

PINNACLE SILVER AND GOLD CORP.

MANAGEMENT INFORMATION CIRCULAR

(As at November 12, 2024 and in Canadian dollars, except where indicated)

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Pinnacle Silver and Gold Corp. (the “Corporation”) for use at the Annual General Meeting of Shareholders of the Corporation to be held virtually on Friday, January 10, 2025 (the “Meeting”) and any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Corporation. All costs of solicitation will be borne by the Corporation.

These security holder materials are being sent to both registered and non-registered owners of the common shares (“Common Shares”) of the Corporation. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary (as defined below) holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. (For further information relating to non-registered owners, see the discussion below under “INFORMATION FOR NON-REGISTERED (BENEFICIAL) OWNERS OF COMMON SHARES”.)

INTRODUCTION

In order to comply with measures imposed by the federal and provincial governments related to the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, Shareholders, and other stakeholders, unless we advise otherwise by way of news release, **the Company is holding a virtual Meeting which will be conducted via virtual conference.** Registered Shareholders and validly appointed proxyholders may contact Belinda Tyldesley, Company Consultant at closingbellservices@gmail.com to obtain a web link that will permit them to attend the Meeting by virtual conference.

Due to issues related to the verification of Shareholder identity, in person voting will not be permitted at the Meeting. If you are a Registered Shareholder and wish to have your vote counted, you will be required to complete, date, sign and return, in the envelope provided for that purpose, the accompanying form of proxy (“**Proxy**”) for use at the Meeting or any adjournment thereof (or vote in one of the other manners described below under the heading “Appointment of Proxyholders”).

If you are a Non-Registered Shareholder and have received this Notice of Meeting and accompanying materials through an Intermediary, please complete and return the voting instructions form provided to you in accordance with the instructions provided therein.

APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES

The persons named (the “Management Designees”) in the enclosed Proxy have been selected by the directors of the Corporation and have agreed to represent as Proxyholder the shareholders appointing them.

Shareholders have the right to designate a person (who need not be a shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of Proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as Proxyholder and provide instructions on how the shareholder’s Common Shares are to be voted. The nominee should bring personal identification with them to the Meeting.

To be valid, the Proxy must be in writing, dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy), unless the shareholder chooses to complete the Proxy by telephone or the internet as described in the enclosed Proxy form. The Proxy must then be delivered to the Corporation’s transfer agent, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada at least 48 hours, excluding Saturdays, Sundays and holidays, before the time for holding the Meeting or any adjournment thereof. Proxies received after that time, or prior to any re-commencement of the Meeting after an adjournment, may be accepted or rejected by the Chairman of the Meeting in the Chairman’s discretion, and the Chairman is under no obligation to accept or reject late Proxies.

A Proxy may be revoked by a shareholder personally attending at the Meeting and voting their Common Shares. A shareholder may also revoke their Proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing executed by the shareholder or by their authorized attorney in writing, or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the transfer agent at the foregoing address at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the Proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof prior to the commencement thereof.

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

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

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

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

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

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

In addition to those procedures, recent amendments to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") allow a NOBO to submit to the Corporation or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO's proxyholder. If such a request is received, the Corporation or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Corporation or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 11:00 a.m. (Pacific time) on Wednesday, January 8, 2025.

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

IF YOU ARE A NON-REGISTERED OWNER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE REFER TO THE INSTRUCTIONS SET OUT ON THE “REQUEST FOR VOTING INSTRUCTIONS” (VIF) THAT ACCOMPANIES THIS INFORMATION CIRCULAR.

VOTING OF PROXIES

Voting at the Meeting will be by a show of hands, each registered shareholder and each Proxyholder (representing a registered or unregistered shareholder) having one vote, unless a poll is required (if the number of Common Shares represented by Proxies that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each such shareholder and Proxyholder is entitled to one vote for each Common Share held or represented, respectively. Each shareholder may instruct their Proxyholder how to vote their Common Shares by completing the blanks on the Proxy. All Common Shares represented at the Meeting by properly executed Proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of Proxy, the Common Shares represented by the Proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Proxy, the Management Designees, if named as Proxyholder, will vote in favour of the matters set out therein.**

The enclosed Proxy when properly completed and delivered and not revoked confers discretionary authority upon the Management Designees, or other person named as Proxyholder, to vote with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any such amendments or, variations or any other matters which may come before the Meeting. If other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the Corporation.

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 66-2/3% of the votes cast will be required.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation since the commencement of the Corporation’s last completed financial year, or of any proposed nominee for election as a director

of the Corporation, or of any associate or affiliate of any of such persons, in any manner to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

QUORUM

The Articles of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be two persons, who are, or who represent by proxy, shareholders who in the aggregate, hold at least five percent of the issued and outstanding Common Shares of the Corporation entitled to be voted at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at November 12, 2024 (the “Record Date”) the Corporation had 60,854,405 Common Shares issued and outstanding. There are no other shares issued or outstanding of any class as at the Record Date. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Any shareholder of record at the close of business on November 12, 2024 who either personally attends the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have his or her shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation as at the Record Date.

STATEMENT OF EXECUTIVE COMPENSATION

Unless otherwise noted the following information is for the Corporation’s last completed financial year (which ended April 30, 2024) and, since the Corporation has subsidiaries, is prepared on a consolidated basis.

A. Named Executive Officers

For the purposes of this Circular, a Named Executive Officer (“NEO”) of the Corporation means each of the following individuals:

- (a) a chief executive officer (“CEO”) of the Corporation;
- (b) a chief financial officer (“CFO”) of the Corporation; and
- (c) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, at the end of financial year April 30, 2024.

The NEOs of the Corporation, including any of its subsidiaries, in the most recently completed financial year are Robert Archer, President and CEO and David Cross, CFO, of the Corporation.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

B. Oversight and description of director and named executive officer compensation

The Compensation Committee of the Corporation's board of directors (the "Board") is responsible for adopting appropriate procedures for executive compensation and making recommendations to the Board with respect to the compensation of the Corporation's executive officers. The Compensation Committee aims to ensure that total compensation paid to all NEOs is fair and reasonable and is consistent with the Corporation's compensation philosophy.

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

The Compensation Committee currently comprises Ron Schmitz, David Salari and Colin Jones, all independent directors. Each member of the Compensation Committee has direct experience relevant to their responsibilities on the Committee, including acting as officers and directors of other publicly traded corporations so that they are familiar with remuneration in the Corporation's industry.

Philosophy

The philosophy used by the Compensation Committee in determining compensation is that the compensation should (i) reflect the Corporation's current state of development, (ii) reflect the Corporation's performance, (iii) reflect individual performance, (iv) align the interests of executives with those of the shareholders, (v) assist the Corporation in retaining key individuals, and (vi) reflect the Corporation's overall financial status.

Compensation Components

The compensation of the NEOs comprises primarily (i) base salary; and (ii) long-term incentive in the form of stock options granted in accordance with the share option plan.

The Compensation Committee also relies on the experience of its members as officers and directors at other companies in similar lines of business as the Corporation in assessing compensation levels. These other companies are identified under the heading "Corporate Governance – Directorships" of this Circular. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish as a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

To date, no specific formulas have been developed to assign a specific weighting to each of these components. Instead, the Board considers the Corporation's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

Base Salary

The Compensation Committee and the Board approve the salary ranges for the NEOs. The base salary review for each NEO is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Compensation Committee, using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive and employee compensation levels.

Share Option Plan

The Board has established an incentive share option plan effective April 13, 2007, as amended on January 27, 2011, (the "Plan") in accordance with the policies of the TSX Venture Exchange. The purpose of the Plan is to attract and motivate the directors, officers and employees of the Corporation (and any of its subsidiaries), employees of any corporation that provides management services and consultants to the Corporation, (collectively the "Optionees") and thereby advance the Corporation's interests by providing them an opportunity to acquire an equity interest in the Corporation through the exercise of stock options granted to them under the Plan.

The Plan provides that the Board, or a special committee of Directors appointed by the Board, may grant options to purchase Common Shares on the terms that the Directors may determine, within the limitations of the Plan.

The principal terms of the Plan are as follows:

1. the total number of Common Shares issuable pursuant to the Plan shall not exceed 10% of the outstanding Common Shares from time to time;
2. the number of Common Shares reserved for issuance, within a one-year period, to any one Optionee shall not exceed 5% of the outstanding Common Shares at the time of grant;
3. the aggregate number of Common Shares reserved for issuance, within a one-year period, to any one consultant of the Corporation may not exceed 2% of the outstanding Common Shares at the time of grant;
4. the aggregate number of Common Shares reserved for issuance, within a one-year period to persons employed to provide investor relations activities may not exceed 2% of the outstanding Common Shares at the time of the grant;

5. the maximum number of Common Shares reserved for issuance pursuant to Options granted to insiders of the Corporation at any time may not exceed 10% of the number of outstanding Common Shares at the time of the grant;
6. the options granted will have a maximum term of 10 years from the date of grant;
7. the option is non-assignable and non-transferable;
8. if an Optionee ceases to be a director, officer, employee, consultant or management company employee of the Corporation or a subsidiary of the Corporation, any option held by such Optionee may be exercised within 90 days (or 30 days in the case of an Optionee engaged in investor relations activities) after the date such Optionee ceases to be at least one of a director, officer, employee, consultant or management company employee of the Corporation or a subsidiary of the Corporation;
9. upon the death of the Optionee, the option may be exercised by such Optionee's heirs or administrators and shall terminate on the date determined by the Board, which date shall not be later than the earlier of the expiry date of the option and one year from the date of death of the Optionee; and
10. the exercise price of any option shall be fixed by the Board when such option is granted, provided that such price shall not be less than the market price of the common shares of the Corporation, or such other price as may be permissible under the applicable rules and regulations of all regulatory authorities to which the Corporation may be subject, including the TSX Venture Exchange.

The Directors may amend or discontinue the Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any option previously granted to an Optionee under the Plan and provided further that any amendment to the Plan will require the prior consent of the TSX Venture Exchange, if applicable.

The Compensation Committee believes that the Plan aligns the interests of the NEOs with the interests of shareholders by linking a component of executive compensation to the longer-term performance of the Corporation's Common Shares.

Options are generally granted on an annual basis subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All options granted to NEOs are recommended by the Compensation Committee and approved by the Board. In monitoring option grants, the Compensation Committee takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value.

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

- the exercise price for each option granted;

- the date on which each option is granted;
- the vesting terms for each option; and
- the other materials terms and conditions of each option grant.

The Compensation Committee makes these determinations subject to, and in accordance with, the provision of the Plan.

Risks of Compensation Policies and Practices

The Compensation Committee does not specifically consider the implications of risks associated with the Corporation's compensation policies and practices relating to the compensation arrangements currently in place with the Corporation's NEOs given that they are relatively simple in structure and do not include any compensation or incentive awards tied to performance goals or short-term objectives.

Director and Officer Hedging

The Corporation has not implemented any policies which restrict NEOs and directors 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 NEOs or director. However, management is not aware of any NEO or director purchasing such an instrument.

C. Compensation Governance

For a discussion on policies and practices to determine the compensation of the Corporation's NEOs and directors, see "*Statement of Executive Compensation – Oversight and Description of Director and Named Executive Officer Compensation*".

D. Director and NEO Compensation (Excluding Compensation Securities)

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) contains a summary of the compensation paid to each director and NEOs during the two most recently completed financial years of the Corporation.

SUMMARY COMPENSATION TABLE							
NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED	SALARY (\$)	BONUS (\$)	COMMITTEE OR MEETING FEES (\$)	VALUE OF PERQUISITES (\$)	ALL OTHER COMPENSATION (\$)	TOTAL COMPENSATION (\$)
Robert Archer President, CEO & Director ⁽¹⁾	2024	Nil	Nil	Nil	Nil	72,500	72,500
	2023	Nil	Nil	Nil	Nil	115,000	115,000
David Cross CFO ⁽²⁾	2024	Nil	Nil	Nil	Nil	63,000	63,000
	2023	Nil	Nil	Nil	Nil	63,000	63,000
David Salari Director	2024	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	Nil	Nil
Ron Schmitz Director	2024	Nil	Nil	Nil	Nil	12,000	12,000
	2023	Nil	Nil	Nil	Nil	12,000	12,000
Colin Jones Director	2024	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Archer was appointed as CEO of the Corporation on January 2, 2019 and President of the Company on October 15, 2021. During the year ended April 30, 2024, \$72,500 (2023 - \$115,000) in fees were paid to Platoro Resource Corp. for management services.

(2) Mr. Cross was appointed as CFO of the Corporation on April 30, 2013. During the year ended April 30, 2024, \$63,000 (2023 - \$63,000) in fees were paid to Cross Davis & Company for administration, accounting and corporate secretary services.

E. Stock Options and Other Compensation Securities

Outstanding Option-Based Awards

No stock options, or other compensation securities, were granted or issued to directors and NEOs by the Company in the financial year ended April 30, 2024.

No stock options, or other compensation securities, were exercised by directors and NEOs in the financial year ended April 30, 2024.

F. Employment, Consulting and Management Agreements

The material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Corporation or any of its subsidiaries that were: (a) performed by a director or NEO; or (b) performed by any other party but are services typically provided by a director or NEO are as follows:

The Corporation entered into a consulting agreement with Platoro Resource Corp., for services to be performed by Robert Archer dated January 2, 2019 pursuant to which he has agreed to provide to the Corporation, on a non-exclusive basis, the executive services of its Principal as Chief Executive Officer and other management services to assist the Corporation with the business. In consideration for the provision of such services, the Corporation has agreed to pay Platoro Resource Corp. CA\$10,000 per month and reimburse Mr. Archer for any costs and expenses incurred in the promotion of the business, or in providing consulting services to the Corporation. The agreement may be terminated by either party on thirty days' notice. Mr. Archer took on the additional role of President on October 15, 2021.

G. Pension Plan Benefits

The Corporation does not have a pension plan or deferred compensation plan.

H. Termination and Change of Control Benefits

The Corporation has not provided compensation, monetary or otherwise, during the preceding financial year, to any person who now acts or has previously acted as a NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. The Corporation is not party to any compensation plan or arrangement with the NEOs where a NEO is entitled to receive more than \$50,000 from the Corporation as a result of the resignation, retirement or the termination of employment of such person or a change of control of the Corporation or a change in the NEO's responsibilities following a change in control other than as described in "F. Employment Agreements".

There are no other agreements or arrangements containing provisions with respect to change of control, severance, termination or constructive dismissal.

CORPORATE GOVERNANCE

National Policy 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian securities administrators requires the Corporation to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

Board of Directors

The Board has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems.

The Board sets long term goals and objectives for the Corporation and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Corporation to senior management but the Board retains a supervisory role in respect of, and

ultimate responsibility for, all matters relating to the Corporation and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Corporation's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Corporation is authorized to act without Board approval, on all ordinary course matters relating to the Corporation's business.

The Board also monitors the Corporation's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for appointment of senior management and for monitoring their performance.

The Board considers that the following directors are "independent" as defined in NI 58-101 meaning that they have no direct or indirect relationship with the Corporation which could, in the view of the Board, reasonably be expected to interfere with the exercise of his independent judgment and is not otherwise deemed not to be independent: Ron Schmitz, David Salari and Colin Jones. The Board considers that Robert Archer, CEO and President of the Corporation, is not independent in view of his holding such positions within the Corporation.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, to facilitate open and candid discussion among its independent directors, and to facilitate the Board's exercise of independent judgement in carrying out its responsibilities, the Corporation's independent directors are encouraged to meet at any time they consider necessary without any members of management or non-independent directors being present.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (public companies), as follows:

Director	Other Issuers
Robert Archer	Madoro Metals Corp.
David Salari	N/A
Ron Schmitz	Ocean Shore Capital Corp. Stage Capital Corp. Clarity Metals Corp.

Director	Other Issuers
	Rockshield Opportunities Corp.
	Winfield Resources Limited
Colin Jones	Eurotin Inc.

Orientation and Continuing Education

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

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

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a written Code of Business Conduct and Ethics (the "Code") for its directors, officers, employees and consultants, a copy of which is available on SEDAR at www.sedar.com.
- has established a Corporate Governance Committee as described below under 'Other Board Committees'.
- has established a Whistleblower Policy which details complaint procedures for financial concerns as further described below in 'Audit Committee – Complaints'.
- encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements.
- is cognizant of the Corporation's timely disclosure obligations and reviews material disclosure documents such as financial statements, Management's Discussion & Analysis (MD&A) and press releases prior to their distribution.
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Corporation's external auditor.

- actively monitors the Corporation's compliance with the Board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict-of-interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments and stock exchange policies, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

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

Compensation

The Corporation has established a Compensation Committee, the members of which are listed under "Particulars of Matters to be Acted Upon – Election of Directors". All of the directors of this committee are independent within the meaning of NI 58-101. The Compensation Committee will, among other things, recommend to the Board the compensation of the Corporation's directors and executive officers, based, in the case of the executive officers, on the factors outlined under "Statement of Executive Compensation – Compensation Discussion and Analysis" and, in the case of directors, among other things, on the time commitment, effort and success of each individual's contribution towards the success of the Corporation and a comparison of the remuneration paid by the Corporation to publicly available information of the remuneration paid by other reporting issuers (public companies) that the Committee feels are similarly placed within the same business of the Corporation.

In addition, the executive officers and directors are granted stock options under the Corporation's Share Option Plan. The Compensation Committee will determine the terms of each stock option within the parameters set out in the Corporation's Share Option Plan and applicable stock exchange rules and policies.

Since the beginning of the Corporation's last financial year, no compensation consultant or advisor was retained to assist in determining compensation for any of the Corporation's directors and officers.

Other Board Committees

The Board has established a Corporate Governance Committee. See "Particulars of Matters to be Acted Upon - Election of Directors" for the members of this committee. The Corporate Governance Committee is responsible for advising the Board of the appropriate corporate governance procedures that should be followed by the Corporation and the Board and monitoring compliance with such procedures.

All of the members of the Corporate Governance Committee are independent within the meaning of NI 58-101.

Assessments

The Board has not, as yet, adopted any formal procedures for regularly assessing the effectiveness of the Board, its Committees or individual directors with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, its committees or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees* (“NI 52-110”) of the Canadian securities administrators requires the Corporation’s Audit Committee to meet certain requirements. It also requires the Corporation to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee of the Board is principally responsible for:

- recommending to the Board the external auditor to be nominated for election by the Corporation’s shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor; and
- reviewing the Corporation’s annual and interim financial statements, Management Discussion & Analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Corporation.

The Audit Committee’s Charter

The Board has adopted a charter for the Audit Committee (the “Charter”) which sets out the Committee’s mandate, organization, powers and responsibilities. The complete Charter is attached as Schedule “A” to this Circular.

Composition of the Audit Committee

As at the date hereof, the members of the Audit Committee are Ron Schmitz, David Salari and Colin Jones. All the members of the Audit Committee are independent as defined in NI 52-110. Each of the members of the Audit Committee is financially literate within the meaning of Section 1.5 of NI 52-110, in that he 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 Corporation's financial statements.

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting,

are as follows:

Name Member	of	Education	Experience
Ron Schmitz		Vancouver Island University (Associate of Commerce)	Mr. Schmitz is the Principal and President of ASI Accounting Services Inc., which has provided administrative, accounting and office services to public and private companies since July 1995. Mr. Schmitz has also been a director, Chief Financial Officer or Executive Vice President of a number of other public companies since 1997.
David Salari		Registered Professional Engineer (Ontario) BA Sc - 1980 Metallurgical and Material Science University of Toronto Toronto, ON	Mr. Salari is a Registered Professional Engineer and Consulting Engineer and has been directly involved in generation and review of project cash flows, operating costs, and capital budgets for a number of mining projects of publicly listed companies.
Colin Jones		BSc Earth Sciences Massey University New Zealand MAusIMM	Mr. Jones has extensive experience formulating and reviewing project capital and operating costs and cash flows as well as financial analysis of potential investee companies as part of overall fund management and Independent Engineer services to banks.

Complaints

The Audit Committee established a “Whistleblower Policy” which outlines procedures for the confidential, anonymous submission by employees of concerns regarding the Corporation’s accounting, auditing and financial reporting obligations, without fear of retaliation of any kind. If an applicable individual has any concerns about the accuracy and integrity of the Corporation’s accounting or financial reporting matters which he or she considers to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report his or her concern in writing, on an anonymous basis if desired, and forward it to the Chairman of the Audit Committee in a sealed envelope labelled “*To be opened by the Audit Committee only.*” Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any such envelopes received by the Corporation will be forwarded promptly and unopened to the Chairman of the Audit Committee.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to address each complaint.

The “Whistleblower Policy” is reviewed by the Audit Committee on an annual basis.

Audit Committee Oversight

Since the commencement of the Corporation’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently completed financial year, the Corporation has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110. As a Venture Issuer, the Corporation is entitled to rely on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in ‘Composition of the Audit Committee’ above) and Part 5 *Reporting Obligations* of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section III. B “Powers and Responsibilities – Performance & Completion by Auditor of its Work” of the Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two financial years.

Financial Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
April 30, 2024	70,000	-	2,100	-
April 30, 2023	70,854	-	-	8,604

- (1) The aggregate fees billed by the Corporation’s auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Corporation’s auditor that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and are not disclosed in the ‘Audit Fees’ column. These fees are related to the auditor’s review of the Corporation’s compliance and conversion to International Financial Reporting Standards.
- (3) The aggregate fees billed for professional services rendered by the Corporation’s auditor for tax compliance, tax advice, and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or who at any time during the year ended April 30, 2024 was, a director or Executive Officer or employee of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Corporation or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

The following table sets out, as at the end of the Corporation's last completed financial year, information regarding outstanding options, warrants and rights (other than those granted *pro rata* to all shareholders) granted by the Corporation under its equity compensation plans.

Equity Compensation Plan Information

Plan Category	Number of shares issuable upon exercise of outstanding options, warrants and rights⁽¹⁾	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans⁽²⁾
Equity compensation plans approved by shareholders ⁽³⁾	16,667	\$0.48	4,335,440
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	16,667	\$0.48	4,335,440

(1) Assuming outstanding options, warrants and rights are fully vested.

(2) Excluding the number of shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

(3) The Corporation is seeking shareholder approval of its Share Option Plan, pursuant to the policies of the TSX Venture Exchange, at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Financial Statements, Audit Report & Management's Discussion & Analysis

The Board has approved the financial statements of the Corporation, the auditor's report thereon, and the Management's Discussion & Analysis for the year ended April 30, 2024, which will be tabled at the Meeting. **No approval or other action needs to be taken at the Meeting in respect of these documents.**

Appointment of Auditor

At the meeting, Management intends to re-nominate Davidson & Company LLP, Chartered Professional Accountants, to act as Auditors to the Company for the ensuing year at such compensation as determined by the Directors.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote for the appointment of Davidson & Company LLP, Chartered Professional Accountants, as auditors of the Corporation. Davidson & Company LLP, Chartered Professional Accountants, were first appointed auditors of the Corporation on November 8, 2012.

Fix Number of Directors to be Elected

Shareholders of the Corporation will be asked to consider and, if thought appropriate, approve and adopt an ordinary resolution setting the number of directors to be elected at the Meeting.

At the Meeting, it will be proposed that four (4) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed.

Election of Directors

The Board currently has four (4) directors and it is intended to elect four (4) directors for the ensuing year. The term of office of each of the present directors expires at the Meeting. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's province or state and country of residence, principal occupation at the present and during the preceding five years the period during which the nominee has served as a director, and the number of Common Shares of the Corporation or any of its subsidiaries, that the nominee has advised are beneficially owned by the nominee, or controlled or directed, directly or indirectly, as of the Record Date.

Pursuant to the Advance Notice Policy of the Corporation adopted by the Board of Directors on May 13, 2013 and the Shareholders of the Company on December 3, 2013, any additional director nominations for the Meeting must have been received by the Company in compliance with the Advance Notice Policy.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote for the election of the persons named in the following table to the Board. Management does not contemplate that any of such nominees will be unable to serve as directors. Each director elected will hold office until the next annual general meeting of shareholders or until

their successor is duly elected, unless their office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the corporate law to which the Corporation is subject.

Name and Province or State and Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation ⁽⁴⁾ During the Past Five Years	Number of Common Shares ⁽⁵⁾
Robert Archer British Columbia Canada	Director since February 27, 2018	Director and co-founder of Great Panther Mining Limited. President & CEO of the company until August 2017. Continued as a Director until June 2020. Director of Prize Mining corporation from March 2018 to December 2018. Director of Madero Metals Corp. (formerly Megastar Development Corp.) since May 2019.	6,099,393
David Salari ^{(1) (2) (3)} Ontario Canada	Director since March 2, 2012	President and CEO of D.E.N.M. Engineering Ltd., an engineering firm specializing in resource based metallurgical design, project, and construction management, and in the commissioning of mining – mineral processing projects.	160,468
Ron Schmitz ^{(1) (2) (3)} British Columbia Canada	Director since February 15, 2017	President of ASI Accounting Services Inc. which has provided administration, accounting and office services to public companies since July 1995. Also an executive and board member of other public companies.	747,143
Colin Jones ^{(1) (2) (3)} Auckland New Zealand	Director since December 23, 2019	Principal Technical Consultant to Orimco Pty Ltd, an Australian corporate advisory and private equity fund manager. Director of Eurotin Inc a TSX listed exploration company.	Nil

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Includes occupations for preceding five years unless the director was elected at the previous Annual General Meeting and was shown as a nominee for election as a director in the Circular for that meeting.
- (5) Number of Common Shares of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each nominee as at November 12, 2024.
- (6) None of the proposed directors is to be elected under any arrangement or understanding between the proposed director and the Corporation or a third party (other than the directors and executive officers of the Corporation acting in that capacity).

Pursuant to the provisions of the *Business Corporations Act* (British Columbia) the Corporation is required to have an Audit Committee whose members are indicated above. The Corporation does not have an Executive Committee.

No proposed director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an “Order”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this 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 his assets.

Approval and Ratification of Share Option Plan

The Board has established an incentive share option plan (the “Plan”) as described under ‘Statement of Executive Compensation – B. Compensation Discussion and Analysis – Share Option Plan’.

The policies of the TSX Venture Exchange require share option plans which reserve for issuance up to 10% (instead of a fixed number) of a listed company’s shares be approved annually by its shareholders. That approval is being sought at the Meeting by way of an ordinary resolution, as follows:

“RESOLVED that:

1. the Corporation’s share option plan (the “Plan”), as described in the Information Circular of the Corporation dated November 12, 2024, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange;
2. the Corporation be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that

number of common shares that is equal to 10% of the issued and outstanding capital of the Corporation at the time of the grant; and

3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan.”

Following approval of the Plan by the shareholders any options granted pursuant to the Plan will not require further shareholder or TSX Venture Exchange approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Corporation.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution approving the Plan.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation at Suite 250 – 750 West Pender Street, Vancouver, British Columbia V6C 2T7, Canada by mail, telephone (1-604-558-4300) or e-mail (dcross@crossdavis.com) to request copies of the Corporation’s financial statements and MD&A, or any other document of the Corporation that is referred to herein.

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

DATED this 12th day of November, 2024.

ON BEHALF OF THE BOARD

Signed: “*Robert Archer*”

Robert Archer
President & CEO

**CHARTER
FOR
THE AUDIT COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
PINNACLE SILVER AND GOLD CORP.**

I. MANDATE

The Audit Committee (The “**Committee**”) of the Board of Directors (the “**Board**”) of Pinnacle Silver and Gold Corp. (the “**Company**”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “**Auditor**”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more independent members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly appointed or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least once in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee believes would be appropriate to discuss privately. In addition, the Committee will meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

- 1). Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.
- 2). Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3). Require the Auditor to report directly to the Committee.
- 4). Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

- 5). Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

- 6). Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-appointment by the Company's shareholders of the existing, Auditor and the compensation of the Auditor.
- 7). Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Auditor unless such non-audit services:
 - a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of fees paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided.
 - b) were not recognized by the Company at the time of the engagement to be non-audit services; and
 - c) are promptly brought to the attention of the Committee by Management and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

- 8). Establish procedures for:
 - a) The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
 - b) The management inquiry letter provided by the Auditor and the Company's response to that letter; and
 - c) The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

- 9). Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- 10). Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

- 11). Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 12). Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- 13). Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
 - a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor or management.
 - b) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

- 14). Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and any earnings press releases before the Board approves and the Company publicly discloses this information.
- 15). Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
- 16). Review any disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

- 17). Consult, to the extent it deems necessary or appropriate, with the Auditor but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- 18). Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

- 19). Have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other consultants to advise the Committee and to set and pay the compensation to any such advisors.
- 20). Meet, to the extent it deems necessary or appropriate, with management and the Auditor in separate executive sessions at least quarterly.
- 21). Make regular reports to the Board.
- 22). Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 23). Annually review the Committee's own performance.
- 24). Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
- 25). Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers sets forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.