

**AURA SILVER RESOURCES INC.**  
P. O. Box 279, Manotick, Ontario K4M 1A3

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual meeting of the shareholders (the “Meeting”) of Aura Silver Resources Inc. (the “Corporation”) will be held at 120 Adelaide St. West, Suite 2400, Toronto, Ontario on Thursday, June 29, 2017 commencing at 11:00 a.m. (EDT) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2016 together with the report of the auditor thereon;
2. to elect directors;
3. to appoint PricewaterhouseCoopers LLP as auditor of the Corporation and to authorize the directors to fix the auditor’s remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this notice is the circular containing details of the matters to be dealt with at the Meeting, a form of proxy, and, if requested, the audited consolidated financial statements of the Corporation for the year ended December 31, 2016 together with management’s discussion and analysis thereon.

**Shareholders who are unable to attend the Meeting in person are requested to complete and sign the accompanying form of proxy and return it by mail in the enclosed return envelope or by facsimile or by Internet. To be effective, proxies must be received by the Corporation’s transfer agent, TSX Trust Company, Suite 300, 200 University Avenue, Toronto Ontario M5H 4H1, Attention: Proxy Department, or by facsimile at 1-416-595-9593 or by Internet prior to 5:00 p.m. (EDT) on Tuesday, June 27, 2017 or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to when any adjournment thereof is to be held, or may be deposited with the Chair of the Meeting at any time prior to the commencement of the Meeting or any adjournment thereof.**

DATED at Ottawa, Ontario, this 23rd day of May, 2017.

**BY ORDER OF THE BOARD OF  
DIRECTORS**

(Signed) “John McNeice”  
Corporate Secretary

**AURA SILVER RESOURCES INC.****MANAGEMENT PROXY CIRCULAR****SOLICITATION OF PROXIES**

**This management proxy circular (the “Circular”) is furnished in connection with the solicitation by the management of Aura Silver Resources Inc. (the “Corporation”) of proxies for use at the Meeting to be held at 120 Adelaide St. West, Suite 2400, Toronto, Ontario on Thursday, June 29, 2017 commencing at 11:00 a.m. (EDT), and at any adjournment thereof, for the purposes set forth in the notice of meeting (the “Notice”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers, employees or representatives of the Corporation. All costs of solicitation will be borne by the Corporation. The information contained herein is given as at May 23, 2017, unless otherwise indicated.**

All dollar amounts in this Circular are in Canadian dollars, except where otherwise indicated. References to “\$” are to Canadian dollars and references to “US\$” are to United States dollars. On May 23, 2017, the noon exchange rate of Canadian currency in exchange for United States currency, as reported by Thomson Reuters, was \$1.00 = US\$0.7412.

**APPOINTMENT OF PROXIES**

The persons named in the enclosed form of proxy are officers of the Corporation. ***Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.*** Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.

**VOTING INSTRUCTIONS****Registered Shareholders**

There are two methods by which registered shareholders (“Registered Shareholders”), whose names are shown on the books or records of the Corporation as owning common shares (“Common Shares”), can vote their Common Shares at the Meeting: in person at the Meeting, or by proxy. Should a Registered Shareholder wish to vote in person at the Meeting, the form of proxy included with the Circular should not be completed or returned; rather, the Registered Shareholder should attend the Meeting where his or her vote will be taken and counted. Should the Registered Shareholder not wish to attend the Meeting or not wish to vote in person, his or her vote may be voted by proxy through one of the methods described below and the Common Shares represented by the proxy will be voted or withheld from voting, in accordance with the instructions as indicated in the form of proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

A Registered Shareholder may vote by proxy by using one of the following methods: (i) the paper form of proxy to be returned by mail or delivery; (ii) facsimile, or (iii) the Internet. The methods of using each of these procedures as follows:

***Voting by Mail.*** A Registered Shareholder may vote by mail or delivery by completing, dating and signing the enclosed form of proxy and depositing it with TSX Trust Company (the “Transfer Agent”) using the envelope provided or by mailing it to TSX Trust Company, Suite 300, 200 University Avenue, Toronto

Ontario M5H 4H1, Attention: Proxy Department, or to the Corporate Secretary of the Corporation, **by no later than 5:00 p.m. (EDT) on June 27, 2017**, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

*Voting by Facsimile.* A Registered Shareholder may vote by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to the Transfer Agent at 1-416-595-9593. The form of proxy must be received **by no later than 5:00 p.m. (EDT) on June 27, 2017**, or if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

*Voting by Internet.* Registered Shareholders may vote by internet by accessing the following website: [www.voteproxyonline.com](http://www.voteproxyonline.com). When you logon to the site you will be required to input a control number as instructed on the logon page. Please see the additional information enclosed with the Circular. Registered Shareholders may vote **by internet up to 5:00 p.m. (EDT) on June 27, 2017** or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

Voting by mail or the Internet are the only methods by which a Registered Shareholder may choose an appointee other than the management appointees named on the proxy and must be completed by the Registered Shareholder or by an attorney authorized in writing or, if the Registered Shareholder is a corporation or other legal entity, by an authorized officer or attorney.

### **Non-Registered Shareholders**

In the Circular and the enclosed form of proxy and Notice, all references to shareholders are to Registered Shareholders of Common Shares. Only Registered Shareholders of Common Shares, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-Registered Shareholder” or “Beneficial Owner”) are registered either:

- (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Beneficial Owners, those who object to their name being made known to the Corporation, referred to as objecting beneficial owners (“OBOs”) and those who do not object to being known by the Corporation, referred to as non-objecting beneficial owners (“NOBOs”). In accordance with the requirements of *National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has opted this year to distribute copies of the Notice, Circular, the enclosed form of proxy and the Corporation management’s discussion and analysis of financial condition and results of operations and consolidated financial statements for the fiscal year ended December 31, 2016 (collectively, the “Meeting Materials”) to NOBOs directly. Whereas, the Meeting Materials will continue to be distributed to OBOs through clearing houses and Intermediaries, who often use a service company (such as Broadridge Financial Solutions, Inc. (“Broadridge”)) to forward Meeting Materials to Non-Registered Shareholders.

The Meeting Materials are being sent to both Registered and Non-Registered Shareholders of the Common Shares. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name, address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### *Objecting Beneficial Owners*

Intermediaries are required to forward Meeting Materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive Meeting Materials will usually receive a voting instruction form (“VIF”) from Broadridge in lieu of the form of proxy from the Corporation. The VIF will name the same person as the proxy to represent the shareholder at the Meeting. A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) other than persons designated in the VIF, to represent the shareholder at the Meeting. To exercise this right, the shareholder should insert the name of the desired representative in the blank space provided in the VIF. You are asked to complete and return the VIF to Broadridge by mail or facsimile. Alternatively, you can call Broadridge’s toll free telephone number or access Broadridge’s Internet website to vote your Common Shares. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such Common Shares.**

#### *Non-Objecting Beneficial Owners*

NOBOs can expect to receive the Meeting Materials with a VIF from the Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in the envelope provided or by following the instructions contained on the VIF for facsimile, telephone or Internet voting. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. **If you receive a VIF from the Transfer Agent, it cannot be used as a proxy to vote Common Shares directly at the Meeting as the VIF must be returned to Transfer Agent well in advance of the Meeting in order to have the Common Shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such Common Shares.**

The purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares they beneficially own. Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions on the form.

**In any event, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and Broadridge or other service company or the Transfer Agent, as the case may be.**

#### **REVOCAION OF PROXIES**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so by delivering another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; or by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder’s attorney authorized in writing, by one of the following methods: (i) at the registered office of the Corporation (P. O. Box 279, Manotick, Ontario K4M 1A3) at any time up to and

including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, (ii) with the Chair of the Meeting, prior to its commencement, on the day of the Meeting or at any adjournment thereof; (iii) by attending the Meeting in person and so requesting; or (iv) in any other manner permitted by law.

A Non-Registered Shareholder may revoke a VIF or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a VIF or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

## VOTING AND DISCRETION OF PROXIES

On any ballot that may be called for, the Common Shares represented by proxies in favour of the persons named by management of the Corporation will be voted for or against, or voted for or withheld from voting on, the matters identified in the proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote FOR the election of management's nominees as directors; FOR the re-appointment of PricewaterhouseCoopers LLP as auditor and the authorization of the directors to fix the remuneration of the auditor; and, in accordance with management's recommendations with respect to amendments or variations of the matters set out in the Notice or any other matters which may properly come before the Meeting.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

## VOTING SHARES AND PRINCIPAL SHAREHOLDERS

As at May 23, 2017, the authorized capital of the Corporation consisted of an unlimited number of Common Shares, of which 128,116,558 Common Shares were issued and outstanding.

A holder of record of Common Shares as at the close of business on May 23, 2017 (the "Record Date") is entitled to one vote for each Common Share held by him or her.

In accordance with the *Canada Business Corporations Act*, the Corporation will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list at the close of business on the Record Date will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

As of May 23, 2017, to the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

The articles of the Corporation provide that the board of directors of the Corporation (the “Board of Directors”) shall consist of a minimum of three and a maximum of eleven directors, the number of which may be fixed from time to time by a resolution of the Board of Directors. The Corporation currently has four directors. The number of directors proposed to be elected at the Meeting is four.

The following table lists certain information concerning the nominees for election as directors of the Corporation. The information as to principal occupations and the number of Common Shares beneficially owned or over which control or direction is exercised by each nominee has been furnished by the respective nominees individually.

<b>Name and Municipality of Residence</b>	<b>Position with Corporation and Principal Occupation Within the Past Five Years</b>	<b>Period(s) of Service as a Director <sup>(3)</sup></b>	<b>Common Shares Beneficially Owned or Subject to Control or Direction</b>
Robert Boaz <sup>(4)</sup> Mississauga, Ontario	President, Chief Executive Officer and Director	September 2006 – present	11,200,855
W. William Boberg <sup>(1)(2)</sup> Morrison, Colorado	Director From 2006 to 2011, President and Chief Executive Officer of Ur-Energy Inc.	June 2008 – present	80,000
James Franklin <sup>(1)(3)</sup> Ottawa, Ontario	Director Consulting Geologist / Adjunct Professor of Geology Queen’s University, Laurentian University and University of Ottawa	December 2005 – present	847,500
Nick Tintor <sup>(1)(2)</sup> Toronto, Ontario	Director Managing Director, RG Mining Investments Inc. President and CEO, Caracara Silver Inc. President and CEO, Toachi Mining Inc.	May 2012 – present	200,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) The Corporation completed its reverse takeover of Marcus Energy Holdings Inc. (the “RTO”) in December 2005. Prior to the RTO James Franklin became a director of the Corporation in October 2003.

(4) Mr. Boaz became President and Chief Executive Officer of the Corporation on April 1, 2008.

**Robert Boaz, M. Economics, Hon. BA**

*President, Chief Executive Officer & Director*

Mr. Boaz has 18 years in the investment banking business after a career in the power and natural gas industry, working in management positions for Ontario Hydro, Saskatchewan Power and Consumers Gas. He has held senior management positions in a number of firms in the investment industry with direct responsibilities related to research, portfolio management, institutional sales and investment banking. From 2004 to March 2006, Mr. Boaz was Managing Director Investment Banking with Raymond James Ltd. in Toronto. From 2000 to 2004 Mr. Boaz was Vice President and Head of Research and in-house portfolio strategist for Dundee Securities Corporation. Mr. Boaz is Chairman and a director of Caracara Silver Inc. and is a director of Coventry Resources Inc. and Renaissance Gold Inc.

**W. William Boberg, M.Sc, P. Geo**

*Director and Chair of the Audit Committee*

Mr. Boberg has over 40 years experience as a geologist, investigating, assessing and developing a wide variety of mineral resources in a broad variety of geologic environments in Western North America, South America and Africa. He has worked for Hecla Mining Company, The Anaconda Company, Continental Oil Corporation, Wold Nuclear, Kennecott Exploration Inc., Western Mining Corporation, Canyon Resources Corporation and Patrician Gold. He has his Masters degree in Geology from the University of Colorado. Mr. Boberg has over 20 years experience exploring for uranium in the continental United States. In addition to uranium he has explored for gold, silver, copper, diamonds, oil & gas and many other mineral resources. He is registered as a Professional Geologist in Wyoming and a Certified Professional Geologist through the American Institute of Professional Geologists. Mr. Boberg was President and Chief Executive Officer of Ur-Energy Inc. from 2006 to 2011 and continues as a director of Ur-Energy Inc.

**James Franklin, Ph. D., FRSC, P. Geo**

*Director*

Dr. Franklin has over 40 years experience as a geologist. He is a Fellow of the Royal Society of Canada. Since January 1998, he has been an Adjunct Professor at Queen's University, since 2001, at Laurentian University and since 2006 at the University of Ottawa. He is a past President of the Geological Association of Canada and of the Society of Economic Geologists. He retired as Chief Geoscientist, Earth Sciences Sector, the Geological Survey of Canada in 1998. Since that time, he has been a consulting geologist and is currently a director of Anconia Resources Corp., Nuinsco Resources Ltd. and Ur-Energy Inc.

**Nick Tintor, B. Sc. Hon. Geo**

*Chair & Director*

Mr. Tintor is currently Managing Director of RG Mining Investments Inc. and has more than 25 years of experience in the mining industry. He has been involved in all aspects of junior mining company management, finance, project acquisition and exploration. Mr. Tintor is currently President and Chief Executive Officer of Toachi Mining Inc. Mr. Tintor is also a director of Caracara Silver Inc., Rosita Mining Corp. and Toachi Mining Inc.

### **Corporate Cease Trade Orders or Bankruptcies**

None of the directors or officers of the Corporation is, or has been within the ten years before the date of this Circular, a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days or was declared 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 the assets of that company.

## Penalties or Sanctions

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## Personal Bankruptcies

None of the directors or officers of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or officer.

## Appointment of Auditors

At the Meeting, it is proposed to re-appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders with their remuneration to be fixed by the Board of Directors. PricewaterhouseCoopers LLP and its affiliates have been the auditors of the Corporation since December 2005.

The aggregate fees billed by PricewaterhouseCoopers LLP for audit services in relation to the Corporation during the financial year ended December 31, 2016 were \$20,000. See heading “Audit Committee Report” below.

## EXECUTIVE COMPENSATION

### Compensation of Executive Officers

The following table sets forth the summary information concerning compensation paid or earned by the Corporation’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) (together, the “Named Executive Officers”) during the three most recently completed financial years. No other executive officers of the Corporation earned over \$150,000 in salary and bonus during the year ended December 31, 2016.

### Summary Compensation Table

Name and principal position	Year	Salary (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robert Boaz <sup>(3)(4)(7)</sup> President and Chief Executive Officer	2016	-	-	-	-	-	-	40,000	40,000
	2015	-	-	-	-	-	-	60,000	60,000
	2014	-	-	31,130	-	-	-	120,000	151,130
John McNeice <sup>(5)(6)(7)</sup> Chief Financial Officer	2016	-	-	-	-	-	-	65,125	65,125
	2015	-	-	-	-	-	-	72,375	72,375
	2014	-	-	16,980	-	-	-	73,313	90,293

- (1) All of the officers of the Corporation are currently independent contractors and are therefore not salaried employees. The table above includes only the CEO and CFO and it does not include any other executive officers of the Corporation as no other executive officers earned total annual compensation in excess of \$150,000.
- (2) Grant date fair values of stock option awards were determined utilizing the Black-Scholes option pricing model. Assumptions utilized are disclosed in the notes to the Corporation's consolidated financial statements.
- (3) Effective December 31, 2016, Mr. Boaz forfeited unpaid compensation amounts which had been accrued under the terms of the consulting agreement for service during 2016 and 2015. A total of \$140,000 in compensation was forfeited with \$80,000 relating to 2016 and \$60,000 relating to 2015.
- (4) On June 21, 2014, Mr. Boaz was granted stock options for 1,100,000 Common Shares with an exercise price of \$0.05 expiring June 20, 2019.
- (5) Mr. McNeice became CFO of Au Martinique Inc. on September 1, 2004. Mr. McNeice became the CFO of the Corporation in December 2005 and was appointed Corporate Secretary in March 2006. Effective January 1, 2008, Mr. McNeice's services to the Corporation are provided by 6905498 Canada Inc., an external management company, of which Mr. McNeice is a principal.
- (6) On June 21, 2014, Mr. McNeice was granted stock options for 600,000 Common Shares with an exercise price of \$0.05 expiring June 20, 2019.
- (7) Subsequent to year end, on April 24, 2017, Mr. Boaz and Mr. McNeice were granted stock options exercisable for 1,200,000 and 800,000 Common Shares, respectively. These stock options are exercisable at \$0.07 per stock option; vest over an 18 month period; and expire on April 23, 2022.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The following provides a background to and description of all significant elements of compensation paid to or earned by the Named Executive Officers for the most recently completed financial year.

The Corporation relies on a limited number of individuals all of whom are independent contractors to the Corporation. All of the Named Executive Officers also provide services to other junior resource companies and dedicate only a portion of their time to the affairs of the Corporation. Compensation provided to the Named Executive Officers is comprised of cash payments for regular recurring service and periodic stock option grants under the terms of the Corporation's Stock Option Plan (the "Plan"). The Corporation's process for determining executive compensation is straightforward. The Corporation relies solely on the Corporation's Compensation Committee and Board of Directors' discussions without any formal objectives or criteria. The Compensation Committee and Board of Directors' assess hourly, per diem or monthly cash compensation paid to the Named Executive Officers based on their judgement of prevailing market rates for similar services and based upon the proportion of the total time that each individual will dedicate to the affairs of the Corporation. The objectives of the Named Executive Officers are closely aligned with management and the Board of Directors' objectives in respect of the Corporation's current and potential exploration projects.

### **Consulting Contracts**

Mr. Robert Boaz entered into a consulting agreement with the Corporation on April 1, 2008 to be President and CEO of the Corporation. This contract was amended effective July 1, 2011. Mr. Boaz currently receives \$10,000 per month. Mr. Boaz is entitled to receive options for Common Shares under the terms and conditions of the Plan and as determined by the Board of Directors. Either party can terminate the agreement on 90 days written notice.

Au Martinique Inc. (predecessor of the Corporation) entered into a consulting agreement with Mr. John McNeice on September 1, 2004, as amended January 1, 2005 and January 1, 2007. Effective January 1, 2008, Mr. McNeice's services to the Corporation are provided by 6905498 Canada Inc., an external management company, of which Mr. McNeice is a principal. 6905498 Canada Inc. charges \$125 per hour for his services to the Corporation. Mr. McNeice is entitled to receive options for Common Shares under the terms and conditions of the Plan and as determined by the Board of Directors.

## Stock Options

The Corporation adopted the Aura Silver Resources Inc. Stock Option Plan in order to advance the interests of the Corporation by providing directors, officers, employees and consultants with a financial incentive tied to the long-term financial performance of the Corporation and continued service or employment with the Corporation.

As of June 28, 2012, shareholders of the Corporation approved that the maximum number of Common Shares available for issue under the Plan be 9,700,000 representing 9.93% of the issued and outstanding shares of the Corporation at that time. As of May 23, 2017, 9,450,000 Common Shares (representing 7.38% of the currently outstanding Common Shares) are issuable upon the exercise of currently outstanding options and 250,000 Common Shares (representing 0.20% of the currently outstanding Common Shares) are available for future option grants. The number of shares reserved is subject to adjustment if the Common Shares are subdivided, consolidated, converted or reclassified or the number of Common Shares varies as a result of a stock dividend or an increase or a reduction in the share capital of the Corporation.

Under the Plan, options may be granted to all directors, officers, employees and consultants of the Corporation. The maximum number of Common Shares that may be reserved for issuance to any one person under the Plan is 5% of the number of Common Shares outstanding at the time of reservation. The exercise price for Common Shares subject to an option is determined by the Board of Directors at the time of grant and may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the Common Shares at the time the option is granted. Options are generally exercisable as to 10% immediately on the date of grant; with an additional 15% becoming exercisable each quarter thereafter, for a period of six quarters, with all options being fully vested at eighteen months from the date of grant, subject to the right of the Board of Directors to determine at the time of a particular grant that such options will become exercisable on different dates. Options under the Plan are subject to early termination under certain circumstances including death, resignation and dismissal. An option may be for a term of up to five years and may not be assigned.

The Plan and the terms of any outstanding option may be amended at any time by the Board of Directors subject to any required regulatory or shareholder approvals, provided that where such an amendment would prejudice the rights of an option holder under any outstanding option, the consent of the option holder is required to be obtained.

## Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all option-based and share-based awards granted to each of the Named Executive Officers that were granted before, and remain outstanding as of the end of, the most recently completed financial year ended December 31, 2016.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Robert Boaz	1,100,000	0.05	June 20, 2019	-	-	-	-
John McNeice	600,000	0.05	June 20, 2019	-	-	-	-

- (1) Based on the December 30, 2016 closing price of \$0.04 for the Corporation's common shares on the TSX Venture Exchange.
- (2) Subsequent to year end, on April 24, 2017, Mr. Boaz and Mr. McNeice were granted stock options exercisable for 1,200,000 and 800,000 Common Shares, respectively. These stock options are exercisable at \$0.07 per stock option; vest over an 18 month period; and expire on April 23, 2022.

### Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2016

The following table sets forth information concerning the value vested or earned in respect of incentive plan awards during the financial year ended December 31, 2016, by each of the Named Executive Officers.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Boaz	-	-	-
John McNeice	-	-	-

- (1) Based on the difference between the exercise price of the stock options and the closing trading price on the TSX Venture Exchange as of the vesting date.

### Indebtedness of Directors, Executive Officers and Others

At no time since the beginning of the Corporation's last financial year was any director, executive officer, proposed nominee for election as a director, or any of their respective associates indebted to the Corporation or any of its subsidiaries, nor was the indebtedness of any such person to another entity the subject of any guarantee, support agreement, letter of credit or similar arrangement provided by the Corporation or any of its subsidiaries.

### Compensation of Directors

Directors who are non-executive officers of the Corporation are eligible to receive options for Common Shares. All directors are reimbursed for payments on account of travelling and other out-of-pocket expenses incurred in attending Board of Directors' meetings.

### Non-Management Director Compensation for the Financial Year Ended December 31, 2016

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
W. William Boberg	-	-	-	-	-	-	-
James Franklin	-	-	-	-	-	-	-
Nick Tintor	-	-	-	-	-	-	-

- (1) Subsequent to year end, on April 24, 2017, Mr. Boberg; Dr. Franklin; and Mr. Tintor were each granted stock options exercisable for 600,000 Common Shares. These stock options are exercisable at \$0.07 per stock option; vest over an 18 month period; and expire on April 23, 2022.

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all option-based and share-based awards granted to each of the non-management directors that were granted before, and remain outstanding as of the end of, the most recently completed financial year ended December 31, 2016.

Name	Option-based Awards <sup>(2)</sup>				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
W. William Boberg	400,000	0.05	June 20, 2019	-	-	-	-
James Franklin	400,000	0.05	June 20, 2019	-	-	-	-
Nick Tintor	400,000 250,000	0.05 0.10	June 20, 2019 May 25, 2017	- -	-	-	-

(1) Based on the December 30, 2016 closing price of \$0.04 for the Corporation's common shares on the TSX Venture Exchange.

(2) Subsequent to year end, on April 24, 2017, Mr. Boberg; Dr. Franklin; and Mr. Tintor were each granted stock options exercisable for 600,000 Common Shares. These stock options are exercisable at \$0.07 per stock option; vest over an 18 month period; and expire on April 23, 2022.

### Incentive Plan Awards – Value Vested or Earned During the Year Ended December 31, 2016

The following table sets forth information concerning the value vested or earned in respect of incentive plan awards during the financial year ended December 31, 2016, by each of the non-management directors.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
W. William Boberg	-	-	-
James Franklin	-	-	-
Nick Tintor	-	-	-

(1) Based on the difference between the exercise price of the stock options and the closing trading price on the TSX Venture Exchange as of the vesting date.

### Directors' and Officers' Liability Insurance

The Corporation has entered into a directors' and officers' liability insurance policy for the benefit of the directors and officers of the Corporation and its subsidiary. The annual limit for all claims under the policy is \$2 million, subject to a per claim deductible of \$25,000. The Corporation's current coverage under the policy continues until August 29, 2017.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain summary information concerning the Corporation's equity compensation plans as at December 31, 2016. The Corporation has instituted the Aura Silver Resources Inc. Stock Option Plan and directors, officers, employees and contractors are eligible to participate in the Plan.

	<b>Number of Common Shares to be Issued Upon Exercise of Outstanding Options</b>	<b>Weighted Average Exercise Price of Outstanding Options (\$)</b>	<b>Number of Common Shares Remaining for Future Issuance (Excluding Common Shares to be Issued Upon Exercise of Outstanding Options)</b>
Equity compensation plans approved by securityholders (Stock Option Plan)	4,150,000	\$0.05	5,550,000
<b>Total</b>	4,150,000		5,550,000

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular, no insider of the Corporation or proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or its subsidiaries.

Certain of the Corporation's officers and directors also serve as directors and officers of one or more public companies as identified in the biographies of each of the directors under "Election of Directors" in this Circular. Such directors and officers are also in many cases shareholders of one or more of the foregoing companies. While there is a potential for conflicts of interest to arise in such situations, that potential is minimized because of the nature of each company.

To date, no situations of potential conflict have arisen as a result of the cross directorships and cross shareholdings. Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Corporation since the commencement of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Introduction

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board of Directors has reviewed the corporate governance best practices identified in National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (collectively, the “CSA Guidelines”). The Board of Directors is committed to ensuring that the Corporation follows best practices. The Corporation's specific disclosure relative to these guidelines is set out below.

### Board of Directors

The responsibility of the Board of Directors is to supervise the management of the business and affairs of the Corporation in accordance with the best interests of the Corporation and all of its shareholders. In discharging its responsibility, the Board of Directors reviews the performance of the President and CEO and oversees and reviews the development and implementation of the following significant corporate plans and initiatives:

- the Corporation’s strategic planning and budgeting process;
- succession planning, including appointing, training and monitoring senior management; and
- the Corporation’s public communications policies and continuous disclosure record.

The Board of Directors meets at least four times a year and more frequently if required. In 2016, the Board of Directors met four times.

### Board Composition

The Board of Directors is composed of four directors. All directors are elected annually. During June 2016, Mr. Eric Craigie passed away. Mr. Craigie had been a director of the Corporation since its inception.

The Corporation’s four directors include Robert Boaz, W. William Boberg, James Franklin and Nick Tintor. Mr. Boberg, Dr. Franklin and Mr. Tintor are independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director’s judgment). Mr. Boaz became President and CEO on April 1, 2008 and, therefore, is not an independent director. In determining whether a director is independent, the Board of Directors considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

Several members of the Board of Directors are directors of other reporting issuers as identified in the biographies of each of the directors under “Election of Directors” in this Circular.

### Board Committees

There are two permanent Board committees: (i) the audit committee (“Audit Committee”) and (ii) the compensation committee (“Compensation Committee”). The Board of Directors may also appoint other temporary or permanent committees from time to time for particular purposes.

Currently, the Board of Directors does not have a corporate governance committee or nominating committee. The Board of Directors as a whole evaluates corporate governance requirements, the conduct of the Board of Directors and the respective roles of the committees; and identifies and recommends for nomination candidates for election as directors. The Board of Directors looks at the education and experience of potential nominees to the Board of Directors.

The following sets out the report of the Audit Committee as well as a summary of the responsibilities and activities of the Compensation Committee.

#### *Audit Committee Report*

Messrs. Boberg and Tintor and Dr. Franklin are current members of the Audit Committee. During 2016, Audit Committee member Eric Craigie passed away and James Franklin was appointed as a member of the Audit Committee. Each of the members of the Audit Committee is financially literate as defined in National Instrument 52-110. The education and experience of each member of the Audit Committee is set forth under the heading “Election of Directors” in this Circular. During the year ended December 31, 2016, the Audit Committee met three times and took one action by written resolution. The Corporation as a venture issuer has relied on the exemptions in Section 6.1 of National Instrument 52-110 (“NI 52-110”) exempting the Corporation from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

The Audit Committee charter was adopted in July 2005 and has been reviewed by the Audit Committee from time to time. A copy is attached hereto as Schedule A. The Audit Committee assists the Board of Directors in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Audit Committee, as set out in the Audit Committee charter, include the following:

- reviewing for recommendation to the Board of Directors for its approval the principal documents comprising the Corporation’s continuous disclosure record, including interim and annual financial statements and management’s discussion and analysis;
- recommending to the Board of Directors a firm of independent auditors for appointment by the shareholders and reporting to the Board of Directors on the fees and expenses of such auditors. The Audit Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Audit Committee has the authority to approve all audit engagement fees and terms and the Audit Committee, or a member of the Audit Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation’s independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management’s response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Audit Committee maintains direct communication during the year with the Corporation’s independent auditor and the Corporation’s senior officers responsible for accounting and financial matters.

The Audit Committee has reviewed and discussed with management and the independent auditors the consolidated financial statements of the Corporation as at December 31, 2016 and management’s discussion

and analysis. Based on that review and on the report of the independent auditor of the Corporation, the Audit Committee recommended to the Board of Directors that the Corporation's consolidated financial statements and management's discussion and analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee has recommended to the Board of Directors that the shareholders of the Corporation be requested to re-appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the independent auditor for 2017.

For the years ended December 31, 2016 and 2015, the fees paid by the Corporation for audit work and other services performed by PricewaterhouseCoopers LLP were as follows:

	<b>2016</b>	<b>2015</b>
Audit Services	\$20,000	\$20,000
Audit-Related Services	–	–
Tax Services	–	–
Other Services	–	–
Total	\$20,000	\$20,000

Audit service fees were paid for professional services rendered by the auditors for audit of the consolidated financial statements including the services provided in connection with statutory and regulatory filings. No audit-related, tax or other service fees were paid.

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws, regulations and policies. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services to be provided by the external auditors provided that any such approvals made by the designated individuals will be reported to the full Audit Committee at its next scheduled meeting.

#### *Compensation Committee*

Messrs. Boberg and Tintor are current members of the Compensation Committee. The education and experience of each member of the Compensation Committee is set forth under the heading "Election of Directors" in this Circular. The Compensation Committee assists the Board of Directors in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Board adopted terms of reference for the Compensation Committee in June 2008 and its mandate includes reviewing compensation for executive officers and directors and making recommendations to the Board of Directors on compensation including under equity incentive programs and succession planning.

The Compensation Committee did not meet during 2016. In 2016, the Board of Directors as a whole also participated in decisions related to personnel matters, compensation and succession.

## Summary of Committee Memberships and Record of Attendance for 2016

During the year ended December 31, 2016, the Board of Directors of the Corporation and its committees held the following numbers of meetings:

Board of Directors.....	4
Audit Committee (“AC”).....	3
Compensation Committee (“CC”).....	Nil
Total number of meetings held.....	7

Director	Committee Memberships	Board Meetings Attended	Committee Meetings Attended
Robert Boaz	None	4	n/a
W. William Boberg	AC, CC	3	AC- 3 / CC- n/a
Eric Craigie	AC	1	AC- Nil
James M. Franklin <sup>(1)</sup>	AC	3	AC- 1
Nicholas Tintor	AC, CC	4	AC- 3 / CC- n/a

(1) Dr. Franklin was appointed to the Audit Committee in November 2016 after Eric Craigie passed away.

### Ethical Conduct

The Board of Directors adopted a Code of Ethics (the “Code”) in June 2008. All directors, officers, employees and consultants of the Corporation are expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Board of Directors is responsible for the application of the Code to the affairs of the Corporation and the periodic review of the Code.

### Shareholder Feedback

The Board of Directors believes that management should speak for the Corporation in its communications with shareholders and others in the investment community and that the Board of Directors should be satisfied that appropriate investor relations programs and procedures are in place. Management meets regularly with shareholders and others in the investment community to receive and respond to shareholder feedback.

The Board of Directors regularly reviews the Corporation’s major communications with shareholders and the public, including management information circulars.

### Expectations of Management

The Board of Directors believes that it is appropriate for management to be responsible for the development of long-term strategies for the Corporation. Meetings of the Board of Directors are held, as required, to specifically review and deal with long-term strategies of the Corporation as presented by senior members of management.

## **SHAREHOLDER PROPOSALS**

All proposals of the Corporation's shareholders intended to be presented at the Corporation's annual meeting of shareholders in 2018, must be received by the Corporation no later than March 1, 2018 for inclusion in the information proxy circular related to that meeting. The Corporation's next annual meeting of shareholders is planned for June 2018.

## **ADDITIONAL INFORMATION**

Additional financial information with respect to the Corporation is available in the Corporation's audited consolidated financial statements for the year ended December 31, 2016 and related management's discussion and analysis for the year ended December 31, 2016, which have been filed with Canadian securities regulators and are available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

Upon request made to the Secretary of the Corporation at P.O. Box 279, Manotick, Ontario, K4M 1A3, the Corporation will provide a shareholder of the Corporation with a copy of its audited consolidated financial statements for the year ended December 31, 2016 and related management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2016.

## **APPROVAL BY BOARD OF DIRECTORS**

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

DATED at Toronto, Ontario, this 23rd day of May, 2017.

By Order of the Board of Directors

/s/ Robert Boaz

Chief Executive Officer

**SCHEDULE A****AUDIT COMMITTEE CHARTER****Purpose of the Committee**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Corporation is to provide an open avenue of communication between management, the Corporation’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Corporation’s financial reporting and disclosure practices;
- the Corporation’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Corporation’s independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Corporation or of an affiliate of the Corporation. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Corporation or of an affiliate of the Corporation. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Corporation’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (IFRS). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Corporation’s financial statements and to provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material aspects, the financial position, results of operations and cash flows of the Corporation in accordance with IFRS.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Corporation’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of an oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

## Authority and Responsibility

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Corporation's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Corporation's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the independent auditor's judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Corporation by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Corporation and all non-audit work performed for the Corporation by the independent auditor.
11. Establish and review the Corporation's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors as the expense of the Corporation.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110, the Canada Business Corporations Act and the articles of the Corporation.