

RIO SILVER INC.

c/o Suite 1600 – 595 Burrard Street
Vancouver, British Columbia, V7X 1L4

INFORMATION CIRCULAR

(containing information as at August 12, 2024)

**For the Annual General and Special Meeting
To Be Held on Friday, September 20, 2024**

SOLICITATION OF PROXIES

This information circular (the "Information Circular") is furnished in connection with the solicitation of proxies by the management ("Management") of Rio Silver Inc. (the "Company"), for use at the annual general and special meeting (the "Meeting") of the shareholders (the "Shareholders") of the Company, to be held on Friday, September 20, 2024, at the time and place and for the purposes set forth in the accompanying notice of meeting and at any adjournment thereof. The solicitation will be primarily by mail; however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy (the "Proxy") are directors and/or officers of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS/HER NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC. ("COMPUTERSHARE") AT 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.**

The Proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited with Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or to the Chairperson of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxyholder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Information Circular, the Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the

Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an "**Ordinary Resolution**") unless the motion requires a "**Special Resolution**", in which case a majority of not less than 66⅔% of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval (the "**Disinterested Shareholder Approval**"), common shares held by Shareholders of the Company who are also "insiders", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those common shares will not be registered in the Shareholder's name on the records of the Company. Such common shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such common shares are registered under the name CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). The common shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person.**

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities which they own ("**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are ("**NOBOs**" for Non-Objecting Beneficial Owners). Pursuant to National Instrument 54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy related materials directly to NOBOs.

This year, the Company has decided to take advantage of those provisions of National Instrument 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**") from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. Computershare 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.

With respect to Beneficial Shareholders who are OBOs, regulatory rules require intermediaries/brokers to seek voting instructions in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders who are OBOs in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder who is an OBO by its broker, agent or nominee is limited to instructing the registered holder of the common shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote common shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such common shares are voted.**

These security holder materials are being sent to both registered and non-registered owners of the shares of the Company. If you are a non-registered owner and the Company or its agent has sent these materials directly to you,

your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

In accordance with the provisions of National Instrument 54-101, the Company has elected not to pay for mailing to OBOs. As a result, OBOs will only receive paper copies of proxy-related materials if the OBO's intermediary assumes the costs of delivery.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting common shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a shareholder and vote common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their common shares as a proxyholder.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company's authorized capital consists of an unlimited number of common shares ("**Common Shares**") without par value, each share carrying the right to one vote, of which 84,832,844 Common Shares are issued and outstanding as at August 12, 2024 (the "**Record Date**") and an unlimited number of preferred shares (the "**Preferred Shares**") of which none are outstanding as at the Record Date. The Company has no other classes of securities.

Any Shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting.

As at the Record Date, Mr. Richard Mazur holds 10,355,623 Common Shares of the Company representing 12.21% of the issued and outstanding Common Shares of the Company. To the best of the knowledge of the directors and senior officers of the Company, no other person holds, directly or indirectly, or exercises control or direction, over more than 10% of the issued and outstanding Common Shares of the Company.

EXECUTIVE COMPENSATION

In accordance with the provisions of applicable securities legislation, the Company had two (2) "named executive officers" during the financial year ended December 31, 2023, namely Christopher Verrico, the Chief Executive Officer, President and a director of the Company and Christopher Hopton, the Chief Financial Officer of the Company.

Definitions: For the purpose of this Information Circular:

"**CEO**" means an individual who acted as chief executive officer of the Company, or performed functions similar to a chief executive officer, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of the Company, or performed functions similar to a chief financial officer, for any part of the most recently completed financial year;

"**company**" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

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

"**executive officer**" of the Company means an individual who at any time during the most recent financial year was:

- (a) a chair, vice-chair or president of the Company;

- (b) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the Company.

"external management company" includes a subsidiary, affiliate or associate of the external management company;

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"NEO" or "named executive officer" means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) the most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be a NEO 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;

"plan" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

"underlying securities" means any securities issuable on conversion, exchange or exercise of compensation securities.

STATEMENT OF EXECUTIVE COMPENSATION

The compensation of the Company's named executive officers has been established with a view to attracting and retaining executives critical to the Company's short and long-term success and to continue to provide executives with compensation that is in accordance with existing market standards generally and competitive within the mining industry in particular.

Compensation of the Company's named executive officers is typically comprised of a base salary and the grant of options to purchase Common Shares under the Company's stock option plan (as more particularly described below), and as circumstances permit may include a bonus based on the satisfaction of performance milestones. The Board of Directors of the Company (the **"Board of Directors"** or **"Board"**) determines NEO compensation and director compensation. The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group". The Board of Directors relies on the general experience of its members in setting base salary amounts.

Through its executive compensation practices, the Company seeks to provide value to its Shareholders through a strong executive leadership. Specifically, the Company's executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Company's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Company's success, align the interests of the Company's executives and shareholders by motivating executives to increase shareholder value.

The Board has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors do not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

STOCK OPTIONS

The Company's granting of stock options to purchase Common Shares to its directors, executive officers and others is a method of compensation which is used to attract and retain personnel and to provide an incentive to participate in the long-term development of the Company and to increase shareholder value. The relative emphasis of options for remunerating executive officers and employees will generally vary depending on the prevailing practices in competing companies and on the number of options to purchase Common Shares that are outstanding at the time. During the year ended December 31, 2023, the Company granted an aggregate of 3,550,000 stock options to directors, officers, employees and consultants of the Company. The Company generally expects future option grants should be based on the following factors: the executive's past performance, anticipated future contribution, prior option grants to such executive, the percentage of outstanding equity owned by the executive, competitive market practices and the executive's responsibilities and performance. The Company has not set specific target levels for options to named executive officers but seeks to be competitive with similar companies.

USE OF FINANCIAL INSTRUMENTS

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director having purchased such an instrument.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* and provides details of all compensation for each of the directors and named executive officers of the Company.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company, to each named executive officer and each director, in any capacity, for the years ended December 31, 2023 and 2022.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Christopher Verrico ⁽¹⁾ CEO, President and a Director	2023 2022	90,000 ⁽²⁾ 97,000 ⁽²⁾	Nil Nil	Nil Nil	Nil Nil	7,200 ⁽³⁾ 5,500 ⁽³⁾	97,200 102,500
Chris Hopton ⁽⁴⁾ CFO	2023 2022	54,000 ⁽⁵⁾ 54,000 ⁽⁵⁾	Nil Nil	Nil Nil	Nil Nil	Nil Nil	54,000 54,000
Richard Mazur Director	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Steve Brunelle Director & Chairman	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 5,000 ⁽⁶⁾	Nil 5,000
Edward J. Badida Director	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) *Mr. Verrico has served as the CEO and President of the Company since February 28, 2019 and as a director of the Company since September 11, 2018.*
- (2) *These management fees were paid to Mopass Ventures Ltd., a company wholly owned by Christopher Verrico.*
- (3) *Represents rent paid to Mr. Verrico for office space.*
- (4) *Mr. Hopton has served as the CFO of the Company since June 1, 2019.*
- (5) *These accounting fees were paid to Orcas Island Finance Ltd., a company wholly owned by Chris Hopton.*
- (6) *Represents consulting fees paid to Mr. Brunelle during the year ended December 31, 2022.*

Stock Options and Other Compensation Securities

The Company has in effect the Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Company has no equity compensation plans other than the Plan.

The following table sets forth particulars of all compensation securities granted or issued to each of the named executive officers and directors during the year ended December 31, 2023:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Christopher Verrico ⁽¹⁾ CEO, President and a Director	Stock Options	750,000	July 18, 2023	\$ 0.05	\$ 0.035	\$ 0.03	July 18, 2028
Chris Hopton ⁽²⁾ CFO	Stock Options	400,000	July 18, 2023	\$ 0.05	\$ 0.035	\$ 0.03	July 18, 2028
Richard Mazur ⁽³⁾ Director	Stock Options	200,000	July 18, 2023	\$ 0.05	\$ 0.035	\$ 0.03	July 18, 2028
Steve Brunelle ⁽⁴⁾ Director & Chairman	Stock Options	200,000	July 18, 2023	\$ 0.05	\$ 0.035	\$ 0.03	July 18, 2028
Edward J. Badida ⁽⁵⁾ Director	Stock Options	200,000	July 18, 2023	\$ 0.05	\$ 0.035	\$ 0.03	July 18, 2028

Notes:

- (1) *As at December 31, 2023, Christopher Verrico held a total of 1,771,500 stock options of which 1,000,000 were exercisable at a price of \$0.06 until February 10, 2025, 21,500 were exercisable at a price of \$0.05 until December 24, 2026, and 750,000 were exercisable at a price of \$0.05 until July 18, 2028.*
- (2) *As at December 31, 2023, Chris Hopton held a total of 800,000 stock options of which 400,000 were exercisable at a price of \$0.06 until February 10, 2025, and 400,000 were exercisable at a price of \$0.05 until July 18, 2028.*
- (3) *As at December 31, 2023, Richard Mazur held a total of 650,000 stock options of which 450,000 were exercisable at a price of \$0.06 until February 10, 2025 and 200,000 were exercisable at a price of \$0.05 until July 18, 2028.*
- (4) *As at December 31, 2023, Steve Brunelle held a total of 800,000 stock options of which 100,000 were exercisable at a price of \$0.05 until January 29, 2024, 500,000 were exercisable at a price of \$0.06 until February 10, 2025, and 200,000 were exercisable at a price of \$0.05 until July 18, 2028.*
- (5) *As at December 31, 2023, Edward J. Badida held a total of 200,000 stock options exercisable at a price of \$0.05 until July 18, 2028.*

The following table sets forth information concerning all compensation securities exercised during the most recently completed financial year ended December 31, 2023, for each named executive officer and director.

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price of security or underlying security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$) ⁽¹⁾
Christopher Verrico CEO, President and a Director	None	n/a	n/a	n/a	n/a	n/a	n/a
Chris Hopton CFO	None	n/a	n/a	n/a	n/a	n/a	n/a
Richard Mazur Director	None	n/a	n/a	n/a	n/a	n/a	n/a
Steve Brunelle Director & Chairman	None	n/a	n/a	n/a	n/a	n/a	n/a
Edward J. Badida Director	None	n/a	n/a	n/a	n/a	n/a	n/a

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

The Company currently has a formalized stock option plan (the "**Plan**") in effect for the granting of incentive stock options to Directors, Officers, Employees and Consultants (each as defined in the policies of the TSX Venture Exchange (the "**Exchange**") of the Company or its subsidiaries (collectively, "**Eligible Persons**", and includes companies wholly owned by Eligible Persons). The Plan was implemented on April 30, 2012 and reserved a number of Common Shares for issue pursuant to options equal to 10% of the then issued and outstanding Common Shares. Some of the key provisions of the Plan are as follows:

- the Plan reserves, for issue pursuant to stock options, a maximum number of common shares equal to 10% of the outstanding common shares of the Company from time to time, with no mandatory vesting provisions;
- the number of common shares reserved for issue to any one person in any 12 month period under the Plan may not exceed 5% of the outstanding common shares at the time of grant without Disinterested Shareholder Approval (as defined in Policy 4.4 of the TSX Venture Exchange (
- the number of common shares reserved for issue to any Consultant (as defined by the Exchange) in any 12 month period under the Plan may not exceed 2% of the outstanding common shares at the time of grant;
- the aggregate number of common shares reserved for issue to any Employee (as defined by the Exchange) conducting Investor Relations Activities (as defined by the Exchange) in any 12 month period under the Plan may not exceed 2% of the outstanding common shares at the time of grant;
- the number of common shares issued to any one person within a 12 month period on the exercise of stock options may not exceed 5% of the outstanding common shares at the time of exercise without Disinterested Shareholder Approval;
- the exercise price per common share for a stock option may not be less than the Discounted Market Price (as calculated pursuant to the policies of the Exchange);

- stock options may have a term not exceeding ten years;
- if an optionee providing investor relations services to the Company ceases to be an eligible participant under the Plan, that optionee's outstanding options will terminate on the earlier of the applicable expiry date and the date that is 30 days from such an event unless extended by the board at its discretion;
- if an optionee other than an optionee providing investor relations services to the Company, ceases to be an eligible participant under the Plan, that optionee's outstanding options will terminate on the earlier of the applicable expiry date and the date that is 90 days from such an event unless extended by the board at its discretion;
- stock options are non-assignable and non-transferable; and
- the Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of stock options in the event of a share consolidation, split, reclassification or other relevant change in the common shares, or an amalgamation, merger or other relevant change in the Company's corporate structure, or any other relevant change in the Company's capitalization.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

The Company did not have any agreements or arrangements in place under which compensation was provided during the year ended December 31, 2023 or is payable in respect of services provided to the Company or any of its subsidiaries that were (a) performed by a named executive officer or director of the Company; or (b) performed by any other party but are services typically provided by a named executive officer or a director.

PENSION DISCLOSURE

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company for the named executive officers and directors and none are proposed at this time.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of the fiscal year ended December 31, 2023:

EQUITY COMPENSATION PLAN INFORMATION

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 security-holders ⁽¹⁾	7,471,500	\$ 0.05	1,011,784
Equity compensation plans not approved by security-holders	Nil	Nil	Nil
TOTALS:	7,471,500		1,011,784

Note:

- (1) Represents the Plan of the Company, which reserves the number of common shares equal to 10% of the then outstanding common shares for issuance pursuant to stock options. As at December 31, 2023, the Plan reserved a maximum of 8,483,284 Common Shares for issuance pursuant to stock options.

For further information on the Company's equity compensation plans, refer to the heading "Stock Option Plans and Other Incentive Plans."

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than "routine indebtedness" as defined in applicable securities legislation, since January 1, 2023, being the commencement of the Company's most recently completed financial year, none of:

- (a) the executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company's financial statements for the financial year ended December 31, 2023, none of:

- a) the Informed Persons of the Company;
- b) the proposed nominees for election as a director of the Company; or
- c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the period ended December 31, 2023 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, together with the Auditor's Report thereon and the Management Discussion and Analysis, are not being mailed to Shareholders of record with this Information Circular. The Financial Statements have been mailed to each Shareholder who has requested them. Copies of the Financial Statements, together with the Management Discussion and Analysis, Notice of 2024 Annual General and Special Meeting, Information Circular and Proxy will be available from the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. The Financial Statements are also available online at www.sedarplus.ca.

ELECTION OF DIRECTORS

FIXING NUMBER OF DIRECTORS

The Articles of the Company provide that the Board shall consist of a minimum of one (1) and a maximum of nine (9) directors, to be elected annually. The term of office for each director is from the date of the meeting at which he or she is elected until the annual meeting next following or until his or her successor is duly elected or appointed.

At the Meeting, it is proposed that the number of directors to be elected at the Meeting to hold office until the next annual meeting or until their successors are elected or appointed, subject to the articles of the Company, be set at four (4). There are presently four (4) directors on the Board and each of their current terms in office will expire at the Meeting. It is the intention of persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote proxies FOR setting the number of directors to be elected at the Meeting at four (4).

ELECTION OF DIRECTORS

It is proposed that the following nominees are elected as director: Steven Brunelle, Edward J. Badida, Richard Mazur and Christopher Verrico.

Each director of the Company is elected annually and holds office until the next annual general meeting of Shareholders or until his successor is duly elected, if his office is earlier vacated, in accordance with the Articles of the Company.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The following table sets out each of the names of the persons proposed to be nominated by Management for election as a director, the province or state and country in which he is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which he has been a director of the Company, the respective principals' occupations or employment during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular. All four of the nominees are currently directors of the Company.

Name, Province and Country of Ordinary Residence and Positions held with the Company	Director/ Officer since	Principal Occupation/Employment for the Past Five Years	Common Shares Beneficially Owned Directly or Indirectly⁽¹⁾⁽²⁾
Steve Brunelle Ontario, Canada Chairman and Director	April 24, 2006	Chairman of the Company since July 2014; Director of Peruvian Metals Corp. since July 2010; Director of Klondike Gold Corp. since February 2014; Director of Bold Ventures Inc. since August 2017.	6,381,096
Edward J. Badida Ontario, Canada Director	June 1, 2012	Chartered Professional Accountant (CPA, CA) with over 45 years of financial management and corporate governance experience of which over 30 years have been with mining and exploration companies.	1,512,407
Richard Mazur Calgary, Canada Director	June 26, 2014	Co-founder, director, former Chairman and past Managing Director of RLG International Inc., a performance improvement consulting firm. He has held past Board positions in the oil and gas and non-profit sectors.	10,355,623

Name, Province and Country of Ordinary Residence and Positions held with the Company	Director/ Officer since	Principal Occupation/Employment for the Past Five Years	Common Shares Beneficially Owned Directly or Indirectly⁽¹⁾⁽²⁾
Christopher Verrico Port Moody, Canada President, CEO and Director	September 11, 2018	CEO & President of the Company since February 2019 to present; Director of Juggernaut Exploration Ltd. since November 2011 to present.	7,585,060

Notes:

- (1) *Information as to shareholdings has been provided by the nominees.*
- (2) *Particulars of the directors existing stock options are set out under the headings "Director and Named Executive Officer Compensation – Stock Options and Other Compensation Securities" above.*

Messrs. Brunelle, Badida, Mazur and Verrico are resident in Canada. The Company does not currently have an Executive Committee of its Board of Directors. The members of the Audit Committee are Messrs. Badida, Mazur and Brunelle. The members of the Compensation Committee are Messrs. Badida, Mazur and Brunelle.

Other than as listed below, no proposed director (including any personal holding company of a proposed director), is:

1. as at the date of the Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (b) was subject to an order that was issued after such person 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 a director, chief executive officer or chief financial officer;
 - (i) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
 - (ii) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
2. has been subject to:
 - (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

No proposed 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.

AUDIT COMMITTEE DISCLOSURE

The charter of the Company's audit committee and the other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as Schedule "A".

APPOINTMENT AND REMUNERATION OF AUDITORS

Shareholders will be asked to pass an ordinary resolution to appoint MNP LLP, Chartered Professional Accountants, as auditors for the Company, to hold office until the next annual general meeting of the Shareholders at a remuneration to be fixed by the Board. Management recommends the re-appointment, and the persons named in the enclosed Proxy intend to vote in favour of such appointment.

MANAGEMENT CONTRACTS

The Company is not a party to a management contract with anyone including directors or executive officers of the Company.

CORPORATE GOVERNANCE AND DIVERSITY DISCLOSURE

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* and (b) section 172.1 of the *Canada Business Corporations Act* (the "CBCA") is attached to this information circular as Schedule "B".

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

A. CONFIRMATION OF ROLLING STOCK OPTION PLAN

The Company currently has a 10% rolling stock option plan (previously defined as the "**Plan**") which reserves a number of common shares for issue pursuant to options equal to 10% of the issued and outstanding common shares which Plan was re-approved by shareholders at the last annual general meeting of the company.

Under the policies of the TSX Venture Exchange (the "**Exchange**"), a rolling stock option plan must be re-approved on a yearly basis by shareholders. Accordingly, Shareholders will be asked to pass an ordinary resolution approving the Plan. Management recommends, and the persons named in the enclosed form of Proxy intend to vote in favour of, the re-approval of the Plan. Some of the key provisions of the Plan are found under the heading entitled "Stock Option Plans and Other Incentive Plans" above.

Pursuant to the Board's authority to govern the implementation and administration of the Plan, all previously granted and outstanding stock options shall be governed by the provisions of the Plan. A copy of the Plan is available on request from the Company.

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting in person or by proxy must be voted in favour of the resolution. The persons named in the enclosed Proxy intend to vote for such resolution:

"BE IT RESOLVED THAT the Company's stock option plan dated April 30, 2012, as amended June 26, 2014, be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the Policies of the Exchange, as the directors of the Company may deem necessary or advisable."

For a summary of the key provisions of the Plan, please see "Executive Compensation – Stock Option Plans and Other Incentive Plans", above.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company's Financial Statements and Management Discussion and Analysis may be obtained without charge upon request from the Company, at Suite 1600 – 595 Burrard Street, Vancouver BC V6K3G8 (778.908.4734) and such documents will be sent by mail or electronically by email as may be specified at the time of the request.

DIRECTOR APPROVAL

The contents of this Information Circular and the sending thereof to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, this 12th day of August, 2024.

"Christopher Verrico"

CHRISTOPHER VERRICO
President, CEO and Director

SCHEDULE "A"
RIO SILVER INC.
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE'S CHARTER

PURPOSE

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

COMPOSITION, PROCEDURES AND ORGANIZATION

- (1) The Committee shall consist of at least three members of the Board of Directors (the "**Board**").
- (2) At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- (4) Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- (5) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- (6) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

- (7) Meetings of the Committee shall be conducted as follows:
- (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- (8) The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

ROLES AND RESPONSIBILITIES

- (9) The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfillment of its duties and responsibilities.
- (10) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) co-operation received from the Company's personnel during the audit;
 - (v) internal resources used;

- (vi) significant transactions outside of the normal business of the Company;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
 - (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
- (11) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
 - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- (12) The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) contents of their report;
 - (ii) the annual report to Shareholders;
 - (iii) the annual information form, if required;
 - (iv) annual and interim MD&A;
 - (v) prospectuses;
 - (vi) news releases discussing financial results of the Company; and
 - (vii) other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;

- (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Company's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;
 - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
 - (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
 - (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.
- (13) The Committee shall have the authority:
- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
 - (b) to set and pay the compensation for any advisors employed by the Committee; and
 - (c) to communicate directly with the internal and external auditors.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Edward J. Badida, Richard Mazur and Steve Brunelle. All of the members are financially literate. Each of Messrs. Badida and Mazur is considered Independent. "**Independent**" and "**financially literate**" have the meaning used in National Instrument 52-110 (the "**Instrument**") of the Canadian Securities Administrators.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

The relevant education and/or experience of each member of the Committee is as follows:

Mr. Edward J. Badida

Mr. Badida is a Chartered Professional Accountant (CPA, CA) with more than 45 years of financial management and corporate governance experience, of which more than 30 years has been with mining and exploration companies. Mr. Badida has served as CFO and/or has been a board member of several companies listed on the Toronto Stock Exchange, the TSX Venture Exchange and AIM, a sub-market of the London Stock Exchange.

Mr. Richard Mazur

Mr. Mazur is Chairman, Co-founder and past Managing Director of RLG International Inc., a performance improvement consulting firm. He has held past Board positions in the oil and gas and non-profit sectors.

Mr. Steve Brunelle

Mr. Brunelle is Chairman and a director of the Company. He obtained his Bachelor of Science degree from Queens University in Kingston, Ontario in June of 1980. Mr. Brunelle has been an officer and/or director of numerous public resource companies over his 35 year career.

He has been instrumental as a founder and large shareholder of several of these companies, sitting upon audit and other committees, keeping his corporate governance and fiduciary responsibilities foremost in the business of these companies.

ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently MNP LLP, Chartered Professional Accountants) not adopted by the Board.

ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of the Instrument, the Company has not relied on the exemptions contained in sections 2.4 or 8 of the Instrument. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of the Instrument, in whole or in part.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of the Instrument, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable by the Committee, on a case by case basis.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees charged to the Company by the external auditor in each of the last two fiscal years is as follows:

	FYE 2023	FYE 2022
Audit Fees	\$ 38,000	\$ 35,000
Audit-Related Fees	Nil	Nil
Tax Fees	\$ 2,675	\$ 2,500
All other fees (non-tax):	Nil	Nil
Total Fees:	\$ 40,675	\$ 37,500

ITEM 8: EXEMPTION

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of the Instrument with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of the Instrument.

SCHEDULE "B"

RIO SILVER INC.

CORPORATE GOVERNANCE DISCLOSURE AND CBCA DIVERSITY DISCLOSURE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

ITEM 1. BOARD OF DIRECTORS

The Board of Directors (the "**Board**") of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board. The Board reviews its procedures on an ongoing basis to ensure it is functioning independently of management. As circumstances require, the Board meets without management present, and convenes meetings, as deemed necessary, of the independent directors, at which meetings non-independent directors and members of management are not in attendance. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest.

Mr. Richard Mazur, a director of the Company, is "independent" in that he is independent and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholdings.

Mr. Steven Brunelle, a director of the Company, is also the Chairman of the Company and is therefore not independent.

Mr. Edward J. Badida, a director of the Company, is "independent" in that he is independent and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of the Company, other than the interests and relationships arising from shareholdings.

Mr. Christopher Verrico, a director of the Company, is also the President and Chief Executive Officer of the Company and is therefore not independent.

ITEM 2. DIRECTORSHIPS

The directors of the Company are currently directors of the following other reporting issuers:

Name of Director	Name of Reporting Issuer	Term
Steve Brunelle	Bold Ventures Inc. Klondike Gold Corp. Peruvian Metals Corp. (formerly Duran Ventures Inc.)	August 2017 to present February 2014 to present July 2010 to present
Christopher Verrico	Juggernaut Exploration Ltd.	August 2011 to present

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

The Board briefs all new directors with the policies of the Board, and other relevant corporate and business information.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

ITEM 5. NOMINATION OF DIRECTORS

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

ITEM 6. COMPENSATION

The Board conducts reviews regarding directors' compensation once a year. To make its recommendation on directors' compensation, the Board considers the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies.

ITEM 7. OTHER BOARD COMMITTEES

The Board has no other committees other than the Audit Committee and the Compensation Committee.

ITEM 8. ASSESSMENTS

On an ongoing basis, the Board monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees. On an ongoing annual basis, the Board assesses the performance of the Board as a whole, each of the individual directors and each committee of the Board in order to satisfy itself that each is functioning effectively.

CBCA DIVERSITY DISCLOSURE

Pursuant to section 172.1 of the *Canada Business Corporations Act*, the Company is required to and hereby discloses its diversity practices as follows:

Diversity on the Company's Board and Among Senior Management

The Company believes that ensuring diversity is not only fundamental to its future growth and progress but is an integral part of all its business activities. The Company recognizes and appreciates the benefits of having diversity on its Board and in its senior management. The Company respects and values, among other things, differences in gender, age, ethnic origin, religion, education, sexual orientation, political belief and disability. At the same time, the Company also recognizes that Board and senior management appointments must be based on performance, ability and potential.

The Board has not adopted a formal policy regarding the identification and nomination of directors who are women, Indigenous peoples (First Nations, Inuit and Métis), persons with disabilities or members of visible minorities (collectively, the "**Designated Groups**"). The Company recognizes the benefits of diversity within its Board, at the executive level and at all levels of the organization, but does not believe that a formal policy would enhance the representation of Designated Groups on the Board beyond the current recruitment and selection process.

In assessing potential directors and members of senior management, the Company focuses on the skills, expertise, experience and independence that the Company requires to be effective, and includes diversity (including the level of representation of members of Designated Groups) as a factor in its decision-making when identifying and nominating candidates for election or re-election to the Board and for senior management positions.

As of the date of this Information Circular, the Company has not adopted a target number or percentage, or a range of target numbers or percentages, for the members of any Designated Group to hold positions on the Board or to be members of senior management by a specific date, as it believes that imposing targets based on specific selection criteria would limit the Company's ability to ensure that the overall composition of the Board and senior management meets the needs of the Company and its shareholders.

As of the date of this Information Circular, the Company has a total of 4 directors and 3 members of senior management. Currently, none of the Company's directors (0%) and none of the members of senior management are female (0%). Currently, none of the Company's directors (0%) and none of the members of senior management (0%) are members of a visible minority. To the knowledge of the Company, none of the Company's directors or members of senior management (0%) are Indigenous peoples or persons with disabilities.

Director Term Limits

The Company has not adopted term limits for the directors on the Board or other mechanisms of Board renewal. The Company does not impose term limits on its directors as it takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, the Company believes that directors should be assessed based on their ability to continue to make a meaningful contribution. The Board's priorities continue to be ensuring the appropriate skill sets are present amongst the Board to optimize the benefit to the Company. The Company believes that annual elections by the shareholders are a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.