named Executive Officers (as defined below): Frederick W. Davidson, the Company's CEO and President, George A. Gorzynski, the Company's Vice President Exploration, and Jerry Huang, the Company's CFO.

#### **Compensation Discussion and Analysis**

##### *Compensation, Philosophy and Objectives*

Remuneration plays an important role in attracting, motivating, rewarding and retaining knowledgeable and skilled individuals to the Company's management team. The Company does not have a formal compensation program. The Compensation Committee meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis.

The Compensation Committee seeks to ensure that total compensation paid to all Named Executive Officers is fair and reasonable. In setting salaries, the Compensation Committee does not rely upon benchmarking, mathematical formulas or hierarchy. The Compensation Committee considers each officer's qualifications, experience and responsibilities within the Company. The Committee also looks at the positioning of each executive on an individual basis and the competitiveness and suitability of the mix of that senior officer's package for his individual circumstances. The Compensation Committee periodically reassesses salaries, considering such factors as an officer's increased level of experience, whether or not the officer's responsibilities have increased over the past year and the overall success of the Company for the prior year.

##### *Analysis of Elements*

Each Named Executive Officer is compensated as set out herein with the expectation that they will perform their responsibilities to their best ability and in the best interest of the Company.

The Company entered into an executive employment agreement with Mr. Davidson on September 1, 2009 (the "**Davidson Agreement**").

For the financial year ending December 31, 2018, the Company paid Mr. Davidson a salary of \$174,000 for his services as CEO and President. Mr. Davidson also earned an amount of \$13,200 for his services as a Director, of which the total amount of \$6,600 was accrued and not paid as at December 31, 2018. (See "Termination and Change of Control Benefits" for more information about Mr. Davidson's Agreement.)

For the financial year ending December 31, 2018, Mr. Gorzynski earned a consulting fee of \$22,785 for his services as Vice President Exploration, of which \$21,630 was paid, and \$1,155 was accrued and not paid as at December 31, 2018. Mr. Gorzynski also earned an amount of \$12,900 for his services as a Director, of which the total amount of \$6,300 was accrued and not paid as at December 31, 2018.

For the financial year ending December 31, 2018, the Company paid Mr. Huang \$81,400 for his services as CFO.

The compensation described above was determined by the Compensation Committee of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's Share Option Plan dated for reference May 25, 2017, as amended July 20, 2017 (the "**Share Option Plan**") and as determined by the Board at the time of the grant. The purpose of granting options is to assist the Company in compensating, attracting, retaining and motivating the Named Executive Officers and Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

### **Option-based Awards**

The Company has no long-term incentive plans other than its Share Option Plan. The Company's directors, officers, consultants and employees are entitled to participate in the Share Option Plan. The Share Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Share Option Plan aligns the interests of the Named Executive Officers and the Board with shareholders by linking a component of executive compensation to the longer-term performance of the Company's common shares.

Options are granted by the Board of Directors. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- (a) parties who are entitled to participate in the Share Option Plan;
- (b) the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than prescribed discount permitted by the TSX Venture Exchange (the "**TSXV**") from the market price on the date of grant;
- (c) the date on which each option is granted;
- (d) the vesting period, if any, for each stock option;

- (e) the other material terms and conditions of each stock option grant; and
- (f) any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Share Option Plan. The Board reviews and approves grants of options generally on an annual basis and periodically during a financial year.

Pursuant to the Share Option Plan, the Board grants options to directors, executive officers, employees and consultants as incentives.

The Compensation Committee recommends option grants to the Board. The Company did not grant any stock options exercisable to purchase shares of the Company to Named Executive Officers during the financial year ended December 31, 2018.

The Board is recommending to the Meeting the approval of the continuance of the Company's Share Option Plan, for particulars please see "Particulars of Other Matters to Be Acted Upon – Continuance of Share Option Plan".

### **Compensation Governance**

For more information about the Compensation Committee and its compensation policies, please see the "Corporate Governance – Compensation of Directors and the CEO".

### **Summary Compensation Table**

The table below sets out particulars of compensation paid to the following executive officers (each of whom is a "**Named Executive Officer**") for services to the Company during the three most recently completed financial years:

- (a) the individual who acted as the Company's CEO or acted in a similar capacity for any part of the most recently completed financial year;
- (b) the individual who acted as the Company's CFO or acted in a similar capacity for any part of the most recently completed financial year;
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.



Name and principal position	Year	Salary <sup>(1)</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		All other compensation <sup>(2)</sup> (\$)	Total Compensation (\$)
				Annual incentive plans	Long-term incentive plans		
Frederick W. Davidson, President and CEO	2018	174,000	Nil	Nil	Nil	13,200 <sup>(3)</sup>	187,200
	2017	174,000	50,987 <sup>(4)</sup>	Nil	Nil	13,500 <sup>(3)</sup>	238,487
	2016	174,000	174,514 <sup>(5)</sup>	100,000 <sup>(6)</sup>	Nil	13,500 <sup>(3)</sup>	462,014
George A. Gorzynski, Vice President Exploration	2018	Nil	Nil	Nil	Nil	35,685 <sup>(7)</sup>	35,685
	2017	Nil	50,987 <sup>(4)</sup>	Nil	Nil	52,525 <sup>(8)</sup>	103,512
	2016	Nil	174,514 <sup>(5)</sup>	50,000 <sup>(9)</sup>	Nil	78,250 <sup>(10)</sup>	302,764
Jerry Huang, CFO	2018	Nil	Nil	Nil	Nil	81,400 <sup>(11)</sup>	81,400

- (1) This figure includes the dollar value of cash and non-cash base salary the Named Executive Officer earned during the relevant financial year.
- (2) Perquisites and other personal benefits have not been included as they do not reach the prescribed threshold of the lesser of \$50,000 or 10% of the total annual salary.
- (3) Mr. Davidson earned \$13,200 in 2018 and \$13,500 in both 2017 and 2016 in his capacity as Director of the Company. At December 31, 2018 \$6,600 was accrued and not paid.
- (4) These options were granted on September 21, 2017 with 100% vesting immediately. They are exercisable at a price of \$0.35 and expire on September 20, 2022. The fair value has been estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 1.58%, expected dividend yield of \$nil, expected stock price volatility of 104%, and expected life of option of 2.5 years.
- (5) These options were granted on July 28, 2016 with 25% vesting immediately and 25% vesting every 6 months thereafter. They are exercisable at a price of \$0.98 and expire on July 28, 2021. The fair value has been estimated using the Black-Scholes option pricing model with the following assumptions: risk free rate of 0.57%, expected dividend yield of \$nil, expected stock price volatility of 107%, and expected life of option of 3 years.
- (6) Mr. Davidson received a bonus of \$100,000 in cash for services as President in 2016.
- (7) This amount is for consulting fees of \$22,785 and director fees of \$12,900 earned by Mr. Gorzynski, of which \$28,230 was paid, and \$7,455 was accrued and not paid in 2018.
- (8) This amount is for consulting fees of \$39,025 and director fees of \$13,500 earned by Mr. Gorzynski, of which \$44,175 was paid, and \$8,350 was accrued and not paid in 2017.
- (9) Mr. Gorzynski received a bonus of \$50,000 in cash for services as Vice President Exploration in 2016.
- (10) This amount is for consulting fees of \$64,750 and director fees of \$13,500 paid to Mr. Gorzynski.
- (11) Fee paid for Mr. Huang's services as CFO. He is not an employee of the Company.

### Incentive Plan Awards

The Company has no long-term incentive plans other than its Share Option Plan.

#### Outstanding Option-Based Awards

The following table sets forth details of all awards outstanding for the Named Executive Officers at the end of the most recently completed financial year, including awards granted to the Named Executive Officers in prior years.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Frederick W. Davidson	500,000	0.55	January 6, 2019 <sup>(2)</sup>	Nil
	275,000	0.98	July 27, 2021	Nil
	275,000	0.35	September 20, 2022	Nil
George A. Gorzynski	225,000	0.55	January 6, 2019 <sup>(2)</sup>	Nil
	275,000	0.98	July 27, 2021	Nil
	275,000	0.35	September 20, 2022	Nil
Jerry Huang	50,000	0.98	July 27, 2021	Nil
	50,000	0.35	September 20, 2022	Nil

(1) This amount is based on the difference between the market value of the securities underlying the options at the year ended December 31, 2018, being \$0.31, and the exercise price of the option.

(2) These options were extended as to their expiry date from January 6, 2014 to January 6, 2019.

#### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth details of the value vested or earned by the Named Executive Officers for incentive plan awards for the most recently completed financial year.

Name	Option-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Frederick W. Davidson	Nil	Nil
George A. Gorzynski	Nil	Nil
Jerry Huang	Nil	Nil

#### **Pension Plan Benefits**

The Company does not have any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### Termination and Change of Control Benefits

The Davidson Agreement is effective as of September 1, 2009 and will continue unless terminated in accordance with the terms of the Davidson Agreement. The Company may terminate the Davidson Agreement at any time without cause provided that the Company provides Mr. Davidson with severance payment in lieu of notice as outlined in the Davidson Agreement.

In the event that Mr. Davidson is terminated without cause by the Company or dies during the period of his employment, the Company will pay Mr. Davidson or his legal representative, as applicable, a severance payment which will consist of the following amounts:

- (a) the portion of Mr. Davidson's annual salary, at the rate in effect at the time of the notice of termination, then accrued to the date of termination which has not been paid to Mr. Davidson;
- (b) an amount equal to the amount, if any, of vacation pay and reimbursable expenses accrued to the date of termination which have not been paid to Mr. Davidson; and
- (c) an amount equal to 36 months' salary, at the rate in effect at the time of the notice of termination.

In the event of a Change of Control (as that term is defined below) of the Company if Mr. Davidson elects to terminate his employment within the period of 6 months following the date of the Change of Control, the Company will pay to Mr. Davidson, on or before the fifth business day following the Change of Control, the following amounts:

- (a) the portion of Mr. Davidson's annual salary, at the rate in effect at the time of the notice of termination, then accrued to the date of termination which has not been paid to Mr. Davidson;
- (b) an amount equal to the amount, if any, of vacation pay and reimbursable expenses then accrued to the date of termination which have not been paid to Mr. Davidson; and
- (c) an amount equal to 36 months' salary, at the rate in effect at the time of the notice of termination.

For the purposes of the Davidson Agreement, a Change of Control includes the occurrence of any of:

- (a) the purchase or acquisition of any common shares or securities of the Company convertible into common shares of the Company ("**Convertible Securities**") by a Holder (as defined below) which results in the Holder beneficially owning, or exercising control or direction over, common shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holders, the Holders would beneficially own, or exercise control or direction over, common shares of the Company carrying the right to cast more than 50% of the votes attaching to all such common shares;
- (b) Incumbent Directors (as defined below) ceasing to constitute a majority of the Board;
- (c) approval by the shareholders of the Company of:
  - (i) an amalgamation, arrangement, merger or other consolidation or combination of the Company with another corporation pursuant to which the shareholders of the Company immediately thereafter do not own shares of the successor or continuing corporation which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation;
  - (ii) the liquidation, dissolution or winding up of the Company; or

(iii) the sale, lease or other disposition of all or substantially all of the assets of the Company.

Holder means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the Act with any such person, group of persons or any such persons acting jointly or in concert.

Incumbent Director means any member of the Company's Board who was a member of the Company's Board immediately prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director by the affirmative vote of the directors, including a majority of the Incumbent Directors then on the Company's Board.

Shares mean the common shares of the Company and any other shares of the Company which have the right to vote in respect of the election of directors.

The following tables show the estimated compensation that would have been payable to Mr. Davidson assuming termination and/or Change of Control events occurring on December 31, 2018:

Name	Payment Upon Termination without Cause	Payment Upon Change of Control or Upon Constructive Dismissal
Frederick W. Davidson	\$522,000 <sup>(1)(2)</sup>	\$522,000 <sup>(1)(2)</sup>

(1) Pursuant to the terms of Mr. Davidson's Employment Agreement and a salary increase effective as of May 1, 2013, Mr. Davidson is paid an annual salary of \$174,000.

(2) Plus, any accrued vacation pay to the date of termination.

### Director Compensation

The Company has six directors, two of which are also Named Executive Officers. For a description of the compensation paid to the Company's Named Executive Officers who also act as directors, see "Summary Compensation Table".

#### *Director Compensation Table*

The following table sets forth details of all amounts of compensation provided to the directors other than the Named Executive Officers (the "Other Directors") for the Company's most recently completed financial year.

Name	Fees Earned (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total Compensation (\$)
Victor A. Tanaka	14,400	Nil	Nil	Nil	14,400
Richard J. Mazur	14,400	Nil	Nil	Nil	14,400
Peter N. Tredger	14,400	Nil	Nil	Nil	14,400
Jean-Pierre Bourtin <sup>(1)</sup>	9,000	Nil	Nil	Nil	9,000
Robert W. Lishman	13,200	Nil	Nil	Nil	13,200

(1) Jean-Pierre Bourtin ceased as a director on October 2, 2018.

Under the Company's standard director compensation arrangements, Directors are compensated by the Company or its subsidiaries at \$12,000 per annum for their services in their capacity as directors, with an additional \$300 per meeting attended. As well, they are compensated for services as a consultant or an expert. As at December 31, 2018, the total amount of \$31,200 in directors' fees were accrued and not paid.

The Company did not grant stock options exercisable to purchase shares of the Company to its Directors (not including the Named Executive Officers) during the financial year ended December 31, 2018.

*Option-Based Awards and Non-Equity Incentive Plan Compensation*

The following table sets forth details of all awards outstanding for the Other Directors at the end of the most recently completed financial year, including awards granted to the Other Directors in prior years.

Name	Option –based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Victor A. Tanaka	100,000	0.55	January 6, 2019 <sup>(2)</sup>	Nil
	100,000	0.98	July 27, 2021	Nil
	100,000	0.35	September 20, 2022	Nil
Richard J. Mazur	100,000	0.55	January 6, 2019 <sup>(2)</sup>	Nil
	100,000	0.98	July 27, 2021	Nil
	100,000	0.35	September 20, 2022	Nil
Peter N. Tredger	150,000	0.55	January 6, 2019 <sup>(2)</sup>	Nil
	100,000	0.98	July 27, 2021	Nil
	100,000	0.35	September 20, 2022	Nil
Jean-Pierre Bourtin	100,000	0.98	July 27, 2021	Nil
	100,000	0.35	September 20, 2022	Nil
Robert W. Lishman	100,000	0.98	July 27, 2021	Nil
	100,000	0.35	September 20, 2022	Nil

(1) This amount is based on the difference between the market value of the securities underlying the options at the year ended December 31, 2018, being \$0.31, and the exercise price of the option.

(2) These options were extended as to their expiry date from January 6, 2014 to January 6, 2019.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth details of the value vested or earned by the Other Directors for incentive plan awards for the most recently completed financial year.

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
Victor A. Tanaka	Nil	Nil
Richard J. Mazur	Nil	Nil
Peter N. Tredger	Nil	Nil
Jean-Pierre Bourtin	Nil	Nil
Robert W. Lishman	Nil	Nil

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out, as of the end of the Company's financial year ended December 31, 2018, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by securityholders	4,710,000	0.64	4,049,834

### **CORPORATE GOVERNANCE**

National Policy 58-201 - *Corporate Governance Guidelines*, establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines and, as prescribed by National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, the Company discloses the following:

#### **Board of Directors**

The Company's Board of Directors facilitates its independent supervision over management through regular meetings of the Board, both with and without members of the Company's management (including members of management who are also directors) being in attendance.

#### **Independence of Members of Board**

The Company's Board consists of six directors, four of whom are independent based upon the tests for independence set forth in NI 52-110. Victor A. Tanaka, Richard J. Mazur, Peter N. Tredger, and Robert W. Lishman are independent. Frederick W. Davidson is not independent as he is the President and CEO of the Company. George A. Gorzynski is not independent as he is the Vice President Exploration of the Company.

The mandate of the Board, as prescribed by the Act, is to manage or supervise management of the Company's business and affairs 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.

### Management Supervision by Board

The Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. 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. The independent directors exercise their responsibilities for independent oversight of management through their majority control of the Board. The Board may appoint a lead director to direct Board operations.

### Participation of Directors in Other Reporting Issuers

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

Name of Director	Name of Other Reporting Issuer
Frederick W. Davidson	Energold Drilling Corp.
George A. Gorzynski	European Electric Metals Inc. Fireweed Zinc Ltd.
Victor A. Tanaka	Fjordland Exploration Inc. Westhaven Ventures Inc. Consolidated Woodjam Copper Corp.
Richard J. Mazur	Alto Ventures Ltd. Forum Energy Metals Corp. Midnight Sun Mining Corp.
Peter N. Tredger	Skeena Resources Ltd.
Jean-Pierre Bourtin	N/A
Robert W. Lishman	N/A

### Participation of Directors in Board Meetings

During the year ended December 31, 2018, four Board meetings were held. The attendance record of each director for the Board meetings held is as follows:

Name of Director	Board of Director Meetings
Frederick W. Davidson	4 of 4
George A. Gorzynski	3 of 4
Victor A. Tanaka	4 of 4
Richard J. Mazur	4 of 4
Peter N. Tredger	4 of 4
Jean-Pierre Bourtin <sup>(1)</sup>	0 of 4
Robert W. Lishman	4 of 4

<sup>(1)</sup> Mr. Bourtin ceased to be a director on October 2, 2018.

## **Board Mandate**

The Board has not adopted a written mandate; however, it delineates certain roles and responsibilities as set out in its employment agreements.

## **Position Descriptions**

The Board has not adopted position descriptions for the Chairman of the Board and for the chairs of each of its committees. The Board has adopted a position description for the CEO, as set forth in the Company's employment agreement with the CEO.

## **Orientation and Continuing Education**

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

- (a) information respecting the functioning of the Board, committees and copies of the Company's corporate governance policies;
- (b) access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
- (c) access to management and technical experts and consultants; and,
- (d) 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 of Directors has adopted a written Business Conduct Policy. A copy of the Business Conduct Policy is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on request as indicated under "Additional Information" in this Information Circular.

The Board views good corporate governance as an integral component to the Company's success and to meet responsibilities to shareholders.

The Board has adopted a series of policies in addition to the Business Conduct Policy (together, the "Policies"), concerning conduct of its employees and directors that are posted on its website at [www.impactsilver.com](http://www.impactsilver.com), under Policies of the Board. The Board has instructed its management and employees to abide by these Policies and to bring any breaches of these Policies to the attention of the Board. The Board conducts a continual review and updating of its Policies.

The Board requires that directors and executive officers who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material or if required to do so by applicable corporate or securities law.



## **Nomination of Directors**

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mining and financial services industries are consulted for possible candidates.

## **Compensation of Directors and the CEO**

The members of the Compensation Committee are Victor A. Tanaka, Peter N. Tredger, and Richard J. Mazur, all of whom are independent. The Compensation Committee is responsible for determining compensation for the directors and senior management.

To determine compensation payable, the Compensation Committee reviews compensation paid to directors and CEOs of companies of similar size and stage of development in the mineral exploration industry 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 not yet adopted a written charter for the Compensation Committee.

## **Other Board Committees**

As the directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

## **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 and receives reports from each committee respecting its own effectiveness.

## **AUDIT COMMITTEE**

### **Audit Committee's Charter**

The text of the Company's Audit Committee Charter is attached as Appendix 1 to this Information Circular.

### **Composition of the Audit Committee**

As at the date hereof, the members of the Audit Committee are Peter N. Tredger, Victor A. Tanaka and Richard J. Mazur. Each of the members of the Audit Committee is "independent" and "financially literate" as defined in National Instrument 52-110 *Audit Committees* ("NI 52-110").

The Audit Committee met four times during the most recently completed financial year.

## Relevant Education and Experience

The educational background or experience of the following Audit Committee members has enabled each to perform his responsibilities as an Audit Committee member and has provided the member with an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting:

Peter N. Tredger is a professional engineer with over 50 years of mining industry experience, including executive management positions with Blue Pearl Mining/Thompson Creek Metals Company (now Centerra Gold Inc.) from 2004 to 2008; Glencairn Gold Corp. (now B2Gold Corp.) from 2002 to 2004; and, Wheaton River Minerals Ltd. (now Goldcorp Inc.) from 1992 to 2001. Previously, Mr. Tredger was an independent mining consultant, and for 11 years was employed by Amax Inc. in a variety of technical and management positions, prior to which he was an exploration geologist. Mr. Tredger has more than 30 years of experience as a public company director and Audit Committee member.

Victor A. Tanaka has been involved with public and private mining companies for over 50 years. He has a Bachelor of Science degree in Geology from McGill University and is a registered professional geoscientist (retired) in the Province of British Columbia (EGBC). Mr. Tanaka also sits on the boards of Fjordland Exploration Inc., Westhaven Ventures Inc. and Consolidated Woodjam Copper Corp.

Richard J. Mazur has been involved with public and private mining companies for over 40 years. He has an MBA (1985) from Queen's University and a Bachelor of Science degree in Geology (1975) from the University of Toronto. Mr. Mazur worked as a Project Geologist, Financial Analyst and Senior Executive in the resource sector over that period. He has been a director and an Audit Committee member of public resource companies for over 25 years. Mr. Mazur is currently the President, CEO and Director of Forum Energy Metals Corp., the CEO and Director of Alto Ventures Ltd. and Director and Audit Committee member of Midnight Sun Mining Corp.

## Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year did the Board of Directors of the Company decline to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

## Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption under section 2.4, 6.1.1(4), (5) or (6), or 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 under the heading "External Auditors" in the Company's Audit Committee Charter.

### External Auditors Service Fees (By Category)

The table below sets out all fees billed by the Company's external auditors in each of the last two fiscal years for audit fees:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2018	\$147,000	Nil	Nil	Nil
2017	\$120,750	Nil	Nil	Nil

### Exemption for Venture Issuers

The Company is relying upon the exemption in section 6.1 of NI 52-110, which exempts issuers whose shares are listed only on the TSXV from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations).

### INTEREST OF CERTAIN PERSONS OR COMPANIES 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 and the approval of the stock option plan.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee or any of their respective associates or affiliates or any proposed nominee for election as a director of the Company is or has been at any time since the beginning of the last completed financial year, indebted to the Company or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, no informed person of the Company, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since the beginning of the Company's last completed financial year, which has materially affected or would materially affect the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

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

### APPOINTMENT OF AUDITORS

Unless otherwise instructed, the proxies given in this solicitation will be voted for the re-appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, of 250 Howe Street, Suite 1400, Vancouver, British Columbia V6C 3S7, as the Company's auditor to hold office until the next annual general meeting. The Company's Board of Directors is authorized to set the remuneration to be paid to the auditor.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### Continuance of Share Option Plan

In accordance with the policies of the TSXV governing stock options, all issuers are required to adopt a share option plan pursuant to which stock options may be granted. As set forth under the heading “Executive Compensation – Option-Based Awards” above, the Company has in place a Share Option Plan dated for reference May 25, 2017, as amended July 20, 2017 (the “**Plan**”) as previously approved by the directors, and as also first approved by the shareholders of the Company at the Annual General Meeting held on May 25, 2017.

The Plan is in place for the benefit of directors, officers, employees, management employees and consultants of the Company and of its subsidiaries (the “**Participants**”). As of April 18, 2019, a total of 3,500,000 options are outstanding under the Plan. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Plan. The maximum aggregate number of common shares that may be reserved for issuance under the Plan and all other share compensation arrangements of the Company is 10% of the Company’s issued and outstanding shares at the date of grant. This is a “**rolling**” Plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase or decrease as the Company’s issued and outstanding share capital changes. The exercise price of an option issued under the Plan is determined by the directors but may not be less than the closing market price of the Company’s shares on the day preceding the date of granting of the option less any available discount, in accordance with the policies of the TSXV. No option may be granted for a term longer than 10 years. An option may expire on such earlier date or dates as may be fixed by the Board, subject to earlier termination in the event the optionee ceases to be eligible under the Plan by reason of death, retirement or otherwise.

The Plan provides for the following restrictions: (i) no Participant may be granted an option if that option would result in the total number of stock options granted to the Participants in the previous 12 months, exceeding 5% of the issued and outstanding common shares unless the Company has obtained disinterested shareholder approval in accordance with the policies of the TSXV; (ii) the aggregate number of options granted to Participants conducting Investor Relations Activities (as defined in the policies of the TSXV) in any 12 month period must not exceed 2% of the issued and outstanding common shares, calculated at the time of grant; and, (iii) the aggregate number of options granted to any one consultant in any 12 month period must not exceed 2% of the issued and outstanding common shares, calculated at the time of grant. In addition, Options granted to consultants conducting Investor Relations Activities will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting or such longer vesting period as the Board may determine. Vesting of Options is otherwise at the discretion of the Board.

The policies of the TSXV require that the Plan be approved by shareholders annually, at the Company’s annual general meeting. Continuation of the Plan will be subject to the approval of the shareholders of the Company and review and acceptance by the TSXV.

A copy of the Plan will be available at the Meeting for review by shareholders. In addition, a copy of the Plan is available on SEDAR at [www.sedar.com](http://www.sedar.com), or shareholders may obtain a copy of the Plan from the Company prior to the Meeting, please see “Additional Information” below.

### *Shareholder Approval of Share Option Plan*

Accordingly, the shareholders of the Company will be requested at the Meeting to pass an ordinary resolution in the following terms:

"RESOLVED that:

1. the Company's share option plan (the "**Plan**"), as described in the Information Circular of the Company dated April 18, 2019, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange with such changes as may be required by the TSX Venture Exchange;
2. the directors of the Company be and are hereby authorized to amend such provisions of the Plan as may from time to time be necessary for the Plan to comply with the Policies of the TSX Venture Exchange and to facilitate acceptance of filing thereof by the TSX Venture Exchange;
3. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding capital of the Company at the time of the grant; and
4. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the approval of the Plan."

The Board of directors unanimously recommends that shareholders vote in favour of the resolution approving the Plan. The persons named in the enclosed proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the shareholders appointing them.

### **OTHER BUSINESS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its offices located at 1100 – 543 Granville Street, Vancouver, British Columbia V6C 1X8 or by telephone at 604-681-9501 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.

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of April, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Frederick W. Davidson"

Frederick W. Davidson  
President & Chief Executive Officer

## **APPENDIX 1**

### **The Audit Committee's Charter**

#### ***Mandate***

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

#### ***Composition***

The Audit Committee shall be comprised of not less than three directors, as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit 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. For the purposes of the Company's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Audit Committee shall be appointed by the Board at its first meeting following the annual shareholders' meeting. Unless a Chair is appointed by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

#### ***Meetings***

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the CFO and the external auditors in separate sessions.

#### ***Responsibilities and Duties***

To fulfill its responsibilities and duties, the Audit Committee shall:

##### Documents/Reports Review

- (a) Review and update this Charter annually.

- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.



**Financial Reporting Processes**

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**Other**

Review any related-party transactions.