IMPACT SILVER CORP.
(the “Company”)

INFORMATION CIRCULAR

(Information herein is as at April 20, 2017, 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 25, 2017 (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 19, 2017.

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.

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.

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 85,566,840 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 20, 2017 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 seven directors and it is intended to elect seven 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.

Name, Position, Province/State and Country of Residence (1)(2)	Principal Occupation or Employment (1)	Period as a Director of the Company	No. of Shares (1)
Frederick W. Davidson British Columbia, Canada Chief Executive Officer, President and Director	Chartered Accountant; President and Chief Executive Officer of the Company; President and Chief Executive Officer of Energold Drilling Corp.	Since August 1999	641,750
George A. Gorzynski British Columbia, Canada Vice-President Exploration and Director	Geological Engineer; Exploration Consultant & Vice President Exploration of the Company	Since April 2004	237,000
Victor A. Tanaka (3)(4) British Columbia, Canada Director	President and Chief Executive Officer of Bayswater Uranium Corp.	Since March 1996	50,000
Richard J. Mazur (3)(4) British Columbia, Canada Director	President and Chief Executive Officer of Forum Uranium Corp.; Chief Executive Officer of Alto Ventures Ltd.	Since May 1993	208,250
Peter N. Tredger (3)(4) British Columbia, Canada Director	Professional Engineer; Consulting Geologist	Since October 2007	22,000
Jean-Pierre Bourtin Connecticut, USA Director	Self-employed Financial Consultant	Since August 2008	556,250
Robert W. Lishman California, USA Director	Managing General Partner of Yellowjacket, LP	Since February 2016	140,000

(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.

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 four Named Executive Officers (as defined below): Frederick W. Davidson, the Company's CEO and President, George A. Gorzynski, the Company's Vice President Exploration, Richard S. Younker, the Company's former CFO, and Tiffany W. Dang, the Company's current 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, 2016, the Company paid Mr. Davidson a salary of $174,000 and a bonus of $100,000 for his services as CEO and President. Mr. Davidson also earned an amount of $13,500 for his services as a Director, of which the total amount of $6,600 was accrued and not paid as at December 31, 2016. (See “Termination and Change of Control Benefits” for more information about Mr. Davidson's Agreement.)

For the financial year ending December 31, 2016, Mr. Gorzynski earned a consulting fee of $64,750 for his services as Vice-President Exploration, of which $62,825 was paid, and $1,925 was accrued and not paid as at December 31, 2016. Mr. Gorzynski also earned an amount of $13,500 for his services as a Director, of which the total amount of $6,500 was accrued and not paid as at December 31, 2016.

For the financial year ending December 31, 2016, Mr. Younker was paid a consulting fee of $10,000 from the Company. Mr. Younker retired as the CFO of the Company on June 30, 2016.

For the financial year ending December 31, 2016, the Company paid Ms. Dang a salary of $35,375 and a bonus of $15,000.

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 2016 Stock 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 2016 Stock Option Plan (the “**Existing Plan**”). The Company’s directors, officers, consultants and employees are entitled to participate in the Existing Plan. The Existing Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Existing 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 accounts 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 Existing 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 Existing Plan. The Board reviews and approves grants of options generally on an annual basis and periodically during a financial year.

Pursuant to the Existing 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 granted stock options exercisable to purchase 650,000 shares of the Company to Named Executive Officers during the financial year ended December 31, 2016.

The Board is recommending to the Meeting the approval of a new Share Option Plan to replace the Existing Plan, for particulars please see "Particulars of Other Matters to Be Acted Upon - Adoption of New 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 an 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 [1] ($)	Option-based awards ($)	Non-equity incentive plan compensation [2] ($)		All other compensation ($)	Total Compensation ($)
				Annual incentive plans	Long-term incentive plans		
Frederick W. Davidson, President and CEO	2016	174,000[3]	174,514[4]	100,000[5]	Nil	$13,500[6]	462,014
	2015	174,000[3]	Nil	Nil	Nil	13,500[7]	187,500
	2014	174,000[3]	Nil	Nil	Nil	13,500[7]	187,500
George A. Gorzynski, Vice-President Exploration	2016	Nil	174,514[4]	50,000[8]	Nil	78,250[9]	302,764
	2015	Nil	Nil	Nil	Nil	78,600 [10]	78,600
	2014	Nil	Nil	50,000[8]	Nil	91,375[11]	141,375
Richard S. Younker, former CFO [12]	2016	Nil	31,730[15]	Nil	Nil	10,000[13]	41,370
	2015	Nil	Nil	Nil	Nil	20,000[13]	20,000
	2014	Nil	Nil	Nil	Nil	25,313[13]	25,313
Tiffany W. Dang, CFO [14]	2016	35,375	31,730[15]	15,000[16]	Nil	Nil	82,105

(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) From January 1, 2014 to December 31, 2016, Mr. Davidson received a salary of $14,500 per month.
(4) These options exercisable to purchase 275,000 shares 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.
(5) Mr. Davidson received a bonus of $100,000 in cash for services as President in 2016.
(6) In 2016, Mr. Davidson earned $13,500 in his capacity as Director of the Company in which the amount accrued and not paid was $6,600.
(7) In 2014 and 2015, Mr. Davidson was paid $13,500 in his capacity as Director of the Company.
(8) Mr. Gorzynski received a bonus of $50,000 in cash for services as Vice President Exploration in 2014 and 2016.
(9) This amount is for consulting fees of $64,750 and director fees of $13,500 earned by Mr. Gorzynski, of which $69,725 was paid, and $8,525 was accrued and not paid in 2016.
(10) This amount is for consulting fees of $65,100 and directors' fees of $13,500 paid to Mr. Gorzynski.
(11) This amount is for consulting fees of $77,875 and directors' fees of $13,500 paid to Mr. Gorzynski.
(12) Mr. Younker ceased as CFO of the Company on June 30, 2016.
(13) These amounts were for consulting fees paid to Mr. Younker.
(14) Ms. Dang was appointed CFO of the Company on July 1, 2016.
(15) These options exercisable to purchase 50,000 shares 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.
(16) Ms. Dang received a bonus of $15,000 in cash for services as Chief Financial Officer.

Incentive Plan Awards

The Company has no long-term incentive plans other than its 2016 Stock 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 ($)	Option expiration date	Value of unexercised in-the-money options ($)(1)
Frederick W. Davidson	500,000	0.55	January 6, 2019(2)	Nil
	370,000	1.20	January 22, 2018	Nil
	275,000	0.98	July 27,2021	Nil
George A. Gorzynski	225,000	0.55	January 6, 2019(2)	Nil
	185,000	1.20	January 22, 2018	Nil
	275,000	0.98	July 27,2021	Nil
Richard S. Younker	15,000	0.55	January 6, 2019(2)	Nil
	50,000	1.20	January 22, 2018	Nil
	50,000	0.98	July 27,2021	Nil
Tiffany W. Dang	50,000	0.98	July 27,2021	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, 2016, being $0.65, 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
Richard S. Younker	Nil	Nil
Tiffany W. Dang	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, 2016:

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

(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 seven 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	63,460	Nil	Nil	77,860
Richard J. Mazur	15,000	63,460	Nil	Nil	78,460
Peter N. Tredger	15,000	63,460	Nil	Nil	78,460

Name	Fees Earned ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total Compensation ($)
Jean-Pierre Bourtin	12,300	63,460	Nil	Nil	75,760
Robert W. Lishman	12,000	63,460	Nil	Nil	75,460

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, 2016, the total amount of $48,000 in directors' fees were accrued and not paid.

The Company granted stock options exercisable to purchase 500,000 common shares of the Company to its directors (not including the Named Executive Officers) during the financial year ended December 31, 2016.

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 ($)	Option expiration date	Value of unexercised in-the-money options ($)(1)
Victor A. Tanaka	100,000	0.55	January 6, 2019(2)	10,000
	125,000	1.20	January 22, 2018	Nil
	100,000	0.98	July 27, 2021	Nil
Richard J. Mazur	100,000	0.55	January 6, 2019(2)	10,000
	125,000	1.20	January 22, 2018	Nil
	100,000	0.98	July 27, 2021	Nil
Peter N. Tredger	150,000	0.55	January 6, 2019(2)	15,000
	125,000	1.20	January 22, 2018	Nil
	100,000	0.98	July 27, 2021	Nil
Jean-Pierre Bourtin	125,000	1.20	January 22, 2018	Nil
	100,000	0.98	July 27, 2021	Nil
Robert W. Lishman	100,000	0.98	July 27, 2021	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, 2016, being $0.65, 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.

Name	Option-Based Awards – Value Vested During the Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ($)
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, 2016, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	5,045,000	0.93	3,511,684
Total	5,045,000	0.93	3,511,684

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 seven directors, five of whom are independent based upon the tests for independence set forth in NI 52-110. Victor Tanaka, Richard Mazur, Peter Tredger, Jean-Pierre Bourtin, and Robert W. Lishman are independent. Frederick Davidson is not independent as he is the President and CEO of the Company. George 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	Tirex Resources Ltd. Defiance Silver Corp.
Victor A. Tanaka	Bayswater Uranium Corp. Fjordland Exploration Inc. Westhaven Ventures Inc. Consolidated Woodjam Copper Corp.
Richard J. Mazur	Alto Ventures Ltd. Forum Uranium 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, 2016, 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 Davidson	4 of 4
George Gorzynski	4 of 4
Victor Tanaka	3 of 4
Richard Mazur	4 of 4

Name of Director	Board of Director Meetings
Peter Tredger	4 of 4
Jean-Pierre Bourtin	1 of 4
Robert W. Lishman	4 of 4

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 Chair 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; and

(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 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, 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 47 years of mining industry experience, including executive management positions with Thompson Creek Metals Company Inc. from 2006 to 2008; Blue Pearl Mining Inc. (now Thompson Creek) from 2004 to 2006; 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 20 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 46 years. He has a Bachelor of Science degree in Geology from McGill University and is a registered professional geoscientist in the Province of British Columbia (APEGBC). He is currently President, Chief Executive Officer and a Director of Bayswater Uranium Corp. 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 35 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 20 years. Mr. Mazur is currently the President, CEO and Director of Forum Uranium Corp.; the CEO, Director and Audit Committee member 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 are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2016	$106,400	$4,000	Nil	Nil
2015	$134,000	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 Accountants, of 250 Howe Street, Suite 700, 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

Adoption of New Share Option Plan

As set forth under the heading "Executive Compensation – Option-based Awards", the Company has in place the Existing Plan, the principal purpose of which is to give directors, officers, employees and consultants the opportunity to participate in the profitability and growth of the Company by granting to such individuals options, exercisable over periods of up to ten years as determined by the Board, to buy shares of the Company at a price not 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. The Existing Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital as 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. As of April 20, 2017, a total of 5,045,000 options are outstanding under the Existing Plan.

The Board of Directors of the Company has concluded that it would be in the Company's best interests to adopt a new share option plan (the "**New Plan**"), subject to approval by the shareholders of the Company as well as acceptance by the TSXV. The New Plan will replace the Existing Plan and, except to the extent that the rights and entitlements of an optionee would be impaired, options previously governed by the Existing Plan will be governed by the New Plan.

The New Plan accommodates the rules and policies (the "**Exchange Policies**") of both the TSXV and The Toronto Stock Exchange ("**TSX**"), depending upon which stock exchange the common shares of the Company are listed for trading on at the relevant time. In addition, the principal changes from the Existing Plan to the New Plan are that the New Plan provides that:

(a) if the common shares are listed for trading on the TSX, then, the aggregate number of common shares that may be issued to Insiders (as defined in the New Plan) pursuant to options granted under the New Plan and under any other Share Compensation Arrangement (as defined in the New Plan) within any one year period, must not exceed 10% of the outstanding shares;

(b) if the common shares are listed for trading on the TSX, then the Company will be required to obtain shareholder approval, excluding the votes of common shares held by insiders benefiting from the amendment if required by Exchange Policies, of:

    (i) any reduction in the exercise price of an option held by an insider;

    (ii) any extension of the term of an option held by an insider beyond the original expiry date, subject to such date being automatically extended as the result of the expiry date falling within a Blackout Period (as defined in the New Plan); or

    (iii) any increase in the fixed maximum number or percentage of common shares which may be issued pursuant to the New Plan;

(c) subject to any necessary regulatory approvals and to certain other restrictions of the New Plan, the Board may make any of the following amendments without shareholder approval:

    (i) a change to the time or times that the shares subject to each option will become purchasable by an optionee, including accelerating the vesting terms, if any, applicable to an option;

    (ii) an amendment of the process by which an optionee who wishes to exercise his or her option can do so, including the required form of payment for the optioned shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;

(iii) a reduction in the exercise price or extension of the expiry date of any option, other than an option held by an insider;

(iv) an amendment to the New Plan relating to the effect of termination, cessation or death of an optionee on the right to exercise options (including options held by an Insider);

(v) an amendment to the New Plan or any option of a typographical, grammatical or clerical nature; and

(vi) an amendment to the New Plan necessary to bring the New Plan into compliance with applicable securities and corporate laws and Exchange Polices;

(d) if the common shares are listed on the TSX, then the exercise price must be the market price (as defined under Exchange Policies) as reported on the TSX on the day before the date the option is granted;

(e) the term of each option will be determined by the Board, provided that, an option can only be exercisable for a maximum of ten (10) years from the date of grant, subject to the expiry date of an option occurring within or immediately following a Blackout Period (as defined in the New Plan);

(f) subject to the discretion of the Board, if an option expires within a Blackout Period, the expiry date will be extended to the date which is ten (10) business days after the expiry of the Blackout Period, or if an option expires immediately following a Blackout Period, the expiry date will be extended to the date which is ten (10) business days after expiry of the Blackout Period less the number of business days between the expiry date of the option and the date on which the Blackout Period ends; and

(g) notwithstanding any vesting provisions imposed on any options, immediately prior to the completion of a Sale of the Company (as such term is defined in the New Plan), all outstanding and unvested options (except for options granted to optionees conducting Investor Relations Activities, as defined in the Exchange Policies) will be deemed to be fully vested without the need for any further action by the Company or the optionee.

The following additional principal features of the New Plan are similar to the principal terms of the Existing Plan:

(a) The maximum number of common shares issuable pursuant to the New Plan (including all options that were outstanding under the Existing Plan) shall not exceed 10% of the issued shares of the Company at the time of the stock option grant.

(b) The following restrictions on issuances of stock options are applicable under the New Plan:

(i) no optionee may be granted an option if that option would result in the total number of stock options granted to the optionee 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 Exchange Policies;

(ii) the aggregate number of options granted to optionees conducting Investor Relations Activities (as defined in the Exchange Policies) 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.

(c) The options granted will have a maximum term of 10 years from the date of grant.

(d) The option is non-assignable and non-transferable.

(e) If an optionee ceases to be employed by the Company in any capacity or ceases to act as a director or officer of the Company or a subsidiary of the Company, any fully vested options held by such optionee may be exercised within 90 days after the date such Optionee ceases to be employed by the Company or ceases to act as a director or officer, as the case may be, or such longer time period as the Board may determine, to a maximum of twelve months, and the expiry date otherwise applicable to such options.

(f) In the event of the death of an optionee, the optionee's heirs or administrators may exercise any fully vested options for a period of one year from the date of the optionee's death, or the expiry date of the options, whichever is earlier.

(g) Any common shares subject to an option which for any reason is cancelled or terminated without having been exercised shall again be available for grant under the New Plan.

The summary is qualified by the New Plan, a copy of the New Plan will be available at the Meeting for review by the shareholders. In addition, upon request, shareholders may obtain a copy of the New Plan from the Company prior to the Meeting (see "**Additional Information**" below).

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

"RESOLVED that:

1. the adoption of the Company's new Share Option Plan be and is hereby approved;

2. the Board of Directors be and they are hereby authorized on behalf of the Company to make any amendments to the new Share Option Plan as may be required by the TSX Venture Exchange, without further approval of the shareholders of the Company, in order to ensure adoption of the new Share Option Plan; and

3. any one director or officer of the Company be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to these resolutions."

The Board of Directors unanimously recommends that shareholders vote in favour of the resolution approving the New Plan.

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. 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 20th day of April, 2017.

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 a 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:

<u>Documents/Reports Review</u>

(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.

<u>External Auditors</u>

(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.